

Internal Revenue Service
Appeals Office

Department of the Treasury

Taxpayer Identification Number:

Number: 201322054

Person to Contact:

Release Date: 5/31/2013

Employee ID#:

Tel:

Fax:

Contact Hours:

Tax Period(s) Ended:

Date: February 28, 2013

UJL: 513.00-00

Certified Mail

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the "Code"). It is determined that your qualification for exemption from Federal income tax under section 501(c)(3) of the Code is revoked effective January 1, 2003.

The revocation of your exempt status was made for the following reason(s):

1. You are not operated exclusively for exempt purposes within the meaning of Internal Revenue Code § 501(c)(3) and Treasury Regulation 1.501(c)(3)-1(d). You do not engage primarily in activities that accomplish one or more of the exempt purposes specified in Internal Revenue Code § 501(c)(3).
2. You are operated for the primary purpose of carrying on unrelated commercial activities through your taxable subsidiaries and disregarded entities, which is not an exempt purpose.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file Federal income tax returns on Forms 1120 for the tax periods stated in the heading of this letter and for all tax years thereafter. File your return with the appropriate Internal Revenue Service Center per the instructions of the return. For further instructions, forms, and information please visit www.irs.gov.

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

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217. See also Publication 892.

You also 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 matters that may not have been resolved through normal channels get prompt and proper handling. If you want

Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. You may call toll-free, 1-877-777-4778, for the Taxpayer Advocate or visit www.irs.gov/advocate for more information.

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

Sincerely Yours,

Appeals Team Manager

Enclosure: Publication 892

cc:



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service

MC 4900STP

30 East 7th Street, Suite 1130B

Saint Paul, MN 55101-4914

August 16, 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 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

LEGEND

ORG - Organization name XX - Date Address - address City - city
State - state County - county Country - country District -
district University - university Highway - highway website -
website Program - program Founder - Founder Founder-1 - Founder-1
CFO - CFO CPA - CPA Manager - manager Chairman - chairman
Director - director Revenue Agent - revenue agent Village - village
Capitol - capitol River - river Railway - railway Bay - bay
School - school DIR-1 through DIR-12 - 1st through 12th DIR RA-1
through RA-24 - 1st through 24th RA CO-1 through CO-74 - 1st through 74th
COMPANIES

ISSUE:

Whether the ORG's, exempt status under I.R.C. §501(c)(3) should be revoked because it is not operated exclusively for exempt purposes?

FACTS:

BACKGROUND

The ORG ("ORG") was incorporated under the provisions of the State Statutes, and in particular under Chapter 181 - State Nonstock Corporation Law on March 31, 19XX. In a determination letter dated February 8, 19XX, ORG was determined to be exempt from federal income tax as an organization described in IRC Section 501(c)(3) and further defined as not being a private foundation within the meaning of section 509(a) of the Code, as an organization described in sections 509(a)(1) and 170(b)(1)(A)(ii) as a private school. The ORG office is located at Address, City, State. The organization's incorporator is DIR-1, Esq.

In its Articles of Incorporation, ORG stated it is "organized exclusively for charitable, educational, scientific, or religious purposes, within the meaning of section 501(c)(3) of the Internal Revenue Code."

The organization's founder is Founder also known as Founder, who recently legally changed his name to Founder. According to an article dated October 10, 20XX in the CO-1, gave some background of the President of ORG.

"According to court documents that were part of his legal name change to Founder in 19XX, he was born Founder on April 1, 19XX in the village of _____, District of District, State of City, State. In the petition for a name change filed in County Circuit Court, Founder described himself, as "a minister and pastor in a religious group know as _____"

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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ORG		20XX12, 20XX12 & 20XX12

"Founder came to the United States some time in the 19XX's and has told followers that he studied nuclear engineering at University."

"He has seldom been seen publicly in County or the Town of Town. His last known public appearance was in 19XX at a Town of Town planning and zoning committee meeting. While the property at Address is called Founder's home he is believed to actually live somewhere on the East Coast."

"The Town of Town has been the home of _____ for 30 years but a growing number of property purchases in the last four years has made the group's leader a prominent figure in a community that knows nearly nothing about him."

ORG uses a portion of Founder's home as its office. During the Revenue Agents tour August 21, 20XX, of the facility, ORG's records were in complete disarray, no records filed in cabinets. Per DIR-2, ORG is not charged rent for use of house. However, it is very evident, that members of the religious group are residing at the residence.

ORG states in its Form 1023, Part II line 1, past, present and planned activities are as follows:

"The purpose of the ORG is to provide the American system of education to Country, a land that has been dominated by the Country method for centuries. We feel that our American system is the best in the world. We propose to introduce and influence the youth of Country to our way of education.

We propose to demonstrate to the young that the American education system is definitely better and superior to the Country method. Thousands of Country student's desire to study abroad, but most of them lack a good educational foundation to enter American universities. Our aim is not to be a stepping stone for students to go abroad, but rather to provide the same educational experience right in their own land. Students will be confronted with the same demand put forth in the American System, which has proven to produce productive citizens. These enlightened graduates of our Institute can raise up their nation out of poverty and neglect, to a place of honor in the advanced technological modern world."

In Part II of the Form 1023 as filed, ORG indicates that its sole support will come from donations and contributions solicited from the general public. In 20XX and 20XX, per Form 990, ninety-nine percent of revenue was derived from the operation of wholly owned disregarded entities.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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ORG		20XX12, 20XX12 & 20XX12

CHANGE STATE OF CORPORATE STATUS – STATE TO STATE

ORG filed new articles with the Secretary of State of State as a non-stock corporation on February 2, 20XX. The third article states: "The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of State. The corporation is organized exclusively for the furtherance and advancement of charitable, educational, and scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations within the meaning of section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code."

ORG filed with the State of State Certification of Conversion from a Foreign Corporation to a State Corporation Pursuant to Section 18-265 of the Corporations Act, February 4, 20XX.

1. The jurisdiction where the Foreign Corporation first formed is State.
2. The jurisdiction immediately prior to filing this Certificate is State.
3. The date the Foreign Corporation first formed March 31, 19XX.
4. The name of the Foreign Corporation immediately prior to filing this Certificate is ORG
5. The name of the State Corporation as set forth in the Certificate of Incorporation is ORG

ORG on February 4, 20XX, filed Certificate of Conversion, with the State of State, Department of Financial Institutions, which was received on February 10, 20XX. Prior to conversion, ORG was registered under State's Nonstock Corporation statute Chapter 181. The Plan of Conversion was approved on February 13, 20XX by the State of State.

Based on records obtained from the Secretary of State of State, on February 20, 20XX, ORG is duly incorporated under the Laws of the State of State, is in good standing, and has a legal corporate existence.

Additionally, it was found that ORG used the same determination letter 947, which granted it tax-exempt status as of February 8, 19XX even though they had reincorporated in another state. ORG has retained its employer identification number (EIN) and name along with its assets and liabilities.

Foreign Nonstock Corporation – Certificate of Authority Application – ORG filed with the State of State authorizing the organization to transact business in the state, effective March 16, 20XX.

SCHOOL IN COUNTRY

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Since the inception of the organization in 19XX, ORG has been providing financial assistance to a school in Country (ORG). The campus is located near the village of Village, not far from the River that flows to the Bay. Village is about 100 kms from Capitol, the capital of City, and about 80 km from Railray, a main railway center. ORG provided photos and literature substantiating the existence and operation of the school. ORG's administrative main office in Country is located in Country, Dist. Country.

Based on fact sheet provided by ORG, the institute is affiliated with CO-2 for +2 Science with 128 seats, and with University for a +3 degree course with 32 seats. Courses include – English, M.I.L(Village)(local language), Physics, Chemistry, Mathematics, Biology, Geology and Electronics. Based on interviews conducted and records reviewed, the institute has an enrollment of 60 – 80 students +2 & 50 – 60 students +3. The school employs 16 – 18 faculty and staff. Classes held Monday thru Saturday from 9:00am to 4:30pm.

ORG provides some scholarships to students based on educational merit. Additionally, ORG provides hostel facilities to a limited number of students. Selection for hostel accommodation depends upon the distance a student must travel to the Institute, percentage of marks, and income of parents.

Review of the Form 990 showed the following financial support for the stated primary purpose of operating a school in Country. During a seven-year period ORG reported gross revenue of \$ per Form 990's and profit and loss statements, but only contributed \$ toward the operations of the school in Country per part III of Form 990 and ORG financial records.

Year	Total Revenue Per Form 990	School Support Part III Form 990
19XX		
20XX		
20XX		
20XX		
20XX		
20XX		
20XX*		
Total		

* No return was filed for 20XX, information secured from CPA, CPA of CO-3 ("CO-3") workpapers, and profit & loss statements provided by ORG.

PROPOSED SCHOOL IN THE TOWN OF TOWN, NEAR COUNTY, STATE

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

Per minutes provided by ORG, on March 24, 20XX, the board of directors of ORG held a special meeting to determine the merits of amending the non-profit mission statement of the corporation to include the mission to build a science and technology school on the corporation's property in County. The board approved amending mission statement, however, no records were provided to the IRS indicating this change in focus / operations.

Per minutes provided by ORG, on March 21, 20XX, the board held a meeting and discussed the status of development for the School in the town of Town. The board minutes state that land had been purchased long ago. Per minutes provided by ORG, on May 26, 20XX, the board discussed the status of the school and rezoning of property, where school is planned to be located. On November 28, 20XX, the board indicates that the organization does not have enough funding to hire an architectural firm, yet on a board meeting held on December 29, 20XX, the board decided to purchase a gas station in City, State for \$ to increase their financial portfolio.

Per Forms 990 for 19XX through 20XX, no funds have been set aside to build this school. Almost all business operational proceeds expended to leverage the purchase of additional property, i.e. land, rental property and businesses operated by ORG through wholly owned disregarded limited liability companies and corporations, and very little goes toward the school in Country its primary tax-exempt purpose.

Based on news articles, ORG has discussed for a long time the development of a school in the County area, yet it has not progressed further than discussion and some planning as the following article suggests. Ten years have past, and little has been done to show that a school will actually be built in the Town of Town.

In article from the CO-1, dated October 14, 20XX contained the following:

“Plans for an international boarding school in the Town of Town were first detailed during three meetings of the Town Zoning and Planning Committee in 19XX when Founder requested a rezoning of his residential property on Address.

According to the minutes of those meetings, representatives of Founder told the committee that the ultimate plan was for a K-12 facility that would be housed in three buildings on 110 acres of property owned by Founder.

They said the school would emphasize math, science and engineering - with foreign languages to be added at some point - and would be the only one of its kind in the Midwest.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

The school, which would be strictly secular, would cater to gifted students and be a non-profit venture. Representatives said there was a tremendous need for such a school, fashioned like the prestigious East Coast schools, to be located in the Midwest.

Expectations were that the maximum number of students that could be accommodated was 1,200, with 300 employees on the staff.

Sketches showed that the campus would stretch across Highway to the south with a proposed skywalk to be built over the road. Two buildings were to be located on the south side, one housing kindergarten through third grade, and the other housing fourth through eighth grade. A high school was to be located north of the highway. The dimensions of the buildings were described as 200x200 feet.

Town Chairman said Monday while reviewing the sketch that he recalled representatives saying there would also be dormitories located at the northern end of the property. They are not shown on the sketch.

