

[REDACTED]
[REDACTED]
[REDACTED]

SEP 16 1988

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were incorporated on [REDACTED], under the laws of [REDACTED]. Your primary purpose, as stated in your Articles of Incorporation, is to conduct evangelistic ministries and to preach the Word of God.

Your primary activity has been a trip taken in [REDACTED] by your pastor and president, [REDACTED], and his wife to Hawaii to conduct evangelistic services pursuant to telephone invitations. There were no advertisements announcing the pastor's appearances and no church bulletins retained from the churches visited. You have also proposed an Australian trip for Pastor and [REDACTED] in [REDACTED].

Your records show income to your organization came from five religious groups (four of which are located in Hawaii) (13%). Also there were monies identified as "gifts" (37%), almost exclusively from two people. 50% of your [REDACTED] income came from a personal advance of the pastor, [REDACTED] and his wife for the Hawaii trip.

Annual and special meetings are held with the Board of Directors consisting of four members, the pastor, his wife and two unrelated individuals. The three meetings held during [REDACTED] consisted of: 1) elections, 2) approval of reimbursement to the pastor for Hawaiian expenses; 3) agreement to donate funds to a religious organization. No other business was apparently considered.

According to your written submission dated [REDACTED], you anticipate that monies received by you will be used solely to reimburse Pastor [REDACTED] for expenses incurred in connection with ministries conducted.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]	[REDACTED]				
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	9-15-88	9-15-88	9/15/88				

[REDACTED]

You have submitted a "fellowship card" issued by the [REDACTED] that recognizes pastor [REDACTED] as an Ordained Minister. You indicate that there is no structural or financial relationship between you and the [REDACTED].

Section 501(c)(3) of the Internal Revenue Code provides for the exemption from Federal income tax for organizations organized and operated exclusively for religious and other purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

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

Regulations section 1.501(c)(3)-1(c)(1) stipulates that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish any of the activities specified in 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.

Regulations section 1.501(c)(3)-1(d)(1)(ii) specifies that an organization is not organized or operated exclusively for an exempt purpose unless it serves public rather than private interests.

Revenue Ruling 77-366, found in Cumulative Bulletin 1977-1, on page 192, held that a travel tour organization accomplished both charitable and non-charitable purposes through its cruises and conduct of religious, social and recreational activities. The organization served a substantial independent purpose of a non-charitable nature. Therefore, the organization was held not to be exempt under section 501(c)(3) of the Code.

You have requested that we consider your application for exemption under 501(c)(3). You are not operated exclusively for section 501(c)(3) purposes. Similar to the organization described in Revenue Ruling 77-366, your travel activities serve substantial non-charitable purposes. Further, the [REDACTED] benefit from the use of the organization's net income for the travel activities. This reflects inurement to [REDACTED] prohibited under section 501(c)(3).

The organization has submitted no documentation with respect to the religious credentials of [REDACTED]. In addition, even if the religious programs and educational aspects of the Hawaiian trip were substantiated with documents, letters, receipts, etc. it would not overcome the substantial non-charitable and private benefit findings noted above.

[REDACTED]

Based on the information submitted, we have determined that you are not entitled to exemption under section 501(c)(3) of the Code. Therefore, you will be treated as a taxable entity and are required to file Federal income tax returns on Form 1120.

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

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference 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 conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient district office. If we do not hear from you within 30 days of the date of this letter, this determination will become final. In accordance with section 6104 of the Code, we are notifying the appropriate State officials of this determination.

If 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. Section 7423(b)(2) of the Code states, in part, that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted all administrative remedies available to it within the Internal Revenue Service".

Sincerely yours,

[REDACTED]
District Director

Enclosure: Publication 892

[REDACTED]