

INTERNAL REVENUE SERVICE  
DISTRICT DIRECTOR

Department of the  
Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: JAN 25 1993

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986.

The information submitted discloses that you were formed as an unincorporated entity on [REDACTED].

Your activities center around your founder [REDACTED]. According to information you provided, she ministers wherever the Lord leads her; she does home missionary work "whenever and wherever"; she travels and witnesses wherever the Lord tells her.

In [REDACTED] [REDACTED] retired from [REDACTED] and contributed \$ [REDACTED] to you. In addition, her daughter and her husband, who are your treasurer and secretary, contributed \$ [REDACTED], and her granddaughter contributed \$ [REDACTED].

From [REDACTED] through [REDACTED], you incurred the following expenses which [REDACTED] described as follows in a response to our office:

Wages - \$ [REDACTED] any wages I took out were spent on helping me do service for the Lord. I spent money on motels, gas and food while traveling. I made two trips back to the midwest and two trips down south.

House expense - \$ [REDACTED] The house I call my parsonage and church cost \$ [REDACTED] a year, this includes mortgage taxes and insurance. I only put a portion down.

Food - \$ [REDACTED] this is all I allotted for myself.

Travel and Gas - \$ [REDACTED] a guest for dinner and lodging.

Medical and Dental - \$ [REDACTED] almost all my medical bills are paid through my insurance. I was in bad need of new dentures.

Beauty aids - \$ [REDACTED] Hair done in beauty shop and at home.

Clothing. I needed different clothing than what I had, for the ministry.

Car and Motorhome - \$ [REDACTED]  
Car (leased) \$ [REDACTED]  
Motorhome \$ [REDACTED]  
Car 63 T Bird \$ [REDACTED]

On the above copies are enclosed except for 63 T. Bird. I have enclosed a copy of the Title for the T. Bird. The rest was in license, gas and repairs.

Gifts and contributions - \$ [REDACTED] flowers, gifts, money and clothes to the needy.

Furniture - \$ [REDACTED] I had a small loveseat and two chairs. The seating capacity was too small or insufficient. I also needed a larger table and chairs. I got two large sofa's, large buffet and table with six chairs. I took advantage of [REDACTED] who was going out of business.

Misc. & Repair - \$ [REDACTED] I only hired people to do misc. work. Like moving furniture, helping in my yard, repairs to home. The following individuals helped me, [REDACTED], [REDACTED] estimate on rentals, [REDACTED], repair, [REDACTED] laid carpet and linoleum. I also bought an evening gown that I put under this heading. It was for a special occasion. I use my two rentals as an income to help me in the ministry. As I've said before the Lord told me everything to do. Everything was specifically at his command. He wanted me to get the houses repaired to help with my ministry.

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(3) 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."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations states, in part, that an organization is not organized or operated exclusively for one or more exempt purposes "unless it serves a public rather than a private interest. Thus...it is necessary for an organization to establish 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."

In The Southern Church of Universal Brotherhood Assembled, Inc. v. Commissioner, 74 T.C. 89 (9-10-80), an organization was formed to operate as a church for religious purposes. It had religious tenets and conducted various religious activities, including meetings of members with reception, invocation, meditation, prayers, etc. From its incorporation, the organization had five trustee-members. The president and minister devoted 20 hours a week to church activities and 40 hours a week to outside employment. He and his family owned the residence that constituted the parsonage and the place where services were held. Virtually all of the organization's income was donated by him and most of the expenditures were for his living expenses, such as utilities, fuel, maintenance, food, postage, etc. The court concluded that these facts indicated that the organization served the private interests of its minister, and therefore did not qualify for exemption under section 501(c)(3) of the Code.

██████████

You were founded by ██████████ to conduct various religious activities. You have received █% of your support from her. The expenses you incurred in ██████ were all for her benefit. These expenses included improvement and maintenance of your "parsonage" which is also her house, purchase of a motorhome registered in her name, lease of a Cadillac registered in her name, home expenses, medical and dental expenses, clothing, etc.

██████████ has total control over the management of your operations and determines how your money is spent. She holds title to all property, both real and personal. Although you serve religious purposes, you also serve the private benefit of your founder ██████████.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code.

You are required to file Federal income tax returns annually with your district director.

Contributions to you are not deductible under section 170 of the Code.

As provided by section 6104(c) of the Code and the applicable regulations, the appropriate State officials are being notified of our determination.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018, Consent to Proposed Adverse Action. Please note the instructions for signing on the reverse side of this form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

[REDACTED]

If we do not hear from you within 30 days from the date of this letter, and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

District Director

Enclosures:

Publication 892  
Form 6018  
Self-addressed envelope