



Department of the Treasury Internal
Revenue Service
Tax Exempt and Government Entities
Exempt Organizations Examinations

[REDACTED]

[REDACTED]

Release Number: 202514006
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Date:
January 10, 2025
Taxpayer ID number (last 4 digits):
[REDACTED]
Form:
[REDACTED]
Tax periods ended:
[REDACTED]
Person to contact:
Name: [REDACTED]
ID number: [REDACTED]
Telephone: [REDACTED]
Fax: [REDACTED]
Last day to file petition with United States
Tax Court:
April 10, 2025

CERTIFIED MAIL - Return Receipt Requested

Dear [REDACTED]:

Why we are sending you this letter

This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective [REDACTED]. Your determination letter dated [REDACTED], is revoked.

Our adverse determination as to your exempt status was made for the following reasons: You have not demonstrated that you are operated exclusively for charitable, educational, religious, or other exempt purposes within the meaning of IRC Section 501(c)(3). You have failed to produce records and information which demonstrate that you meet the requirements of IRC Section 501(c)(3). You have also failed to demonstrate that you are a church or convention or association of churches within the meaning of IRC sections 509(a)(1)/170(b)(1)(A)(i). See the attached Final Report of Revenue Agent under IRC Section 7611(g) for more information.

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit [IRS.gov](https://www.irs.gov).

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at ustaxcourt.gov/dawson.html. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
ustaxcourt.gov

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS or if you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Visit TaxpayerAdvocate.IRS.gov/contact-us or call 877-777-4778 (TTY/TDD 800-829-4059) to find the location and phone number of your local advocate. Learn more about TAS and your rights under the Taxpayer Bill of Rights at TaxpayerAdvocate.IRS.gov. Do not send your Tax Court petition to TAS. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

Find tax forms or publications by visiting IRS.gov/forms or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,

**Lynn A.
Brinkley**

Digitally signed by
Lynn A. Brinkley
Date: 2025.01.08
08:24:03 -05'00'

Lynn A. Brinkley
Director, Exempt Organizations Examinations
Tax Exempt and Government Entities Division

Enclosures:

Publication 1

Publication 594

Publication 892

Form 886-A

cc:



Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

ISSUES:

1. Whether _____ (“the Church”) failed to conduct qualifying activities to meet the operational test.
2. Whether the effective date of revocation of the Church exempt status is _____.
3. Whether _____ qualifies as a church under Internal Revenue Code (“I.R.C.”) § 509 (a)(1) and § 170(b)(1)(A)(i).

FACTS:

Incorporation

On _____, the Church filed its articles of incorporation with the _____ Office of the Secretary of State and is currently registered as an _____, Domestic, Non-profit (DNP). _____ is listed on the _____ Office of the Secretary of State website as the Church’s registered agent. IRS records indicate that the Church’s address is _____. The Church does file annual information returns with the Internal Revenue Service (“IRS”).

On _____, the Church filed Form 1023, *Application for Recognition of Exemption* with the IRS.

The Church reported the following on the Form 1023 (in *italics*):

Part _____, _____, states that its activities will consist of the following:

Part _____, _____, states that the sources of financial support will by:

On Scheduled A of Form 1023, the Church responded to the given questions (in

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

italics) in the following manner:

1. Provide a brief history of the development of the organization, including the reasons for its formation.

2. Does the organization have a written creed or statement of faith? If "Yes," attach a copy.

The Church checked "Yes" and there is a statement of faith attached.

7. Explain how the organization will attract members.

8. (a) How many active members are currently enrolled in the church?

8. (b) What is the average attendance at the worship services?

9. In addition to worship services, what other religious services (such as baptisms, weddings, funerals, etc.) does the organization conduct?

12. Describe the organization's religious hierarchy or ecclesiastical government.

13. Does the organization have an established place of worship?

If the organization has no regular place of worship, state where the services

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

are held and how the site is selected.

16. Show how many hours a week the minister/pastor and officers each devote to church work and the amount of compensation paid to each of them. If the minister or pastor is otherwise employed, the nature of the employment, and the hours devoted to that employment.

17. Will any funds or property of the organization be used by any officer, director, employee, minister, or pastor for his or her personal needs or convenience?

18. List any officers, directors, or trustees related by blood or marriage.

The Church originally operated under the bylaws and principles of _____, and _____, all of which had similar board membership at the time. The IRS administrative file did not contain current bylaws for the Church.

The Church does not regularly maintain a website and produces no known paper correspondence regarding its services or religious activities.