The committee tabled the matter twice before taking it up again in November 19XX, at which time CO-4 and air photo maps were presented showing approximate locations and sizes of buildings, and driveway and sidewalk locations, according to minutes from that meeting.

The committee ultimately voted to recommend that the request for the zoning change be denied. The following reasons were listed in the minutes:

Not enough project information was provided.

The proposed project and reason for the zone change would have too great an impact on the township because of the large number of students and faculty.

The zone change would be unfair to nearby residents because it would devalue their property.

The request includes too large an area for the amount of proposed construction.

The area is already zoned so that the project could take place with the issuance of a Conditional Use Permit rather than a rezoning of the entire block of land.

According to [redacted] the group has never returned to the Zoning and Planning Committee with any alternative proposal for the school.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

RA-1, of CO-5 said the consulting firm was approached by representatives of Founder's group for advice about building a school. He said the group insinuated during one of its presentations before the committee that it was working with the consulting firm.

RA-1 sent town officials a letter clarifying that situation.

"We had no contact with them," RA-1 told the Leader in a recent interview. "We had a couple of discussions describing & how you created a school. So I wrote that letter to make sure the Town Board knew we had no professional or contractual relationship."

RA-1 said the meetings were informal and held in a coffee shop, and that representatives of the group asked questions such as what it might cost to build a school and how it would be organized.

"I think they were just trying to tap our pool of knowledge and weren't intending to retain us," RA-1 said.

"They were researching and exploring and they took a lot of notes," he said. "I think they were neophytes with a goal and purpose of trying to meet the long range goal of some sort of science technology school, although they were talking about a residential elementary school which seemed to me highly impractical."

RA-1 said he doubted parents would send their children away to a residential school in the second grade.

The group has said it still plans to build the school and that commercial properties it has purchased are intended to eventually fund its construction and operation."

FAILURE TO DISCLOSE REQUIRED INFORMATION ON FORM 990

Based on review of the Forms 990 from 19XX to 20XX, ORG failed to disclose changes in their operations to the IRS. Line 76 of Form 990 asks whether the organization has engaged in any activity not previously reported to the IRS and if yes to attach a detailed description to the return. ORG responded no to this question on each of the Forms 990 it filed for the tax years 20XX through 20XX. CFO, Chief Fiscal Officer, during 20XX & 20XX signed the returns declaring that he had examined the returns and schedules for completeness and accuracy. CFO resigned

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

from ORG's board of directors on June 1, 20XX, according to an affidavit he signed and filed in County Circuit Court on June 22, 20XX.

On its application for exemption, Form 1023 question 2, Part II Activities and Operational information, ORG indicated that its sole support would come from donations and contributions solicited from the public. Beginning late in 20XX and up through the present, the majority of the funds raised by the organization were from various business operations and a very small amount from fundraising. Prior to 20XX, the majority of funds raised by ORG were from contributions from ORG group members and construction services and some rental income.

ORG failed to disclose that it had disregarded entities on its Forms 990 for the tax years 20XX and 20XX. ORG had at least 13 Limited Liability Companies (LLC) registered in State and State by 20XX, although not all were operational. Form 990, Part IX "Information Regarding Taxable Subsidiaries and Disregarded Entities", requires the disclosure of the names, addresses, and Employer Identification Numbers (EIN) of taxable subsidiaries, and if the entity is a disregarded entity, the organization is obligated to indicate if the disregarded entity is using the EIN of the parent organization. Further, the organization is required to disclose percentage of ownership, nature of activities, total income and end-of-year assets. The failure to include this information is a material omission on the return. ORG failed to disclose on its Forms 990 that it operated a Fudge & Gift Store, Gas Stations, a Go-Kart Amusement Park, and a Property Investment Company, which held rental property and land, and a Department Store. Lastly, based on CPA workpapers supplied by CPA of CO-3, and provided by DIR-1 to CPA on January 6, 20XX, reported loans from individuals of \$. The following officers and board members provided loans to ORG in 20XX included in the loan amount from individuals.

Officer / Board	Loan Amount
DIR-3	
DIR-2	
DIR-4	
Founder Loan #1	
Founder Loan #2	
Total	

Line 63 of Form 990 requires the disclosure of loans from officers and board, which was left blank for 20XX.

FAILURE TO FILE FORM 990 & 990T - DEMAND LETTER

Based on review of IRS records, no Form 990 or 990T has been filed for the tax period(s) ending December 31, 20XX, 20XX, 20XX, 20XX or 20XX. Further, information secured from CO-3 indicates that the Form 990 for 20XX and 20XX have not been completed. CO-3 had commenced work on the Form 990 for 20XX, but ceased when CPA firm had not been paid by

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

ORG. Lastly, CO-3 had not received the necessary documents to prepare the Form 990 for 20XX and rescinded its power of attorney Form 2848 representation of ORG.

On December 29, 20XX, IRS received a letter sent by ORG, CEO, DIR-2, the letter was dated December 23, 20XX and addressed to Director of Exempt Organizations, Director and Revenue Agent, requesting additional time to file due to a number of extreme extenuating circumstances and diligently working on the preparation of the returns.

On January 14, 20XX, Manager, responded to the letter dated December 23, 20XX and received on December 29, 20XX indicating that returns are past due including extensions for periods ending December 31, 20XX through 20XX and need to be filed in order to retain tax-exempt status and subject ORG to additional penalties for failure to file. Additionally, ORG was advised to work with Revenue Agent to resolve the delinquent return filings.

On July 28, 20XX, Revenue Agent sent a letter to ORG requesting the filing of Form 990 and Form 990-T for periods ending December 31, 20XX through December 31, 20XX within 30 days. This letter was sent to serve a Notice and Demand as required by Section 6652(c)(1) of the Internal Revenue Code. Failure to file the Form 990 and 990-T or respond in writing will result in the termination of ORG tax-exempt status for failure to observe the conditions required for continuation of under tax-exempt status under section 501(a)(1) and 501(c)(3). Additionally, ORG was made aware of possible penalties for failure to file and the person responsible for filing the returns.

On August 17, 20XX, Revenue Agent received a letter dated August 13, 20XX from CO-6, who represent ORG in the Chapter 11 bankruptcy proceedings. Part of the letter states, "Please be advised that S.I.S.T. and CO-7 (collectively the "Companies") filed their bankruptcy petitions pursuant to Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of State on March 16, 20XX." Additionally, RA-2 states, "Any inquires or requests for information regarding the Companies, now that they are in a bankruptcy proceedings, needs to be done through proper channels of the Bankruptcy Court."

On August 26, 20XX, Revenue Agent discussed by telephone with ORG DIR-1 that bankruptcy proceedings did not apply to an audit by IRS pertaining to the notice of tax deficiency or demand for tax returns.

On September 11, Revenue Agent received a response from ORG regarding the failure to file the tax returns for years 20XX through 20XX. DIR-2, CEO, declared that due to Chapter 11 bankruptcy proceedings were required to file a motion and seek permission of the court to retain an accounting firm to prepare the request returns. ORG requested an additional 60 days to retain an accountant to prepare the returns and obtain permission from the courts.

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

Over six months has passed and no Form 990 or 990-T has been filed for periods ending December 31, 20XX through 20XX per IRS records.

List of known ORG % CONTROLLED LIMITED LIABILITY COMPANIES AND CORPORATIONS:

Controlled Limited Liability Companies - Disregarded Entities

- (1) CO-8 7/1/20XX (State) Still active
- (2) CO-9 8/26/20XX (State)
Terminated - 02/XX/20XX (State) Foreign LLC 3/16/20XX (State) LLC. 2/4/20XX
(Bankruptcy Chapter 11 - State 3/16/20XX)
- (3) CO-10 7/1/20XX (State) Terminated - 02/XX/20XX
(State) Foreign LLC 3/16/20XX (State) LLC 2/4/20XX (Bankruptcy Chapter 11 - State 3/16/20XX)
- (4) CO-11 12/4/20XX (State) Terminated - 02/XX/20XX
(State) Foreign LLC (State) LLC 2/4/20XX (Bankruptcy Chapter 11 - State 3/16/20XX)
- (5) CO-12 5/8/20XX (State) Terminated - 02/XX/20XX
(State) Foreign Corp. 3/16/20XX (State) LLC 2/4/20XX
- (6) CO-13 7/1/20XX (State) Terminated - 02/XX/20XX
(State) Foreign corp. 03/16/20XX (State) LLC 2/4/20XX (Bankruptcy Chapter 11 - State 3/16/20XX)
- (7) CO-14 7/1/20XX Admin dissolved - 02/XX/20XX
- (8) CO-15 5/26/20XX Terminated - 02/XX/20XX (State) 3/16/20XX
(State) LLC 2/4/20XX (Bankruptcy Chapter 11 - State 3/16/20XX)
- (9) CO-16 5/27/20XX (State) Terminated - 03/13/20XX
(State) Foreign LLC (State) LLC 3/XX/20XX
- (10) CO-17 6/13/20XX Admin dissolved - 11/XX/20XX
- (11) CO-18 5/28/20XX (State) - currently delinquent
- (12) CO-19 5/27/20XX (State) - currently delinquent
- (13) CO-20 5/27/20XX (State) currently delinquent

Controlled Corporations

- (1) CO-7 1/XX/20XX (State) EIN
(Bankruptcy Chapter 11 - State 3/16/20XX)
- (2) CO-21 10/13/20XX (State) EIN
- (3) CO-22 10/16/20XX (State) EIN
- (4) CO-23 11/17/20XX (State) EIN
- (5) CO-24 11/17/20XX (State) EIN

PURCHASE OF BUSINESSES, RENTAL PROPERTY AND LAND BY ORG AND ITS WHOLLY OWNED RELATED ENTITIES

On January 31, 20XX, ORG purchased a commercial building for \$ at Address in County through a land contract, which it ultimately intends to lease out to a fabric business. During the

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

tour on August 21, 20XX, Agent noted that some renovations had been done on building but was not complete and currently is not operational.

On February 28, 20XX, ORG purchased a vacant residential lot for \$ for investment purposes as well as a restaurant building for \$ at Address in County, which has a long-term lease with CO-25 Restaurant. The owner of the CO-25 franchise and ORG who leased the property could not reach an agreement and the CO-25 closed operations on August 25, 20XX. Based on information provided by ORG on its profit and loss statement detail and through CPA CPA, ORG received \$ in rental income from the property in both 20XX and 20XX. The building is currently vacant, and personal property such as signage and equipment was removed from the building by franchise owner of CO-25. This now vacant building is causing a drain on cash flow of ORG charitable assets.

On April 24, 20XX, ORG purchased a residence at Address for \$ that is adjacent to the land on which ORG indicated that it intends to build the School. ORG has stated this property will ultimately be used to house a school faculty or staff, but in the meantime, the organization hopes to lease it out for extra revenue. DIR-2, CEO of ORG has stated that no members who work in their businesses reside at this residence. Based on ORG records reviewed and information ORG provided to the Bankruptcy Court no record of rental income being derived from property. On the report dated March 31, 20XX, Schedule A – Real Property, ORG lists the value at \$ and a secured claim of \$.

On June 1, 20XX, ORG purchased a commercial building located at Address in County for \$ on a land contract. The property Seller continued to lease the building as a CO-26. Based on Form 990T for 20XX, ORG received \$ in rental income from property.

