



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

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

Number: **201408030**  
Release Date: 2/21/2014

Date: **November 27, 2013**

UIL: 501.03-25; 501.35-00; 501.38-00; 501.38-01;  
501.38-02

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear :

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

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

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

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

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

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

Sincerely,

Kenneth Corbin  
Director, Exempt Organizations

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



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

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: September 27, 2013

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

**LEGEND:**

N = Related Organization  
O = Alternative name - Applicant Organization  
P = Alternative name - Related Organization  
Q = Date  
R = State  
S = City  
T = Foundation  
U = Foundation

**UIL:**

501.03-25  
501.35-00  
501.38-00  
501.38-01  
501.38-02

Dear :

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

**Issue:**

Do you qualify for exemption under section 501(c)(3) of the Code? No, for the reasons stated below.

Letter 4036(CG) (11-2011)  
Catalog Number 47630W

**Facts:**

You were incorporated in State R on Date Q.

Your organizing document indicates you were organized exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, primarily for promoting social justice within the meaning of section 501(c)(3) of the Code, including but not limited to: putting into action the good will of those who live and work in the State of R; to assist public and private organizations and agencies which seek to promote social and economic justice and the welfare of the State of R and its people; and to encourage, promote and implement social justice projects which will benefit the members of your organization and the people of the State of R. You defined social justice as the fair distribution of advantages, assets and benefits among all members of a society.

You will conduct research on issues affecting low and moderate income communities. Results of this research will be passed on to other individuals and organizations, particularly N, to be used for organizing, literature, litigation or as testimony before government decision-making bodies. The product of your research also will be shared with communities, groups, unions and government officials and will be used to spur campaigns. In addition, you will conduct training for leaders of community and social justice groups and their staffs. Your "Year-Four" work plan lists projects, as well as short and long term outcomes that explicitly identify the influencing of legislators as the purpose and goal.

You have a close relationship with N, a section 501(c)(4) organization with whom you share facilities, staff, and office equipment, as well as one director. You provided an agreement for allocation of costs and reimbursement of expenses between you and N, with the explicitly stated goal of developing and carrying out a national strategy for the enhancement of access to justice and to maximize the use of advocacy by progressive non-profits and the next generation of community activists. Your bylaws indicate that at all times, the majority of the members of your board of directors shall be appointed by resolution of the board of N.

You registered the fictitious name O with the R Department of State. N registered a very similar fictitious name, P. You indicated that the reason for the adoption of the fictitious name was that after making the initial choice of a name, you, as well as N, secured the services of a branding and messaging firm. The firm recommended that P better conveyed the dynamic nature of N. They also recommended that since you and N had related missions, and since you would serve as a fiscal sponsor of N's projects, the two organizations should have similar names.

You have acknowledged awareness of the need to differentiate work that falls outside the ambit of activity consistent with IRC section 501(c)(3), and you requested recognition of tax-exemption under section 501(c)(3) prospectively. You included, in correspondence, a sample time recording form to be used to differentiate and record time spent on non (c)(3) activity. However, you did not identify the specific activities that would be associated with the section 501(c)(3) organization and thereby demonstrate the ability to separate the activities of the section 501(c)(3) from those of the related section 501(c)(4) organization.

In the description of your activities you indicated that you will, from time to time, provide grants to N for certain educational, charitable, and philanthropic purposes that will further your exempt purposes. Your grants to N would be provided on the basis of proposals from N that fully describe the nature of the activities to be funded, and would require a written report from N to contain sufficient data to confirm that the grant was used for the purposes described in the

proposal and furthered your exempt purposes.

You state that you will seek grants involving issues such as organizing poor people around housing, educational resources and educating them about public benefits. In your description of activities funded by grants received from T and others, there is no distinction made regarding activities that you conducted and those of N.

You received grants for a financial literacy and empowerment program, which involved educating poor residents of the city of S about the Earned Income Tax Credit. You indicated that the work involved community outreach and tax preparation centers. However, the publicity for the tax preparation centers indicates that they were operated by N.

You received a grant from T for a school issues project which involved visiting homes in 5 key legislative districts. Your work plan for the project included developing legislative action teams in each of the 5 target districts and conducting regular meetings that can be used for trainings or actions. Such actions include visiting homes, developing legislative action teams pursuing legislative change and identifying a "legislative director" to facilitate communication with elected officials.

You provided a copy of a grant proposal requesting funds from U. You indicated the purpose of the grant was for your work to educate, train and mobilize community members, low wage workers, some small businesses and elected officials to advocate for earned sick time. At the time of the proposal there was pending legislation at the city level, which was being supported by N, and also at the state level.