On _____, the IRS issued Determination Letter 947 granting exemption from federal income tax under section 501(a) of the Code as an organization described under section 501(c)(3). The letter also indicates that the Church is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described under sections 509(a)(1) and 170(b)(1)(A)(i).

On the Church's Form 990, Return of Organization Exempt From Income Tax, for the calendar year _____, it indicated that it earned income from rental activities and made payments on a mortgage.

The Church indicated on its information return that it received gross rents from unidentified rental activities in the amount of \$ _____ from real property and \$ _____ from personal property. According to the information return, the Church reported

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

secured mortgages and notes payable to unrelated third parties in the amount of \$. The Church also reported expenses of \$ for outside services, but it did not pay any wage compensation. The Church did not provide any further details regarding the outstanding debt or outside services.

Section 7611 Examination

On , the Commissioner, Tax Exempt and Government Entities Division (“TE/GE Commissioner”) personally approved the issuance of a Notice of Church Tax Inquiry (“NCTI”).

On , the IRS issued the NCTI and enclosed church inquiry questions to the Church.

On , the IRS received a response by from the Church to the NCTI.

On , the IRS received the same response to the NCTI by regular mail.

Below is an excerpt from the NCTI with answers (*in italics*).

2. Are there any related organizations? If yes, please provide the full names of these organizations and the Employer Identification Numbers (EIN).

3. Identify and describe the sources of the Church’s gross receipts.

6. Describe in detail any expenses of the Church not related directly to religious instruction or activities.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

7. Does the Church have a regular congregation? If so, how many individuals are members of the congregation?

8. Does the Church have a regular schedule of religious services? If so, provide the following information:
 - a. Schedule of services offered;
 - b. Location where services are held.
 - and
 - c. The average attendance at such services.

9. Does the Church offer religious instruction or activities for adults or youth? If so, provide the following information:
 - a. Describe the religious instruction or activities offered;
 - b. Location where religious instruction or activities are provided;
 - c. and
 - d. The average attendance at such religious instruction or activities.

10. Does the Church have any workers or employees? If so, provide the following information for each worker or employee:
 - a. Title and description of duties;
 - b. Numbers of hours worked each week;
 - c. Annualized salaries if non-volunteers; and
 - d. Description and amount of benefits, if applicable.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

11. Are all Church assets and properties, including real estate, registered, or titled in the name of the Church? Does the Church jointly own any assets and properties, including real estate, with an individual or for-profit entity?

12. With respect to any assets and/or properties, including real estate, owned by the Church, provide the following information:

- a. Address;
- b. Date of purchase; and
- c. The purpose or use of each asset and/or property.

13. Does the Church own any rental assets or properties, including real estate? If so, provide the following information with respect to each such asset or property:

- a. Address of the asset or property;
- b. Whether the asset or property is subject to a mortgage and/or whether you incurred any debt in acquiring and/or improving the property; if so, explain the loan terms and amounts; and

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

c. Whether the property is rented as a residence or for commercial purposes.

The Church's responses to the NCTI did not resolve the IRS concerns about the Church's exempt status and tax liability.

Church Activities

On _____, the Church requested a conference to meet with an IRS official to discuss the concerns which gave rise to the inquiry and the general subject matter of the inquiry.

On _____, a conference was held with the Church's representatives. The purpose of the conference was to provide the Church's another opportunity to discuss and resolve the IRS's concerns that gave rise to the inquiry without the need for an examination. The IRS reminded the Church at the meeting, in general terms, of the stages of the church examination procedures and its rights under such procedures.

On _____, the _____, Tax Exempt and Government Entities Division, decided to proceed with an examination.

On _____, the TE/GE Commissioner personally approved the issuance of a Notice of Church Examination ("NCTE").

On _____, the IRS issued a Notice of Church Tax Examination ("NCTE").

On _____, the IRS issued Information Document Request ("IDR")

On _____, the Church representatives requested an extension of time to respond to the IDRs issued by the IRS on _____.

On _____, the IRS issued a _____ extension letter (*Letter 5798 TEGE IDR Extension Notice, Rev. 10-2016*) and granted the Church () business days to provide the information requested on IDRs _____.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

On _____, the IRS received responses to IDRs _____ . Below is an excerpt from IDR # _____ with answers (in *italics*).

1. Provide a brief, written history of the organization and its current activities.

2. Please provided the specific activities that supported a definition as being a church at any time during the organization existence.

