



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Number: **201228040**  
Release Date: 7/13/2012

Date: April 20, 2012

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

UIL: 501.32-00; 501.32-01; 501.33-00; 501.35-00

Dear :

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

Since you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, you should follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

In accordance with Code section 6104(c), we will notify the appropriate State officials of our determination by sending them a copy of this final letter and the proposed adverse letter. You should contact your State officials if you have any questions about how this determination may affect your State responsibilities and requirements.

Letter 4038 (CG) (11-2005)  
Catalog Number 47632S

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at 1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Lois G. Lerner  
Director, Exempt Organizations

Enclosure  
Notice 437  
Redacted Proposed Adverse Determination Letter  
Redacted Final Adverse Determination Letter



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: **March 1, 2012**

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

**LEGEND:**

B = date  
C = state  
D = date  
E = officer/director 1  
F = officer/director 2  
G = officer/director 3  
H = related for-profit  
J = city  
K = publication 1  
L = publication 2  
M = professional designation  
N = professional society

**UIL:**

501.32-00  
501.32-01  
501.33-00  
501.35-00

Dear :

We have considered your application for recognition of exemption from federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(3). The basis for our conclusion is set forth below.

**Issues**

- Have you failed to demonstrate that you meet the operational test by operating exclusively for an exempt purpose under section 501(c)(3) of the Code? Yes, for the reasons stated below.

Letter 4036 (CG) (11-2005)  
Catalog Number 47630W

- Do your operations serve the private benefit of lenders and mortgage companies which would preclude exemption under section 501(c)(3) of the Code? Yes, for the reasons stated below.
- Do you qualify for tax exemption under section 501(c)(3) of the Code? No, for the reasons stated below.

### **Facts**

You were incorporated on B as a non-profit corporation under C law. Your Articles of Incorporation ("Articles") did include a purpose and a dissolution clause. You amended your Articles of Incorporation on D stating that your specific purpose is to "provide free consultation and advice to low income homeowners faced with the possibility of foreclosure of their homes."

You will provide one primary program: assistance to low income homeowners who need advice on how to stay in their home and avoid foreclosure. Low income homeowners are defined as those households with incomes of less than \$35,000 a year. Subsequently, you stated that your foreclosure services will be provided to low to moderate income homeowners and families. Your main function is counseling provided by lawyers experienced in banking and foreclosure. You will obtain lists of delinquent homeowners and foreclosure lists from the newspaper to identify potential clients. You will also provide information regarding your services to mortgage companies and realtors so they may pass the information on to homeowners in need of your services. Subsequently, you stated that you do not plan on soliciting through lists. If, after counseling, the homeowner is still faced with foreclosure, financial assistance may be provided to the homeowner to help pay the mortgage payment. Any such payments will be paid directly to the mortgage company. No fees are charged for the counseling. Clients are not referred to other entities nor are the services provided in conjunction with any other entity. Other key activities will constitute 20% of your activities, while the program for low income homeowners will encompass 80%. Other key activities include administrative functions and fundraising activities.

Your Board of Directors is composed of three individuals: E, F and G. E, who is also your President and CEO, is the sole owner of H, a for profit law firm in the state of C. E, through H, represents numerous mortgage and insurance companies regarding legal issues with foreclosures, mortgages, debtor and creditor law and banking. E's resume provides the following information: "experienced trial attorney in debt collection litigation," "instrumental in appellate court decisions establishing law in C favorable to creditors," and "named for the first M in the State of C, as designated by the N." E will carry the overall responsibility for planning, execution and review of your major activities including providing counseling and advice to homeowners. F serves as your Treasurer and CFO as well as providing counseling and advice to homeowners. G is your Vice President and runs your day to day operations. You do not plan to compensate your officers/directors.

You have an oral agreement with H to rent space in their offices. The fair market rental value of the space is \$18.00 per square foot/year. However, you pay \$8.00/per square foot/year. H operates out of a building with 3245 square feet on the first level; the finished area on the second floor contains 756 square feet which has been allocated for your use. H receives no referrals from you and has no connection with you other than the use of space in the same building.