Your stated goals, pertaining to this grant, included:

- Flood city councilors with thousands of post cards urging their support.
- Generate thousands of phone calls into key council offices urging support ; and
- Turn out 150-200 individuals to city hearings on earned sick time, including workers, small business owners and community residents.

Although the grant proposal did not indicate any activities other than influencing legislation, you indicate that the overwhelming majority of the work involves personal surveys of low-wage employees who do not have sick days and compiling data, including statistical data, about the impact. You indicated that you have also surveyed and studied businesses that do pay sick leave and compiled data on sick leave usage and economic impact of such programs on employers and employees. You indicated that only 5 to 10 percent of the work done under the U grant involved what would broadly be described as lobbying about legislation – constituent letter writing, telephone calls and occasional constituent visits to legislators.

## **Law**

Section 501(c)(3) of the Code provides, in part, for the exemption from federal income tax of organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the regulations states that in order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or the

operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization operates exclusively for exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in section 501(c)(3) of the Code. 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 1.501(c)(3)-1(c)(3) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if it is an 'action' organization as described therein. One of the three types of 'action' organizations described in that section is an organization which has the following two characteristics: (a) its main or primary objective or objectives (as distinguished from its incidental or secondary objectives) may be attained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such main or primary objective or objectives as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public. In determining whether an organization has such characteristics, all the surrounding facts and circumstances, including the articles and all activities of the organization, are to be considered.

Section 1.501(c)(3)-1(d)(3)(i) of the regulations provides, in part, that an organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. On the other hand, an organization is not educational if its principle function is the mere presentation of unsupported opinion.

Section 1.501(h)-1(a)(4) of the regulations provides, in part, that a public charity that elects the expenditure test may nevertheless lose its tax exempt status if it is an action organization under § 1.501(c)(3)-1(c)(3)(iii) or (iv). A public charity that does not elect the expenditure test remains subject to the substantial part test. The substantial part test is applied without regard to the provisions of section 501(h) and 4911 and the related regulations.

Rev. Rul. 60-193, 1960-1 C.B. 195, An organization is not operated exclusively for educational purposes where its activities are primarily directed toward encouraging business men and women to become more active in politics and government, and in promoting business, social, or civic action, as distinguished from the cultivation, development, or improvement of the capabilities of the individual through instruction or training. The ancillary gathering and/or disseminating of information through publications, workshops or other media as a means of accomplishing such an objective does not of itself give it an educational character for exemption purposes.

Rev. Rul. 62-71, 1962-1 C.B. 85. An organization, which, as its primary objective, advocates the adoption of a doctrine, or theory, which can become effective only by the enactment of legislation is not entitled to exemption since it is an "action" organization and thus is not operated exclusively for educational purposes.

Rev. Rul. 64-195, 1964-2 C.B. 172, On the basis of the facts and circumstances herein described, it is clear that the instant organization does not expend funds or participate in any way in the presentation of any proposed bills to the State legislature or advocate either approval or disapproval of the proposed constitutional amendment by the electorate. Its primary activity in connection with court reform is the study, research, and assembling of materials on a nonpartisan basis and the dissemination of such materials to the public. Accordingly, it is

concluded the organization is not an 'action' organization as that term is defined in section 1.501(c)(3)-1(c)(3) of the regulations.

Rev. Rul. 67-293, 1967-2 C.B. 185. The clear intent of the Code is to exclude certain organizations, if engaged in substantial legislative activities, from exemption under section 501(c)(3) of the Code. Section 1.501(c)(3)-1(c)(3) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if it is an 'action' organization. Under this section an organization is an 'action' organization if a substantial part of its activities is attempting to influence legislation by contacting, or *urging the public to contact*, members of a legislative body for the purpose of proposing, supporting, or opposing legislation.

Rev. Rul. 67-6, 1967-1 C.B. 135. An association whose activities are devoted primarily to preserving the traditions, architecture, and scenic appearance of a community by means of individual and group action before the 'local legislature and administrative agencies with respect to zoning, traffic, and parking regulations is exempt under section 501(c)(4). It is not exempt under section 501(c)(3).