3. In your Statement of Program Service Accomplishments, in Part _____ of your Form 990, you describe the organization’s mission.” For tax year _____ :

“ _____ ”

- i. Please explain how this fits into your tax-exempt purpose.
- ii. What activities specifically conducted in 2020 are religious broadcasting and how do they fit the exempt purpose.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

4. Identify all physical locations/addresses at which your organization was conducting its business operations during tax year . Explain what activities were taking place at each identified location.

5. We would like to conduct an on-site tour of your operations located at , and any other, nearby sites.

:

6. How many members/parishioners did you have during tax year and in what categories? Provide a copy of the membership/parishioners list.

Revenue

The Church reported total gross receipts of \$ from contributions and rental income (real and personal).

On Form 990, Return of Organization Exempt From Income Tax, as filed with the IRS for the calendar year ending (under exam), the Church reported on:

- ◆ Part VIII, Statement of Revenue, , Related organizations \$.
- ◆ Part VIII, Statement of Revenue, , Gross rents:
 - (i) Real \$
 - (ii) Personal \$

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

On _____, as a response to IDR # _____, the Church provided financial records (general ledger, trial balance, chart of accounts, and other documents) in pdf format.

Per the Trial Balance, received as EXHIBIT _____, page _____, it appears that the Church received contributions in the amount of \$ _____. Per the General Ledger the Church received contributions from _____. As indicated by the Church in response to the NCTI, question _____, both entities are related.

Also, per Form 990, Return of Organization Exempt from Income Tax, as filed with the IRS by the Church for the calendar year ending _____, on Schedule _____, Part _____, Line _____, the Church reported on:

(a) No.	(b) Name, Address, and Zip +4	(c) Total Contributions
1		
2		

On Form 990, Return of Organization Exempt from Income Tax, as filed with the IRS by the Church for the calendar year ending _____, on Schedule _____, Part _____, Identification of Related Tax-Exempt Organizations, the Church reported on Line:

(a) Name, address, and EIN of related organization	(b) Primary activity	(d) Exempt Code section	(e) Public charity status (if section 501 (c)(3))

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

On _____, the IRS received correspondence related to the Church via _____. Also, attached to this correspondence was a copy of letter 5307 and a copy of NCTI as mailed by the IRS on _____ to the Church.

On _____, the IRS received the same correspondence by regular mail. For a copy of this correspondence, see Exhibit A attached to this report.

On Form 990, Return of Organization Exempt from Income Tax, as filed with the IRS by the Church for the calendar year ending _____, on Part VII, Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees, Line 1a (4) _____ is listed as Treasurer (Officer), and on Line 1a (7) _____ is listed as Secretary (Officer).

B. Rental Income

In determining the amount of rental income received during the year under examination (_____), as reported with the IRS, the Church provided copies of lease agreements for properties own in the name of the Church. For copies of these lease agreements, see _____ attached to this report.

On the information return, as filed with the IRS for year under examination (_____), the Church reported secured mortgages and notes payable to unrelated third parties in the amount of \$ _____.

As a response to the NCTI, question _____, Does the Church own any rental assets or properties, including real estate? the Church answered that (*in italics*):

On _____, as a response to IDR # _____, the Church provided copies of the Master Statement, dated _____, and other written documents relating to the purchase of _____.

The Church provided a copy of a Promissory Note dated _____ between the Church, and _____, Inc, an _____ non-for-profit corporation. _____ is listed as a related entity on Scheduled L, Part II, of Form 990 as filed by the Church with the IRS for the year under examination (_____).

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

Per the Promissory Note, the Church “

For the year under examination (), Property , was leased by , the President of the Church starting for (\$) per month, payable in advance on the day of each month. This lease agreement was executed and entered on and signed by , as CFO in the name of the Church (the lessor). Per the General Ledger, there were payments recorded as received from

All transactions related to Property were recorded on the books and records of the Church as reported on the information return as filed with the IRS.

As a response to the NCTI, question 13 (c), Does the Church own any rental assets or properties, including real estate? the Church answered that (*in italics*):

For the year under examination, Property , was rented to , of . Per the lease agreement, the Church leases approximately square feet of studio and storage space, located at . Further, per the lease agreement, section

” According to the General Ledger, for the year under examination (), it appears that the Church received (\$) each month from

iii.

¹ Note: Discrepancy noted between the response received from the Church to the NCTI and the lease agreement. During the pre-conference it was explained that there is a typographical error.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

As a response to the NCTI, question 13 (c), Does the Church own any rental assets or properties, including real estate? the Church answered that (in *italics*):

For the year under examination, Property , was rented to an individual for \$ per month. According to the General Ledger, the Church received rental payments for Property .