You submitted financial information for 2007 and 2008. During those 2 years, your expenses exceeded your revenues by approximately 90%. Your proposed budgets for 2010 and 2011 indicate that your expenses are expected to exceed your revenue each year by approximately 40-50%. Donations would be used only to provide financial help to a particular homeowner as needed while foreclosure alternatives are transacted with the lender. You will mainly solicit donations and contributions from individuals and organizations in the city of J where your office is located. Fundraising will consist of presentations to churches, local businesses, realtors, mortgage companies and banks. Solicitation materials have not yet been developed. No donations are solicited from clients receiving counseling. You will raise funds on your own and will not engage other organizations to raise funds on your behalf.

Most of your services in the early stages will be by referrals. Due to your directors' experience in legal foreclosure, you are contacted by numerous sources to provide assistance to those in need in order to address the foreclosure crisis in C. Referrals will consist solely of word of mouth through banks, churches, CPAs, law firms, realtors, loan officers or mortgage companies familiar with your services. The client is not required to sign a contract. Under legal guidelines, in most all cases, the foreclosure can be remedied with the lender approving one of the options available in order to avoid the foreclosure. Your counseling will be provided via the telephone 90% of the time. You submitted the intake form used by your counselors during the initial interview, which you referred to as a "script." In person counseling is provided upon request. You obtain basic information including income/expenses and current mortgage payment from the homeowner to enable the counselor to identify the homeowner's housing problem. Subsequently, you stated that the initial presentation will be performed face-to-face and includes an assessment of their current situation and offers advice regarding the options available to them to remain in their home. Budget analysis criteria are used to both determine the cause of the current delinquency and to allow them to avoid future delinquency issues. You utilize K and L to provide information to your clients regarding their foreclosure and mortgage situation. You also provide training to your counselors through the use of handwritten notes.

Classes and seminars will be conducted in order to provide counseling to a larger group of homeowners, although none have been conducted to date. You have only counseled individuals on a one-to-one basis. Active marketing efforts will begin upon approval of your tax-exempt status. A business plan has not yet been developed to address how you plan to generate enough revenue to cover your expenses. Mortgage education classes are encouraged and will be presented by experienced mortgage counselors with the necessary training to provide mortgage counseling to those in need. Written materials are planned to be prepared upon IRS approval. You have not applied for NFMCP or HUD funding, although you plan on applying for HUD certification in the future.

Upon IRS approval you will hire one experienced mortgage mitigation counselor and one administrative assistant. The initial workout packages will be prepared by E. Each counselor hired will be required to be a certified loss mitigation counselor to meet all HUD guidelines. Continuing education and training programs in accordance with HUD guidelines will be provided to employees. Your goal is to maintain a "near perfect ratio" of successful workout programs and any unsuccessful files will be kept in a separate filing system. The only foreseeable instance where a workout program cannot be established would be those instances involving bankruptcy, death or the final choice of the homeowner that they are not interested in preventing the foreclosure.

**Law**

Section 501(a) of the Code provides that an organization described in section 501(c)(3) shall be exempt from taxation.

Section 501(c)(3) of the Code provides that corporations may be exempted from tax if they are organized and operated exclusively for charitable or educational purposes and no part of their net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(a)-1(a)(2) of the Income Tax Regulations ("regulations") states that an organization is not exempt from tax merely because it is not organized and operated for profit. In order to establish its exemption, it is necessary that every such organization claiming exemption file an application form with the Internal Revenue Service.

Section 1.501(a)-1(a)(3) of the regulations states that an organization claiming exemption under section 501(a) and described in any paragraph of section 501(c) (other than section 501(c)(1)) shall file the form of application prescribed by the Commissioner and shall include thereon such information as required by such form and the instructions issued thereto.

Section 1.501(c)(3)-1(a) of the regulations provides that, in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3).

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized and operated exclusively for charitable purposes unless it serves a public rather than a private interest. To meet this requirement that it serve a public purpose, an organization must establish that it is not organized or operated for the benefit of private interests.

