



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

Date:
01/27/2026
Employer ID number:

Form you must file:

Person to contact:

Release Number: 202617013
Release Date: 4/24/26
UIL Code: 501.03-00, 501.33-00

Dear :

This letter is our 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). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437
Redacted Letter 4034
Letter 4038



Department of the Treasury
Internal Revenue Service

Date: 10/29/2025

Employer ID number:

Name:

ID number:

Telephone:

Fax:

Legend:

B = State

C = Date

D = Individual

E = Product

F = Entity

UIL:

501.03-00

501.33-00

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

Do you qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You submitted Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*.

As part of your application, you submitted Articles of Incorporation filed with the State of B on C, indicating you are a religious corporation. You also provided a copy of an amendment to your Articles stating your assets will be distributed upon dissolution for one or more exempt purposes within the meaning of IRC Section 501(c)(3).

You formed to conduct religious broadcasting of biblical teachings for the furtherance of the evangelistic Christian religion. Your primary activity will be television ministry, which will involve your founder and sole officer, D, performing, recording, and producing weekly broadcasts, E, which will be broadcast worldwide by an international Christian television network.

D, who is an ordained pastor, also founded a church, began religious radio broadcasting, and started a for-profit media company, F, which sells D's biblical media products, including (but not limited to) books, audiobooks, and Gospel music. Either D or F own the intellectual property rights to these products.

You were formed by D to conduct activities on behalf of, and expand the market reach of, your religious ministry activities and biblical media products; as such, both you and F share a common mission, along with resources, such as computers, production equipment, and other overhead items. You also share officers and directors, partly due to your start-up status. You have no other relationships with any for-profit entities.

You maintain a separate website from F. You purchase items below fair market value from F and offer them to the public in exchange for donations on your website. Your website offers one item for a donation of any amount; the remaining items have set donation amounts. You also have a webpage devoted to a bookstore which links to F's website, where the public may purchase a variety of items, including books, audio, and apparel. Your items are priced to generate a profit above your direct costs to expand your operations, including obtaining more television airtime or operating a mail ministry.

Your website also includes a webpage for the public to submit a prayer request and promotes an online radio station which plays music produced by D and D's spouse. There is a weblink to watch your television ministry and a section for making donations. You thank your contributors for supporting you and helping to transform lives through books, Gospel music, social media, and Christian television.

You state the terms of any contracts and transactions you may enter are necessary to expand your ministry and offer your religious materials to the public and negotiated at arm's length, and you base the selling and buying prices for any services or products on independent wholesaler and distributor discount requirements that exist in most print-on-demand distribution arrangements with large printing houses and distributors.

Your governing body will vote to ensure your compensation practices for your officers, directors, trustees, highest compensated employees, and/or highest compensated independent contractors are reasonable for your services and based on similar compensation practices of similar organizations of your type and scope.

You may also make grants, loans, or other distributions to other non-profit organizations who share in your overall purpose of ministering to the hurt, poor, needy, sick, or disenfranchised. No grants, loans, or other distributions will be made to organizations that are not recognized as tax exempt under IRC Section 501(c)(3).

Your reported and projected revenues consist primarily of gifts, grants, and contributions, with a small amount of revenue generated from admissions, merchandise sold, or services performed. Your reported and projected expenses include fundraising expenses, compensation of your officers, and gifts, grants, and similar amounts paid out. You also projected future expenses for occupancy and other salaries and wages.

Law

IRC Section 501(c)(3) provides for the exemption from federal income tax of organizations organized and operated exclusively for exempt purposes as specified in the statute, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(a)-1(c) provides that the terms "private shareholder or individual" in IRC Section 501 refer to persons having a personal and private interest in the activities of the organization.

Treas. Reg. Section 1.501(c)(3)-1(a)(1) states that, in order to be exempt as an organization described in IRC 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. Section 1.501(c)(3)-1(c)(1) provides 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 IRC 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.

