



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
TE/GE: EO Mandatory Review  
1100 Commerce Street, MC 4920-DAL  
Dallas, Texas 75242

501.03-00

Date: March 25, 2011

Number: **201124027**  
Release Date: 6/17/2011

LEGEND

ORG - Organization name  
XX - Date Address - address

**Employer Identification Number:**  
**Person to Contact/ID Number:**  
**Contact Numbers:**  
Voice:  
Fax:

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

Dear :

This is a Final Adverse Determination revoking your exempt status under section 501 (c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

ORG has failed to provide evidence that you are currently operated exclusively for exempt purposes within the meaning of Internal Revenue Code (IRC) section 501 (c)(3) and that no part of your net earnings inure to the benefit of private shareholders. The Internal Revenue Service has made numerous attempts to contact you requesting information to conduct an examination of your activities and operations for the year ended December 31, 20XX; however, you have not responded to repeated reasonable requests for documentation to substantiate your activities and fiscal operations as required by IRC §§ 6001, 6033(a)(1), and Revenue Ruling 59-95, 1959-1 CB 627.

Based upon the above, we are revoking your organization's exemption from Federal Income tax under section 501 (c)(3) of the Internal Revenue Code effective January 1, 20XX.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax return Form 1120. These returns should be filed with the appropriate Internal Revenue Campus for the year ending December 31, 20XX and for all years thereafter.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91<sup>st</sup> day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where the tax exempt status was determined by calling (949) 389-4804, faxing (949) 389-5038, or writing to: Internal Revenue Service, Taxpayer Advocates Office, 24000 Avila Road, Stop 3361, Laguna Niguel, CA 92677.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals process, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Nanette M. Downing  
Director, EO Examinations

**Internal Revenue Service**

**Department of the Treasury**  
TE/GE Division  
Mail Stop SF 7-4-01  
450 Golden Gate Avenue  
San Francisco, California 94102-3412

Date: June 23, 2010

ORG  
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

**Certified Mail - Return Receipt Requested**

Dear \_\_\_\_\_ :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Nanette M. Downing  
Director, EO Examinations

Enclosures:  
Publication 892  
Publication 3498  
Report of Examination

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
Name of Taxpayer	Tax Identification Number	Year/Period Ended
ORG	EIN	12/31/20XX

LEGEND

ORG - Organization name      XX - Date

Issue:

Is the ORG, an organization exempt from tax under section 501(c) (3) of the Internal Revenue Code?

Facts:

IRS records show that the ORG, received recognition of exemption as an organization described in Internal Revenue Code section 501 (c) (3) in March 19XX.

For the year ending December 31, 20XX, the organization filed form 990, which was received by the Internal Revenue Service on August 15, 20XX.

Line 2 and line 93a of the return showed program service revenue of \$. Line 93a did not identify what the revenue producing activity was.

Line 43a of the return showed an amount of \$ listed as administration expenses.

Part III of the return, Statement of Program Service Accomplishments, had an entry on line f of \$ but no other entries.

Line 47(c) of the return, Accounts receivable, showed a beginning of the year balance of \$ and no entry for the end of the year. Lines 47a and b had no entry.

Line 50a of the return, Receivables from current and former officers, directors, trustees, and key employees (attach schedule), had an entry of \$ for the beginning of the year and no entry for the end of the year.

Line 55c of the return, Investments-land, buildings, and equipment, had an entry of \$ for the beginning of the year and an entry of \$ for the end of the year.

Line 62 of the return, Deferred revenue, had an entry of \$ for the beginning of the year and no entry for the end of the year.

Line 64b of the return, Mortgages and other notes payable (attach schedule), had an entry of \$ for the beginning of the year and no entry for the end or the year.

No schedules were attached to the return.

On January 7, 20XX, the Internal Revenue Service sent Letter 3606, Publication One and Forms 8001, and 8002 to the organization. The Form 8001 asked the organization for a description of its

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activities and to provide the information for Part III Statement of Accomplishments which had not been completed on the return. The Form 8002 asked the organization to explain the items of income, expenditure, assets and liabilities listed above.

On February 2, 20XX, the Internal Revenue Service received a letter by fax, and on February 16, 20XX, the same letter by mail, from B. C. Burns, the return preparer. This letter stated, that he was the accountant who prepared the return, that he had had open heart surgery, and that he was requesting an additional 30 days for the organization to respond to the request.

On June 3, 20XX, the Internal Revenue Service sent Letter 1477, with copies of the previous letter, to the organization, by certified mail. This letter warned the organization that if it did not respond within 15 days, the Internal Revenue Service would propose revocation of the organization's status.

No response has been received to this letter.

**Law:**

Section 501 (c) (3) of the Internal Revenue Code provides for exemption from tax for "Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office."

Section 6033 of the Internal Revenue Code provides that "every organization exempt from taxation under section 501 (a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe,...."

Section 1.6033-2(a)(1) of the Income Tax Regulations provides that "Except as provided in section 6033(a) (2) and paragraph (g) of this section, every organization exempt from taxation under section 501 (a) shall file an annual information return specifically setting forth its items of gross income, gross receipts and disbursements, and such other information as may be prescribed in the instructions issued with respect to the return."

Section 1.6033-2(i) (2) of the Income Tax Regulations provides that "Every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit

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such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code."

Revenue Ruling 59-95, 1959-1 CB 627, provides that "failure or inability to file the required information return or otherwise to comply with the provision of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of an exempt status."

**Government's Position:**

An organization that will not or cannot respond to requests for information from the Internal Revenue Service has failed to observe the conditions required for continuation of exempt status. This failure is cause for revocation of exempt status.

If the organization does respond to the request for information, this letter may be reconsidered.

**Taxpayer's Position:**

The taxpayer has not responded to any request for information or submitted its position.

**Conclusion:**

Because of its failure to provide information when requested by the Internal Revenue Service, exemption of the ORG, under section 5011 (c) (3) of the Internal Revenue Code is revoked as of January 1, 20XX. The organization is required to file Forms 1120 for the year ending December 31, 20XX, and subsequent years.