Section 1.501(c)(3)-1(d)(2) of the regulations defines the word "charitable" as including relief of the poor and distressed or of the underprivileged.

Section 1.501(c)(3)-1(d)(3)(i) of the regulations provides that the term "educational," as used in section 501(c)(3) of the Code, relates to:

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

In Rev. Rul. 69-441, 1969-2 C.B. 115, the Service found that a nonprofit organization formed to help reduce personal bankruptcy by informing the public on personal money management and aiding low-income individuals and families with financial problems was exempt under section 501(c)(3) of the Code. Its board of directors was comprised of representatives from religious

organizations, civic groups, labor unions, business groups, and educational institutions. Aiding low-income individuals and families who have financial problems and by providing, without charge, counseling and a means for the orderly discharge of indebtedness, the organization was relieving the poor and distressed. Moreover, by providing the public with information on budgeting, buying practices, and the sound use of consumer credit, the organization was instructing the public on subjects useful to the individual and beneficial to the community. Thus, the organization was exempt from federal income tax under section 501(c)(3) of the Code.

Section 3.08 of Rev. Proc. 2012-9, 2011-1 C. B. 283 provides that an organization seeking recognition of exemption under section 501(c)(3) must submit a completed Form 1023. A substantially completed application, including a letter application, is one that includes a detailed narrative statement of proposed activities and a narrative description of contemplated expenditures.

Section 4.03 of Rev. Proc. 2012-9, 2011-1 C.B. 283 provides that exempt status may be recognized in advance of an organization's operations if the proposed activities are described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements for exemption pursuant to the section of the Internal Revenue Code under which exemption is claimed. An organization must fully describe all of the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures. A mere restatement of exempt purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement.

In Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279, 283, 66 S. Ct. 112, 90 L. Ed. 67 (1945), the Supreme Court held that the "presence of a single . . . [nonexempt] purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly . . . [exempt] purposes."

Church in Boston v. Commissioner, 71 T.C. 102, 1978 U.S., an organization made grants to various individuals, including officers of the church. The grants carried no legal obligation to repay any interest or principal. Although the church contended that the grants were made to assist the poor who were in need of food, clothing, shelter, and medical attention, the church failed to provide any documented criteria demonstrating the selection process of recipients and the reasons for the specific amounts given. The court affirmed the determination that the church failed to establish that its grant program constituted an activity in furtherance of an exempt purpose.

In Consumer Credit Counseling Service of Alabama, Inc. v. United States, 78-2 U.S.T.C. 9660 (D.D.C. 1978), the court held that an organization that provided free information on budgeting, buying practices, and the sound use of consumer credit qualified for exemption from income tax because its activities were charitable and educational. The professional counselors employed by the organizations spent about 88 percent of their time in activities such as information dissemination and counseling assistance rather than those connected with the debt management programs. The primary sources of revenue for these organizations were provided by government and private foundation grants, contributions, and assistance from labor agencies and United Way. An incidental amount of their revenue was from service fees. Thus, the court concluded that "each of the plaintiff consumer credit counseling agencies was an organization

described in section 501(c)(3) as a charitable and educational organization.” See *also*, Credit Counseling Centers of Oklahoma, Inc. v. United States, 79-2 U.S. Tax Case. 9468 (D.D.C. 1979), in which the facts were virtually identical and the law was identical to those in Consumer Credit Counseling Service of Alabama, Inc. v. United States, discussed immediately above.

La Verdad v. Commissioner, 82 T.C. 215 (1984), an organization was organized to provide education and charity, but failed to provide sufficient details regarding its proposed operations. The court held that it failed to prove that it would operate exclusively for exempt purposes under section 501(c)(3) of the Code.

Peoples Prize v. Commissioner, T.C. Memo 2004-12 (2004). Petitioner has, for the most part, provided only generalizations in response to repeated requests by respondent for more detail on prospective activities. Such generalizations do not satisfy us that petitioner qualifies for the exemption.

New Dynamics Foundation v. United States, 70 Fed. Cl. 782 (2006), the organization failed to establish an administrative record that showed it was operated for exclusively exempt purposes. The court found instead that it was part of a tax avoidance scheme and primarily provided private benefits.