Rev. Rul. 78-305, 1978-2 C.B. 172, The presentation of seminars, forums, and discussion groups is a recognized method of educating the public. See section 1.501(c)(3)-1(d)(3)(ii) of the regulations. By disseminating information relating to the role of homosexuals in society, the organization is furthering educational purposes by instructing the public on subjects useful to the individual and beneficial to the community. The method used by the organization in disseminating materials is designed to present a full and fair exposition of the facts to enable the public to form an independent opinion or conclusion. The fact that the organization's materials concern possibly controversial topics relating to homosexuality does not bar exemption under section 501(c)(3) of the Code, so long as the organization adheres to the educational methodology guidelines of section 1.501(c)(3)-(1)(d)(3).

Rev. Proc. 86-43, 1986-2, C.B. 729, Section 501(c)(3) of the Code provides for exemption from federal income tax for organizations that are organized and operated exclusively for purposes specified in that section, including educational purposes. Section 1.501(c)(3)-1(d)(3) of the regulations provides that the term 'educational' relates to a) the instruction or training of the individual for the purpose of improving or developing his capabilities; or b) the instruction of the public on subjects useful to the individual and beneficial to the community. Under this regulation, an organization may be educational even though it advocates a particular position or viewpoint, so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. On the other hand, an organization is not educational if its principal function is the mere presentation of unsupported opinion.

Rev. Proc. 2013-4, 2013-1 I.R.B. 126, provides that an organization seeking exemption must fully describe all of its activities including standards, criteria, and procedures.

In Better Business Bureau v. United States, 326 U.S. 279 (1945), the Supreme Court stated that the presence of a single nonexempt purpose, if substantial in nature, will preclude exemption under section 501(c)(3) of the Code, regardless of the number or importance of statutorily exempt purposes. Thus, the operational test standard prohibiting a substantial non-exempt purpose is broad enough to include inurement, private benefit, and operations that further nonprofit goals outside the scope of section 501(c)(3).

In Seasongood v. Commissioner, 227 F.2d 907 (6<sup>th</sup> Cir. 1955), an organization's activities to

influence legislation that consisted of 5% of the organization's total activities was determined to be insubstantial with respect to qualification for exemption under IRC section 501(c)(3).

In Nelson v. Commissioner, 30 T.C. 1151, 1154 (1958), the applicant for tax-exempt status under section 501(c)(3) has the burden of showing it "comes squarely within the terms of the law conferring the benefit sought."

Christian Echoes National Ministry, Inc. v. United States, 470 F.2d 849 (10<sup>th</sup> Cir. 1972); cert denied, 414 U.S. 864 (1973), ruled that Christian Echoes National Ministry was engaged in attempting to influence legislation, even if there is no legislation pending at that time when the organization urged individuals to become involved in politics and require their representatives in Congress to support prayer in public schools and to oppose foreign aid.

Haswell v. United States, 500 F.2d 1133 (Ct. Cl. 1974) held that expenditure on activities attempting to influence legislation that is between 16.6% and 20.5% of the organization's total expenditure during the four years at issue is substantial with respect to qualification for exemption under IRC section 501(c)(3).

Harding Hospital, Inc. v. United States, 505 F.2d 1068 (1974), holds that an organization seeking a ruling as to recognition of its tax exempt status has the burden of proving that it satisfies the requirements of the particular exemption statute. Whether an organization has satisfied, the operational test is a question of fact.

Big Mama Rag, Inc v. United States, 631 F.2d 1030 (D.C.Cir.1980) held that the definition of "educational" contained in treasury regulation governing the tax exemption afforded educational or charitable organizations was unconstitutionally vague in violation of the First Amendment; the regulation's "full and fair exposition" standard, on the basis of which the denial of feminist-oriented nonprofit organization's application for tax exemption was upheld by the lower court, was vague both in describing who is subject to that test and in articulating its substantive requirements.

Regan v. Taxation With Representation of Washington, 461 U.S. 540 (1983) A nonprofit corporation organized to promote its view of the "public interest" in the area of federal taxation was formed to take over the operations of two other nonprofit organizations, one exempt under 501(c)(3) and the other under section 501(c)(4). The Service denied section 501(c)(3) status for the newly formed organization, concluding that a substantial part of its operation involved lobbying.

### **Application of Law**

Internal Revenue Code section 501(c)(3) provides federal income tax exemption for organizations organized and operated exclusively for charitable, religious, educational, scientific or literary purposes. You are not as described in Code section 501(c)(3) because you are not operated exclusively for charitable and educational purposes. You do not meet the provisions of section 1.501(c)(3)-1(a)(1) of the regulations because you fail the operational test.

