



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Release Number: **201241010**
Release Date: 10/12/2012
Date: July 18, 2012
NO THIRD PARTY CONTACTS

UIL: 501.03-04

Contact Person:
Identification Number:
Contact Number:
Employer Identification Number:
Form Required To Be Filed:
Tax Years:

Dear

This is our final determination that you do not qualify for exemption from Federal income tax under Internal Revenue Code section 501(a) as an organization described in Code section 501(c)(3).

We made this determination for the following reason(s):

Based on the facts and information submitted, you are not organized or operated exclusively for exempt purposes. You are not organized exclusively for exempt purposes as required by section 1.501(c)(3)-1(b)(1)(i) of the regulations. You filed a certificate of organization creating an LLC on July 15, 2010. The document you submitted neither limited your purposes nor dedicated your assets to an exempt purpose as required by section 1.501(c)(3)-1(b)(4) of the regulations. You are not operated exclusively for an exempt purpose as required by sections 1.501(c)(3)-1(a)(1) and 1.501(c)(3)-1(c)(1) of the regulations. Moreover, you have not established that your net earnings will not inure to the benefit of private shareholders or individuals as required by section 1.501(c)(3)-1(c)(2) of the regulations. You have not established that you serve a public rather than a private interest as required by section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Therefore, you are not described in section 501(c)(3) of the Code.

Because you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, you must initiate a suit in the United States Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia before the

91st day after the date that we mailed this letter to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. Filing a declaratory judgment suit under Code section 7428 does not stay the requirement to file returns and pay taxes.

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

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

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

Sincerely,

Lois G. Lerner
Director, Exempt Organizations



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Date: May 5, 2010

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend:

Animal Rescue =
Animal Rescue, LLC =
State =
Canine =
Internet Site =
Date 1 =
Date 2 =

Dear

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

Facts

You, Animal Rescue, are a Canine rescue and rehabilitation organization. Your mission is to improve the life of Canines by:

rescuing and ministering to the indigent Canine population; providing shelter, love and medical care for [your] Canines until they find a loving home; promoting responsible pet ownership; providing ongoing adoption support services to ensure a lifetime commitment from pet owners; eliminating animal cruelty through education; helping to reduce animal over-population with low cost spay/neuter referral programs; and fostering a respect for all living creatures.

You accept owner relinquishments and help Canine owners find their Canines a new home. You provided an internet advertisement from a person looking for a new home for their Canine as an example of an owner relinquishment. You have adoption days at various locations in your community and place adoption notices in various newspapers and the internet.

Your website has pictures of Canines and other animals that are eligible for adoption. Your website also has pictures of Canines that have been adopted from you and states that you have rescued 225 Canines this year. You also have a question submission form on your website for individuals to submit questions.

You have a holiday mailing and your website has pictures depicting various fundraising events, including: a "pictures with Santa paws" event, a "pet food pantry" event, a dog wash, and a picnic.

You have not provided a copy of your organizing document. You do not rely on the operation of state law for your dissolution provision. You marked a box on your application stating that you have adopted bylaws. However, you did not attach a current copy of your bylaws showing date of adoption.

You marked a box on your application stating that that you are a corporation. However, you submitted what appears to be an application to establish a Limited Liability Company in State. This document does not have a date, a purpose clause, or a dissolution provision, and includes the following language "Please Confirm the Following Information is Accurate Before Proceeding." You did not submit a document that demonstrates the application was filed and approved by the appropriate State authorities. You also provided a document from Internet Site titled "ORGANIZATION INFO" that lists your name as Animal Rescue, LLC, rather than Animal Rescue.

You marked a box on your application stating that you are not a successor to another organization. However, as part of your application, you submitted the Schedule that is used to report profit or loss from a business (a 2008 Schedule C *Profit or Loss From Business*). The Schedule you submitted has the same name and Employer ID number (EIN) as Animal Rescue. The document you submitted titled "Business Information" states you were established on Date 1, which is more than two years before Date 2, the date you stated you were incorporated on your application.

Several documents you provided indicate that you have owners. The fact that you have owners is further evidenced by the Schedule C you submitted that is used to report profit or loss from a business. Your application indicates that certain directors are also owners. However, you stated that your owners do not hold title to assets used by you in their own names, owners are not personally responsible for liabilities incurred by you, and that there are no benefits to being an owner.

Because your initial application was incomplete, we informed you that additional information over the signature of one of your officers was needed to help determine whether you are tax exempt. Though you sent in some information relating to this request, no officer signed your response and you failed to provide the following:

- A copy of your original articles of incorporation and, if applicable, any amendments to your articles of incorporation in chronological order, with evidence that they have been properly filed with your state;
- A current copy of your bylaws showing the date of adoption;
- A detailed narrative description of your past, present, and planned activities;
- A description of each program that provides goods, services, or funds to individuals;

- A description of each program that provides goods, services, or funds to organizations;
- An explanation of how you limit the provision of goods, services, or funds to a specific individual or group of specific individuals and how recipients are selected for each program;
- A description of the following fundraising programs you do or will conduct: email solicitations, personal solicitations, government grant solicitations, and accepting donations on your website;
- An itemized list of unclassified expenses for the current year and the 3 prior tax years listed in Part IX;
- Explanations of the noted discrepancies relating to the date you were formed;
- A response to whether there are any other co-owners of your organization; and
- A complete copy of the loan agreement you submitted and an explanation of the purpose of the document.

Law

Section 501(c)(3) of the Code provides that corporations may be exempted from tax if they are organized and operated exclusively for charitable purposes or for the prevention of cruelty to children or animals and no part of their net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations ("regulations") provides 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(b)(1)(i) of the regulations provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

- (a) Limit the purposes of such organization to one or more exempt purposes; and
- (b) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Section 1.501(c)(3)-1(b)(1)(v) of the regulations provides that an organization must, in order to establish its exemption, submit a detailed statement of its proposed activities with and as a part of its application for exemption.

Section 1.501(c)(3)-1(b)(4) of the regulations provides that an organization's assets must be dedicated to an exempt purpose, either by an express provision in its governing instrument or by operation of law.

Section 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 section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that 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 shareholders or individuals. Section 1.501(a)-1(c) of the regulations defines the words "private shareholder or individual" in section 501 of the Code to refer to persons having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(1)(i) of the regulations states that an organization may be exempt as an organization described in section 501(c)(3) of the Code if it is organized and operated exclusively for one or more of the following purposes: (a) Religious (b) Charitable, (c) Scientific, (d) Testing for public safety, (e) Literary, (f) Educational, or (g) the prevention of cruelty to children or animals.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations assigns the burden of proof to an applicant organization to show that it serves a public rather than a private interest and specifically 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.

Rev. Proc. 2010-9, 2010-2 I.R.B. 258, in Section 4.01, provides that the Internal Revenue Service will recognize the tax-exempt status of an organization only if its application and supporting documents establish that it meets the particular requirements of the section under which exemption from federal income tax is claimed. Section 4.03 provides that exempt status may be recognized in advance of the organization's operations if its proposed operations are described in sufficient detail to permit a conclusion that it will clearly meet the particular requirements for exemption pursuant to the section of the Code under which exemption is claimed. Section 4.03(2) states that the organization must fully describe all of the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures.

In Airlie Foundation v. Commissioner, 283 F. Supp. 2d 58 (D.D.C., 2003), the court relied on the "commerciality" doctrine in applying the operational test. Because of the commercial manner in which this organization conducted its activities, the court found that it was operated for a non-exempt commercial purpose, rather than for a tax-exempt purpose. As the court stated:

Among the major factors courts have considered in assessing commerciality are competition with for profit commercial entities; extent and degree of below cost services provided; pricing policies; and reasonableness of financial reserves. Additional factors include, inter alia, whether the organization uses commercial promotional methods (e.g. advertising) and the extent to which the organization receives charitable donations.

New Dynamics Foundation v. United States, 70 Fed. Cl. 782 (2006), was an action for declaratory judgment that the petitioner brought to challenge the denial of his application for exempt status. The Court found that the actual purposes displayed in the administrative record supported the Service's denial. If the petitioner had evidence that contradicted these findings, it should have submitted it as part of the administrative process. "It is well-accepted that, in initial

qualification cases such as this, gaps in the administrative record are resolved against the applicant." New Dynamics, 70 Fed. Cl. at 802.