In Solution Plus, Inc. v. Commissioner, T.C. Memo. 2008-21, the Tax Court held that a credit counseling organization was not exempt under section 501(c)(3) because it was not organized and operated exclusively for educational or charitable purposes and impermissibly served private interests. The organization was formed by an individual with experience selling debt management plans. The founder and his spouse were the only member's of the organization's board of directors. The organization did not have any meaningful educational program or materials to be provided to people who contacted the organization, and its financial education seminars for students constituted an insignificant part of the organization's overall activities.

The Court held that the organization's purposes were not educational because its "activities are primarily structured to market, determine eligibility for, and enroll individuals in DMPs." Its purposes are not to inform consumers "about understanding the cause of, and devising personal solutions to, consumers' financial problems," or "to consider the particular knowledge of individual callers about managing their personal finances." The Tax Court also held that the organization's purposes were not charitable because "its potential customers are not members of a [charitable] class that are benefited in a 'non-select manner \* \* \* because they will be turned away unless they meet the criteria of the participating creditors."

The Tax Court further held the organization would operate for the private interests of its founder because the founder and spouse were the only directors, the founder was the only officer and employee, and his compensation was based in part on the organization's DMP sales activity levels. The organization was "a family-controlled business that he personally would run for financial gain, using his past professional experience marketing DMPs and managing a DMP call center." The Court further held that the organization's principal activity of providing DMP services, which were only provided if approved by a caller's creditors, furthered the benefit of private interests.

Finally, the Tax Court held that the facts in Credit Counseling Services of Alabama v. United States, 78-2 U.S.T.C. 9660 (D.D.C. 1978) "stand in stark contrast" because "the sale of DMPs is



the primary reason for [Solution Plus's] existence, and its charitable and educational purposes are, at best, minimal."

### **Application of Law**

#### **Failure to Demonstrate – Operational Test**

The information you submitted is insufficient for us to conclude that you are organized and operated exclusively for charitable purposes as specified in section 501(c)(3) of the Code. To be exempt, an organization must provide a complete application, including such information as required by the form, as stated in section 1.501(a)-1(a)(2) and (3) of the regulations. In addition, an exempt organization must show that it is both organized and operated exclusively for one or more of the purposes described in section 501(c)(3) of the Code. See section 1.501(c)(3)-1(a) of the regulations.

Exemption from federal income tax is not a right; it is a strictly interpreted matter of legislative grace and, as established in New Dynamics Foundation, supra, the burden rests with the applicant to prove that it is entitled to exempt status. You did include some information required by the form (1023) and its instructions such as copies of your bylaws, organizing document and an activity description. However, the activity description did not include detailed information regarding your primary program including one-on-one counseling, group workshops and educational classes and seminars. You provided minimal information regarding your one-on-one counseling sessions and virtually no information regarding your group workshops or your educational classes and seminars. Simply stating that you plan to provide such programs is not sufficient to demonstrate how any of your programs will be operated. You do not satisfy the requirements of sections 1.501(a)-1(a)(2) and (3) of the regulations and Rev. Proc. 2012-9.

An organization must also satisfy the organizational and operational tests described in the regulations to qualify for recognition as an organization exempt from federal taxation. In order to meet the organizational test, you must have a valid purpose clause that limits the organization's purposes to one or more exempt purposes and does not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes. You meet the organizational test. However, you have not provided enough information to demonstrate that you operate exclusively for charitable or educational purposes. An applicant must establish an administrative record showing that it operates primarily to accomplish an exempt purpose(s) described in section 501(c)(3) of the Code.

