



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
1100 Commerce Street, MC 4920DAL  
Dallas, TX 75242

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: AUG 01, 2019

Number: 202150034  
Release Date: 12/17/2021

EIN:

Person to Contact:

Identification Number:

Telephone Number:

UIL: 501.03-00

**CERTIFIED MAIL - Return Receipt Requested**  
**LAST DAY FOR FILING A PETITION WITH THE TAX COURT:**

Dear :

This is a final determination that you do not qualify for exemption from federal income tax under Internal Revenue Code (the "Code") section 501(a) as an organization described in Code section 501(c)(3), effective January 1, 20XX. Your determination letter dated December 20, 20XX is revoked.

Our adverse determination as to your exempt status was made for the following reasons:

Organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) must be both organized and operated exclusively for exempt purposes. You have failed to produce documents or otherwise establish that you are operated exclusively for exempt purposes and that no part of your net earnings inures to the benefit of private shareholders or individuals. As such, you failed to meet the requirements of I.R.C. Section 501(c)(3) and Treasury Regulation Section 1.501(c)(3)-1(d)(1)(ii) in that you have not demonstrated that you are operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3).

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

Organizations that are not exempt under section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms, and information please visit [www.irs.gov](http://www.irs.gov).

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 was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment. Refer to the enclosed Publication 892 for additional information. 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

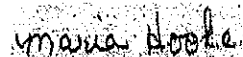
U. S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
Washington, DC 20001

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under section 7428 of the Internal Revenue Code.

You may be eligible for help from the Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS that can help protect your taxpayer rights. TAS 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 TAS assistance, which is always free, TAS will do everything possible to help you. Visit [www.taxpayeradvocate.irs.gov](http://www.taxpayeradvocate.irs.gov) or call 1-877-777-4778.

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.

Sincerely yours,



Maria Hooke  
Director, EO Examinations

Enclosures:  
Publication 892



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

Date: June 28, 2019

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact:

Employee ID:

Telephone:

Fax:

Manager's Contact Information:

Employee ID

Telephone:

Response Due Date:

**CERTIFIED MAIL – Return Receipt Requested**

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

**Why you're receiving this letter**

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we intend to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

**If you agree**

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

**If you disagree**

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider to the contact person shown at the top of this letter.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to

sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

**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 adverse determination letter.

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

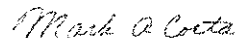
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance,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

**For additional information**

You can get any of the forms and publications mentioned in this letter by visiting our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,



*for* Maria D. Hooke  
Director, Exempt Organizations  
Examinations

Enclosures:  
Form 886-A  
Form 6018

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit A
Name of Taxpayer		Year/Period Ended December 31, 20XX

We intend to revoke your organization's exempt status based on "inurement" issues revealed during our examination. Treas. Reg. § 1.501(c)(3)-1(c)(2) explains the prohibition against private inurement as follows "An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private individuals." Any transaction between an organization and a private individual in which the individual appears to receive a disproportionate share of the benefits of the exchange, relative to the charity served, constitutes an inurement issue. Our examination revealed that the organization's President, \_\_\_\_\_, and "Director", \_\_\_\_\_ consistently engaged in Excess Benefit Transactions with the exempt organization.

An Excess Benefit Transaction occurs when a "disqualified person" (*a person in a position to exercise substantial influence over the affairs of the organization*) receives an economic benefit from a tax-exempt organization that exceeds the value received by the organization. The term "**Automatic Excess Benefit Transaction**" refers to a transaction in which a "disqualified person" provides services to an organization and receives economic benefits from the organization that are not substantiated, contemporaneously and in writing, as *compensation* within the meaning of Treas. Reg. § 53.4958-4(c).

(aka \_\_\_\_\_) was granted exemption under the name \_\_\_\_\_ in 20XX, and subsequently changed its name to \_\_\_\_\_ in 20XX. The Internal Revenue Service did not become aware of the name change until the organization was selected for examination. The organization's bank accounts are held under the name \_\_\_\_\_. According to its Articles of Incorporation, the primary purpose of the organization is:

- To provide housing for veterans in sober, independent living homes
- To offer employment to veterans within the organization
- To provide donations to individual veterans for basic necessities
- To donate funds to other veterans' organizations that assist veterans in need
- To donate funds to veteran's organizations, and individuals that send care packages to active troops
- To have the normal function of a non-profit organization founded to assist veterans in providing basic necessities

The organization appears to operate \_\_\_\_\_ rooming houses for veterans in \_\_\_\_\_ and appears to provide free transportation for veterans to medical appointments. On the day of the examination appointment, the Agent and Manager toured one of the rooming houses. The second location became unavailable for viewing just prior to the time the tour was to occur. All of the organization's vehicles were not present on the property as \_\_\_\_\_ stated they were in use providing transportation to the veterans served.

Form 886A	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit A
Name of Taxpayer		Year/Period Ended December 31, 20XX

The organization's primary officers are \_\_\_\_\_ and \_\_\_\_\_, who are domestic partners. \_\_\_\_\_ and \_\_\_\_\_ are both authorized signers on the organization's bank accounts. Generally, a governing board that consists primarily of family members or of members who share a domestic life, does not constitute an independent body, and has an inherent conflict of interest when placed in a position to approve financial transactions involving other members of the family unit. The organization lacked records, and the organization dealt in cash. Operating under the control of a small related group in this way suggests that the organization operated primarily for non-exempt private purposes, rather than exclusively for public purposes, which is the basis for exemption of any 501(c)(3) organization. According to the Form 990, \_\_\_\_\_ received a salary of \$0, and the other officers were unpaid. There was no mention of \_\_\_\_\_ on the Form 990 with respect to salary. Neither \_\_\_\_\_ nor \_\_\_\_\_ have an employment contract with the organization, and neither are otherwise employed. The organization does not have a conflict of interest policy.

In August of 20XX, a judge barred the organization from soliciting in \_\_\_\_\_ following a lawsuit filed by the \_\_\_\_\_ Attorney General's Office. The lawsuit alleged that the organization had used deceptive practices while soliciting funds in \_\_\_\_\_. The complaint included allegations that the organization had misled potential donors by falsely representing that their donations would be used to assist \_\_\_\_\_ veterans, when in fact, the organization – a \_\_\_\_\_ - based charity - helped \_\_\_\_\_ veterans only. The organization raises funds by soliciting "bucket contributions" outside of various retail establishments such as \_\_\_\_\_, \_\_\_\_\_, and others. At the examination appointment, \_\_\_\_\_ stated that the organization "hired" veterans to solicit funds for the organization and allowed them to keep 0% of the cash they collected as payment for their services. No W-2s or 1099s were issued to reflect these "salary" payments, and no payments were made for employment tax purposes. In the year under review (20XX), cash solicitation events occurred at multiple locations, on most days of the year, yet cash deposits were disproportionately low, and infrequent over the same time-period.

**Fig. 1 Itemization of Automatic Excess Benefit Transactions** - The following graphic provides an itemization of the automatic excess benefit transactions (ABTs) in which the Officers engaged with \_\_\_\_\_ (aka \_\_\_\_\_) in tax year 20XX. The detail provided on the next few pages, evidences the size and scope of the excess benefit transactions at issue, and indicates that \_\_\_\_\_ (aka \_\_\_\_\_) primarily served the interests of \_\_\_\_\_ and \_\_\_\_\_ rather than the public interest in the year under review.

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
Name of Taxpayer		Year/Period Ended December 31, 20XX

CASINO TRANSACTION DETAIL -					
Date	Time Played	Coin In \$\$	Pulls/Min.	Coin Out \$\$	Theo. WL
1/1/20XX		\$0	0	\$0	0
1/6/20XX		\$0	0	\$0	0
1/11/20XX		\$0	0	\$0	0
1/19/20XX		\$0	0	\$0	0
1/23/20XX		\$0	0	\$0	0
1/26/20XX		\$0	0	\$0	0
1/27/20XX		\$0	0	\$0	0
1/29/20XX		\$0	0	\$0	0
2/1/20XX		\$0	0	\$0	0
2/2/20XX		\$0	0	\$0	0
2/6/20XX		\$0	0	\$0	0
2/9/20XX		\$0	0	\$0	0
2/10/20XX		\$0	0	\$0	0
2/11/20XX		\$0	0	\$0	0
2/12/20XX		\$0	0	\$0	0
2/13/20XX		\$0	0	\$0	0
2/14/20XX		\$0	0	\$0	0
2/19/20XX		\$0	0	\$0	0
2/22/20XX		\$0	0	\$0	0
2/24/20XX		\$0	0	\$0	0
2/26/20XX		\$0	0	\$0	0
3/1/20XX		\$0	0	\$0	0
3/15/20XX		\$0	0	\$0	0
3/18/20XX		\$0	0	\$0	0
3/23/20XX		\$0	0	\$0	0
3/24/20XX		\$0	0	\$0	0
3/28/20XX		\$0	0	\$0	0
3/31/20XX		\$0	0	\$0	0
4/5/20XX		\$0	0	\$0	0
4/6/20XX		\$0	0	\$0	0
4/7/20XX		\$0	0	\$0	0
4/11/20XX		\$0	0	\$0	0
4/14/20XX		\$0	0	\$0	0
4/19/20XX		\$0	0	\$0	0
4/21/20XX		\$0	0	\$0	0
4/26/20XX		\$0	0	\$0	0
4/30/20XX		\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20XX

5/3/20XX	\$0	0	\$0	0
5/10/20XX	\$0	0	\$0	0
5/11/20XX	\$0	0	\$0	0
5/14/20XX	\$0	0	\$0	0
5/17/20XX	\$0	0	\$0	0
5/18/20XX	\$0	0	\$0	0
5/21/20XX	\$0	0	\$0	0
5/23/20XX	\$0	0	\$0	0
5/26/20XX	\$0	0	\$0	0
5/27/20XX	\$0	0	\$0	0
5/29/20XX	\$0	0	\$0	0
5/30/20XX	\$0	0	\$0	0
6/1/20XX	\$0	0	\$0	0
6/2/20XX	\$0	0	\$0	0
6/5/20XX	\$0	0	\$0	0
6/6/20XX	\$0	0	\$0	0
6/7/20XX	\$0	0	\$0	0
6/8/20XX	\$0	0	\$0	0
6/11/20XX	\$0	0	\$0	0
6/13/20XX	\$0	0	\$0	0
6/15/20XX	\$0	0	\$0	0
6/16/20XX	\$0	0	\$0	0
6/20/20XX	\$0	0	\$0	0
6/21/20XX	\$0	0	\$0	0
6/25/20XX	\$0	0	\$0	0
6/28/20XX	\$0	0	\$0	0
7/1/20XX	\$0	0	\$0	0
7/2/20XX	\$0	0	\$0	0
7/3/20XX	\$0	0	\$0	0
7/4/20XX	\$0	0	\$0	0
7/5/20XX	\$0	0	\$0	0
7/6/20XX	\$0	0	\$0	0
7/7/20XX	\$0	0	\$0	0
7/8/20XX	\$0	0	\$0	0
7/9/20XX	\$0	0	\$0	0
7/10/20XX	\$0	0	\$0	0
7/12/20XX	\$0	0	\$0	0
7/14/20XX	\$0	0	\$0	0
7/16/20XX	\$0	0	\$0	0



Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Name of Taxpayer</b>	<b>Explanation of Items</b>	<b>Year/Period Ended</b> December 31, 20XX

7/17/20XX	\$0	0	\$0	0
7/18/20XX	\$0	0	\$0	0
7/19/20XX	\$0	0	\$0	0
7/20/20XX	\$0	0	\$0	0
7/21/20XX	\$0	0	\$0	0
7/24/20XX	\$0	0	\$0	0
7/25/20XX	\$0	0	\$0	0
7/26/20XX	\$0	0	\$0	0
7/28/20XX	\$0	0	\$0	0
7/31/20XX	\$0	0	\$0	0
8/1/20XX	\$0	0	\$0	0
8/2/20XX	\$0	0	\$0	0
8/3/20XX	\$0	0	\$0	0
8/4/20XX	\$0	0	\$0	0
8/5/20XX	\$0	0	\$0	0
8/6/20XX	\$0	0	\$0	0
8/7/20XX	\$0	0	\$0	0
8/8/20XX	\$0	0	\$0	0
8/9/20XX	\$0	0	\$0	0
8/11/20XX	\$0	0	\$0	0
8/12/20XX	\$0	0	\$0	0
8/13/20XX	\$0	0	\$0	0
8/16/20XX	\$0	0	\$0	0
8/18/20XX	\$0	0	\$0	0
8/20/20XX	\$0	0	\$0	0
8/23/20XX	\$0	0	\$0	0
8/24/20XX	\$0	0	\$0	0
8/25/20XX	\$0	0	\$0	0
8/26/20XX	\$0	0	\$0	0
8/27/20XX	\$0	0	\$0	0
8/31/20XX	\$0	0	\$0	0
9/2/20XX	\$0	0	\$0	0
9/5/20XX	\$0	0	\$0	0
9/6/20XX	\$0	0	\$0	0
9/7/20XX	\$0	0	\$0	0
9/9/20XX	\$0	0	\$0	0
9/11/20XX	\$0	0	\$0	0
9/15/20XX	\$0	0	\$0	0
9/18/20XX	\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
Name of Taxpayer		Year/Period Ended December 31, 20XX