Ohio Disability Association v. Commissioner, T.C. Memo. 2009-261 held that the taxpayer's responses to Service requests for additional information failed to supplement the initial application or clarify its purposes and activities and that the generalizations did not provide sufficient detail to determine that it would be operated exclusively for exempt purposes. Therefore, the Service was justified in denying exempt status.

Rationale

Section 501(c)(3) of the Code sets forth two main tests for an organization to be recognized as exempt. An organization must be both organized and operated exclusively for purposes described in section 501(c)(3). Section 1.501(c)(3)-1(a)(1) of the regulations. You have failed both tests.

Procedural Issues

In order to establish its exemption, an organization must submit a detailed statement of its proposed activities with and as a part of its application for exemption. See section 1.501(c)(3)-1(b)(1)(v) of the regulations. You failed to provide a detailed narrative of your past, present, and future activities.

You also failed to provide the following items that are material to a determination of whether you satisfy the standards for exempt status:

- A copy of your original articles of incorporation and, if applicable, any amendments to your articles of incorporation in chronological order, with evidence that they have been properly filed with your state;
- A current copy of your bylaws showing the date of adoption;
- A description of each program that provides goods, services, or funds to individuals;
- A description of each program that provides goods, services, or funds to organizations;
- An explanation of how you limit the provision of goods, services, or funds to a specific individual or group of specific individuals and how recipients are selected for each program;
- A description of the following fundraising programs you do or will conduct: email solicitations, personal solicitations, government grant solicitations, and accepting donations on your website;
- An itemized list of unclassified expenses for the current year and the 3 prior tax years listed in Part IX;
- Explanations of the noted discrepancies relating to the date you were formed;
- A response to whether there are any other co-owners of your organization; and
- A complete copy of the loan agreement you submitted and an explanation of the purpose of the document.

In addition, you provided several documents that were not requested. The unrequested documents contain contradictory information relating to the date you were formed and your entity classification (whether you are an LLC or a Corporation). LLCs may qualify for exemption

under section 501(c)(3) of the Code if certain conditions are present and they otherwise qualify for exemption.

The IRS has statutory and regulatory authority to inquire about an applicant's proposed activities and other subjects material to its determination of whether the applicant meets the standards for exempt status. Rev. Proc. 2009-9. Despite our request, you failed to respond to questions that are material to a determination of whether you satisfy the standards for exempt status. Accordingly, gaps in the administrative record may be resolved against you. See Rev. Proc. 2009-9, Section 4.03; New Dynamics, *supra*, and Ohio Disability Association, *supra*.

Organizational Test

To satisfy the 501(c)(3) organizational test, an organization must establish that it is organized for exempt purposes, which requires a valid purpose clause and a valid dissolution provision.

Purpose Clause

You are required to establish that you have a valid purpose clause. An organization has a valid purpose clause only if its articles of organization limit its purposes to one or more exempt purposes and do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes. Section 1.501(c)(3)-1(b)(1)(i) of the regulations. Since you did not provide a copy of your organizing document, we could not determine whether your organizing document contains language that meets the requirements of section 1.501(c)(3)-1(b)(1)(i) of the regulations. Therefore, you did not establish that you have a valid purpose clause.

Dissolution Clause

You are required to establish that you have a valid dissolution clause. An organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. Section 1.501(c)(3)-1(b)(4) of the regulations. Since you did not provide a copy of your organizing document and you are not relying on the operation of state law, we could not determine whether your assets are dedicated to an exempt purpose. Therefore, you did not establish that you have a valid dissolution provision.

You did not establish that you have a valid purpose clause or a valid dissolution provision. Accordingly, you have failed to establish that you are organized for exempt purposes.

Operational Test

To satisfy the 501(c)(3) operational test, an organization must establish that it is operated exclusively for one or more exempt purposes. 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 shareholders or individuals. Section 1.501(c)(3)-1(c)(2) of the regulations.

Failure to Establish that You are Operated Exclusively for an Exempt Purpose

To establish that you are operated exclusively for an exempt purpose, you must demonstrate that you engage primarily in activities that accomplish one or more exempt purposes; and no more than an insubstantial part of your activities are in furtherance of a non-exempt purpose. Section 1.501(c)(3)-1(c)(1) of the regulations.