The only activity that you currently conduct is one-on-one mortgage foreclosure counseling. You do not intend to commence your other operations until you are recognized as an exempt organization. The one-on-one counseling description submitted is not sufficient and includes multiple inconsistencies. You initially stated that 90% of your counseling is performed via the telephone. However, you later stated that the initial presentation is provided face-to-face. You provided a "script" that is used by your counselor during the initial intake designed to obtain minimal information regarding the client's mortgage. You later stated that you provide budget analysis to both determine the cause of the delinquency and prevent future delinquencies. The submitted form does not include sufficient information upon which the counselor could perform a budget analysis. In addition, you stated that you utilize two publications to provide counseling. However, you did not explain how the publications are used by the counselor. Finally, you

expect to generate enough revenue to cover approximately half of your expenses. You have not demonstrated how you plan to cover your expenses on an ongoing basis. The Service may recognize exempt status in advance of operations if an applicant describes its proposed operations in sufficient detail to permit a conclusion that it will clearly meet the requirements for exemption in accordance with section 501 (c)(3) of the Code. However, a mere restatement of exempt purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement as described in La Verdad v. Commissioner, supra.

#### *Your Activities Are Not Charitable*

Based on the information you provided, you have failed to establish that your operations will be charitable through relief of the poor and distressed. The regulations define the word "charitable" as including relief of the poor and distressed or of the underprivileged in section 1.501(c)(3)-1(d)(2) of the regulations. Nor have you established that your operations will be educational within the meaning of Section 1.501(c)(3)-1(d)(3)(i). You initially state that you limit your services to a particular class of individuals of low income. However, you subsequently describe your counseling program as open to those who qualify as low to moderate income. In addition, you initially stated that you will obtain clients from lists of delinquent homeowners and foreclosure lists in the newspaper. Later, you stated that you will not use lists to obtain clients. Rather, clients will be referred from various sources such banks, mortgage companies and realtors. Similar to the church described in Church in Boston v. Commissioner, supra, you did not provide information about how clients are made aware of your services, how you determine if clients are indeed low income or how you provide assistance. You have not demonstrated that the grants or services will be made in an objective and nondiscriminatory manner and that the distribution of such grants or services will be made in furtherance of an exempt purpose.

#### *Your Activities Are Not Educational*

Based on the information you provided, you have failed to establish that your operations will be exclusively educational. The regulations define educational as the instruction or training of the individual for the purpose of improving or developing his capabilities; or the instruction of the public on subjects useful to the individual and beneficial to the community. See section 1.501(c)(3)-1(d)(3)(i) You are distinguishable from the organizations in Consumer Credit Counseling Service of Alabama, supra, and Rev. Rul. 69-441 by the methodology you use to conduct your counseling activities. You stated that the process you follow for mortgage mitigation services includes an initial telephone review with the potential client. If the individual is interested in your services an intake form is completed. You stated that your presentation to the client includes information regarding your services, the foreclosure process including the client's options, as well as the client's current financial situation that includes a written budget analysis. However, the information gathered by your counselor is not sufficient to provide a budget analysis in order to determine the cause of the delinquency and prevent future ones. Unlike the organizations in Consumer Credit Counseling Service of Alabama, supra, and Rev. Rul. 69-441, supra, you do not offer counseling sessions that are structured primarily to improve your clients' understanding of their financial problems or their skills in solving them. You provided no evidence that your counselors do anything other than sit down with your clients to fill out the information that is needed to submit a statement of their financial condition to the lender. You have not conducted any classes, seminars or group workshops. Other than referencing two publications regarding foreclosure management and C foreclosure laws you have not developed any educational materials or agendas to be used in the future. Similar to the

organization in Solution Plus, *supra*, your purposes are not to inform consumers "about understanding the cause of, and devising personal solutions to, consumers' financial problems," or "to consider the particular knowledge of individual callers about managing their personal finances." Nor are potential customers members of a [charitable] class that are benefited in a 'non-select' manner. The counselor is only providing assistance with negotiating a loan modification. Like the organizations described in Solution Plus, *supra*, and Better Business Bureau, *supra*, your activities have an underlying commercial motive to benefit lenders and mortgage holders that distinguishes your activities from those carried out by a section 501(c)(3) organization. Thus, your activities are not educational within the meaning of section 501(c)(3).