9/19/20XX	\$0	0	\$0	0
9/20/20XX	\$0	0	\$0	0
9/24/20XX	\$0	0	\$0	0
9/25/20XX	\$0	0	\$0	0
9/26/20XX	\$0	0	\$0	0
9/28/20XX	\$0	0	\$0	0
9/29/20XX	\$0	0	\$0	0
9/30/20XX	\$0	0	\$0	0
10/1/20XX	\$0	0	\$0	0
10/2/20XX	\$0	0	\$0	0
10/4/20XX	\$0	0	\$0	0
10/5/20XX	\$0	0	\$0	0
10/6/20XX	\$0	0	\$0	0
10/7/20XX	\$0	0	\$0	0
10/10/20XX	\$0	0	\$0	0
10/12/20XX	\$0	0	\$0	0
10/14/20XX	\$0	0	\$0	0
10/15/20XX	\$0	0	\$0	0
10/16/20XX	\$0	0	\$0	0
10/17/20XX	\$0	0	\$0	0
10/19/20XX	\$0	0	\$0	0
10/22/20XX	\$0	0	\$0	0
10/24/20XX	\$0	0	\$0	0
10/25/20XX	\$0	0	\$0	0
10/26/20XX	\$0	0	\$0	0
10/29/20XX	\$0	0	\$0	0
11/6/20XX	\$0	0	\$0	0
11/8/20XX	\$0	0	\$0	0
11/10/20XX	\$0	0	\$0	0
11/13/20XX	\$0	0	\$0	0
11/14/20XX	\$0	0	\$0	0
11/15/20XX	\$0	0	\$0	0
11/16/20XX	\$0	0	\$0	0
11/19/20XX	\$0	0	\$0	0
11/20/20XX	\$0	0	\$0	0
11/23/20XX	\$0	0	\$0	0
11/25/20XX	\$0	0	\$0	0
11/26/20XX	\$0	0	\$0	0
11/27/20XX	\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20XX

11/29/20XX	\$0	0	\$0	0
11/30/20XX	\$0	0	\$0	0
12/5/20XX	\$0	0	\$0	0
12/6/20XX	\$0	0	\$0	0
12/11/20XX	\$0	0	\$0	0
12/11/20XX	\$0	0	\$0	0
12/12/20XX	\$0	0	\$0	0
12/13/20XX	\$0	0	\$0	0
12/15/20XX	\$0	0	\$0	0
12/19/20XX	\$0	0	\$0	0
12/20/20XX	\$0	0	\$0	0
12/22/20XX	\$0	0	\$0	0
12/27/20XX	\$0	0	\$0	0
	<u>\$0</u>		<u>\$0</u>	
<b>COIN IN</b>			\$0	
<b>COIN OUT</b>			<u>(\$0)</u>	
<b>COIN RETAINED BY CASINO</b>			\$0	

We calculated the Automatic Excess Benefit Transactions attributable to \_\_\_\_\_ using Win/Loss Statements provided by the \_\_\_\_\_. We based the calculation on the total "coin-in" and "coin-out" amounts with "Coin-in" representing the total cash inserted into the slot machines, and "coin-out" representing \_\_\_\_\_'s total winnings both recycled and actual. After subtracting the total "coin-in" from the total "coin-out" amounts, the Win/Loss Statement shows that at the end of tax year 20XX, \_\_\_\_\_ had incurred \$0 in slot machine expenditures at the \_\_\_\_\_. We calculated \_\_\_\_\_ total Automatic Excess Benefit Transactions (ABTs) by taking all other income and expenditures into consideration, resulting in total ABTs of \$0 of \_\_\_\_\_.

