



**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**  
TE/GE EO Examinations  
1100 Commerce Street MC 4920 DAL  
Dallas, TX 75242

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

Date: **SEP 12 2018**

Number: **201903018**  
Release Date: 1/18/2019

Person to Contact:  
Identification Number:  
Telephone Number:  
In Reply Refer to:

LAST DATE FOR FILING A PETITION  
WITH THE TAX COURT:

**UIL: 501.03-00**

**CERTIFIED MAIL - Return Receipt Requested**

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

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (IRC). Our favorable determination letter to you dated October 16, 20XX, is hereby revoked and you are no longer exempt under section 501(a), as an organization described in section 501(c)(3) of the IRC, effective January 1, 20XX.

Our adverse determination was made for the following reasons:

You have not established that you are organized and operated exclusively for an exempt purpose or that you have been engaged primarily in activities that accomplish one or more exempt purposes as required by Treas. Reg. section 1.501(c)(3)-1(c)(1), and that no part of your net earnings inure to the benefit of private shareholders or individuals.

You failed to provide information and documents to repeated reasonable requests to allow the Internal Revenue Service to examine your receipts, expenditures, or activities as required by the Code sections 6001 and 6033(a)(1). As such, you failed to meet the operational requirements for continued exemption under section 501(c)(3) of the Code and Treas. Reg. section 1.501(c)(3)-1(a)(1).

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

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

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

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Court of Federal Claims or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. You may, write to the courts at the following addresses:

United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

US Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20005

U. S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
Washington, DC 20001

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. We can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for our assistance, which is always free, we will do everything possible to help you. Visit [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov) or call 1-877-777-4778.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

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

Sincerely yours,



Maria Hooke  
Director, Exempt Organizations Examinations

**Enclosures:**  
Publication 892



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
Exempt Organizations Examinations

Date:  
April 24, 2018  
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact / ID Number:

Contact numbers:

Telephone:

Fax number:

Manager's Name / ID Number:

Manager's Contact Number:

Response Due Date:

**Certified Mail – Return Receipt Requested**

Dear

**Why you are receiving this letter**

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code. Enclosed is our report of examination explaining the proposed action.

**What you need to do if you agree**

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

**Effect of revocation status**

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

**What you need to do if you disagree with the proposed revocation**

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't 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:

Internal Revenue Service

**For additional information**

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,



Director, EO Examinations

Enclosures:  
Report of Examination  
Form 6018  
Form 4621-A  
Copy of Form 1023EZ  
Copy of Determination Letter dated  
Publication 892  
Publication 3498

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

**Date of Notice: April 19, 20XX  
Report**

**Issues:**

Whether \_\_\_\_\_ continues to qualify for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Facts:**

The organization failed to respond to the Internal Revenue Service attempts to obtain information to perform an examination of the December 31, 20XX tax year. The organization received their approval for tax exemption on October 16, 20XX with the effective date of September 16, 20XX. The organization was established for the purpose of providing charitable services to children and youth

Exhibit A (below) provides a list of the Internal Revenue Service correspondence or phone contacts made to \_\_\_\_\_ requesting that organization provide information pertaining to your audit for the December 31, 20XX tax year.

Summary of Exhibit A

Contact type	Correspondence sent/ Phone contact	Date sent Or Date called	Certified Mail Sent	Receipt signed date or Phone response
Letter	Letter 3606 Information Document Request (IDR) Publication 1 <b>Address of record</b>	1-16-20XX	Certified Receipt Form 3811	Signed Receipt received 01-29-20XX (Signature not legible)
Phone call	Called phone number listed on Form 1023-EZ.	2-27-20XX		Phone number is no longer active.
Phone call	President/Director Number found in GOOGLE search of white pages	2-27-20XX		Not active phone number for
Phone call	ACCRUINT research identified phone number for	2-28-20XX		Not active phone number for
Certified Letter	New updated address located on ENMOD.	3-6-20XX	Certified Receipt Form 3811	Received Signed Receipt

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

				3-23-20XX. Signature
Certified Letter	Letter sent with draft report 886-A		Certified Receipt Form 3811	

has failed to respond to the Internal Revenue Service correspondence for information pertaining to the examination for the December 31, 20XX tax period.

**Law:**

**501(c)(3)**

§501(c)(3) Requires tax exempt entities be organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes and to foster national and amateur sports competition.

§Reg 1.501(c)(3)-1(a) In order to be exempt under §501(c)(3) the organization must be both organized and operated exclusively for one or more of the purposes specified in the section. (religious, charitable, scientific, testing for public safety, literary or educational)

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

**Treas. Reg. § 1.6001-1(a)** in conjunction with **Treas. Reg. § 1.6001-1(c)** provides that every organization exempt from tax under IRC § 501(a) and subject to the tax imposed by IRC § 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 such tax. Such organization shall also keep such books and records as are required to substantiate the information required by IRC § 6033.

**Treas. Reg. § 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.

**IRC § 6033(a)(1)** provides, except as provided in IRC § 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.

**Treas. Reg § 1.6033-1(h)(2)** provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and IRC § 6033.

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**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 IRC § 6033 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.

#### **Government's Position:**

In accordance with the above cited provisions of the Code and regulations under IRC §§ 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 return (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.

Several attempts have been made to contact the organization. Attempts were made by certified mail. Letter 3606 with IDR was sent to original address on record on January 16, 20XX and Letter 3844-A with copy of Letter 3606 and IDR was sent to updated address of record on March 6, 20XX.

Certified receipts were signed documenting letters were delivered but no reply was received from

Numerous attempts were made to find good working phone numbers for  
or for the President/Director or Treasurer/Director . No  
active numbers were found.

Several attempts to contact the organizations have been made by certified letter with no response.

Attempts to find working phone numbers have been exhausted.

#### **Organization's Position:**

Not known at this time.

#### **Conclusion:**

It is the IRS's position that the organization failed to meet the reporting requirements under IRC §§ 6001 and 6033 to be recognized as exempt from federal income tax under IRC § 501(c)(3).

Furthermore, the organization has failed to establish that it continues to qualify for tax exempt status. Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

Form(s) 1120, U.S. Corporation Income Tax Return should be filed for the tax periods ending on or after December 31, 20XX.