Though the prevention of cruelty to animals is an exempt purpose, you have not shown that you engage primarily in activities that accomplish this purpose or another exempt purpose. See section 1.501(c)(3)-1(d)(1)(i) of the regulations. As discussed above, you did not provide a narrative description of your activities, or a description of each program that provides goods, services, or funds to individuals or organizations. We do not know what activities you will conduct, how you are governed, where you locate the Canines and other animals, who cares for the Canines and other animals, how long the Canines and other animals are cared for, or how you find permanent homes for the animals. As a result, we are not able to conclude that you engage primarily in activities that accomplish an exempt purpose.

Additionally, you have not established that no more than an insubstantial part of your activities are in furtherance of a non-exempt purpose. Because you did not provide a description of your activities, we do not know whether a substantial part of your activities are in furtherance of a non-exempt purpose. Therefore, we are not able to conclude that no more than an insubstantial part of your activities are in furtherance of a non-exempt purpose.

Because you failed to provide a narrative description of your activities, we do not have a clear understanding of your activities. Accordingly, we could not determine whether you are operated exclusively for exempt purposes as required by section 1.501(c)(3)-1(c)(1) of the regulations. The gaps in the administrative record identified above are resolved against you. See Rev. Proc. 2009-9, Section 4.03; New Dynamics, *supra*, and Ohio Disability Association, *supra*. Therefore, you did not establish that you engage primarily in activities that accomplish one or more exempt purposes; and no more than an insubstantial part of your activities are in furtherance of a non-exempt purpose.

Inurement

Charitable organizations cannot be operated to benefit insiders such as officers or directors. The Code and regulations provide that 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 shareholders or individuals. Section 501(c)(3) of the Code; Section 1.501(c)(3)-1(c)(2) of the regulations. The words "private shareholder or individuals" as used in section 501 refer to persons having a personal and private interest in the activities of the organization. Section 1.501(a)-1(c) of the regulations.

A number of items in your application raise the possibility that charitable assets will be shared with persons having a personal and private interest in your activities. You stated that you reimburse hotel costs, yet did not respond to our request to explain why. Your lack of a response leaves open the possibility that you are paying for travel costs that were not incurred to further your exempt purposes. You stated that you have unclassified expenses, but failed to provide an itemized list. This raises several concerns, including whether you are giving money to insiders rather than merely reimbursing them for expenses they incurred to further your

exempt purposes. You also stated that you limit the provision of goods, services, or funds to a specific individual or group of specific individuals. This raises the possibility that only private shareholders or individuals are entitled to receive benefits in the form of adoption services. Additionally, you attached part of a loan document to your application that was signed by individuals you identified as owners. Your lack of an explanation leaves open the possibility that you are assuming the liabilities of private individuals.

A number of items in your application create an implication that charitable assets will be diverted to insiders. Several of the documents you submitted state that you have owners. In addition, you attached a 2008 Form 1040 Schedule C to your application. These documents create an implication that charitable assets will inure in whole or in part to the benefit of private shareholders or individuals. The only information you provided that disputes this implication is your response that there are no benefits to being an owner.

You did not address or respond to several questions concerning issues related to inurement. Accordingly, you failed to establish that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals. Thus, you are not operated exclusively for one or more exempt purposes.

Commerciality

An organization fails to meet the operational test if it is organized for substantial private and commercial purposes, and operates in a manner that a private commercial entity operates. See Airlie Foundation v. Commissioner, 283 F. Supp. 2d 58 (D.D.C., 2003). Caring for animals is not exclusively an exempt purpose. As your previous operations demonstrate, caring for animals can be a private commercial enterprise. Moreover, you did not respond to our request to demonstrate that you do not currently operate as a private commercial entity.

You did not respond to our request to submit documents showing how you are governed. However, your application states that certain directors are also owners. This raises several concerns, including whether you are operating exclusively for an exempt purpose. Your response to how fees are calculated was incomplete, and leaves open the possibility that your pricing policies are similar to the pricing policies of a commercial enterprise. Your application suggests that you seek out owners who desire to relinquish their Canines and under certain circumstances pay them a fee. As such, the circumstances under which you accept owner relinquishments also raises the possibility that you are operated in a commercial manner.