CO-12 (MAP)

ORG set up a subsidiary – CO-12. In May 20XX for the purpose of owning and operating the amusement park and go-kart, racing facility it subsequently purchased in June 20XX on a Land Contract for \$. The intention per ORG is that this facility will be able to generate substantial revenue for the school in the future. CO-27 was typically open from May through October and is located at Address just outside the City of County on the east side. The park during 20XX & 20XX as stated by ORG was open daily from 10:00am to 9:00pm, managed, and operated by volunteers. ORG has attempted to extend hours to 10:00pm or 11:00pm on weekends. The facility includes a video arcade & refreshments, water bumper boats and outdoor heated pool. It also includes an 18-hole mini-golf and four go-kart courses. Per interview with DIR-2, the amusement park staff included six workers during week and twelve on the weekends. No records provided to substantiate volunteer labor or records of scheduling staff.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

ORG has renovated the amusement park into a CO-28 (CO-28), a world-class go-kart and motorcycle track outside of County. The racetrack is the newest, longest, and best of all tracks in the CO-29. Based on their website for racetrack, the CO-30 held its annual race at CO-28 for the third consecutive year. This event brings people from all over the country, and has been supported by events such as a car show, a circus, and a celebrity race benefiting the CO-31 and featuring retired CO-32 players RA-3 and RA-4, and SnowCO-10 champion racer RA-5.

Information about the racetrack can be found at website. Additionally, information about the racetrack was found in 20XX at [www. and website.](#)

“CO-28 is a paved Road course for karts located just east of County. The raceway was designed by RA-6, who is vice president of the CO-29 (ROAD). To say that what was created is a masterpiece is an understatement. The raceway is a tremendous challenge: from the high-banked corners, to the big sweeper, to the slightly off-camber turns, to the 1,000 straight-a-way down two deep ravines, this track will leave the driver breathless. Here’s what racers have to say about this phenomenal track. After the completion of the raceway, RA-6 was quoted as saying: “There is not another track like this in the whole country - it’s unparalleled.” “It’s a world class CO-33 track,” said CO-33 contender RA-8 of CO-28. It’s a mile long 24-turn track. Team owner and CO-33 racer RA-7. “Everyone told me how great the track and facilities were, but it went beyond my expectations. There are elevation changes and in some areas spectators should be able to see nearly the entire track. We’re lucky to have a track like this as part of the series.” As visitors check out not only the races but also the Program. They will suit you up, give you a kart to drive and you will experience the ultimate thrill! Call # for more information. Address, City, State”

Per CPA CPA’s workpapers, ORG reported sales from the CO-27 of \$ for 20XX and \$ for 20XX. The balance sheet provided by ORG to CPA, indicates capital improvements of \$. Subsequent additional capital improvements made since 20XX. Income generated from this disregarded entity not used for charitable purposes. There is no reliance that these sales figures are accurate as no sales records provided or any break down in types of revenue generated by the various activities within the amusement park. The bank deposits for the amusement park account do not match the reported income for 20XX. The bank deposits show \$ and the reported sales are \$.

Based on Bankruptcy Court transcript of proceedings on September 21, 20XX, DIR-2 testified that not all monies from gate receipts are deposited in bank accounts, rather, cash is put in a safe at one of its gas stations located at Address in County. Per transcript the bank statements had a discrepancy in excess of \$ compared with gate receipts.

In 20XX, based on ORG profit and loss statement, CO-27 reported rental and sales revenue of \$. In 20XX, ORG spent \$ on various forms of advertising the amusement park and racetrack.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

Additionally, based on 20XX detail of profit and loss statement, ORG paid \$ in temporary help at the CO-28, namely RA-9 who managed the racetrack. ORG expended in excess of \$ dollars on building, property improvements and equipment purchases mainly during 20XX and 20XX.

In 20XX, ORG formed CO-7 a State Corporation, to hold title to property at Address, City, State. Based on information provided by ORG on March 31, 20XX in Bankruptcy Court it showed ownership in asset located at Address, City, State, known as CO-27. The property is given a value by ORG of \$ a secured claim of \$. CO-7 collects rent through a lease agreement and uses proceeds to reduce outstanding debt on property. CO-27 is not listed as a debtor entity but the operating entity of racetrack and amusement park.

On July 27, 20XX as part of Bankruptcy proceedings, proposed finding of facts and conclusions of CO-38 of CO-34, CO-35 CO-36. and CO-37 included the testimony of RA-10, employed by CO-39, expert for the Lenders. RA-10 testified that ORG and related entities provided sales figures relating to the operation of the amusement park and racetrack. The following figures were provided:

20XX - \$
20XX - \$
20XX - \$

On June 13, 20XX, ORG organized a subsidiary, CO-40, to be a holding company for additional investment properties. To date, this entity is not active and holds no assets. The entity was administratively dissolved on November 11, 20XX.

In July 20XX, ORG organized four additional entities; CO-10 to be the operating company for the station at Address; CO-12 – to be the operating company for the gift and fudge store; CO-13 to be the holding company for additional investment properties purchased in the County area; and CO-14 – which was intended to handle the construction and remodeling projects for ORG's various projects.

On October 17, 20XX, ORG approved a purchase by CO-13 of commercial lot for \$ at Address in County and a \$ for a residence at Address. The lot will be used by the tenant at Address and is an additional school investment. On November 20XX, CO-13 also purchased a small commercial office building for investment purposes for \$ at Address. This property is leased and ORG reported rental income of \$ for 20XX and \$ in 20XX.

On January 30, 20XX, ORG purchased property at Address in County for \$ with a mortgage at CO-41 of \$, listing CO-13 as buyer using the EIN of ORG. Also on January 30, 20XX, ORG purchased a vacant lot for \$ at Address in County.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

On June 1, 20XX, ORG purchased an eight unit rental property for \$ at Address in County with a loan from CO-41 for \$. ORG reported rental income received from this property in the amount of \$ for 20XX and \$ for 20XX. Property is not listed as owned by ORG or related entities per bankruptcy summary schedules or any record of revenues are provided.

On July 30, 20XX, ORG purchase land/building for \$ at Address in County with a mortgage from CO-41 of \$\$\$. Also on July 30, 20XX, ORG purchased a rental apartment building at Address in County for \$\$ in a land contract with CO-42. ORG reported rental income received from this property of \$\$ for 20XX.

On October 13, 20XX, ORG purchased a single-family residence for \$\$ at Address in County in a land contract with CO-45. On October 30, 20XX, ORG closed on the purchase of vacant land next to hotel (CO-43) for \$2\$ at Address in County in a land contract with CO-44.

On November 1, 20XX, ORG purchased a vacant land at Address in County for \$ land contract with CO-46. On November 1, 20XX, ORG through CO-45 purchased land for \$\$ in a land contract with CO-47. On November 1, 20XX, ORG through CO-45 purchased building on a land contract from CO-46 for \$\$ at Address in County, rented to CO-48. In 20XX, ORG reported rental income of \$\$ on the property that is debt financed. ORG on March 31, 20XX reported commercial rental income on bankruptcy report of \$\$ for 20XX, \$\$ for 20XX.

On December 1, 20XX, ORG through CO-45 purchased a lake home for \$ at Address in County on a land contract with CO-44. During bankruptcy proceedings on September 21, 20XX, DIR-2, stated that this property is used for overflow lodging in situations in which patrons would stay long term at one of ORG hotels, such as big racing events. The last time per DIR-1, the property was rented in 20XX for a large race in which they rent out multiple properties for overflow of hotels. This property was not included in the Chapter 11 Bankruptcy filing by ORG and related entities.

GAS STATIONS

The Gas station and convenience store ("CO-49") was purchased in July 20XX in County, State. CO-49 at Address in County is open to the public 24 hours and year round. ORG states that at present time, the station is managed and run by volunteers. The gas station contains a small convenience store, CO-50 bus stop, and a CO-51 wire transmitter. Currently, ORG has two additional gas stations in the County area located at Address, and Address. These gas stations are operated under CO-10. Reported sales from CO-10, including CO-50, CO-51, Lottery and ATM were \$ for 20XX and \$ for 20XX. Only one gas station was operational in 20XX and 20XX.

The information below was obtained from the website: [website](#)

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

"The CO-52 gas station offers a wide variety of services and is open 24 hours. Not only that, they provide free coffee, soda, and cappuccino for the town's residents. This is much appreciated by many customers, especially those from low-income areas who often come in with change to make their purchases."

"Take a look at these great services at our main location--

Gas -- Cigarettes -- Gourmet & Snack Foods
Coffee -- Cappuccino -- Hot Chocolate -- Soda
Large Grocery Selection -- Popcorn
Specialty Foods such as Fudge and Caramels

Great lunch and snack items -- Nacho's, sandwiches, pizza, and more!

10 lb. bags of ice for only ¢

Unique Gifts Ideas & Beanie Babies

UPS -- FED EX -- DHL -- US Postal Service drop off location
We offer copy, print, fax services (there's no in town!)

CO-51

Postage Stamps

Endless in-store discounts for senior citizens

Souvenirs of the Green Bay Packers and the County, State area!

Lottery

Shuttle Service -- inquire about rates and destinations"

On December 4, 20XX, ORG organized CO-11, which it later registered to do business in the State of State. The purpose of this entity was to hold ownership of a convenience store and gas station the organization was planning to purchase in City, State for generation of revenue similar to that of the station operating in County, State. On January 8, 20XX, ORG purchased the City, gas station for \$ located at Address and secured a loan through CO-53 for \$. Per CPA records, gas station was not operational until 20XX. Based on ORG profit and loss statement for period ending December 31, 20XX, it recorded gross profit from this gas station of \$.

On December 30, 20XX, ORG, through CO-11 purchased a gas station with a sales price of \$ with a mortgage of \$ through CO-54. The gas station is located at Address, City, State. It was operational in 20XX. Based on ORG profit and loss statement for period ending December 31, 20XX, it recorded total income of \$.

On February 15, 20XX, ORG through CO-11 purchased a gas station at Address, City State with a sales price of \$ and a CO-55 of \$ with a mortgage through CO-56 for \$ and CO-53 for \$ for a

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

total of \$ in financing. ORG reported income of \$ for gas station operations and \$ in income from CO-55 operations. Based on detail of profit and loss statement, CO-55 had temporary help totaling \$ from March through November of 20XX.

In 20XX, ORG through CO-11 purchased another gas station at Address, City State for \$\$\$. No records provided by ORG to show date of purchase, financing, when operational or a profit and loss statement. However, based on records secured, CO-57 had delivered fuel to CO-58 station for \$ from June through September in which no records of sales of fuel reflected on profit and loss statements secured from ORG for 20XX.

From 20XX through present, ORG operated as many as seven gas stations, three in the County, State area and four in State. The State gas stations were located in the city of City, City, City and CO-58. All operated in direct competition with for-profit gas stations. Four State gas stations were operational in 20XX. There has been much litigation over the price ORG gas stations were charging customers in State and State. Sutes were filed by competing gas stations and regulatory agencies in State and State. These gas stations generated in excess of \$ dollars in revenue in 20XX for ORG.

An article in the CO-59 dated February 24, 20XX, states in part the following:

"The State Commerce Department on Thursday announced plans to fine a gas station chain \$ for repeatedly selling gas below the state's legal minimum price.

The fine against CO-10 of State is twice as large as any imposed on a company since 20XX, when the state established a formula based on wholesale prices, fees and taxes to determine a daily floor for gas prices.

