

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **NOV 17 2006**

SIERRA WATCH
C/O DAVID LEVITT
235 MONTGOMERY ST STE 1220
SAN FRANCISCO, CA 94104

Employer Identification Number:
68-0483849
DLN:
606300030
Contact Person:
JOSEPH R KENNEDY ID# 31647
Contact Telephone Number:
(877) 829-5500

60 Month Period Ends:
June 30, 2011
Addendum Applies:
No

Dear Applicant:

We have received your notification of intent to terminate your private foundation status under section 507(b)(1)(B) of the Internal Revenue Code during a 60 month period beginning July 1, 2006.

Within 90 days after the end of your 60 month period, you must establish to the satisfaction of the Internal Revenue Service that you have qualified as an organization which meets the requirements of paragraph (1), (2), or (3) of section 509(a) of the Code for the 60 month period. If you do establish that fact, you will be so classified for all purposes beginning with the first day of the first taxable year of the 60 month period and, thereafter, so long as you continue to meet the requirements of section 509(a)(1), (2), or (3). If, however, you do not meet these requirements for the 60 month period, you will be classified as a private foundation as of the first day of the first taxable year of the 60 month period.

If you satisfy the requirements of section 507(b)(1)(B) of the Code at the end of your 60 month period, you will not be subject to the provisions of section 507(a), (c), or (g) of the Code.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until the Service makes a final determination of your foundation status.

You are required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation, until you complete your 60 month termination and are classified as a section 509(a)(1) organization. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000 or 5 percent of your gross receipts (whichever is less), for failure to file a return on time unless there is reasonable cause for the delay. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is

Letter 2245 (DO/CG)

SIERRA WATCH

reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

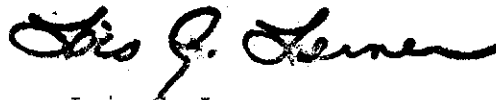
If you do not pay the tax imposed by section 4940 of the Code for any taxable year or years during the 60 month period, and it is subsequently determined that such tax is due for such year or years, you will be liable for interest in accordance with section 6601 of the Code. Since any failure to pay such taxes during the 60 month period is due to reasonable cause, the penalty under section 6651 with respect to the tax imposed by section 4940 shall not apply.

If the heading of this letter indicate that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

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

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosure(s):
Form 872

Form 872-B (Rev. Dec. 2004)	Department of the Treasury - Internal Revenue Service	In reply refer to:
	Consent to Extend the Time to Assess Miscellaneous Excise Taxes	Taxpayer Identification Number 68-0483849

Sierra Watch taxpayer(s)
(Name(s))

of **408 Broad Street, Suite 12, Nevada City, CA 95959** and the
(Number, Street, City or Town, State, ZIP Code)

Commissioner of Internal Revenue consent and agree to the following:

(1) The amount of liability for Chapter 42 Excise tax, imposed on the taxpayer(s) by
(Kind)
section 4940 of the Internal Revenue Code due for the period 6-30-2007, 6-30-2008, 6-30-2009,
(Internal Revenue Code, Revenue Act, etc.)
6-30-2010, and 6-30-2011 may be assessed at any time on or before 11-15-2015
(Expiration date)

(2) The collection provisions and limitations now in effect will also apply to any tax assessed within the extended period.

(3) The taxpayer(s) may file a claim for credit or refund and the Service may credit or refund the tax within 6 months after this agreement ends.

Your Rights as a Taxpayer

You have the right to refuse to extend the period of limitations or limit this extension to a mutually agreed-upon issue(s) or mutually agreed-upon period of time. Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you may make. If you have not already received a Publication 1035, the publication can be obtained, free of charge, from the IRS official who requested that you sign this consent or from the IRS' web site at www.irs.gov or by calling toll free at 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled.

YOUR SIGNATURE HERE → _____
I am aware that I have the right to refuse to sign this consent or to limit the extension to mutually agreed-upon issues and/or period of time as set forth in I.R.C. § 6501(c)(4)(B). *(Date signed)*

TAXPAYER'S REPRESENTATIVE
SIGN HERE → _____
I am aware that I have the right to refuse to sign this consent or to limit the extension to mutually agreed-upon issues and/or period of time as set forth in I.R.C. § 6501(c)(4)(B). In addition, the taxpayer(s) has been made aware of these rights. *(Date signed)*

CORPORATE NAME → Sierra Watch

CORPORATE OFFICER(S) SIGN HERE → *[Signature]* Board Chair 10/16/06
(Title) *(Date signed)*

I (we) am aware that I (we) have the right to refuse to sign this consent or to limit the extension to mutually agreed-upon issues and/or period of time as set forth in I.R.C. § 6501(c)(4)(B). *(Title)* *(Date signed)*

INTERNAL REVENUE SERVICE SIGNATURE AND TITLE

BY *[Signature]* NOV 17 2006
(Division Executive Name - see instructions) *(Division Executive Title - see instructions)*
(Authorized Official Signature and Title - see instructions) *(Date signed)*