



DEPARTMENT OF THE TREASURY

Internal Revenue Service
TE/GE EO Examinations
1100 Commerce Street MC4920DAL
Dallas, TX 75424

**TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION**

Date: **SEP 5 2017**

Release Number: **201804009**

Release Date: 1/26/2018

UIL Code: 501.03-00

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer to:

**LAST DATE FOR FILING A PETITION
WITH THE TAX COURT:**

CERTIFIED MAIL – Return Receipt Requested

Dear :

This is a Final Adverse Determination Letter as to your exempt status under section 501(c)(3) of the Internal Revenue Code. Your exemption from Federal income tax under section 501(c)(3) of the code is hereby revoked effective January 1, 20xx.

Our adverse determination was made for the following reasons:

You are not described in section 501(c)(3) of the Code because you are not operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3) and Treasury Regulations section 1.501(c)(3)-1 (c)(1). You do not engage primarily in activities that accomplish one or more of the exempt purposes specified in section 501(c)(3) and Treasury Regulations section 1.501(c)(3)-1(d).

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue 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 Claim Court 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:

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 help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your tax problem with the IRS. If you qualify for assistance, which is always free, we will do everything possible to help you. Visit 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, EO Examinations

Enclosures:
Publication 892



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

Date:
November 5, 2015
Taxpayer Identification Number:

Form:

Tax year(s) ended:

Person to contact / ID number:

Contact numbers:
Phone Number:
Fax Number:
Manager's name / ID number:

Manager's contact number:
Phone 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 (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
Office of the Taxpayer Advocate

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,

Margaret Von Lienen
Director, EO Examinations

Enclosures:
Report of Examination
Form 6018
Publication 892
Publication 3498

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer	Tax Identification Number		Year/Period ended 12-31-20xx

ISSUES:

Whether recognition of exempt status under Internal Revenue Code §501(c)(3) for should be revoked in the event that:

1. has more than an insubstantial part of its activities not furthering exempt purposes and a substantial part of its activities furthers a commercial purpose.
2. has not established that it operates to serve public interests, but rather serves the private purposes of its founders and net earnings have inured to its founders.
3. failed to maintain adequate records as provided by IRC §6001.

FACTS:

Application for Exemption:

was formed as a qualified charitable trust in May of year 20xx. It will be operated exclusively as a grant-making foundation as defined in IRC §4942 and will make grants to other qualified 501(c)(3) public charity organizations. Records are to be maintained and evidenced with resolutions, applications, notes, letters, and other appropriate documentation to ensure proper administration and management. No part of the net earnings shall inure or be payable for the benefit of any private individual and the trustees shall not engage in self dealing as defined in §4941(d) of the IRC. Funding will come from the trustees. No bylaws were adopted. and are the sole trustees. stated it had no business relationship with the trustees. Upon dissolution, assets shall be distributed for exempt purposes within the meaning of §501(c)(3) of the IRC or distributed to the government for a public purpose.

was recognized by IRS for exemption under §501(c)(3) of the IRC effective June 1, 20xx, and was determined to be a private foundation with contributions deductible under §170 of the IRC.

Form 990-PF Returns and Reported Activities:

describes its activities as "counseling". attached to its Forms 990-PF, for years 20xx through 20xx, a statement titled "Application Submission Information" which names as " " and as "Applicant Name"

filed Forms 990-PF, Return of Private Foundation for the years 20xx through 20xx ended December 31. These show, in part, the following:

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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- Income listed as contribution revenue. (In year 20xx, this included \$xx,xxx paid from .)
- In year 20xx, of the \$xx,xxx deducted from gross sales, \$xx,xxx was paid as marketing fees to
- Account receivable increased to \$xx,xxx and cash dropped by \$xx,xxx in year 20xx
- Another receivable of \$x,xxx, due from disqualified persons, was added in the year 20xx. The amount was increased to \$x,xxx in year 20xx.
- The founder's home was donated to in year 20xx.
- An investment asset was purchased in year 20xx and sold at a loss in year 20xx.

The below chart reflects the activities reported on Forms 990-PF.