The price law was intended to prevent large oil companies from driving smaller competitors out of business, but some critics argue it fails to protect consumers.

According to the Commerce Department, the Midwest-owned stations in City, CO-58 and City sold gas below the minimum price on 293 days in 20XX.

RA-11, deputy commissioner of the department, called the violations "willful, continuing, and egregious and warrant a substantial penalty."

Another article from the CO-1, dated March 3, 20XX contained the following:

"CO-10 of State has been ordered by the State Department of Commerce to pay a \$\$ civil penalty for charging too little for gasoline at three stations in the state.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

The subsidiary of the ORG (ORG) was accused of violating the Unlawful Gasoline Sales Act, enacted in 20XX, which prohibits retailers in the state from offering gasoline for sale at a price below cost.

"The record indicates 293 instances of below cost pricing and at least two failures to respond to the Department's requests for information," stated a memorandum from Department of Commerce deputy commissioner RA-11.

"Respondent's violations are willful, continuing, and egregious and warrant a substantial penalty," RA-11 wrote.

"The record indicates that respondent's below-cost gasoline sales have damaged competitors in City, and CO-58, causing the loss of as much as one third of their monthly sales, RA-11 wrote. The record further indicates that because Respondent's prices were so much lower than other retailers could legally charge, some customers concluded incorrectly that other retailers had been overcharging for gasoline."

ORG had an unfair competitive advantage in that it used its tax-exempt status, which enabled it to charge lower gas prices to its customers. This article also shows a continued pattern of being uncooperative using delay tactics, including failure to respond to the Commerce Departments request for documents and failure to respond to subpoena which are a violation of State statutes.

CO-22

Advertisements found on various websites and brochures for [redacted] and [redacted]

"Stop by the CO-22 for a sample of their delicious, award-winning fudge. Their fudge is shipped all over the world and is made right at the store. This store is in a historic building that was once a one-room schoolhouse. Take some time to browse their unique gift and home décor collections. There is something in this store for everyone!"

"We have gifts ranging from wall paintings to Native American souvenirs, knick knacks and figurines made from pewter, china, crystal, and more. They range in theme from sports to nature, from teacher's gifts to special occasions and holidays. We also have many stuffed animals and hard-to-find Ty beanie babies. Other merchandise includes kitchen decor and blankets or wall hangings designed for family members."

Address: Address, City, State

Phone:

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Website: website

Hours of Operation: Sunday-Saturday: 9AM-9PM

ORG in 20XX had also sold fudge and other items at various, festivals throughout State and State and through internet sales. Based on financial records for CO-22 expenses, they expended \$ in 20XX and \$ in 20XX on various forms of advertising such as radio, TV, internet and billboards. CO-22 per CPA adjusted trial balance reported revenue of \$ for 20XX and \$ for 20XX. Lastly, during tour of facilities, ORG CEO DIR-2 stated they did not maintain inventory records.

THE CO-60

On December 31, 20XX, ORG, through CO-45 purchased inventory, building and land for \$ through a land contract with RA-12. Location of property is at Address in County. ORG reported \$ in gross profit per profit & loss statement for period ending December 31, 20XX. Per Bankruptcy summary provided by ORG they reported income of \$ and rental income of \$ in 20XX and for 20XX, gross revenue of \$ and rental income of \$. No record of inventory being maintained by ORG.

"The CO-60 is a downtown department store in County open from 9 am to 9 pm, seven days a week. In addition to its unique and wide variety of merchandise, CO-60 has the distinction of being the only downtown store with these hours. This store attracts customers from State and beyond, to browse and purchase the unique items found nowhere else."

Website states the following: website

"Hi! Welcome to CO-60. My name is RA-13. I work in the back receiving area. In a minute, I am going to give you a guided tour of our store, but first let me tell you about the store. We are located at Address in County, State. The building is three store fronts melded together, to give a little over 8,000 square feet on the main floor. It is a little-bit-of-everything store, from antique hat pins to bathroom décor. Many visitors are impressed by the great gift selection, especially those looking for the unique and hard-to-find gifts."

"CO-60 - This store has a wide variety of gift and home décor items with a special focus on State. Thus, wildlife and nature are a wonderful theme throughout this store. If you only have time for one stop, this is a store that comes highly recommended. CO-60 also provides unique gifts, gift

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

baskets, and gift ideas, as well as country style and CO-60 home and cabin decor, wall decor, bathroom decor, and more. Antiques and consignments are also a large part of the merchandise. It's hard to walk away without making a purchase."

Address: Address, City, State

Phone:

Hours of Operation: Sunday-Saturday: 9am-9pm

PURCHASE AND OPERATION OF HOTELS

On October 30, 20XX, ORG purchased a 46-unit hotel (CO-61) for \$ at Address in County. The method of purchase was a land contract with _____ The terms of contract is % compounded monthly with initial loan amount of \$\$ to be paid monthly at a rate of \$\$ over 57 months starting on December 1, 20XX and ending August 1, 20XX. Total payments per amortization schedule will be \$\$ with total interest of \$.

This CO-61 is a franchise operation, which advertised to the public similar to other hotels. This property/business was purchased through CO-25 a disregarded entity wholly owned by ORG. Per CPA's adjusted trial balance for 20XX, ORG reported income for two-month period of \$\$. Per DIR-2, ORG volunteer members operate the hotel. The hotel is open 365 days a year. In 20XX, ORG reported \$\$ in rental and use revenue per profit and loss statement. Additionally, in 20XX, ORG paid CO-62 \$\$ to operate the hotel per detail of profit and loss statement that contradicts the statement that all volunteers operate the hotel.

Currently, based on internet websites and newspaper articles, ORG also owns another hotel in County, The CO-43, currently named CO-43, located at Address. Based on CPA, CPAs workpapers, ORG purchased the hotel for \$\$ on April 16, 20XX with a down payment of \$\$.

In 20XX, ORG reported gross rents of \$ and sales of \$ for total revenue of \$. Per profit and loss statement provided by ORG, they paid CO-62 \$. In the memo section of the detail, the payments were characterized as commissions, payroll advance, and advance for insurance. Many of the payments made via a cashier check.

An excerpt from internet states that the "Restaurant has the best steaks in the Midwest, attracting diners from State, State, City, and the City. If you've never had 100% pure Black Angus USDA Prime beef, don't miss out on the dining experience of a lifetime. Their secret recipe meatloaf and mashed potatoes will have your mouth watering for more." The hotel also includes a bar and indoor swimming pool. Information on both hotels can be located on many internet search sites for hotels. These two hotels are competing with other for-profit hotels within County, such as

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

CO-63, CO-64 and CO-65. The CO-43 (CO-43) and CO-61 of County advertise similar room rates and amenities as other hotels in the area. Over the past few years the hotels have been embroiled in suites including unpaid real estate and room taxes, operating hotel and restaurant and selling alcohol without the necessary permits.

The table below shows the extent of ORG and related entity purchases of land, buildings and businesses during a six year period.

Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
		Address County, State	ORG Office – Founder owned property - House			
7/28/20XX		Address Town, State	Farm House -			X
11/3/20XX		Address Town, State	Land			X
11/3/20XX		Address Town, State	Warehouse			X
12/18/20X X		Address County, State	CO-25	X		
Total 20XX						
Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
6/15/20XX		Address	Vacant			X
12/28/20X X		Address	Vacant Restaurant			X
12/28/20X X		Address	Vacant			X
12/28/20X X		Address	Vacant Building future plan - High-end gift &			X

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

			house wares *			
20XX Total		Address				
3/8/20XX	\$	20XX Total	Bldg Remodeled (planned athletic club per *			20XX Total
3/8/20XX		Address	Restaurant		X	
7/XX/20XX X		Address	Gas Station	X		
7/31/20XX		Address	Building - Remodeled (News Center - plan) not finished			X
Unknown	Unknown	Address	Vacant Lot			X
Total 20XX	\$					
Purchase Date	Purchase/ Book Cost/ Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
1/31/20XX		Address County, State	Land Contract planned fabric store per RA-14* Int. rate %			X
2/28/20XX		Address	Vacant Lot			X
8/21/20XX		Address County, State	CO-25 restaurant - triple net lease Restaurant closed August 25, 20XX (Lease terminated)		X	
4/23/20XX		Address Town, State	House being Renovated			X
6/1/20XX		Address, County, State	CO-66 /store Land Contract RA-15 Interest rate %		X	
6/2/20XX		Address	CO-12 Land Contract -	X		

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
10/17/20XX X		Address County, State	Vacant Lot			X
10/17/20XX X		Address	Run-down House			X
6/25/20XX		Address, County, State	Rental Property Purchase of lease - \$included in purchase price		X	
Total 20XX						
1/6/20XX		Address	Gas Station Operational 20XX (Currently nonoperational)	X		
1/30/20XX		Address County, State	Plan to rent property per RA- 14*			X
1/30/20XX		Address County, State	Paved Empty Lot			X
6/1/20XX		Address, County, State	Eight Unit Condominium Property		X 6/1/XX	
7/30/20XX		Address County, State	Land/Building			
7/30/20XX		Address County, State	Eight Unit Apt. Building – Land Contract CO-42		X 8/1/XX	
7/30/20XX		Address	Eight Unit Apt. Building Land Contract CO-42		X	
7/30/20XX		Address	Property			X
10/13/20XX X		Address County, State	Single Family Residence – Land			X

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
10/13/20XX X		Address, County, State	Contract CO-45 Bank loan Int. Rate % Vacant Land – Land contract with CO-44 Interest rate %			X
10/30/20XX X		Address	CO-61 – Hotel - Land Contract Interest rate %	X 11/1/XX	X	
11/1/20XX		Address County, State	Land – Land contract CO-34 Interest rate %			X
11/1/20XX		Address County, State	Commercial Building - CO-48 Land Contract Int. rate %		X 11/1/X X	
11/1/20XX		Vacant Lot	Land Contract – CO-67 Int. rate			X
11/1/20XX		Address County, State	Home Land Contract with CO-44 Interest rate %			X
12/30/20XX X		Address	Gas Station Operational 20XX	X		
Total 20XX						
20XX		Address	Gas Station Operational 20XX	X		

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
2/15/20XX	Purchase of Property \$ CO-55	Address, City	Gas Station/CO-55 Operational 20XX	X		
2/28/20XX		Address	Duplex Apartment Contract for Deed - RA-17		X	
4/16/20XX	\$\$	Address County, State	Hotel - CO-43 (CO-43 Hotel) Land Contract - CO-68	X	X	
2/17/20XX		Address	Two Buildings on (ware house)			
3/23/20XX		Address	Gas Station	X		
3/23/20XX		Address	Gas Station	X		
5/2/20XX		Address	Building/Land			
5/28/20XX		Address	Land Contract - CO-69 Purchaser - CO-13			
Purchase Date	Purchase/Book Cost/Real Estate Records	Property Address	Description	Business	Rental	Vacant building or Land
7/16/20XX	\$	Address	Building/Land (CO-70)		X	
Total 20XX	\$					
Total 20XX - 20XX total purchases of business, residential property and Land in the amount of \$ based on known information, some properties no records on purchase price or value was available. The list does not include properties purchased after 20XX or improvements to property.						

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

* Information based on tour of facilities on 8/21/20XX and newspaper article dated October 11, 20XX from CO-1.