A reconciliation was performed to ensure all transactions reported on the information return as filed by the Church with the IRS have been recorded in the books. No discrepancies noted between information return filed with the IRS by the Church for year ended and financial records provided as a response to IDR # .

The Church did not file a Form 990-T, Exempt Organization Business Income Tax Return with the IRS for the calendar year , to report unrelated business income.

Expenses

On the information return as filed with the IRS, for the year under examination, the Church also reported expenses of \$ for outside services, but it did not pay any wage compensation. The Church did not provide any further details regarding the outstanding debt or outside services. Accordingly, a reasonable belief exists that the Church may be improperly reporting its business activities during the year.

As a response to the NCTI, question " " the Church answered that (in *italics*):

Based on the IRS's records, for the year under examination (), the Church filed forms 1099-MISC. Beginning with Tax Year , Form 1099-NEC, Nonemployee Compensation, must be used to report payments of nonemployee compensation (NEC) previously reported in box on Form 1099-MISC. It is evident that the Church used the incorrect form to report the expenses for outside services. Per the Trial Balance, the Church reported Outside Services in amount of \$. All individuals reported on the forms 1099-MISC are listed on the books and records. Other expenses related to the maintenance of properties were recorded on the books and records.

LAW:

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number <i>(last 4 digits)</i>	Year/Period ended

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable, religious, scientific, or educational purposes provided no part of their net earnings inures to the benefit of any private shareholder or individual.

Section 501(a) of the Code allows an exemption from federal income taxes for organizations described in section 501(c)(3). Section 501(c)(3) exempts from income taxes corporations 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 . . . 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.

In general, organizations are not treated as exempt under section 501(c)(3) unless they notify the Commissioner that they are applying for recognition of exempt status. I.R.C. § 508(a)(1). However, organizations which are “churches, their integrated auxiliaries, and conventions or associations of churches” are excepted from the rule that organizations are not treated as exempt under section 501(c)(3), although they may voluntarily notify the Commissioner that they are applying for recognition of exempt status. I.R.C. § 508(c)(1)(A).

In making the determination of whether a religious entity is a church, the Service developed a “fourteen-point test.” The “test” is a list of factors for use in determining whether an entity qualifies as a church under section 170(b)(1)(A)(i). No one factor is determinative, nor is there a minimum number of factors required to be a church. The factors are (a) a distinct legal existence, (b) a recognized creed and form of worship, (c) definite and distinct ecclesiastical government, (d) a formal code of doctrine and discipline, (e) a distinct religious history, (f) a membership not associated with any other church or denomination, (g) an organization of ordained ministers, (h) ordained ministers selected after completing prescribed studies, (i) a literature of its own, (j) established places of worship, (k) regular congregations, (l) regular religious services, (m) Sunday schools for religious instruction of the young, and (n) schools for the preparation of its ministers. Further, the IRS will look at any other facts and circumstances that may bear upon the organization's claim for church status. It is important to note that the IRS has not published the 14 factors in official guidance. The IRS has argued the fourteen points in various court cases and courts have acknowledged the IRS' use of the fourteen points:

Faced with the difficult task of determining whether or not religious organizations are in fact churches, the IRS has developed fourteen criteria which it applies on an ad hoc basis to individual organizations. American Guidance Foundation, Inc. v. United States, 490 F. Supp. 304

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

(D.C. Dist. Ct. 1980).

Courts have found that the most important factor in the church status analysis is the presence of a congregation, "[a]t a minimum, a church includes a body of believers or communicants that assembles regularly in order to worship." *Id.* at 306. ²The seminal case establishing the congregation requirement is Chapman v. Commissioner, 48 T.C. 358 (1967). In that case, the Tax Court was required to determine whether a donee was a church for purposes of determining whether the Chapman's contribution was deductible under section 170. Three Tax Court judges agreed that an organization was not a church within the meaning of IRC 170(b)(1)(A)(i) but could not agree why. In a concurring opinion, Judge Tannenwald said a congregation is an essential part of being church:

"The permissible purpose may be accomplished individually and privately in the sense that oral manifestation is not necessary, but it may not be accomplished in physical solitude. A man may, of course, pray alone, but, in such case, though his house may be a castle, it is not a church.

Similarly, an organization engaged in an evangelical activity exclusively through the mails would not be a church." Chapman v. Commissioner, *supra* at 367.