Forms 990-PF								
Year:	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx
Gross Sales:	\$xx,xxx							
Less COGS:	-\$xx,xxx							
Contributions:	\$xx,xxx	\$xxx		\$xxx,xxx	\$xx,xxx	\$x,xxx		
Other Income		\$xx,xxx	\$x,xxx			-\$x,xxx		
Total Income:	\$xx,xxx	\$xx,xxx	\$x,xxx	\$xxx,xxx	\$xx,xxx	-\$x,xxx	\$x	\$
Travel. Meetings:	\$x,xxx		\$x,xxx					
Occupancy & Misc.		\$x,xxx	\$x,xxx					
Advertising:		\$x,xxx						
Currency:			\$xxx					
Fees:		\$x,xxx	\$x,xxx	\$x,xxx	\$x,xxx	\$x,xxx	\$xxx	\$x
Depreciation:	\$xxx			\$x,xxx	\$x,xxx	\$x,xxx	\$x,xxx	\$x,xxx
Real Estate Tax				\$x,xxx	\$x,xxx	\$x,xxx	\$x,xxx	
Other	\$xxx		\$xxx	\$x,xxx	\$xxx	\$xxx	\$xxx	\$x
Contributions Paid:	\$x,xxx	\$x,xxx	\$x					
Total Expenses:	\$xx,xxx	\$xx,xxx	\$x,xxx	\$xx,xxx	\$xx,xxx	\$xx,xxx	\$xx,xxx	\$x,xxx

Forms 990 and Documentation:

Activities:

Donation of Personal Residence:

reported the founder's personal residence (),
valued at \$xxx,xxx, as donated to by
located at . The residence is reported as a

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donation received on June, 1, 20xx on Form 990-PF and is shown as asset on all filed subsequent returns through year 20xx.

Title of Personal Residence- Court Case:

A court case recorded between _____, acting as an agent for _____, as successor-in interest to _____ as Trustee for the Certificate holders of _____ as plaintive, versus defendants _____ and _____, and _____.

The case is about correcting a forged deed of reconveyance of the property described as _____. On February 19, 20xx, _____ filed a complaint asserting five causes of action: (1) declaratory judgment, (2) quiet title to real property, (3) cancelation of the alleged fraudulent instruments, (4) fraud, and (5) slander of title.

On September 23, 20xx, _____ executed a promissory note for \$xxx,xx to _____ and secured the note by executing a deed of trust encumbering real property located at _____. The note and deed were sold to _____ succeeded _____ servicing and is now the servicer with respect to the note.

The court found that _____ and _____ were not bona fide purchasers of the property and that the property described as _____, was fraudulently reconveyed to _____ and that full interest in the property remains vested in the plaintiff, as successor to _____ servicing business.

On November 6, 20xx, _____ and defendants _____ and _____ filed a stipulation with the Court wherein those defendants agreed that _____ was entitled to judgment on three claims alleged in the complaint: declaratory judgment, to quiet title, and to cancel the alleged fraudulent instruments. On December 24, 20xx, _____ provided notice to the Court that it would dismiss other claims without prejudice with regard to _____ and _____.

- See Attachment 1 for the court document dated February 12, 20xx.

IRS Examination Interview:

During the IRS interview, _____ agreed that the decision of the court (see above) was correct and that reconveyance of their residence to _____ was not bona fide.

_____ could not remember what the source of the income reported on Forms 990-PF but that it was probably from income earned from his sales of vacation rentals. He is the owner of _____. _____ stated the _____ had not solicited donations from the public, and that all income was from him.

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stated the expenses were partly for real estate taxes and insurance for the residence and that he did not allocate the expenses among personal, business, and exempt usage. The office in the home that was used for research is also used for personal and business use.

could not remember what transaction caused the receivables of \$xx,xxx and \$x,xxx. He was sure that the had not provided money to any other entity at any time. stated he will research for the explanation for the receivables.

The activities of the organization were for research for developing an all-inclusive community where persons with challenges could live and work, but the project never got off the ground.

The has had no activities for the last few years. While the "Application Submission Information" for " was attached to the Forms 990-PF, stated has not distributed any grants during its existence.

Of the documents requested by the examiner, was only unable to locate one bank statement, a copy of the IRS letter of determination, and the trust documents. stated they had closed the bank account but was unsure of the date.

explained that he initially attended a conference that provided general information on starting exempt organizations. trust agreement was made May 18, 20xx. This was part of a set of documents for starting an exempt organization that was available at the interview. stated the set of documents were not used as part of application. The documents include a template for meeting minutes which states, in part, that was created for the purpose of the preservation of the founder's assets for maintaining the families security and that could best be provided by , and that the , formulated by the , was endorsed by more than xxx Chief and Associate Justices of the State Supreme Courts, as a clear, teachable, definition of the American way of life. rights are listed including right for trial by jury – innocent until proven guilty, right for going into business – right to make a profit, and right for bargaining for goods and services in a free market.

LAW:

Internal Revenue Code (IRC)

Exempt Purpose:

IRC §501(a) provides that an organization described in § 501(c)(3) is exempt from income tax. The code § 501(c)(3) exempts from federal income tax corporations organized and operated exclusively for charitable, educational, and other purposes, provided that no part of the net earnings inure to the benefit of any private shareholder or individual. The term charitable includes relief of the poor and distressed. §1.501(c) (3)-1(d) (2), Income Tax Regulations.

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IRC §501(c)(3) states "Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office." Treas. Reg. §1.501(a)-1(c).

The inurement prohibition provision of IRC 501(c)(3) "is designed to prevent the siphoning of charitable receipts to insiders of the charity" United Cancer Council v. Commissioner, 165 F.3d 1173 (7th Cir. 1999).

Regulations and Revenue Rulings:

Exempt Purpose, Private Benefit and Inurement:

§1.501(c)(3)-1(a)(1) of the regulations provides that, in order to be exempt as an organization described in § 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

§1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in §501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. In Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279 (1945), the Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university.

§1.501(c)(3)-1(d)(1)(ii) of the regulations states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

An organization must establish that it serves a public rather than a private interest and "that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests." Treas. Reg. §1.501(c)(3)-1(d)(1)(ii). Prohibited private interests include those of unrelated third parties as well as insiders. Christian Stewardship Assistance, Inc. v. Commissioner, 70 T.C. 1037 (1978); American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). Private benefits include an "advantage; profit; fruit; privilege; gain; [or] interest."

In KJ's Fund Raisers v. Commissioner, T.C. Memo 1997-424 (1997), aff'd, 1998 U.S. App. LEXIS 27982 (2d Cir. 1998), the Tax Court held, and the Second Circuit affirmed, that an organization formed to raise funds for distribution to charitable causes did not qualify for exemption under §501(c)(3) because its

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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activities resulted in a substantial private benefit to its founders. The founders of the organization were the sole owners of KJ's Place, a lounge at which alcoholic beverages were served. The founders served as officers of the organization and, at times, also controlled the organization's board. The Court found, and that the founders exercised substantial influence over the affairs of the organization. The organization's business consisted of selling "Lucky 7" or similar instant win lottery tickets to patrons of KJ's Place. The organization derived most of its funds from its lottery ticket sales. The organization solicited no public donations. The lottery tickets were sold during regular business hours by the owners of the lounge and their employees. From the proceeds of the sales of the lottery tickets, the organization made grants to a variety of charitable organizations. Although supporting charitable organizations may be a charitable activity, the Tax Court nevertheless upheld the Commissioner's denial of exemption to the organization on the ground that the organization's operation resulted in more than incidental private benefit. The Tax Court held, and the Second Circuit affirmed, that a substantial purpose of KJ's activities was to benefit KJ's place and its owners by attracting new patrons, by way of lottery ticket sales, to KJ's Place, and by discouraging existing customers from abandoning KJ's Place in favor of other lounges where such tickets were available. Thus, the organization was not operated exclusively for exempt purposes within the meaning of §501(c)(3).

An organization operated for private benefit purposes should not be recognized as exempt under §501(c)(3) of the Code. est of Hawaii v. Commissioner, 71 T.C. 1067, 1080 (1979). The court stated that the fact that the organization's rights were dependent upon its tax-exempt status showed the likelihood that the for-profit entities were trading on that status. The question for the court was not whether the payments made to the for-profit were excessive, but whether the for-profit entity benefited substantially from the operation of the organization. The court determined that there was a substantial private benefit because the organization "was simply the instrument to subsidize the for-profit corporations and not vice versa and had no life independent of those corporations."

Recordkeeping:

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.

IRC §6033(a)(1) provides, except as provided in IRC § 6033(a)(2), every organization exempt from tax under § 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.