BANKRUPTCY – PROCEEDINGS CHAPTER 11

On March 16, 20XX, ORG and six of its affiliated entities filed petitions for relief under Title 11 of the United States Bankruptcy Code. The affiliates are:

- CO-7
- CO-15
- CO-10
- CO-11
- CO-13
- CO-9

DIR-2 has stated that she has been associated with the above entities since 20XX and is familiar with operations, business affairs, and books and records. The above entities are corporations and/or limited liability companies incorporated in the State of State and with a principal place of business at Address, County, State.

In a sworn Affidavit of DIR-2 in support of Chapter 11 Petitions and First Day Orders included the following paragraphs:

“The debtors are in the business of property acquisition and management, sales of gasoline and petroleum products, and funding for charitable activities.”

“ORG, hereinafter (“ORG”) was incorporated in 19XX. Its mission was to bring the American system of education to the people of Country and to build a school for the gifted and talented in the Midwest, ideally State. With that vision in mind, in 20XX, I was elected Chief Executive Officer. Beginning in 20XX, Debtor ORG began acquiring a number of businesses. My role with the company was to oversee the business operations of the company. As more businesses and properties were acquired, for liability, tax, and financing purposes, we set up a number of wholly owned subsidiaries including the following debtor companies: CO-7, CO-15, CO-10, CO-11, CO-13, and CO-9.”

“Due to Debtors’ dynamic approach to business and Debtors’ diverse business holdings, in the early years Debtors’ businesses boomed and flourished. Since

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

then, the debtors have experienced a material degradation of its operations resulting from intentional business interference, organized negative publicity, and the general economic downturn in the United States. Then in October 20XX, Debtors were approached by an investor from Canada who was going to lend Debtors \$. As part of the deal, Debtors had to pay a significant advance fee. Debtors paid said fee on October 28, 20XX. Unfortunately, it turned out to be worse than a scam and Debtors lost the advance fee. This incident started possibly the worst publicity imaginable which obviously has affected our businesses and our loan relationships.”

“Given their current financial situation, the Debtors concluded that it was in the best interest of their creditors and vendors to seek relief under Chapter 11 of the United States Bankruptcy Code.”

Based on news article the Canadian who proposed serving as a promoter for the ORG owned CO-28 and promised ORG a \$ loan in exchange for an upfront fee of \$. This is the fee DIR-2 indicated was paid on October 28, 20XX.

The following excerpts were taken from the transcript of Proceedings before the Honorable RA-18 United States Bankruptcy Judge on September 21, 20XX. These responses to questions were given under oath by DIR-2, CEO of ORG.

“By the Court: Q. Let me ask DIR-1 if I just for a moment. The operating reports that have been filed in the case and I’m looking specifically at the most recent reports file for July show losses for virtually each of the operations. And by losses, I’m talking about earnings losses. What is the situation with respect to the debtors’ operations if you could describe the various businesses and what your business operations are at those – in those businesses.” (page 21 – 22)

“Kind of complicating the fact is that a number of the -- all of the real estate holding entities are in bankruptcy, but the operating entities are not in bankruptcy for the most part. The only operating entity that is in bankruptcy is Midwest of County.” (page 22)

“And I think one thing that may – one thing I would like to clarify from last week, Midwest of County is not the operating entity for the State Stations. Was not the operating entity for the CO-58 location. That is solely the operating entity for the three gas stations in County.” (page 22)

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

“USANO at this time, the sole asset is the racetrack.....” “With regards to CO-26, that is the real estate holding entity for the two hotels. Both of the operating entities are non-debtor entities. (page 22 & 23)

“With regards to CO-10 of State, the – at this time, we have one station operating in State which is paying rent to CO-10 of State and CO-10 of State is in turn paying two of the lenders. The CO-58 Station of course is not operating. And the other one operated for a short period of time and really is in a position that I mean, could be opened any day again.” “City, State” (page 23)

“CO-10 of County is solely an operating entity for the three gas stations.” (page 23 & 24)

Cross examination of ORG CEO DIR-2 by RA-19 – representing City of County, County Municipal Utilities and County of County. Below are some of the Q & A of the cross examination.

Q. You said that you, I guess the corporation or corporations own approximately 50 pieces of real estate?

A. Fifty-five, I believe.

Q. Okay and are those all listed in your schedules?

A. The ones owed by debtor entities are listed.

Q. What type of real estate do the nondebtors own?

A. Some single family residential land, that's about it.

Q. Are members of the group, the residents of those properties?

A. No.

Q. Which entity is a 501(c)(3)?

A. ORG is a 501(c)(3).

Q. Does it file a 501(c)(3) tax return each year?

A. It has. We have not filed the current returns. We're in the selection process for finding an accountant right now but it will.

Q. When is the last time ORG filed a 501(c)(3) return?

A. 20XX.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Q. That means you haven't filed if I understand it 20XX, 20XX, 20XX, or 20XX?

A. Right We --

Q. Is that correct?

A. That's correct. There is other circumstances, but yes.

Q. Are any of the other entities 501(c)(3) organizations?

A. They are not, but they are wholly owned, single member entities so they file a consolidated -- with the exception of a couple entities, they file a consolidated return with ORG.

Q. Do you know whether non 501(c)(3) organizations may file a consolidated return with a 501(c)(3) organization?

A. I know that's how the accounting firm has filed them for the last decade.

Q. When you had an accountant was an audit ever done of the -- of ORG?

A. We've been in an audit for a couple of years.

Q. By audit you're talking about the IRS?

A. Right.

Q. I'm talking about did the company ever do an audited financial statement?

A. We never had to.

Q. But according to our reading of this, if you look in May, the weekly earnings were \$.

And you'll find that support is the first page in here, but yet your bank statement for -- that ends in the month of May has \$ in it. Can you explain to us what happened to the difference between the money that came in at the gate and the money in the bank account?

A. The cash is in the safe.

Q. In what safe?

A. The drop safe on the property.

Q. Okay, so in May if, in fact, \$ came in, the balance between \$, that the balance is sitting in cash in a safe?

A. Yes.

Q. Okay. And then for June, the records show that there were \$ at the gate. Does that sound right to you?

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

A. Yes.

Q. And the bank account only went up by \$. So is the difference also sitting in cash in a safe?

A. Right. The only thing that was deposited in the account was credit cards which of course automatically go to the account and checks. We don't generally take much for checks so.

Q. If you look at the – I think it was in our pleadings actually, our review of the materials shows that \$ was not in the bank account as opposed to what was brought in at the gate. So do you believe that there is approximately \$ of cash at least in the safe?

A. Yes.

Q. Do you have a ledger for this safe for the contents of it?

A. No, just the daily tickets are dropped in the safe and we just left them there.

DIR-2 goes on to explain that the safe is located at a gas station at Address in County in which it is open 24 hours a day with no guard or security.

DIR-2 also explains how the cash is handled at the amusement park, in that people working at park, reports the cash and counts it and puts the cash in safe. She and DIR-5 the general manager have access to the safe. DIR-1 goes on to explain that there is no reason to deposit the cash in the bank because they don't earn interest on checking account at bank.

After the Court conducted an evidentiary hearing on the Show Cause Order on September 21, 20XX, Judge RA-18, considered the facts and on September 22, 20XX, dismissed the stay order on the Chapter 11 bankruptcy of ORG and related entities. ORG had over six months to develop a business plan, and did not hire an advisor to develop a business plan until August 18, 20XX and only when ORG was seeking the first extension of exclusivity was about to expire and a request for further extension was pending.

During this period ORG and related entities did not respond to a party interested in purchasing valuable real property, which was vacant, and therefore a financial drain rather than an income producing asset while ORG continually had operational losses on the amusement park.

The Court dismissed the case under chapter 11 (emphasis supplied) for cause, which includes:

1. substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation;
2. gross mismanagement of the estate;
3. failure... to file tax returns due after the date of the order for relief.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

ORG on October 2, 20XX appealed the order of dismissal of stay order. ORG was granted a motion by the bankruptcy court to extend the exclusive right to file a Plan or Plans of Reorganization until January 14, 20XX, and that the period to solicit votes for the Plan or Plans of Reorganization shall be March 12, 20XX.

On May 24, 20XX, the Bankruptcy Court in the District of State affirmed the Bankruptcy Court's September 22, 20XX Order of Dismissal.

"The court finds that dismissal was not an abuse of discretion and was appropriate for the reasons stated in the Bankruptcy Court's Order of Dismissal."

"The Bankruptcy Court properly found gross mismanagement warranting termination of the automatic stay and dismissal of the case upon, among other things: 1) the debtors' failure to consider the purchase offer for the property located in CO-58, State; 2) the debtors' failure to file tax returns both before and after filing of their petition; and 3) the debtors' failure to report and account for nearly \$ [redacted] in cash that they were holding in a gas station safe. The court finds that the appellants' assertions that the Bankruptcy Court committed legal error are without merit."

REAL ESTATE TAXES

Based on ORG records secured for 20XX, it was determined based on real estate documents the following properties listed as owned by Founder and Founder-1 in which the taxes were paid by ORG.

Owner of Property	Parcel #	Date Payable	Amount of Tax	Assessed Value
FOUNDER & Founder-1		1/31/20XX		
Founder@		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
FOUNDER & Founder-1		1/31/20XX		
Totals				

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

@ Founder is AKA as Founder
Real Estate taxes of \$ paid by ORG on property listed as owned by President Founder and his spouse based on State Property Tax Bill statements.

FAILURE TO PROVIDE REQUESTED RECORDS TO REVENUE AGENT DURING EXAMINATION.

ORG has failed on numerous occasions over a period of time to provide requested records in order for IRS to determine if ORG continues to qualify for tax-exempt status as a 501(c)(3) school, whether ORG is subject to unrelated trade or business tax, inurement to insiders and whether an excess benefit transaction has occurred. The following are examples of records requested by Revenue Agent.

On October 25, 20XX, Revenue Agent submitted Information Document Request (IDR) #9 Request the following information with no response from taxpayer:

Previously in IDR # 3 the Revenue Agent requested all bank statements for 20XX.

During the review of the bank statements it was noted that page 2 of August statement is missing for CO-27 account number.

1) Please provide a copy of missing page of bank statement

During review of cancelled checks provided by ORG it was noted that some checks were not provided for the ORG account number #. It was also noted that several checks did not have a check number.

2) Please provide copies of front and back of all checks or originals for January 20XX – July 20XX for account number #

Please provide the following for the list of checks below:

(Account Number #)

- a) Purpose of check
- b) Invoice or receipt, etc. to show purpose of check
- c) How expenditure is related to ORG exempt purpose

Date	January 28, 20XX	Check – no number	\$
	February 28, 20XX	Check – no number	\$
	March 5, 20XX	Debt Memo	\$
	April 28, 20XX	Check – no number	\$

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

May 28, 20XX	Debt Memo	\$
June 3, 20XX	Check - no number	\$
July 1, 20XX	Check #	\$

Please provide the following information for the deposits listed below:
(Account Number #)

- Who are the funds received from?
- Which business activity are these funds derived from?
- Provide documentation to show source of funds, i.e. loan proceeds - loan documents

Date - January 24, 20XX	Deposit	\$
February 27, 20XX	Deposit	\$
May 15, 20XX	Deposit	\$
June 3, 20XX	Deposit	\$
June 27, 20XX	Deposit	\$
August 25, 20XX	Deposit	\$

On October 25, 20XX, Revenue Agent submitted IDR #10 request the following information with no response from taxpayer:

During review of cancelled checks provided by ORG it was noted that some checks were not provided for the ORG account number #. It was also noted that all checks did not have a check number.