### **Private Benefit**

An organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. See section 1.501(c)(3)-1(d)(1)(ii) of the regulations. You were formed by E, the sole owner of a for-profit debt collection law firm. E performs debt collection services on behalf of creditors including lenders and mortgage companies. You share a facility with H, purportedly paying below market rate. However, no information has been submitted to substantiate the fair market rental value of the space. Your submitted budgets include sufficient donations to cover your planned "grants" to homeowners receiving mortgage modification services. Nevertheless, it is unclear how you plan to cover your other expenses including rent on your facility. The mortgage mitigation services that you provide to homeowners do not serve a charitable purpose; nor are the beneficiaries of your services limited to members of a charitable class. The service benefits the private interests of the individual homeowners by relieving them of the burden of negotiating a modification with their lender. In addition, the lenders and mortgage companies making referrals benefit in that their clients are receiving free mortgage foreclosure modification services. In addition, the lenders and mortgage companies are relieved of the costs involved with pursuing foreclosure proceedings and ultimately may collect more money than they would otherwise have received from the debtor. Therefore, you have not demonstrated that your operations serve a public rather than a private interest as required by section 1.501(c)(3)-1(d)(1)(ii).

Additional information was requested multiple times regarding your proposed activities; however, either you failed to provide the requested information or the submitted information contradicted previously submitted information, similar to the organization in Peoples Prize v. Commissioner, *supra*. You simply stated that you will not begin offering most of your programs or develop solicitation, marketing and educational materials until you are approved as tax-exempt. You have not submitted copies of any educational materials, agendas, curriculums, schedule of classes or instructor information. You failed to demonstrate that your activities are or will be conducted in a charitable or educational manner as required.

### **Conclusion**

An organization that fails to provide a substantially completed application and meet the organizational and operational tests described in the regulations is not exempt. You have not provided sufficient evidence to demonstrate that you are organized and operated exclusively for exempt purposes within the meaning of section 501(c)(3) of the Code. You have failed to establish that your program constitutes an activity that furthers a charitable purpose by actually providing relief to persons who are poor and distressed or underprivileged. You have not established that you will operate for charitable purposes nor have you established that your

programs are educational. Accordingly, you do not qualify for exemption under IRC section 501(c)(3).

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination. If your statement does not provide a basis to reconsider our determination, we will forward your case to our Appeals Office. You can find more information about the role of the Appeals Office in Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*.

Types of information that should be included in your appeal can be found on page 2 of Publication 892. These items include:

1. The organization's name, address, and employer identification number;
2. A statement that the organization wants to appeal the determination;
3. The date and symbols on the determination letter;
4. A statement of facts supporting the organization's position in any contested factual issue;
5. A statement outlining the law or other authority the organization is relying on; and
6. A statement as to whether a hearing is desired.

The statement of facts (item 4) must be declared true under penalties of perjury. This may be done by adding to the appeal the following signed declaration:

"Under penalties of perjury, I declare that I have examined the statement of facts presented in this appeal and in any accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct, and complete."

Your appeal will be considered incomplete without this statement.

If an organization's representative submits the appeal, a substitute declaration must be included stating that the representative prepared the appeal and accompanying documents; and whether the representative knows personally that the statements of facts contained in the appeal and accompanying documents are true and correct.

An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you during the appeal process. If you want representation during the appeal process, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. You can find more information about representation in Publication 947, *Practice Before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at [www.irs.gov](http://www.irs.gov), Forms and Publications.

If you do not file a protest within 30 days, you will not be able to file a suit for declaratory judgment in court because the Internal Revenue Service (IRS) will consider the failure to appeal as a failure to exhaust available administrative remedies. Code section 7428(b)(2) provides, in part, that a declaratory judgment or decree shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for

the District of Columbia determines that the organization involved has exhausted all of the administrative remedies available to it within the IRS.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848, and any supporting documents to the applicable address:

**Mail to:**

Internal Revenue Service  
EO Determinations Quality Assurance  
Room 7-008  
P.O. Box 2508  
Cincinnati, OH 45201

**Deliver to:**

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street, Room 7-008  
Cincinnati, OH 45202

You may fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely,

Lois Lerner  
Director, Exempt Organizations

Enclosure, Publication 892