The D.C. District emphasized Tannenwald's concurrence when deciding that a congregation was, at a minimum, a requirement for church status. American Guidance Foundation, Inc. 490 F. Supp. at 306.

In a more recent case, the Court of Federal Claims, and subsequently the Federal Circuit Court, was faced with the question of whether an entity qualified as a church if its "services" were predominantly carried on through internet and radio. The Court of Federal Claims found that:

The weight of persuasive authority, further discussed below, holds that radio and internet broadcasts lack critical associational aspects characteristic of religious services and are therefore instead properly regarded simply as broadcasting and publishing services insufficient to

² In Foundation of Human Understating, the Federal Circuit agreed with the Court of Claims in declining to adopt the 14 criteria as definitive. It stated, "the associational test is an appropriate test for determining church status under section 170, although we recognize that the associational test and the '14 criteria test' substantially overlap; as courts have pointed out, among the most important of the 14 criteria are the requirements of 'regular congregations' and 'regular religious services.'" 614 F.3d 1383, 1389 (Fed. Cir. 2010).

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

qualify a religious organization for church status. See, e.g., *Chapman*, 48 T.C. at 367 (Tannenwald, J., concurring) (“The permissible purpose may be accomplished individually and privately in the sense that oral manifestation is not necessary, but it may not be accomplished in physical solitude.”); see *infra* Part IV.B.2 (analyzing the application of the associational test to plaintiff, and discussing the various cases in which plaintiffs whose primary activities are broadcasting and publishing have not gained church status).

Foundation of Human Understanding v. United States, 88 Fed. Cl. 203 (2009), aff’d Foundation of Human Understanding v. United States, 614 F.3d 1383 (Fed.Cir. 2010).

Here, the information return does not indicate that the Church has a body of believers or communicants that assembles regularly in order to worship. The Church’s information return states that “the lives of millions of people have been touched by the broadcast of the gospel message. People have been saved, healed, and ministered to in countless ways through this television network.” Additionally, apart from rental income, the Church receives donations solely from other religious groups and organizations with similar primary activities. No donations are received from parishioners. The information return also fails to indicate the presence of some of the 14 factors, including, but not limited to, definite and distinct ecclesiastical government, a membership not associated with any other denomination, or an organization of ordained ministers.

Exemption

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

Section 501(a) provides that an organization described in subsection (c) or (d) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503.

Section 501(c)(3) generally includes corporations organized and operated exclusively for purposes that include religious, educational, or charitable purposes, and which no part of the net earnings inures to the benefit of any private shareholder or individual.

Treas. Reg. § 1.501(c)(3)-1(a)(1) states that in order to be exempt as an organization described in section 501(c)(3), 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.

Treas. Reg. § 1.501(c)(3)-1(b)(2) states that the term *articles of organization* or *articles* includes the trust instrument, the corporate charter, the articles of association, or any other written instrument by which an organization is created.

Treas. Reg. § 1.501(c)(3)-1(b)(4) states that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization's articles or by operation of law, be distributed for one or more exempt purposes, or to the Federal Government, or to a State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized. However, an organization does not meet the organizational test if its articles or the law of the State in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders.

GOVERNMENTS POSITION:

I. ISSUE 1: OPERATIONAL TEST

Section 501(c)(3) requires an organization to be both "organized" and "operated" exclusively for one or more Section 501(c)(3) purposes. If the organization fails either the organizational test or the operational test, it isn't exempt. See Treas. Reg. § 1.501(c)(3)-1(a)(1).

Treas. Reg. § 1.501(e)(3)-1(a)(1) states that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

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.

An organization that doesn't qualify as a church may still qualify for Section 501(c)(3) status and public charity status as a religious organization, depending on the circumstances.

It is evident that the Church doesn't conduct any qualifying activities, and therefore doesn't meet the operational test in Tres. Reg. § 1.501(c)(3)-1(a)(1).

II. ISSUE 2: DATE OF REVOCATION

As described above, the Church doesn't conduct any qualifying activities but failed to communicate that change to IRS. A revocation of tax-exempt status on the grounds that the organization doesn't conduct qualifying activities appears appropriate and the revocation of exempt status is effective

III. ISSUE 3: CHURCH QUALIFICATION

In the absence of Congressional guidance, courts have applied the IRS' Fourteen Criteria and the Associational Test to determine whether a taxpayer qualifies as a "church" for purposes of section 170(b)(1)(A)(i). See Foundation of Human Understanding, 88 Fed.Cl. at 218. As described below, fails to meet both standards.