- Please provide copies of front and back of all checks or originals for January 20XX - December 20XX for account number #

Please provide the following for the list of checks below:

(Account Number #)

- Purpose of check
- Invoice or receipt, etc. to show purpose of check and who was ultimately paid funds
- How expenditure is related to ORG exempt purpose

Date - February 28, 20XX	Check - no number	\$
February 28, 20XX	Check - no number	\$
June 30, 20XX	Debit Memo	\$
October 23, 20XX	Telephone transfer	\$\$ - Which account are these funds transferred to?

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Please provide the following information for the deposits listed below:

(Account Number #)

- a) Who are the funds received from?
- b) Which business activity are these funds derived from?
- c) Provide documentation to show source of funds, i.e. loan proceeds –
loan documents

Date - February 28, 20XX	Deposit \$
June 9, 20XX	Deposit \$
October 20, 20XX	Deposit \$

On October 25, 20XX, Revenue Agent submitted IDR #11 requesting specific information regarding the reported revenue of \$ on line 11 of Form 990 for period ending December 31, 20XX. No records were provided to establish whether this activity was related to ORG exempt purpose or whether the number was accurate. Per interview with DIR-2, CEO, the construction volunteers who are members of ORG conducted services. No records provided to establish whether amount reported was a gross figure or net. Additionally, no evidence of what type of work was conducted, since invoices or receipts were not provided. No documentation was provided as to what forms of payment, i.e. cash or check, if check, whom the check was written too. ORG failed to provide required documentation in order for Revenue Agent to make a determination as to whether activity is subject to unrelated business income tax, whether related to exempt purpose, whether truly conducted by volunteers or whether any private benefit/inurement conveyed to individuals.

On October 25, 20XX, Revenue Agent submitted IDR #12, regarding journal entry #30, showed a property asset (demolition/trash removal) of \$\$\$. Taxpayer failed to reply to information requested, such as supporting documentation, including invoices, closing documents, i.e.

On October 27, 20XX, Revenue Agent submitted IDR #13 requesting the following information with no response from taxpayer:

During my tour of your County properties, with DIR-2 and RA-20 we had discussed the providing of a sample of daily receipts for the CO-10 gas station located in County.

Please provide daily sales records for the following dates for CO-10 (CO-10 gas station of County):

January 4, 20XX
February 14, 20XX
April 15, 20XX
May 30, 20XX

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

June 21, 20XX
 July 2, 20XX
 August 8, 20XX
 October 6, 20XX
 November 28, 20XX
 December 11, 20XX

CO-73

ORG purchased/leased three vehicles in 20XX-20XX with a purchase price over \$\$ that per DIR-2 were rarely used. Vehicle-one, purchased on September 27, 20XX, a 20XX Vehicle for \$, Vehicle-two, purchased on December 12, 20XX for \$. Vehicle-three, purchased on March 21, 20XX, a 20XX Vehicle for \$\$\$. Mileage at the time of sale per response to Information Document Request (IDR) #7 was 162, 162 and 148 miles respectively. No mileage log was maintained to track personal and business miles. In 20XX, three individuals were allowed to use vehicles, DIR-2, CEO, RA-14, Treasurer, and RA-21. Taxpayer gave no apparent reason for purchasing vehicles stored in a warehouse with no apparent exempt purpose. On October 25, 20XX, Revenue Agent submitted IDR #12 to ask for explanation on the purpose of purchasing CO-73 for no apparent charitable purpose. ORG provided no response or explanation to questions asked by Revenue Agent.

On August 13, 20XX Revenue Agent mailed IDR # 15 requesting the following:

DIR-1, in your response to Information Document Request (IDR) #7, you indicate that ORG had three vehicles in 20XX.

- a) Under response 1c you indicate that all vehicles were sold in 20XX, is this correct?
- b) It appears that I did not receive all page(s) for the vehicle purchased in September of 20XX.

Could you please provide that information.

Based on Motor Vehicle Registration records and Retail Installment Sale Contract the following information was found:

20XX Vehicle which was purchased by ORG for \$ and with five year finance charges for a total of \$\$\$. Based on records ORG had previously provided it was purchased on March 21, 20XX from CO-74.

Based on research of Motor Vehicle Registrations this vehicle is currently registered to RA-22, who was listed as a board member on the Form 990 filed for periods ending December 31, 20XX & 20XX by ORG.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

The original registration date was December 8, 20XX.

Please provide the following information for this vehicle

- a) Date vehicle was sold, leased or gifted to RA-22
- b) Purchase price and finance agreements between ORG and RA-22
- c) Title transfer information
- d) If purchased please provide evidence of payment by RA-22; i.e., a cancelled check, money order and evidence that amount was deposited into an ORG bank account

Based on Motor vehicle registration records and Retail Installment Sale Contract the following information was found:

20XX Vehicle which was purchased by ORG on November 12, 20XX for a total of \$ including finance charges.

Based on research of Motor Vehicle Registrations this vehicle is currently registered to RA-23, who was listed as a volunteer based on previous documents provided by ORG.

Please provide the following information for this vehicle

- a) Date vehicle was sold, leased or gifted to RA-23
- b) Purchase price and finance agreements between ORG and RA-23
- c) Title transfer information
- d) Relationship between RA-23 and board member RA-24
- e) If purchased please provide evidence of payment by RA-23; i.e., a cancelled check, money order and evidence that amount was deposited into an ORG bank account and date it was deposited into account.

ORG provided no response or explanation to questions asked by Revenue Agent.

On August 13, 20XX, Revenue Agent mailed IDR #16 requesting the following information with no response from taxpayer:

Review of CPA workpapers for period ending December 31, 20XX noted information provided by ORG CEO, DIR-2, regarding loans from individuals and board members.

Name	Loan Amount	Board / Officer
DIR-3	\$	Board Member
DIR-6	\$	
DIR-7	\$	
DIR-2	\$	CEO / Board Member

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

DIR-8	\$	Board Member
DIR-9	\$	
DIR-4	\$	Board Member
DIR-10	\$	
DIR-11	\$	Board Member
DIR-12	\$\$	
Total		\$

Please provide the following information and documents for each loan listed above:

- 1) Date funds loaned to ORG
- 2) Which ORG account and date deposited
- 3) Term of loan (written agreement)
- 4) Type of assets transferred such as cash, noncash property
- 5) Relationship of individual listed above to ORG
- 6) Did ORG fully or partially repay any of the loans listed above? If yes, provide detail such as repayment schedule
- 7) Are all the loans listed above unsecured? If no, provide description of collateral

On August 13, 20XX, Revenue Agent mailed IDR #17 to ORG requesting the following information with no response from taxpayer:

Please provide a copy of the following documents filed with the State Department of Financial Institutions:

- 1) Articles of Termination for ORG
- 2) Change of Registered Agent for ORG
- 3) Certificate of Conversion for ORG
- 4) Copy of Annual Report and Certificate of status as a Foreign Non-Stock Corporation

Please provide a copy of the following documents filed with the State of State - Department of State

- 1) Articles of incorporation as a non-profit or religious organization
- 2) Name and address of registered agent

Please provide a copy of the following documents for all Limited Liability Company(s) (LLC) in which ORG has a % or more ownership in Company.

*Please include organizing documents filed with the State of State, State and State

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

- 1) Articles and bylaws
- 2) Articles of Termination
- 3) List of Officers for all LLC

Revenue Agent secured some documents requested from the State of State and State since ORG failed to comply with IRS request for records.

On August 13, 20XX, Revenue Agent mailed to ORG IDR #20 requesting the following information with no response from taxpayer:

Tax - Exempt status concerns:

In your application 1023 filed with the IRS you stated your purpose as follows:

The purpose of the ORG is to provide the American system of education to Country, a land that has been dominated by the Country method for centuries. We feel that our American system is the best in the world. We propose to introduce and influence the youth of Country to our way of education.....

Additionally, on your application 1023, stated that your main funding source would be contributions, which is clearly not the case.

Per minutes provided by ORG, on March 24, 20XX, the board of directors of ORG held a special meeting to determine the merits of amending the non-profit mission statement of the corporation to include the mission to build a science and technology school on the corporation's property in County. The board approved amending mission statement, however, no records were provided to the IRS indicating this change in focus / operations formally transpired.

Based on news articles and interviews, ORG has long discussed plans for the development of a school in the Town of Town, yet it has not progressed further than discussion and preliminary planning. It has been nearly ten years since the proposed change in mission, and no evidence of any progress toward the completion of a school in the Town of Town. Per Form(s) 990 for 19XX through 20XX, no funds have been set aside to build this school. No evidence is available for 20XX - 20XX since no Form 990's have been filed by ORG. Almost all business operational proceeds are used to purchase additional property, i.e. land, rental property and businesses operated by ORG through wholly owned disregarded limited liability companies, and very little goes toward the school in Country its primary tax-exempt purpose.

Since 20XX, ORG's primary activities have been the purchase of land, buildings and going businesses of which substantial revenues have been derived from these operations. ORG has established limited liability company's to run the businesses.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Review of the Form(s) 990 showed the following financial support for the stated primary purpose of operating a school in Country. During a six-year period ORG reported gross revenue of \$ per Form(s) 990, but only contributed \$ toward the operations of the school in Country per part III of Form 990.

Year	Total Revenue Per Form 990	School Support Part III Form 990
19XX	\$	
20XX	\$	
20XX	\$	
20XX	\$	
20XX	\$	
20XX	\$	
Total	\$	

Although ORG's, wholly owned disregarded LLCs might be disregarded as separate entities, they are not disregarded as an activity of its sole owner. Rather, the disregarded LLCs' activities are treated as the activities of the owner. Therefore, if the disregarded entity's activities are contrary to the tax-exempt purposes of its sole owner, they may adversely affect the owner's tax-exempt status or create tax liability for the owner.

The commercial operations of these LLCs are substantial in nature and none of the activities are related to ORG's exempt purpose. There is no record that these LLCs are being treated as separate entities for tax purposes, nor any evidence that they are tax-exempt stand alone entities.

At various times, ORG has purchased for investment vacant buildings it intends to renovate and rent or operate. Many of these buildings sit idle after three or more years from the purchase date. These buildings continue to be assessed real estate taxes, accrue interest and mortgage payments continue to be due, which is a substantial drain on assets that could be used for charitable purposes. Additionally, while these buildings remain unfinished, ORG continues to purchase additional property for commercial purposes incurring additional debt and jeopardizing its charitable assets.

- 1) Please provide the following information
 - a) Please provide evidence that you have secured the proper zoning and permits to construct a school in the Town of Town
 - b) Architectural drawings / floor plans
 - c) Evidence that funds have been set-aside to fund construction of school
 - d) Evidence as to when this school will be constructed
 - e) Copy of proposal submitted to zoning committee

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

- f) Curriculum
- g) Evidence of how you arrived at the number of faculty and students
- h) Who owns land where proposed school is to be built
- i) Estimate cost of tuition, room and board per student
- j) Explain if any scholarships will be offered and if yes, explain criteria

2) Please explain in detail how the operations of the businesses are in furtherance of your tax-exempt purpose.

3) Please explain why ORG used its funds to purchase vacant buildings of which are in various forms of reconstruction, which have remained vacant for over three years incurring real estate taxes accrue interest and debt payments with no return on investment?

4) Please explain how ORG is safeguarding its assets and not putting them at risk.

On August 13, 20XX, Revenue Agent mailed to ORG IDR #21 requesting the following information and again ORG failed to provide records to the IRS.

A) Please provide all Board and Committee meetings for 20XX

B) Please provide a current list of all properties purchased by ORG and subsidiaries they control and include the following information:

- 1) Date Purchased
- 2) Cost
- 3) Property address
- 4) Description, i.e., land, building, business, such as hotel, gas station
- 5) Use/purpose - going business, leased space, rental property, vacant land, building
- 6) Date of operation - beginning date placed in use/service and ending date or currently operational
- 7) If property sold - sales price, date of sale and buyer

ORG failed to provide materially important records to the Revenue Agent in order for the IRS to make a complete and proper determination of tax-exempt status and whether ORG is subject to unrelated trade or business tax and whether any excess benefit transactions occurred with insiders. As evidenced by failure to provide requested documents, ORG has not been cooperative with the IRS.

LAW

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

IRC § 501(c)(3) exempts from Federal income tax: 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 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 and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Educational purposes include instruction or training of the individual for the purpose of improving or developing his capabilities and instruction of the public on useful and beneficial subjects. Treas. Reg. § 1.501(c)(3)-1(d)(3).

Regulation section 1.501(c)(3)-1(a)(1) 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.

Regulation section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax 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 purposes of carrying out the Internal Revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Section 1.6001-1(a) of the regulations in conjunction with section 1.6001-1(c) provides that every organization exempt from tax under section 501(a) of the Code and subject to the tax imposed by section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

such tax. Such organization shall also keep such books and records as are required to substantiate the information required by section 6033.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

In accordance with the above cited provisions of the Internal Revenue Code and Treasury Regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions 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 exempt status.

In Better Business Bureau v. United States, 326 U.S. 279 (1945), the United States Supreme Court held that regardless of the number of truly exempt purposes, the presence of a single substantial non-exempt purpose will preclude exemption under section 501(c)(3). The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university. See also American Campaign Academy v. Commissioner, 92 T.C. 1053, 1065-66 (1989) (when an organization operates for the benefit of private interests, such as designated individuals, the creator or his family, or persons directly or indirectly controlled by such private interests, the organization by definition does not operate exclusively for exempt purposes); Old Dominion Box Co., Inc. v. United States, 477 F2d 340 (4th Cir. 1973) (operating for the benefit of private parties who are not members of a charitable class constitutes a substantial nonexempt purpose).

Under Reg. 301.7701-3(b)(1), an eligible entity (which includes most LLCs) with a single owner is disregarded unless it elects otherwise. An LLC wholly owned by a single exempt organization (exempt under IRC 501(a)) may be disregarded as an entity separate from its owner.

Form 886A	Department of the Treasury- Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

Announcement 99-102, 19XX-43 I.R.B. 545. When an entity is disregarded as separate from its owner its operations are treated as a branch or division of the owner. Therefore, an owner that is exempt from taxation under section 501(a) of the Internal Revenue Code must include, as its own, information pertaining to the finances and operations of a disregarded entity in its annual information return. There are two ways for the eligible entity to elect separate entity treatment: by filing for separate entity treatment on Form 8832 (Reg. 301.7701-3(c)(1)(i)), or by claiming exemption as an entity separate from its owner, as by filing a separate Form 1023 or Form 990 (Reg. 301.7701-3(c)(1)(v)(A)). In the latter case, the eligible entity is treated as having made the election for the period it claims exemption or is determined to be exempt.

In *American Institute for Economic Research v. United States*, 302 F. 2d 934 (Ct. Cl. 1962), the Court considered the status of an organization that provided analyses of securities and industries and of the economic climate in general. The organization sold subscriptions to various periodicals and services providing advice for purchases of individual securities. Although the court noted that education is a broad concept, and assumed for the sake of argument that the organization had an educational purpose, it held that the organization had a significant non-exempt commercial purpose that was not incidental to the educational purpose and was not entitled to be regarded as exempt.

In *B.S.W. Group, Inc. v. Commissioner*, 70 T.C. 352 (1978), the court found that a corporation formed to provide consulting services was not exempt under section 501(c)(3) because its activities constituted the conduct of a trade or business that is ordinarily carried on by commercial ventures organized for profit. Its primary purpose was not charitable, educational, nor scientific, but rather commercial. The court found that the corporation had completely failed to demonstrate that its services were not in competition with commercial businesses. The court found that the organization's financing did not resemble that of the typical 501(c)(3) organization. It had not solicited, nor had it received, voluntary contributions from the public. Its only source of income was from fees from services, and those fees were set high enough to recoup all projected costs, and to produce a profit. Moreover, it did not appear that the corporation ever planned to charge a fee less than "cost." And finally, the corporation had failed to limit its clientele to organizations that were section 501(c)(3) exempt organizations.

In *Living Faith, Inc. v. Commissioner*, 950 F.2d 365 (7th Cir. 1991), the Court of Appeals upheld a Tax Court decision, CCH T.C. Memo. 19XX-484, that an organization operating restaurants and health food stores in a manner consistent with the doctrines of the Seventh Day Adventist Church does not qualify under IRC 501(c)(3). The court found substantial evidence to support a conclusion that the organization's activities furthered a substantial nonexempt purpose, including;

- a. The organization's operations were presumptively commercial;

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

- b. The organization competed directly with other restaurants and food stores;
- c. The organization used profit-making pricing formulas common in the retail food business;
- d. The organization engaged in a substantial amount of advertising;
- e. The organization's hours of operation were competitive with other commercial enterprises; and
- f. The organization lacked plans to solicit donations.

In *United Missionary Aviation, Inc. v. Commissioner*, T.C.M. (CCH) 1990-566, the Tax Court held an organization formed to support religious missionary work not exempt under IRC 501(c)(3) because it had a substantial nonexempt commercial purpose. The court focused on how the organization carried on its primary activity, a tape and equipment supply division. Although no one factor was determinative, the court considered the following particularly relevant:

- a. The supply division was operated in the same manner as any profitable commercial enterprise;
- b. The majority of equipment and tapes sold by the organization were also sold by commercial firms;
- c. The organization priced its merchandise approximately 20 percent above cost, which produced net profit margin of approximately eight percent;
- d. The organization had substantial annual and accumulated profits.

In *Airlie Foundation v. Commissioner*, 283 F. Supp. 2d 58 (D.D.C. 2003), the court relied on the "commerciality" doctrine in applying the operational test. Because of the commercial manner in which an organization conducted its activities, courts have found that an organization was operated for a non-exempt commercial purpose, rather than for a tax-exempt purpose. "Among the major factors courts have considered in assessing commerciality are competition with for profit commercial entities; extent and degree of below cost services provided; pricing policies; and reasonableness of financial reserves. Additional factors include, *inter alia*, whether the organization uses commercial promotional methods (e.g. advertising) and the extent to which the organization receives charitable donations."

In *Easter House v. United States*, 846 F. 2d 78 (Fed. Cir. 1988), *aff'g* 12 Cl.Ct. 476 (1987), the court found an organization that operated an adoption agency was not exempt under section 501(c)(3) of the Code because a substantial purpose of the adoption activity was a non-exempt commercial purpose. It found that the adoption services did not further the exempt purposes of providing educational and charitable services to the unwed mothers and children. Rather, the services for unwed mothers and children were merely provided "incident" to the organization's adoption service business. Moreover, the court found that "adoption services do not in and of themselves constitute an exempt purpose."

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

The court also agreed with the IRS' determination that the agency operated in a manner not "distinguishable from a commercial adoption agency" because it lacked the following traditional attributes of a charity. First, the agency's operation made substantial profits, and there was a substantial accumulation of capital surplus in comparison to direct expenditures by the agency for charitable and educational purposes. Second, the agency's operation was funded completely by substantial fixed fees charged adoptive parents. It relied entirely on those fees and sought no funds from federal, state or local sources, nor engaged in fund raising programs, nor did it solicit contributions. In fact, the agency had no plans, nor intention to seek contributions, government grants or engage in fund raising relative to its operations. Third, the fixed fees the agency charged adoptive parents were not subject to downward adjustment to meet potential adoptive parents' income or ability to pay. Fourth, the agency's single life member had near total control of the operations of the agency. And fifth, the agency functioned by means of a paid staff of 15 to 20 persons, with no volunteer help.

In addition to furthering a substantial non-exempt purpose, the court found that a portion of the organization's net earnings inured to the benefit of a private shareholder or individual as defined by sections 1.501(c)(3)-1(c)(2) and 1.501(a)-1(c) of the regulations. The organization provided a source of credit (i.e. loans) to companies in which the private shareholder was either employed by or owned. The fact that the loans were made showed that the companies controlled by the private shareholder had a "source of loan credit" in the organization.

TAXPAYER'S POSITION:

At the time of issuance of the report, no position statement had been provided by the organization.

GOVERNMENT'S POSITION:

The IRC § 501(c)(3) tax exempt status of The ORG (the "Organization") should be revoked because it is not operated exclusively for tax exempt purposes.

Operational Test

The Organization provides funds to a school in Country, which it has done since its inception. However, over the past several years the Organization has been operating mainly as a commercial enterprise running and leasing space for businesses that are unrelated to its stated charitable purpose. CEO, DIR-2, during bankruptcy proceedings indicated that ORG and affiliates are in the business of property acquisition and management, sales of gasoline and

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

petroleum products and the funding for charitable activities. Clearly, stating that there main purpose is not charitable.

The Organization has indicated that the reason for the business operations and investments was for the purpose of building a school in Town of Town near County, State. As evidenced by newspaper article from the local newspaper, CO-1, stated that ORG discussed the school with the Town of Town Zoning and Planning Committee in three separate meetings in 19XX regarding zoning and ORG was denied rezoning of property. However, the main reason for denial was for lack of detailed plans of the proposed school and would probably only need a conditional use permit rather than rezoning entire property. In ten plus years, ORG has never brought forth another plan for the proposed school to the town board or set-aside any dedicated funds for future construction of proposed school. Instead of working with Town of Town and City of County, ORG has been an adversary, with frequent lawsuits filed by each.

Additionally, ORG had stated per board minutes in 20XX, they would amend their non-profit mission statement to include a school in State. No records provided to IRS to expand and change proposed purpose for being tax-exempt as evidence by checking box no on line 76 and 77 of Form 990 for 20XX through 20XX for changes in activities or changes to organizing documents. To date no affiliated school built in the United States since organization founding in 19XX. Lastly, Revenue Agent requested documents pertaining to the proposed school in the Town of Town, through IDR request number twenty in which organization has not provided any documentation. Another example of the organization not complying with the requirements needed to retain its tax-exempt status. Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

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). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. The facts demonstrate that the Organization has been conducting substantial commercial activities that are not in furtherance of an exempt purpose.