CASINO TRANSACTION DETAIL --					
Date	Time Played	Coin In \$\$	Pulls/Min.	Coin Out \$\$	Theo. WL
1/1/20XX		\$0	0	\$0	0
1/6/20XX		\$0	0	\$0	0
1/19/20XX		\$0	0	\$0	0
1/23/20XX		\$0	0	\$0	0
1/26/20XX		\$0	0	\$0	0
1/27/20XX		\$0	0	\$0	0
1/29/20XX		\$0	0	\$0	0
2/1/20XX		\$0	0	\$0	0
2/6/20XX		\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
Name of Taxpayer		Year/Period Ended December 31, 20XX

2/9/20XX	\$0	0	\$0	0
2/10/20XX	\$0	0	\$0	0
2/12/20XX	\$0	0	\$0	0
2/13/20XX	\$0	0	\$0	0
2/14/20XX	\$0	0	\$0	0
2/19/20XX	\$0	0	\$0	0
2/22/20XX	\$0	0	\$0	0
2/26/20XX	\$0	0	\$0	0
3/1/20XX	\$0	0	\$0	0
3/15/20XX	\$0	0	\$0	0
3/18/20XX	\$0	0	\$0	0
3/23/20XX	\$0	0	\$0	0
3/24/20XX	\$0	0	\$0	0
3/28/20XX	\$0	0	\$0	0
3/31/20XX	\$0	0	\$0	0
4/5/20XX	\$0	0	\$0	0
4/6/20XX	\$0	0	\$0	0
4/7/20XX	\$0	0	\$0	0
4/11/20XX	\$0	0	\$0	0
4/19/20XX	\$0	0	\$0	0
4/21/20XX	\$0	0	\$0	0
4/26/20XX	\$0	0	\$0	0
4/30/20XX	\$0	0	\$0	0
5/3/20XX	\$0	0	\$0	0
5/10/20XX	\$0	0	\$0	0
5/11/20XX	\$0	0	\$0	0
5/14/20XX	\$0	0	\$0	0
5/17/20XX	\$0	0	\$0	0
5/21/20XX	\$0	0	\$0	0
5/24/20XX	\$0	0	\$0	0
5/26/20XX	\$0	0	\$0	0
5/27/20XX	\$0	0	\$0	0
5/29/20XX	\$0	0	\$0	0
5/30/20XX	\$0	0	\$0	0
6/1/20XX	\$0	0	\$0	0
6/5/20XX	\$0	0	\$0	0
6/6/20XX	\$0	0	\$0	0
6/7/20XX	\$0	0	\$0	0
6/8/20XX	\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20XX

6/11/20XX	\$0	0	\$0	0
6/13/20XX	\$0	0	\$0	0
6/15/20XX	\$0	0	\$0	0
6/20/20XX	\$0	0	\$0	0
6/21/20XX	\$0	0	\$0	0
6/25/20XX	\$0		\$0	0
6/28/20XX	\$0	0	\$0	0
7/1/20XX	\$0	0	\$0	0
7/2/20XX	\$0	0	\$0	0
7/4/20XX	\$0	0	\$0	0
7/5/20XX	\$0	0	\$0	0
7/6/20XX	\$0	0	\$0	0
7/7/20XX	\$0	0	\$0	0
7/8/20XX	\$0	0	\$0	0
7/9/20XX	\$0	0	\$0	0
7/10/20XX	\$0	0	\$0	0
7/12/20XX	\$0	0	\$0	0
7/14/20XX	\$0	0	\$0	0
7/16/20XX	\$0	0	\$0	0
7/18/20XX	\$0	0	\$0	0
7/19/20XX	\$0	0	\$0	0
7/20/20XX	\$0	0	\$0	0
7/21/20XX	\$0	0	\$0	0
7/25/20XX	\$0	0	\$0	0
7/26/20XX	\$0	0	\$0	0
7/28/20XX	\$0	0	\$0	0
7/31/20XX	\$0	0	\$0	0
8/2/20XX	\$0	0	\$0	0
8/3/20XX	\$0	0	\$0	0
8/4/20XX	\$0	0	\$0	0
8/5/20XX	\$0	0	\$0	0
8/6/20XX	\$0	0	\$0	0
8/7/20XX	\$0	0	\$0	0
8/8/20XX	\$0	0	\$0	0
8/9/20XX	\$0	0	\$0	0
8/11/20XX	\$0	0	\$0	0
8/12/20XX	\$0	0	\$0	0
8/13/20XX	\$0	0	\$0	0
8/16/20XX	\$0	0	\$0	0

Form <b>886A</b>	Department of the Treasury Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit A
Name of Taxpayer		Year/Period Ended December 31, 20XX