More than an insubstantial part of your activities is devoted to a non-exempt purpose. Therefore, you also are not as described in section 1.501(c)(3)-1(c)(1) of the regulations because you do not operate for one or more exempt purposes. You have not established a clear and definite differentiation between your activities and purpose



and the activities and purpose of the related organization, N. You appear to be operating for the benefit of N in order to confer the benefits of tax exemption under section 501(c)(3). For example, you share employees and have similar activities of organizing and mobilizing individuals to take action on social issues. In addition, since N appoints a majority of your directors, N maintains control over you. You do not adequately separate the activities of the two organizations. You solicit grants for specific projects that further the purposes of N that are not within the scope of exempt activities under section 501(c)(3). In your request for a prospective effective date for exemption under section 501(c)(3), you have acknowledged the need to establish a clear differentiation between N as a section 501(c)(4) organization and you as an organization operating under section 501(c)(3). You have stated that staff you share with N will be trained to differentiate section 501(c)(3) activities and work from section 501(c)(4) activities and work. However, you did not identify the specific activities that would be associated with each of the related organizations, and you did not explain how the time recording document was to be used by shared staff members.

You have failed to describe your operations in sufficient detail to show that you are furthering an exclusively educational and/or charitable purpose as required by Revenue Procedure 2013-4. As noted in Nelson v. Commissioner, *supra*, the burden is on the applicant organization to demonstrate that it has met the operational test as specified under section 501(c)(3) of the Code. Your responsibility as the applicant organization to prove that you satisfy the requirements for tax exemption has been reiterated in Harding Hospital, Inc. v. United States. However, you have failed to prove that you are operating exclusively for educational and/or charitable purposes within the meaning of section 501(c)(3).

You engage in substantial non-exempt advocacy and legislative activities similar to those of action organizations as described in section 1.501(c)(3)-1(c)(3) of the regulations. You have not demonstrated an exclusively educational purpose, and you do not meet the provisions of section 1.501(c)(3)-1(d)(3)(i) of the regulations because, in your educational efforts, your emphasis and focus is not on the presentation of an exposition of the pertinent facts in order to permit the formation of an independent opinion or conclusion. Rather, you seek to educate individuals, who are members of a particular population, to enable them to be more active and effective in influencing public policy makers. You are similar to the organization described in Revenue Ruling 69-293 because a substantial part of your activities are directed to attempting to influence legislation by contacting, or *urging the public to contact*, members of a legislative body for the purpose of proposing, supporting, or opposing legislation.

When you encourage members of the public to support specific issues and urge them to contact their legislative representatives to vote to support or oppose specified positions, you are attempting to influence legislation in a manner similar to the organization in Christian Echoes National Ministry. Promoting legislation on a particular issue may still be attempting to influence legislation, even if there is no legislation pending on that particular issue at that time.

The Appellate Court decision in Big Mama Rag is not relevant to consideration of whether you meet the operational test under section 501(c)(3). The primary focus in Big Mama Rag was on the scope and content of the information that the applicant organization was providing as "education". As you have indicated in at least one grant proposal, the education you provide is part of your effort to train and mobilize community members to achieve a social benefit.

For example, your school issues project, addressing the resource distribution in S public schools, goes beyond educating and informing the public of the current state of affairs, and includes mobilizing member parents to take action on issues you have identified, developing

legislative action teams and assisting communities in taking steps to have your recommendations implemented. Your operations are similar to those of the organization in Revenue Ruling 60-193. An organization is not operated exclusively for educational purposes where its activities are primarily directed toward encouraging greater involvement in politics and government.

Likewise, your goals and activities related to the U grant proposal cannot be described as exclusively educational. You clearly are seeking to achieve an objective, and you are advocating in favor of that objective, which has been incorporated in pending legislation at state and local levels. These are the characteristics of an "action" organization as described in section 1.501(c)(3)-1(c)(3) of the regulations. Such an organization is not operated exclusively for exempt purposes.

You are similar to the organization described in Revenue Ruling 67-6, which is exempt under section 501(c)(4). Like this organization, a substantial portion of your activities can only be accomplished by means of individual and group action before the local legislature and/or administrative agencies. These activities are inconsistent with qualification for exemption under section 501(c)(3).

Although you have educational and charitable purposes, many activities are designed to influence legislation or programs that can only be accomplished through action before administrative agencies. Therefore, you are like the organization in Better Business Bureau v. Commissioner. The presence of these substantial non exempt purposes precludes exemption under section 501(c)(3).

In providing educational information you are unlike the organization involved in Revenue Ruling 78-305 which disseminated materials in a manner designed to present a full and fair exposition of facts to enable the public to form an independent opinion or conclusion.