SUBSTANTIAL NONEXEMPT PURPOSE

In *Better Business Bureau of Washington D.C., Inc. v. United States*, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purposes, if substantial in nature,

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university. Courts have stated that if a nonexempt purpose is not an expressed goal, it will look at the manner in which the organization's activities are conducted, inferring an end from the chosen means. Factors to which the courts will look are the manner in which the organization conducts its activities, the commercial nature of such activities, and the existence and amount of annual or cumulative profits. The existence of any of these factors supports a conclusion that an organization was not operated exclusively for an exempt purpose. The courts have applied the "operational test," which "focuses on the actual purposes the organization advances by means of its activities, rather than on the organization's statement of purpose or the nature of its activities." If the organization is engaged in an activity with a single substantial non-exempt purpose, the exemption is destroyed.

Although ORG's, wholly owned disregarded LLCs might be disregarded as legal separate entities, they are not disregarded as an activity of its sole owner. Rather, the disregarded LLCs' activities are treated as the activities of the owner. Therefore, if the disregarded entity's activities are contrary to the tax-exempt purposes of its sole owner, they may adversely affect the owner's tax-exempt status or create tax liability for the owner. ORG has multiple active and inactive LLCs and Controlled Corporations, which are set forth below. The list is not all-inclusive but only known entities identified through various public records:

Controlled Limited Liability Companies - Disregarded Entities

- (1) CO-8
- (2) CO-9
- (3) CO-10
- (4) CO-11
- (5) CO-12
- (6) CO-13
- (7) CO-14
- (8) CO-15
- (9) CO-16
- (10) CO-17
- (11) CO-18
- (12) CO-19
- (13) CO-20

Controlled Corporations

- (1) CO-7
- (2) CO-21

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

- (3) CO-22
- (4) CO-23
- (5) CO-24

These wholly owned LLCs carry out passive activities such as holding real property, act as landlords, and actively conduct businesses earning substantial profits. Passive rental activities, income, and expenses with debt on the buildings have been reported on the Form 990T for 20XX and 20XX. The commercial operations of these LLCs are substantial in nature, such as gas stations, hotels, commercial leases of property and other businesses. None of which are related to the Organization's exempt purpose. There is no record that these LLCs are being treated as separate entities for tax purposes, nor any evidence that they are tax-exempt stand-alone entities. DIR-2, during cross examination, testified in bankruptcy court that the other related entities are wholly owned, single member entities so they file a consolidated return with ORG with the exception of a couple of entities. DIR-1, also testified that ORG is the only entity tax-exempt under 501(c)(3).

The LLC businesses operate under ORG's employer identification number. Other aspects of ORG operations are very similar to that of the organization discussed in the Easter House v. United States case, *supra*. In Easter House, the organization made substantial profits and accumulated a substantial amount of capital surplus in comparison to direct expenditures for charitable and educational purposes. Similarly, ORG reported gross income of \$ and a net profit of \$ during the taxable year 20XX. It provided merely \$ in financial support to the school in Country. In 20XX, ORG reported gross income of \$ and net income of \$. It provided merely \$ in financial support to the school in Country. ORG reported combined gross income of \$ on its Forms 990 filed for the tax years 19XX through 20XX and profit and loss statement for 20XX, yet reported expenditures of \$ during this period toward its exempt purpose. The organization accumulated assets with a fair market value of \$, per ORG consolidated balance sheet as of December 31, 20XX. The balance sheet showed total equity of \$ and mortgages of \$. Most of the assets expended on the purchase of new properties, businesses and improvements to existing properties unrelated to the organization's exempt purpose of operating a private foreign school.

Although the revenue generated by the Organization has substantially increased during this seven-year period, funding for the school in Country has remained between \$ and \$ per year, which is stated purpose of the Organization. The profit ORG has derived from these businesses has not been used for charitable purposes but for the growth of its unrelated trade or business operations. Very little of the charities operations are dependent on public contributions or revenue generated from related activities. Based on inspection of the Organization's financial records, ORG is using its business earnings and assets to leverage the purchase of additional pieces of property, expansion of businesses and rental properties. As an example, ORG expended an additional \$ in 20XX and \$ in 20XX on upgrades to amusement park and the racetrack. These figures clearly show the activities are not commensurate with the funds needed to sustain its tax-

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

exempt mission. Many of these properties have been used as collateral in order to purchase additional businesses and properties, further risking the loss of ORG assets.

In *Airlie Foundation v. Commissioner*, 283 F. Supp. 2d 58 (D.D.C. 2003), the court relied on the "commerciality" doctrine in applying the operational test. Because of the commercial manner in which an organization conducted its activities, courts have found that an organization was operated for a non-exempt commercial purpose, rather than for a tax-exempt purpose. "Among the major factors courts have considered in assessing commerciality are competition with for profit commercial entities; extent and degree of below cost services provided; pricing policies; and reasonableness of financial reserves. Additional factors include, *inter alia*, whether the organization uses commercial promotional methods (e.g. advertising) and the extent to which the organization receives charitable donations." ORG, through the operation of LLCs has been in direct competition with for-profit entities of which have filled suit against them.

In 20XX, ORG, through its wholly owned LLC CO-10 of State, operated gas stations in the cities of City, City, City and CO-58 in direct competition with other for-profit gas stations. These and the gas stations operating similarly in County generated in excess of \$ dollars in revenue in 20XX. The gas stations operated by ORG, advertised in similar matter as other gas stations, through local publications, internet and signage.

CO-11, was fined \$\$ in 20XX by the State Commerce Department for repeated violations of state law, which requires that gasoline prices be set each day based on a formula that includes wholesale prices, fees and taxes to determine a daily floor for gas prices. Because ORG had the competitive advantages of below-market labor and paid no income taxes, it was able to price its gas lower than for-profit competitors could legally charge. This caused for-profit competitors in State to lose as much as one third of their monthly sales. Congress did not intend for tax-exempt entities to establish disregarded LLCs to directly compete with for-profit business at a competitive advantage.

Additionally, in 20XX, 20XX & 20XX, ORG operated a Fudge and Gift store through an LLC in which it was open hours similar to other gift stores, advertising in newspapers, brochures, radio and TV and a website to sell fudge all over the world. ORG expended \$ in 20XX, \$ in 20XX and \$ in 20XX on various forms of advertising such as radio, TV, internet and billboards, which was the highest expenditure except for purchase of merchandise. CO-22 also enlisted followers of Founder to sell fudge and gifts at festivals throughout State and State. No record of sales provided, only cancelled checks paying for booth space. Again, because of incomplete records provided the validity of the sales figure is questionable since ORG has a history of not depositing all cash sales in its bank accounts as evidenced by the bankruptcy hearings.

Currently, ORG, through wholly owned CO-9 operates two commercial hotels in County, one purchased in 20XX. The CO-61 is a franchised hotel, advertising and charging similar rates as

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

other hotels in County area. Again, ORG is claiming volunteer labor exception to avoid being subject to unrelated trade or business tax. However, in 20XX, based on profit and loss statement, ORG paid CO-62 \$ clearly, they had paid management to operate hotel.

In 20XX, ORG purchased another hotel the CO-43, which is currently named the CO-43. Again in 20XX, ORG paid CO-62 \$. In the memo section of the profit and loss statement detail, the payments were characterized as commissions, payroll advance, and advance for insurance. The hiring of a management company will constitute paid labor for purposes of unrelated trade or business since the operation of a hotel is not in furtherance of its tax-exempt purpose of operating and funding a foreign school.

Clearly, all of these business endeavors are unrelated to ORG exempt purpose. ORG has continually blamed bad publicity and ongoing lawsuits and disputes with the local government for their financial problems. Yet, as a 501(c)(3) public charity, ORG has not been forthcoming with information and has operated under a cloud of suspicion for a number years, which is atypical of a public charity.

At various times, ORG has purchased for investment vacant buildings it intends to renovate and rent or operate. Many of these buildings sit idle after four or more years from the purchase date. These buildings continue to be assessed real estate taxes, accrue interest and mortgage payments continue to be due, which is a substantial drain on assets that could be used for charitable purposes. During the bankruptcy proceedings it was disclosed that ORG had an opportunity to sell the CO-58 property, a non-operational gas station, but refused to sell, even though ORG had a willing buyer. Additionally, while these buildings remain unfinished, ORG continued to purchase additional property for commercial purposes incurring additional debt. From 20XX through 20XX based on various sources of information ORG purchased land, buildings and businesses in excess of \$ \ million which does not include several million in renovations and expansions of said properties in which ORG incurred substantial debt and used existing properties as collateral.

Failure to Comply with IRC 6001 & 6033

Based on IRS records, ORG has not filed a Form 990 or 990T for tax period ending December 31, 20XX, 20XX, 20XX, 20XX and 20XX. All five periods are past due. Internal Revenue Code section 6033(a)(1) provides, except as provided in section 6033(a)(2), every organization exempt from tax 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 purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended
ORG		20XX12, 20XX12 & 20XX12

IRS sent ORG a notice and demand letter on July 28, 20XX, requesting the filing of Form 990 & 990-T for periods ending December 31, 20XX through 20XX, all of which were past due beyond any extensions. ORG stated it was in bankruptcy and needed additional 60 days to secure an accountant, however, most of the returns were past due prior to ORG filing Chapter 11 Bankruptcy on March 16, 20XX. This is another example of ORG delay and not cooperating with governmental agencies, which has been going on for several years. One of the reasons ORG was denied Chapter 11 Bankruptcy reorganization was the failure to file tax returns prior and after filing bankruptcy as required by the Bankruptcy Court. ORG also failed to pay CPA firm CO-12 for return preparation work for 20XX & 20XX and were subsequently dropped from representing ORG.

ORG failed to provide information and documents for such items as whether construction services, was in fact conducted by volunteers, or if any part of proceeds inured to insiders. Additionally, ORG failed to provide documentation regarding a vehicle previously owned by ORG, which is now registered in the name of an officer of ORG. Further, Revenue Agent requested documentation on loans from officers to ORG. Organization failed to provide information on its complex organizational structure in order for the IRS to determine who conducted the activities and whether activities are subject to unrelated trade or business tax. Section 1.6001-1(e) states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law. All records requested by Revenue Agent were relevant to the determination of tax-exempt status, inurement and unrelated business income tax.

Further, *Rev. Rul. 59-95, 1959-1 C.B. 627* concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions 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 exempt status. ORG has filed materially incomplete Form 990 returns for tax period ending December 31, 20XX and 20XX, by failing to complete Part IX, disclosing the operating of multiple LLCs as disregarded entities for tax purposes and failure to disclose a change in operations as required by line 76 of Form 990.

In 20XX, it was discovered, based on property tax statements and cancelled checks, ORG paid property taxes on property listed as owned by _____ & Founder-1, which constitutes inurement to an insider and prohibited by a tax-exempt organization recognized under 501(c)(3).

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX12, 20XX12 & 20XX12

ORG paid over \$ _____ in real estate taxes on behalf of the President. No documentation provided to show that the parcels are owned by ORG.

CONCLUSION:

Accordingly, the Organization's status as an organization described under section 501(c)(3) should be revoked, effective January 1, 20XX, because it did not operate exclusively for exempt purposes; it operated for the purpose of serving a private benefit rather than public interests, and a part of the net earnings inured to the benefit of a private shareholder or individual. Form 1120 U.S. Corporate Income Tax Return should be filed for tax years ending December 31, 20XX, December 31, 20XX, December 31, 20XX, December 31, 20XX, December 31, 20XX and December 31, 20XX.

Returns should be sent to the following mailing address:

Employee
Internal Revenue Service