8/18/20XX	\$0	0	\$0	0
8/20/20XX	\$0	0	\$0	0
8/23/20XX	\$0	0	\$0	0
8/24/20XX	\$0	0	\$0	0
8/25/20XX	\$0	0	\$0	0
8/27/20XX	\$0	0	\$0	0
8/31/20XX	\$0	0	\$0	0
9/2/20XX	\$0	0	\$0	0
9/5/20XX	\$0	0	\$0	0
9/6/20XX	\$0	0	\$0	0
9/7/20XX	\$0	0	\$0	0
9/9/20XX	\$0	0	\$0	0
9/11/20XX	\$0	0	\$0	0
9/15/20XX	\$0	0	\$0	0
9/18/20XX	\$0	0	\$0	0
9/19/20XX	\$0	0	\$0	0
9/20/20XX	\$0	0	\$0	0
9/24/20XX	\$0	0	\$0	0
9/25/20XX	\$0	0	\$0	0
9/26/20XX	\$0	0	\$0	0
9/28/20XX	\$0	0	\$0	0
9/29/20XX	\$0	0	\$0	0
9/30/20XX	\$0	0	\$0	0
10/1/20XX	\$0	0	\$0	0
10/2/20XX	\$0	0	\$0	0
10/3/20XX	\$0	0	\$0	0
10/5/20XX	\$0	0	\$0	0
10/6/20XX	\$0	0	\$0	0
10/7/20XX	\$0	0	\$0	0
10/10/20XX	\$0	0	\$0	0
10/12/20XX	\$0	0	\$0	0
10/14/20XX	\$0	0	\$0	0
10/15/20XX	\$0	0	\$0	0
10/16/20XX	\$0	0	\$0	0
10/17/20XX	\$0	0	\$0	0
10/19/20XX	\$0	0	\$0	0
10/22/20XX	\$0	0	\$0	0
10/24/20XX	\$0	0	\$0	0
10/25/20XX	\$0	0	\$0	0

10/26/20XX	\$0	0	\$0	0
10/29/20XX	\$0	0	\$0	0
11/6/20XX	\$0	0	\$0	0
11/8/20XX	\$0	0	\$0	0
11/10/20XX	\$0	0	\$0	0
11/13/20XX	\$0	0	\$0	0
11/14/20XX	\$0	0	\$0	0
11/15/20XX	\$0	0	\$0	0
11/16/20XX	\$0	0	\$0	0
11/19/20XX	\$0	0	\$0	0
11/20/20XX	\$0	0	\$0	0
11/23/20XX	\$0	0	\$0	0
11/25/20XX	\$0	0	\$0	0
11/26/20XX	\$0	0	\$0	0
11/27/20XX	\$0	0	\$0	0
11/29/20XX	\$0	0	\$0	0
11/30/20XX	\$0	0	\$0	0
12/5/20XX	\$0	0	\$0	0
12/6/20XX	\$0	0	\$0	0
12/11/20XX	\$0	0	\$0	0
12/13/20XX	\$0	0	\$0	0
12/15/20XX	\$0	0	\$0	0
12/19/20XX	\$0	0	\$0	0
12/20/20XX	\$0	0	\$0	0
12/27/20XX	\$0	0	\$0	0
	<u>\$0</u>		<u>\$0</u>	
			\$0	
			\$0	
			<u>\$0</u>	

- CASII WITHDRAWALS		
Date	Transaction	Amount
1/3/20XX	Cash withdrawal from A/C # 0	\$0
1/13/20XX	Cash withdrawal from A/C # 0	\$0
1/21/20XX	Cash withdrawal from A/C # 0	\$0
1/27/20XX	Cash withdrawal from A/C # 0	\$0
2/3/20XX	Cash withdrawal from A/C # 0	\$0
2/10/20XX	Cash withdrawal from A/C # 0	\$0

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit A
<b>Explanation of Items</b>		
<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20XX