You did not demonstrate that you have ceased conducting your activities in a commercial manner. As a result, you failed to establish that you are operated exclusively for an exempt purpose. Therefore, you do not satisfy the 501(c)(3) operational test.

Failure to Establish that You are Not Organized or Operated for a Private Interest

Charitable organizations must benefit a charitable class, rather than private individuals. Charitable organizations can generally be differentiated from commercial organizations by who benefits. An organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. See section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Thus, even if an organization has many activities that further exempt purposes, exemption may be precluded if it serves a private interest.

The regulations assign the burden of proof to an applicant organization to show that it serves a public rather than a private interest. Section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Specifically, the regulations require the applicant organization to show 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. Section 1.501(c)(3)-1(d)(1)(ii) of the regulations. As discussed above, you failed to provide a detailed narrative of your past, present, and future activities, and you failed to provide the following items that are relevant to a determination of whether you meet public rather than private interests:

- A description of each program that provides goods, services, or funds to individuals;
- A description of each program that provides goods, services, or funds to organizations;
- An explanation of how you limit the provision of goods, services, or funds to a specific individual or group of specific individuals limitation and how recipients are selected for each program;
- An itemized list of unclassified expenses for the current year and the 3 prior tax years listed in Part IX;
- A response to whether there are any other co-owners of your organization; and
- A complete copy of the loan agreement you submitted and an explanation of the purpose of the document and an indication of whether you changed the date corresponding to either signature and, if so, an explanation why.

Your omission prevents us from understanding what activities you plan to conduct, who your owners are, who is eligible to adopt Canines and other animals, what your expenses are, who you are compensating, and whether you have assumed or are planning to assume the loans of private individuals. These questions are all germane to a finding that you serve a public rather than a private interest.

Private benefit can involve benefits to anyone other than the intended recipients of the benefits conferred by the organization's exempt activities. Benefits to non-charitable entities are permissible so long as they remain incidental to the accomplishment of your exempt purposes. Benefits that are incidental in one factual situation may not be incidental in another given the totality of the circumstances. Your application suggests that you seek out and pay a fee to individuals that are looking to find their Canines and other animals a new home. However, you did not establish that paying pet owners for their animals and temporarily taking care of them until you can find them a new home is incidental to the accomplishment of your exempt purposes.

As discussed above a number of items in your application raise the possibility or create an implication that you are operated for the benefit of private interests. The reimbursement of hotel costs, limitation of goods, services, or funds to a specific individual or group of individuals, and the loan document and 2008 Form 1040 Schedule C you submitted all raise the possibility that you are operated for the benefit of private interests. In regards to these items, you either failed to answer our questions, failed to submit the documents requested, or failed to explain the purpose of the unrequested documents. Therefore, you did not demonstrate that you serve a public rather than a private interest.

Conclusion

Based on the facts and information submitted, you are not organized or operated exclusively for exempt purposes. You are not organized exclusively for exempt purposes as required by section 1.501(c)(3)-1(b)(1)(i) of the regulations and your assets are not dedicated to an exempt purpose as required by section 1.501(c)(3)-1(b)(4) of the regulations. You are not operated exclusively for an exempt purpose as required by sections 1.501(c)(3)-1(a)(1) and 1.501(c)(3)-1(c)(1) of the regulations. You failed to demonstrate that you do not currently operate as a private commercial entity. Moreover, you have not established that your net earnings will not inure to the benefit of private shareholders or individuals as required by section 1.501(c)(3)-1(c)(2) of the regulations. You have not established that you serve a public rather than a private interest as required by section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Therefore, you are not described in section 501(c)(3) of the Code.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns. Contributions to you are not deductible under section 170.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and, to the best of my knowledge and belief, the statement contains all the relevant facts, and such facts are true, correct, and complete.

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney,

Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

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

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

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

Internal Revenue Service
TE/GE (SE:T:EO:RA:T:1)

1111 Constitution Ave, N.W.
Washington, DC 20224

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

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

Sincerely,

Director, Exempt Organizations
Rulings & Agreements