



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

Date: May 19, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Number: **202238017**

Release Date: 9/23/2022

UIL: 501.03-00

CERTIFIED MAIL - RETURN RECEIPT REQUESTED:

Dear :

Why we are sending you this letter

This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective . Your determination letter dated , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: You did not respond to our requests for information regarding your finances and activities. Organizations described in IRC Section 501(c)(3) and exempt under IRC Section 501(a) must be both organized and operated exclusively for exempt purposes. You have not demonstrated that you are operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC 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. You have not established that you have operated exclusively for an exempt purpose.

Organizations that are not exempt under IRC 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.

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of IRC Section 7428 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.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. You may write to the courts at the following addresses:

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

U.S. Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439

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 IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

Information about the IRS Taxpayer Advocate Service

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service
Taxpayer Advocate Office

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

Find tax forms or publications by visiting www.irs.gov/forms or calling 800-TAX-FORM (800-829-3676).

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

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

Keep the original letter for your records.

Sincerely,



Sean E. O'Reilly

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:
November 18, 2020
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:
ID number:
Telephone:
Fax:
Address:

Manager's contact information:

Name:
ID number:
Telephone:
Response due date:

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

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.

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.
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 or call 877-777-4778.

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 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: Sean E. O'Reilly
Director, Exempt Organizations Examinations

Enclosures:
Form 886-A
Form 6018

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

ISSUES

Whether the tax exempt status of _____, for failing to comply with the operational test within the meaning of Section 501(c)(3) of the Internal Revenue Code.

FACTS

_____ (hereinafter refers to “_____”) was incorporated in the state of _____ on _____. The _____ submitted the Form _____, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, on _____ and received its exemption as an organization exempt under Sections 501(c)(3) & 170(b)(1)(A)(vi) of the Internal Revenue Code (“the Code”) on _____.

On _____, during the application process, the _____ provided the following responses to the questions on the Information Document Request (“IDR”) issued by the Internal Revenue Agent (“the Agent”) on _____.

...

Agent’s Question #3: Please provide a detailed description of your past, present, and future activities. In general, you should include:

- a. What specific activities you conduct.
- b. Who participates in the activities.
- c. Where you conduct the activities.
- d. When or how often the activities occur.
- e. What fees, if any, are charged and how you determine them.
- f. What percentage of your time and resources you spend on the activities.

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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The Response:

"The past activities are primarily startup—corporate formation, membership outreach, and exemption application. There are limited exempt activities due to lack of major contributions. The organization is slowly reaching out to members and the general public to provide information about its exempt activities so resources may be obtained in order to start conducting the exempt activities.

The organization hopes to educate _____ about political policy affecting the _____ ; promotes civil liberty, democracy, and peace; advocates non-violent movement and peaceful transition to democratic governance system in _____ ; encourages open dialogue and transparent diplomacy between overseas and _____ to strengthen mutual relationships; supports equality, religious freedom, human rights, and humanitarian aids; advocates for gender and multi-ethnic equal access to economic, employment, educational, social and health service opportunities; performs civic duties and community development for the _____ .

The exempt activities will be conducted primarily by the President and Vice-President and other volunteer officers as they are available. The President and Vice-President will meet with community leaders in the _____ , _____ ; lead education efforts through town hall meetings, conferences, seminars; and travel to domestic and foreign communities as part of this effort.

The general public and global community will benefit from the education of non-violent movement and peaceful transition to democratic governance system and the _____ will benefit from all of the exempt activities that are planned. These exempt activities are free of charge. The organization will spend about _____ % of its time and resources on domestic issues in the _____ and about _____ % on foreign issues."

...

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

Agent's Question #7: Your application indicates that you operate (or will operate) in a foreign country. Please provide the following:

- a. Identify the specific countries (and regions within the countries) in which you operate.
- b. Describe your operations in each country.
- c. Please answer the following about grants you will make to organizations or individuals located in foreign countries:
 - a. State the organization to which you do (or will) distribute funds or goods, and if they have been recognized as tax-exempt by the IRS, state their exempt status.
 - b. List any distributions (in funds or goods) you made to date, including the recipient, what and how much was disbursed, and how the distribution furthered your exempt purposes.
 - c. Describe your process for reviewing and approving requests for funds or goods including the pre-grant inquiries you conduct on potential grantees, and how you determine grant amounts.

...

The Response:

- a. *"Identify the specific countries (and regions within the countries) in which you operate.*

- b. *Describe your operations in each country.*
The organization has representatives on its Board of Directors from , and . Nevertheless, the majority of the Board of Directors and offices are in the . The organization plans to educate in the , about political policy affecting the global . The organization's primary focus is advocating for non-violent movement and peaceful transition to democratic governance system for

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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. The organization representatives in the may travel to foreign countries with the organization foreign community representatives to identify the problems, develop preventive, intervention and resolution plans, and report them at community meetings and assist community leaders with implementing plans for community development.

