Dear Applicant:

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

The information submitted discloses that you were formed by [redacted] pastors and laymen for the specific purpose of operating a facility to be used as a [redacted] where the physical, mental, and spiritual need of men and women are ministered to in a comprehensive way. Your goal is to facilitate making comprehensive life-styles changes in a short period of time at a live in center by individuals who wish to decrease their risk of diseases affected by life style and to provide sound health education.

The objectives of the above programs are:

1. To provide intensive education regarding the reasons for lifestyle change.

2. To provide opportunity to make changes, and incorporate them into a daily routine in a supportive atmosphere separated from the usual stressors of the home and work environment.

3. To offer a setting for group support between participants.

4. To provide a supportive spiritual environment where the individual can review his/her values and set life goals.

Elements of the program are:

1. Lectures which teach and apply normal physiology to life.

2. Lectures and group activities designed to deal with particular behaviors contributing to ill-health.

3. A healthful diet will be served and explained in lectures and food preparation experience will be included.

4. Selection and implementation of an active exercise program by each participant.

5. Presentation of the Biblical concepts behind the program.
Your offer the following program options:

7 day stop smoking program about $ . The daily classes focus upon all aspects of health helping an individual to make that lasting decisions to break free from tobacco.

10 day condensed life style program $ . A preventive program to avoid the "average american diseases" offers all the health lectures that are in the 25 day program.

25 day program $ . These classes offer practical suggestions for better health. Participants will enjoy vegetarians meals and learn how to prepare them. Daily outdoors walks prove beneficial.

Your various programs will be operated by experienced paid employees. Your income will be derived from fees and contributions and used to pay for normal operating expenses.

Section 501(c)(3) of the Code provides for the exemption of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that to be exempt an organization must be both organized and operated exclusively for one or more exempt purposes.

Section 1.501(c)(3)-1(c)(1) of the regulations states that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will be not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

In construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau v. U.S., 326 U.S. 279(1945) it was held that "This plainly means that the presence of a single noneducational purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly educational purposes." This rationale applies equally to any category of charitable purpose under section 501(c)(3).

In the general law of charity, the promotion of health has traditional been considered a charitable purpose. See Restatement (Second) of Trust, 368,372 (1959).

Revenue Ruling 80-114, 1980-1 C.B.115, holds that an otherwise qualifying nonprofit organization that operates a
health care facility for patients under the care of Christian Science practitioners and that receives its income principally from contributions, patients' fees, medicare, medicaid, and health insurance, and who accepts patients who are unable to pay as fund permits qualifies for exemption under section 501(c)(3). In this Revenue Ruling, the organization was formed for the purpose of providing health care, comfort, and maintenance to persons seeking health in a manner consistent with the teaching of the First Church of Christ, Scientist (Christian Science Church).

By operating under the circumstances described above, you may be considered as promoting health and thus engaged in a charitable endeavor. However, it also appears that you lifestyle center is operated in a manner similar to profit-making centers. The fees charged by you appear to be sufficiently high to restrict your programs to a limited number of persons in the community. In addition, there is no evidence to indicate that you will charge reduced fees to individuals who are unable to pay your regular fees or that you will accept individuals who are unable to pay to the extent of your financial ability. Under these circumstances, it appears that your are operated, in part, for a substantial nonexempt commercial purpose and thus you are distinguishable from the organization described in Rev. Rul. 80-114. See Living Faith, Inc. v. Commissioner, T.C.M. 1990-484 (9-10-90) in which the Tax Court held that an organization operated to further the dietary beliefs and health principles of the Seventh-Day Adventist religion did not qualify for tax-exempt status under section 501(c)(3) of the Code because its primary activity was commercial in nature. For the reasons indicated above, we conclude that you are not "operated exclusively" for exempt purposes within the meaning of section 501(c)(3) of the Code and section 1.501(c)(3)-1(c)(1) of the regulations. Consequently, you are not entitled to exemption from Federal income tax and your are required to file income tax returns.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as
a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the United States 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.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,

[Redacted]

Chief, Exempt Organizations,
Rulings Branch