IRC §7603 provides that for the purposes of ascertaining the correctness of any return, making a return where none has been made, determining the liability of any person for any internal revenue tax, the Secretary is authorized to examine any books, papers, records or other data which may be relevant to such inquiry.

Regulations §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

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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.

Regulations §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.

Regulations §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 (§ 501 and the following), chapter 1 of the Code and IRC § 6033.

Revenue Ruling 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:

1. has more than an insubstantial part of its activities not furthering exempt purposes and a substantial part of its activities furthers a commercial purpose. IRC §501(c)(3) provides for the exemption from Federal income tax of organizations organized and operated exclusively for 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. (See §1.501(c)(3)-1(c)(1).)

is like KJ's Fund Raisers v. Commissioner where its activities resulted in a substantial private benefit to its founders. The primary beneficiaries here are the founders and sole trustees, and utilized its funds to pay for personal and business expenses of the founders.

- received recognition of exemption from federal income tax based on its claims of granting funds to exempt organizations.
- While attachments to its Forms 990-PF indicated an on-going grant program, specified donations received, and grants made, by , has not provided funding to any organization, except for the value of expenses paid to benefit the founders personally. Also, the donations listed on prior returns appear to have been compensation for the founder's separate business services and property reportable and taxable on his personal tax return.

2. Inurement is prohibited by the IRC. In general, this is the unjust payment of money as in the case of disbursements of funds to the founders for their personal gain. operates to

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		12-31-20xx	

serve the private purposes of its founders and net earnings have inured to its founders. is like with Better Business Bureau of Washington D.C, Inc. has an non-exempt purpose and, based on the president's benefit to his for-profit businesses, an underlying commercial motive.

- Expenses paid include expenses of the founders' business and personal activities.
- The founders fraudulently recorded a transfer of their home to while continuing to live there. The bank held the founders' promissory note of \$xxx,xxx, and the founders defaulted on that note prior to the founders' transactions structured to donate title of their home to
- It is the agent's position that the fraudulent transfer to appears to have been intended to allow the founder's to avoid repayment of their personal debt to the bank, thus shows the likelihood that the founders were trading on exempt status. (See est of Hawaii v. Commissioner .)

3. failed to maintain adequate records as provided by IRC §6001. Records provided were not sufficient for ascertaining the correctness of return or activities.

- was unable to locate documents sufficient to show record of their activities. While its Form 990-PF reflected various expenses paid and a bank balance, receivables due from unidentified and disqualified persons, and a real-estate asset, was unable to locate records to support these transactions.

TAXPAYER'S POSITION:

The taxpayer has agreed to signed Form 6018, Consent to Propose Action – §7428, agreeing with the government's proposition of revocation of exemption effective January 1, 20xx.

CONCLUSION:

does not qualify for exemption under IRC §501(c)(3) because it failed to establish that it was organized and operated exclusively to achieve a purpose that is described under that IRC section, its net earnings inured to the benefit of private individuals, and more than an insubstantial part of its activities furthered private purposes rather than purposes described in § 501(c)(3).

was unable to demonstrate the claims it made on its application for exemption. has not established that its primary benefits are to the public. In fact, all substantiated activities show the primary benefit is intended toward the founders who utilized exempt status to fraudulently move personal assets into , and utilize it funds for their personal and business expenses. The facts support that for years beginning in year 20xx, operated in a manner materially different from that represented in its Form 1023. In relation to the business expenses paid by , it operates in a manner indistinguishable from commercial enterprises available to the public.

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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			12-31-20xx

Accordingly, it is determined that _____ is not an organization described in §501(c)(3), and is not exempt from income tax under §501, effective January 1, 20xx.

It is also 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).

For the foregoing reasons, revocation of exempt status is proposed. The government proposes that the revocation be effective retroactively to January 1, 20xx.

Because you formed your organization as a trust, Form 1041 or other proper tax forms for the trust, should be filed for the tax periods ending on or after January 1, 20xx.

Note: Once a private foundation's exempt status is revoked, it is considered a taxable private foundation until it terminates its private foundation status under the provisions §507 of the IRC. It must continue to file Form 990-PF and pay any applicable private foundation excise taxes (calculated on Form 4720) until termination. In addition to the trust tax return, you must also continue to file Form 990-PF by the 15th day of the fifth month after the end of your annual accounting period. For information on termination of private foundation status, IRM 7.26.7 and IRC 507.