The organization hopes to implement the following exempt activities in the

- a. To educate and advocate for non-violent movement and peaceful transition to democratic governance system for the*
- a. To provide free foods to the poor and rural residents who are experiencing hardship.*
- a. To encourage open dialogue and transparent diplomacy between overseas and government to strengthen mutual relationships.*
- a. To educate, promote and support equality, religious freedom, civil and human rights, democracy and peace.*
- a. To advocate for gender and multi-ethnic equity access to economic, employment, educational, social and health service opportunities; performing civic duties and community development for the*

c. Please answer the following about grants you will make to organizations or individuals located in foreign countries:

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

- a. *State the organization to which you do (or will) distribute funds or goods, and if they have been recognized as tax-exempt by the IRS, state their exempt status.*
- In the past years, the organization primarily distributed its funds to help the . The funds were distributed through local community leaders that are not affiliated with any organizations.*
- b. *List any distributions (in funds or goods) you made to date, including the recipient, what and how much was disbursed, and how the distribution furthered your exempt purposes.*
- In , from through , the organization distributed \$ to community members in the remote areas of . The funds were used for medicine, foods, salt, flashlights and batteries, and clothes.*
- In , from through , the organization distributed \$ to community members in the remote areas of . The funds were used for medicine, foods, salt, flashlights and batteries, and clothes.*
- In , from through , the organization distributed \$ to members in in the remote areas of . The funds were used for medicine, foods, salt, flashlights and batteries, and clothes.*
- These funds further the organization exempt purposes of providing humanitarian aids; advocating for gender and multi-ethnic equity access to economic, employment, educational, social and health service opportunities; performs civic duties and community development for the*

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

c. Describe your process for reviewing and approving requests for funds or goods including the pre-grant inquiries you conduct on potential grantees, and how you determine grant amounts.

Through formal and informal outreach contacts, the organization received verbal and written requests from local community leaders in . They provided an estimate numbers of families that need assistance with pictures showing each family, their living conditions and lack of adequate farming or housing. The President and Vice-President reviewed the received information. Based on the estimated number of families, the President and Vice-Presidents determined and allocated the appropriate amount of funds to each community. Then, the funds are submitted to the board of directors for approval.”

...

...

According to the Articles of Incorporation provided by the during the application process, the specific purposes stated are as follows:

The bylaws state the followings:

;

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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The filed Form , *E-Postcard*, for tax year ending . The has been filing Forms all the years since it has been formed.

The examination of the prior year

The Internal Revenue Service (“IRS”) initiated an examination on the for its Form for the calendar year.

The Revenue Agent (“the Agent”) issued with the audit letter 3611 and Publication 1, *Your Rights as a Taxpayer*, to the on to request a detailed description of each of the organization’s activities conducted during , the year under the examination. The audit letter was mailed to the address at

To respond to , on , the provided two one-page revenue and expenses reports: “*Record Expenses years* ” and “*Record Expenses years* ” (see tables below). Each report lists the monthly deposit and expenses. The did not provide any other information and/or documents requested on the

Record Expenses years							
Revenue			Expenses				
#	Date	Deposit	#	Date	Rent	Others-Office Expenses	Total
1		\$	1		\$	\$ -	\$
2		\$ -	2		\$	\$	\$
3		\$	3		\$	\$	\$
4		\$ -	4		\$	\$	\$
5		\$	5		\$	\$	\$
6		\$	6		\$	\$	\$
7		\$	7		\$	\$	\$
8		\$	8		\$	\$	\$
9		\$	9		\$	\$ -	\$

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

10		\$ -		10		\$	\$	\$
11		\$ -		11		\$	\$	\$
12		\$ -		12		\$	\$	\$
Total		\$		Total		\$	\$	\$

Record Expenses years								
Revenue			Expenses					
#	Date	Deposit	#	Date	Rent	Others-Office Expenses	Pay For	Total
1		\$	1		\$	\$		\$
2		\$	2		\$	\$		\$
3		\$	3		\$	\$		\$
4		\$ -	4		\$	\$		\$
5		\$ -	5		\$	\$		\$
6		\$ -	6		\$	\$		\$
7		\$	7		\$	\$		\$
8		\$ -	8		\$	\$		\$
9		\$	9		\$	\$		\$
10		\$	10		\$	\$		\$
11		\$	11		\$	\$		\$
12		\$ -	12		\$	\$		\$
Total		\$	Total		\$	\$		\$

On _____, the Agent issued _____ to the _____ to request the remaining information on _____ and the additional information; after the Agent issued the Delinquency Notice on _____, the _____ provided the following documents:

1. Copy of the by-law.
2. Bank statement from _____ to _____.
3. Bank statement from _____ to _____.
4. Bank statement from _____ to _____.
5. Bank statement from _____ to _____; and from _____ to _____.

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

The _____ officer(s) has never spoken to the Agent and the Agent was not able to conduct neither face-to-face nor phone interview to the _____ officer to obtain the information about the current activities. The Agent was not able to review the bills and receipts to verify if the revenue and expenses were generated and incurred properly.

Due to the administrative reason, the Agent had to close the _____ examination without making any adjustment.

The examination of _____ tax year Form _____

Due to the concern of whether the _____ is conducting its exempt activities, the revenue and expenses were generated and incurred properly, the Agent expanded the examination to _____.