A. The IRS's Fourteen Criteria

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

Courts have used the IRS' 14 criteria to help ascertain whether an organization qualifies as a church under section 170(b)(1)(A)(i).

Based on IDR responses, the IRS considers the following:

1. A distinct legal existence:

Registered as an _____, Domestic, Non-profit (DNP).

2. A recognized creed and form of worship:

The Church indicated on its Form 1023 application, Schedule A, that it has a written creed or statement of faith.

It was discovered that the Church didn't conduct any qualifying activities during the year under examination (_____), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

3. A definite and distinct ecclesiastical government:

No definite and distinct ecclesiastical government. It was discovered that the Church didn't conduct any qualifying activities during the year under examination (_____), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

4. A formal code of doctrine and discipline:

The Church indicated on its Form 1023 application, Schedule A, that they do not have a formal code of doctrine and discipline. It was discovered that the Church didn't conduct any qualifying activities during the year under examination (_____), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

5. A distinct religious history:

As a request for information, on _____, the Church indicated that “

_____” It was discovered that the Church didn't conduct any qualifying activities during the year under examination (_____), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

6. A membership not associated with any church or denomination:

As a request for information, On _____, the Church indicated that “

”

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

It was discovered that the Church didn't conduct any qualifying activities during the year under examination (), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

7. An organization of ordained ministers:

None during , the year under examination. The Church is in the process of dissolving.

8. Ordained ministers selected after completing prescribed studies:

As a request for information, on , the Church indicated that "

" It was discovered that the Church didn't conduct any qualifying activities during the year under examination (), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

9. A literature of its own:

As a request for information, on , the Church indicated that there is no literature of its own. No literature of its own for . The Church is in the process of dissolving.

10. Established places of worship:

On the Form 1023 the Church indicated that "

It was discovered that the Church didn't conduct any qualifying activities during the year under examination (), except rental of properties. Also, the Church's representatives indicated that the Church is in the process of winding up its operations and dissolving.

11. Regular congregation:

On Form 1023, the Church answered question 8(a) and 8(b), as N/A. During the year under examination (), the Church revealed that there are no members " " and is in the process of dissolving.

12. Regular religious services:

It was discovered that the Church didn't conduct any qualifying activities during the year under examination (), except rental of properties. During the examination, it was discovered that the Church had no church activities for several years.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

13. Schools for the religious instructions of the young:

As a request for information, on _____, the Church indicated that “

”

During the examination, it was discovered that the Church had no church activities for several years.

14. Schools for the preparation of its ministers:

No schools for the preparation on its ministers reported on Form 1023 filed by the Church. During the examination it was discovered that the Church had no exempt activities for several years.

In weighing the 14 criteria discussed above, the Church would not qualify as a church within the meaning of sections 509 (a)(1) and 170 (b)(1)(A)(1).

B. Associational Test

To qualify as a church, "an organization must serve an associational role in accomplishing its religious purpose." Church of Eternal Life and Liberty, Inc. v. Commissioner, 86 T.C. 916, 924 (1986). The associational test is a "threshold" standard which religious organizations must satisfy in order to obtain church status. In creating the associational standard, the United States District Court for the District of Columbia stated that demonstrating associational aspects is the "minimum" requirement necessary for a religious organization to gain church status. American Guidance Foundation, Inc. v. United States, 490 F. Supp. 304, 306 (D.D.C. 1980).

Courts have also followed American Guidance in finding that a "church" may be distinguished from other religious organizations by fulfillment of an "associational role." The means by which an avowedly religious purpose is accomplished separates a "church" from other forms of religious enterprise. At a minimum, a church includes a body of believers or communicants that assembles regularly in order to worship. Unless the organization is reasonably available to the public in its conduct of worship, its educational instruction, and its promulgation of doctrine, it cannot fulfill this associational role.

It is evident that the Church doesn't conduct any qualifying activities and is in the process of winding up its operations and dissolving.

TAXPAYER'S POSITION:

Unknown currently.

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to your authorized representatives.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (<i>last 4 digits</i>)	Year/Period ended

CONCLUSION:

It is evident that the Church doesn't conduct any qualifying activities, and therefore doesn't meet the operational test in § 1.501(c)(3)-1(a)(1).

As a result, the effective date of revocation of exempt status is

In addition, the Church failed to qualify as a church within the meaning of I.R.C. §§ 509(a)(1) and 170(b)(1)(A)(i).