2/24/20XX	Cash withdrawal from A/C # 0	\$0
3/3/20XX	Cash withdrawal from A/C # 0	\$0
3/17/20XX	Cash withdrawal from A/C # 0	\$0
3/24/20XX	Cash withdrawal from A/C # 0	\$0
4/7/20XX	Cash withdrawal from A/C # 0	\$0
4/21/20XX	Cash withdrawal from A/C # 0	\$0
4/28/20XX	Cash withdrawal from A/C # 0	\$0
5/2/20XX	Cash withdrawal from A/C # 0	\$0
5/12/20XX	Cash withdrawal from A/C # 0	\$0
5/19/20XX	Cash withdrawal from A/C # 0	\$0
5/27/20XX	Cash withdrawal from A/C # 0	\$0
6/2/20XX	Cash withdrawal from A/C # 0	\$0
6/6/20XX	Cash withdrawal from A/C # 0	\$0
6/16/20XX	Cash withdrawal from A/C # 0	\$0
6/23/20XX	Cash withdrawal from A/C # 0	\$0
6/30/20XX	Cash withdrawal from A/C # 0	\$0
7/7/20XX	Cash withdrawal from A/C # 0	\$0
7/14/20XX	Cash withdrawal from A/C # 0	\$0
7/21/20XX	Cash withdrawal from A/C # 0	\$0
7/28/20XX	Cash withdrawal from A/C # 0	\$0
7/28/20XX	Cash withdrawal from A/C # 0	\$0
8/4/20XX	Cash withdrawal from A/C # 0	\$0
8/11/20XX	Cash withdrawal from A/C # 0	\$0
8/18/20XX	Cash withdrawal from A/C # 0	\$0
8/25/20XX	Cash withdrawal from A/C # 0	\$0
9/2/20XX	Cash withdrawal from A/C # 0	\$0
9/8/20XX	Cash withdrawal from A/C # 0	\$0
9/16/20XX	Cash withdrawal from A/C # 0	\$0
9/22/20XX	Cash withdrawal from A/C # 0	\$0
9/29/20XX	Cash withdrawal from A/C # 0	\$0
10/6/20XX	Cash withdrawal from A/C # 0	\$0
10/14/20XX	Cash withdrawal from A/C # 0	\$0
10/20/20XX	Cash withdrawal from A/C # 0	\$0
11/3/20XX	Cash withdrawal from A/C # 0	\$0
11/7/20XX	Cash withdrawal from A/C # 0	\$0
11/17/20XX	Cash withdrawal from A/C # 0	\$0
11/24/20XX	Cash withdrawal from A/C # 0	\$0
12/8/20XX	Cash withdrawal from A/C # 0	\$0
12/22/20XX	Cash withdrawal from A/C # 0	\$0



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Name of Taxpayer		Year/Period Ended December 31, 20XX

<b>B. ) TOTAL CASH WITHDRAWALS</b>	<b>\$0</b>
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We calculated the Automatic Excess Benefit Transactions (ABTs) attributable to \_\_\_\_\_, using Win/Loss Statements provided by the \_\_\_\_\_ Casino. We based the calculation on the total "coin-in" and "coin-out" amounts with "coin-in" representing the total cash inserted into the slot machines by \_\_\_\_\_, and "coin-out" representing \_\_\_\_\_'s total winnings both recycled and actual. After subtracting the total "coin-in" from the total "coin-out" amounts, the Win/Loss Statement shows that at the end of tax year 20XX, \_\_\_\_\_ had incurred \$0 in slot machine expenditures at the \_\_\_\_\_. Bank records showed that \_\_\_\_\_ also made a series of cash withdrawals from the organization's bank accounts totalling \$0. \_\_\_\_\_ total Automatic Excess Benefit Transactions totaled \$0 (\$0 + \$0 = \$0).

The Total Automatic Excess Benefit Transactions (ABTs) attributed to \_\_\_\_\_ and \_\_\_\_\_ combined, totaled \$0 (\$0 + \$0 = \$0). The total combined (ABT) amount was not reported on the Form 990, did not appear on the financial statements prepared by the Enrolled Agent, and was not reflected in the books and records because the source of funds was cash "skimmed" from cash contributions solicited by the organization. "Charitable" solicitation events appear to be the source of income used to fund the gambling related transactions. According to the organization's calendar, charitable solicitations occurred at multiple locations on numerous days of the year under review. Cash deposits were disproportionately low, and infrequent considering these activities. The size and scope of the excess benefit transactions were significant in relation to the size and scope of the organization's regular and ongoing activities that further exempt purposes.

**Fig. 2 Analysis of Automatic Excess Benefit Transactions Relative to the Organization's Total Revenues** - The following graphic is intended to show the automatic excess benefit transactions (ABTs) at Issue as a percentage of \_\_\_\_\_ (aka \_\_\_\_\_) total revenues. It appears that none of the total Automatic Excess Benefit Transaction (ABT) amount was included in the organization's income on the Form 990. It also appears that none was included on the organization's financial statements prepared by the Enrolled Agent, and none was reported in the organization's books and records. It appears the cash was "skimmed" off the top of the organization's "bucket contributions". **Skimming** is the *illegal* practice of taking cash "off the top" of the daily receipts of a business or "charitable" organization for personal use, and officially reporting a lower total, i.e. the remaining amount.

SOURCES OF INCOME	INCOME	INCOME	ADJUSTED	VARIANCE
	PER 990	PER P&L	INCOME TO INCLUDE	TO 990

## Explanation of Items

Name of Taxpayer

Year/Period Ended  
December 31, 20XX

			ABTs	
<b>CONTRIBUTIONS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>
Individual & Business Contributions	\$0	\$0	\$0	\$0
Interest	\$0	\$0	\$0	\$0
Automatic Excess Benefit Transactions (ABTs)	\$0	\$0	\$0	(\$0)
<b>EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>
Contract expenses		\$0	\$0	(\$0)
Donated vehicles		\$0	\$0	(\$0)
Donations	\$0	\$0	\$0	\$0
Dues and subscriptions		\$0	\$0	(\$0)
Facilities and equipment		\$0	\$0	(\$0)
Fundraising supplies		\$0	\$0	(\$0)
Operations (including fundraising)		\$0	\$0	(\$0)
Other expenses	\$0	\$0	\$0	\$0
Payroll expense	\$0	\$0	\$0	\$0
Payroll taxes		\$0	\$0	(\$0)
Penalties and fines		\$0	\$0	(\$0)
Scholarships		\$0	\$0	(\$0)
IRC § 4958 ABTs -	\$0	\$0	\$0	(\$0)
IRC § 4958 ABTs -	\$0	\$0	\$0	(\$0)
<b>NET INCOME (Contributions - Expenses)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>

In summary, the relevant facts and circumstances with respect to the proposed revocation are as follows:

**§1.501(c)(3)-1(f)(2)(ii)(A)**, *"the size and scope of the organization's regular and ongoing activities that further exempt purposes before and after the excess benefit transactions occurred"*. Our Examination revealed that the President and "Director" of (aka ), engaged in multiple excess benefit transactions consistently throughout the period under review. The officers engaged in excess benefit transactions on such a consistent basis that it is impossible to distinguish periods where such transactions did not occur.

**§1.501(c)(3)-1(f)(2)(ii)(B)**, *"the size and scope of the excess benefit transactions in relation to the size and scope of the organization's regular and ongoing activities that further exempt purposes"*. The size and scope of these transactions appears to overshadow whatever exempt accomplishments a reasonable person might expect to gain from a small organization operated by a domestic partnership (See Fig. 2). Due to a complete lack of legitimate financial oversight (See Fig. 1), the cost of furthering this organization's exempt purpose appears to outweigh the benefits received.

**§1.501(c)(3)-1(f)(2)(ii)(C)**, as to *"whether the organization has been involved in multiple excess benefit transactions with one or more persons"*.

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Name of Taxpayer		Year/Period Ended December 31, 20XX

(aka ) is operated by and , and all the transactions at issue benefited them.

**§1.501(c)(3)-1(f)(2)(ii)(D)**, as to "whether the organization has implemented safeguards that are reasonably calculated to prevent excess benefit transactions". The organization has been dealing in cash and continues to do so. We are aware that taxpayer alleges to have placed an additional person or persons on the organization's board to improve oversight. However, we do not believe that the addition of these individuals will provide effective oversight without any additional changes. Other than this change allegedly put in place, no other safeguards, to our knowledge, have been implemented to date that would prevent further excess benefit transactions, such as correction/repayment, proper record keeping, and new limits/restrictions on bank account access.

**§1.501(c)(3)-1(f)(2)(ii)(E)**, as to "whether the excess benefit transaction has been corrected (within the meaning of 4958(f)(6) and § 53.4958-7), or the organization has made good faith efforts to seek correction from the disqualified person who benefited from the excess benefit transactions". There has been no correction of the excess benefit transactions, within the meaning of I.R.C. § 4958(f)(6) or Treas. Reg. § 53.4958-7, and the organization has not made good faith efforts to seek correction from its two officers who benefited from these transactions because the same two officers run the organization.

Given the facts and circumstances described above, and in particular, the size and scope of the inurement involved, (aka ) is not operated exclusively for exempt purposes, and does not qualify for exemption under IRC § 501(c)(3).

**CONCLUSION:**

It is the Government's position that the organization has engaged in multiple and repeated private benefit and inurement transactions, for which there has been no correction, with the organization's President, a Disqualified Person, and the organization's "Director", a Disqualified Person, under IRC § 4958. As a result, the organization is no longer eligible for exemption from federal income tax under IRC § 501(a) and 501(c)(3).

While the organization does conduct some exempt activities for purposes of providing assistance to veterans, the size and scope of the excess benefit transactions at issue far outweighs the benefits provided by these activities.

Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

Form 1120 returns should be filed for tax periods ending on or after December 31, 20XX.