Treas. Reg. Section 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure, in whole or in part, to the benefit of private shareholders or individuals as defined in Treas. Reg. Section 1.501(a)-1(c).

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that an exempt organization must serve the public rather than a private interest. The organization must establish that it is not organized or operated to benefit 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."

Treas. Reg. Section 1.501(c)(3)-1(d)(2) defines the term "charitable" as including the relief of the poor and distressed or of the underprivileged, and the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, or to combat community deterioration. The term "charitable" also includes the advancement of religion or science.

Revenue Ruling 67-246, 1967-2 C.B. 104, states, generally, where transactions involving payment is in the form of a purchase of an item of value, the presumption arises that no gift has been made for charitable contribution purposes—the presumption being that the payment in such case is the purchase price.

Rev. Rul. 67-5, 1967-1 C.B. 123, held that a foundation, controlled and operated by the creator's family to enable them to engage in financial activities beneficial to them but detrimental to the foundation, did not qualify for exemption under IRC Section 501(c)(3). Family members of the foundation's creator controlled the operation and investment policies of the foundation and ultimately used the foundation to invest in assets which failed to produce income for the foundation, resulting in tax consequences favorable for them but detrimental to the charitable purposes of the foundation. This served their private interests and not the public interest.

Rev. Rul. 76-206, 1976-1 C.B. 154, held that an organization formed to promote and preserve the arts under IRC Section 501(c)(3) by generating community interest in retaining classical music programs for a local for-profit radio station by seeking program sponsors, encouraging continuation of contracts by existing sponsors, urging the public to patronize sponsors, soliciting subscriptions to the station's program guide, and distributing materials promoting the classical music programs—all of which tended to increase the station's revenues—was serving the private interests of the radio station and did not qualify for exemption.

In Scripture Press Foundation v. U.S., 152 Ct. Cl. 463 (1961), the Court determined that an organization didn't qualify for exemption under IRC Section 501(c)(3) by preparing and selling religious literature. Since commercial organizations sell religious literature and are not automatically tax exempt, the Court reasoned that

religious convictions alone do not justify exemption. In this case, the critical factor was the scale of the organization's sales of its works, which was large enough to overshadow the religious content of its literature. Therefore, the Court concluded the profit-making sales of the religious literature was primary, even though religiously inspired, and did not further exempt purposes under IRC Section 501(c)(3).

In Christian Manner International, Inc. v. Commissioner, 71 T.C. 661 (1979), an organization whose primary activity was the distribution, promotion, and sale of religious books written by its founder did not qualify for exemption under IRC Section 501(c)(3). The Tax Court noted in this case that when an activity furthers both an exempt and nonexempt purpose, qualification for exemption depends on whether the nonexempt purpose is so incidental to the exempt purpose as not to disqualify the organization for exemption. Here, the Court found that, despite the religious content of the materials, the sales of books at prices designed to make a profit for the founder were the primary activity, and the manner of distribution served private interests, not the public interest.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945), the Court held that the existence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption, regardless of the number or importance of truly exempt purposes.

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests for an organization to be recognized as exempt. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). Based on the information provided in your application and supporting documentation, we conclude you have not shown you satisfy the operational test for the reasons below.

You promote, market, and distribute the religious materials of your founder and sole officer, D, by purchasing them below cost from D's for-profit media company, F, and selling them at a profit through both your website and a link on your website to F's website. In the future, you may also sell these materials through a mail ministry. You state these sales are necessary to raise funds to expand your religious ministry and spread the gospel throughout the world; thus, you assert you further exempt purposes through the advancement of religion, as described under Treas. Reg. Section 1.501(c)(3)-1(d)(2).

However, as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1), you must operate exclusively for exempt purposes. With respect to IRC Section 501(c)(3), "exclusively" does not mean "solely" or "only" but rather "primarily" for exemption purposes. This concept is further illustrated in Better Business Bureau of Washington, D.C., Inc., where it was held that the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption, regardless of the number or importance of truly exempt purposes.