However, you are like the organization in Regen vs. Taxation with Representation of Washington, because you are operating to promote your view of social justice through encouraging individuals to use legislative channels and action before administrative agencies in order to cause change. Therefore, a substantial part of your activities is directed to a non-exempt purpose.

Although advocacy can be considered educational under the criteria stated in Revenue Procedure 86-43, the applicant organization still must meet all other requirements for recognition of tax-exemption under section 501(c)(3), including restrictions on influencing legislation. Your estimate of no more than 5% to 10% of activity that could be regarded as lobbying excludes the time devoted to gathering the information for the specific purpose of use in the effort to influence legislation, as well as activities such as visiting homes, developing legislative action teams and identifying a "legislative director" to facilitate communication with elected officials. Accordingly, the amount of time you devote to such activities is not "insubstantial" as defined in Seasongood v. Commissioner and is considered "substantial" as established in Haswell v. United States.

### **Applicant's Position**

You described past, present and some proposed future projects that you will lead in collaboration with foundations, other nonprofit organizations, and state, local and federal governments. You plan to provide services to low-income individuals to assist in their gaining

access to benefits, counseling and other services. Other educational projects will include non-partisan voter registration/participation education.

You have submitted a completed Form 5768 electing to have the provisions of IRC section 501(h) - relating to expenditures to influence legislation - apply for the current and future tax years. You requested recognition of tax-exemption under section 501(c)(3) prospectively, and you have acknowledged awareness of the need to differentiate work that falls outside the ambit of activity consistent with IRC section 501(c)(3).

### **Service Response to Applicant's Position**

In your description of past, present and future activities there is little or no distinction made regarding your activities and those of N, the 501(c)(4) organization. Although materials submitted in correspondence addressed the need to differentiate the activities of these related organizations, you did not identify the specific activities that would be associated with the section 501(c)(3) organization and thereby demonstrate the ability to separate the activities of the section 501(c)(3) from those of the related section 501(c)(4) organization. N can appoint most of the members of your governing body. You and N share related missions, and you fiscally sponsor N. You have an agreement with N regarding sharing office equipment, personnel and costs. You and N are separate entities. However, you have not shown how activities and assets are allocated between you and N. An applicant for tax exemption fails the operational test of section 1.501(c)(3)-1(c)(1) if it is unable to show that its income or assets will not be used for non-section 501(c)(3) purposes.

Although you have completed Form 5768 to make the expenditure test election, as provided in section 1.501(h)-1(a)(4) of the regulations, election of the expenditure test will not preclude disqualification of tax exemption of an "action" organization.

Furthermore, you have been engaged in encouraging "action" by organizing, mobilizing, and promoting tactics to expand public support for your objectives and ultimately approve or overturn public policy issues. Therefore, you are similar to the organization described in Revenue Ruling 62-71 when your objectives can only be attained through legislative action. This contrasts with the activities of the organization in Revenue Ruling 64-195, which was recognized as tax-exempt under section 501(c)(3) because it was *not* an "action" organization.

You have not demonstrated a clear understanding of the differentiation between your activities and purpose and the activities and purpose of the related organization, N. You do not adequately separate the activities of the two organizations. The description of planned activities that you have provided blurs the lines to the point that it is not certain that you will be able to operate for an exclusively educational purpose.

Because you will not meet the requirements for recognition of tax exemption under section 501(c)(3) prospectively, retrospective recognition of exemption under another section such as 501(c)(4) cannot be considered without compliance with the application requirements described in Revenue Procedure 2013-4.

### **Conclusion**

You do not qualify for exemption under section 501(c)(3) of the Internal Revenue Code, because you do not meet the operational test of Reg. 1.501(c)(3)-1(c)(1). You are operating to

convey the benefits of tax exemption under IRC section 501(c)(3) to N, and you have been unable to show that your income or assets will not be used for non-section 501(c)(3) purposes. You have failed to prove that your activities are exclusively educational or charitable within the meaning of section 501(c)(3) of the Code. Even though some of your activities could be considered to be educational/charitable, the facts described show that you have the substantial non exempt purpose of functioning as an "action" organization seeking to influence legislation.

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

*Types of information that should be included in your appeal can be found on page 1 of Publication 892, under the heading "Filing a Protest". The statement of facts (item 4) must be accompanied by the following declaration:*

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

*The declaration must be signed by an officer or trustee of the organization who has personal knowledge of the facts.*

*Your appeal will be considered incomplete without this statement.*

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

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

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

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

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

Mail to:

Internal Revenue Service

Deliver to:

Internal Revenue Service

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

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

Sincerely,

Kenneth Corbin  
Director, Exempt Organizations

Enclosure, Publication 892