Information Document Request (“IDR”):

The Agent mailed the initial audit letter including letter 3611 dated _____, the Information Document Request (_____) and the Publication 1, *Your Rights as a Taxpayer*, to the _____, _____, _____ via both regular and certified mails. Via letter 3611, the Agent requested the _____ to contact her on or before _____, within 10 business days from the date of this initial appointment letter, to confirm the appointment scheduled on _____. The Agent did not receive any response from the _____ on or before _____. The Agent received back the PS Form 3811, *Domestic Return Receipt*, on _____; an individual named _____ signed the form to indicate the audit letter was delivered successfully. However, none of the _____ officers contacted the Agent.

On _____, the Agent issued the 1st extension with letter _____ to the _____ for the audit letter 3611 and the _____. The letter was mailed to the _____, _____, _____ via both regular and certified mails. The due date was extended to _____. The Agent received back the PS Form 3811, *Domestic Return Receipt*, on _____; an individual named _____ signed the form to indicate the 1st extension of the audit

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

letter was delivered successfully. However, none of the officers from the contacted the Agent.

On , the Agent issued the 2nd extension to the with letter for the audit letter 3611 and the . The letter was mailed to the , via both regular and certified mails. The due date was extended to . The Agent received back the PS Form 3811, *Domestic Return Receipt*, on ; an individual named signed the form to indicate the 2nd extension of the audit letter was delivered successfully. However, none of the officers from the contacted the Agent.

On , the Agent issued the 3rd extension, the *Delinquency Notice*, with letter 5077-B to the for the audit letter 3611 and the . The letter was mailed to the , via both regular and certified mails. This letter states that “*This letter is to inform you your response is delinquent. If you don't fully respond to the IDRs by , we'll propose revocation of your exempt status.*” The due date was extended to . The certified mail was returned to the Agent on as undeliverable. None of the officers from the contacted the Agent.

The Agent conducted research on the contact information of the but did not find any phone number to call. The website only provided the mailing address as the contact information. The Agent called the officer who filed the exemption application, but the call did not go through.

Activity:

The Agent was not able to conduct either in person or phone interview to the officer(s) to obtain the information about the current activities.

Financial:

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

The Agent reviewed all the bank statements provided by the _____ and noted the following revenue and expenses were generated and incurred:

Year:	Revenue	Expense
Deposit	\$	
Monthly service fee-bank		\$
Cash check-Rent		\$
Travel		\$
Purchase		\$
Withdrawal		\$
Total:	\$	\$

Year :	Revenue	Expense
Deposit	\$	
Monthly service fee-bank		\$
Cash withdrawal		\$
Cashed check		\$
Purchase		\$
Travel		\$
Total	\$	\$

Year :	Revenue	Expense
Deposit	\$	
Cash Withdrawal		\$
Monthly service fee-bank		\$
Travel		\$
Purchase		\$
Total	\$	\$

Year (. to):	Revenue	Expense
Deposit	\$	
Cash withdrawal		\$
Monthly service fee-bank		\$
Purchase		\$
Travel		\$
Total:	\$	\$

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

LAW:

Section 501(c)(3) of the Internal Revenue Code (“Code”) of 1986 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 Income Tax Regulations (“Regulations”) states that, in order to be exempt as an organization described in section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the Regulations provides that an organization will be regarded as operated exclusively for exempt purposes only if it engages primarily in activities, which accomplish one or more exempt purposes. 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(d)(1)(ii) of the Regulations provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. Thus, even if an organization has many activities which further exempt purposes, exemption may be precluded if it serves a private interest.

Section 1.501(c)(3)-1(d)(2) of the Regulations defines the term “charitable” as including the relief of the poor and distressed or of the underprivileged, and the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, or to combat community deterioration. The term “charitable” also includes the advancement of education and the promotion of social welfare by organization designed to combat community deterioration.

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number <i>(last 4 digits)</i>	Year/Period ended

Section 1.501(c)(3)-1(d)(3) of the Regulations defines the term “educational” as relating 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. An example in this section states that an organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs, may be an educational organization.

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 that except as provided in section 6033(a)(2) of the Code, every organization exempt from tax under section 501(a) of the Code 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 Reg. 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 of the Code 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 section 6033 of the Code.

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

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

employees and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the Regulations 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 section 6033 of the Code.

Revenue Ruling (“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.

TAXPAYER’S POSITION:

Taxpayer’s position is unknown.

GOVERNMENT’S POSITION

In accordance with the above cited provisions of the Code and 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.

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of Organization/Taxpayer	Tax Identification Number <i>(last 4 digits)</i>	Year/Period ended

The _____ has failed to provide documentation sufficient to determine whether it is operating for the purpose of which it was originally granted tax-exempt status. Numerous attempts have been made to contact the organization; however, all attempts have failed.

Therefore, since the _____ is not in compliance with the requirements set forth under sections 6001 and 6033 of the Code, the _____ should no longer be granted tax-exempt status under section 501(c)(3) of the Code and described under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Conclusion:

Based on the information noted above, the Service proposes the revocation of the _____ exempt status under section 501(c)(3) of the Code effective _____.

Form _____ returns should be filed for the tax periods ending _____, and all subsequent years.