Like the organization denied exemption in Christian Manner International, Inc. for substantially serving the private interests of its founder by selling his religious books, you have also shown you sell your founder's religious materials at a profit, which does not exclusively further exempt purposes under IRC Section 501(c)(3). Per Scripture Press Foundation, whether an organization preparing and selling religious literature is exempt under IRC Section 501(c)(3) is not based solely on the content of the religious materials, but rather upon the reason for, and the manner which, the organization promotes, markets, distributes, and sells it.

Therefore, similar to the organization in Christian Manner International, Inc., you have not shown you are exempt under IRC Section 501(c)(3), because the manner of promoting, marketing, and distributing D's materials substantially serves private interests, despite its religious content, contrary to the provisions of Treas.

Reg. Section 1.501(c)(3)-1(d)(1)(ii). Further, D is a prohibited party under Treas. Reg. Section 1.501(a)-1(c); therefore, your arrangement with F is also contrary to Treas. Reg. Section 1.501(c)(3)-1(c)(2).

You not only assert the promotion, marketing, and distribution of D's religious materials is necessary to spread the gospel to further exempt purposes under IRC Section 501(c)(3), but you also claim such materials are not sold but rather available for donations. Your website, however, shows all but one of your items is available for a donation. All other items have fixed monetary amounts, which must be paid to obtain D's religious materials.

As established in Rev. Rul. 67-246, your manner of fixed prices generally lacks the donative elements necessary to be considered charitable contributions. Therefore, you have shown your items are not available to the public for donations, but rather for purchase, which further demonstrates your activities serve the private interests of D and violate the prohibition on the inurement of net earnings under Treas. Reg. Section 1.501(c)(3)-1(c)(2). You are, therefore, substantially serving the private interests of D and not the public interest, which does not exclusively further exempt purposes under IRC Section 501(c)(3).

You are also like the organization denied exemption in Rev. Rul. 76-206 for serving the private interests of a radio station. Although its purpose was to serve the public interest by promoting the arts through the preservation of classical music broadcasting, the organization's activities served the private interests of the radio station by increasing its revenue through sponsorships, continuation of contracts, and solicitation of subscriptions. Similarly, you also serve private interests by buying D's religious materials from F and using the Internet to generate interest in, solicit "donations" for, and distribute D's religious materials. While you may have formed to serve the public interest by furthering religious purposes under IRC Section 501(c)(3), you have shown you substantially serve private interests by ultimately generating revenue for D, which precludes exemption under Section 501(c)(3).

Again, you must be operated to exclusively further exempt purposes under IRC Section 501(c)(3). The presence of a single nonexempt purpose will preclude exemption under Better Business Bureau of Washington, D.C., Inc. Based on your actual and projected financial information, your other activities, such as making grants to organizations that serve exempt purposes under IRC Section 501(c)(3), are insubstantial compared to the private interests you have shown you serve.

Similar to the organization in Rev. Rul. 67-5, which was denied exemption for substantially serving their own private interests by using their foundation to generate advantageous tax transactions, you also created a nonprofit you exclusively control to promote, market, and distribute D's intellectual property through purchase from F. You share a mission, resources, and controlling governing body members with F, and since D is your sole governing body member, you essentially set compensation practices for yourself. Therefore, you have shown you substantially serve private interests of prohibited parties despite the religious content of D's various materials, precluding exemption under IRC Section 501(c)(3).

Conclusion

Based on the above facts and law, we conclude you do not qualify for exemption under IRC Section 501(c)(3). By serving the private interests of prohibited parties, you fail the operational test as you do not exclusively further exempt purposes as required for exemption under Section 501(c)(3). Therefore, you do not qualify for exemption, and contributions to you are not deductible by your donors.

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:

Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
EO Determinations Quality Assurance
Mail Stop 6403
PO Box 2508
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
EO Determinations Quality Assurance
550 Main Street, Mail Stop 6403
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements