



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Number: **200502044**  
Release Date: 1/14/05  
SE:T:EO:RA:T:2

Date: 06/28/04

Contact Person:

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Identification Number:

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Contact Number:

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UIL: 501.03-00

Employer Identification Number: \*\*\*\*\*

Dear \_\_\_\_\_ :

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as a church described in section 501(c)(3). Based on the information submitted, we have concluded that you do not qualify for exemption as a church. The basis for our conclusion is set forth below.

FACTS

You were incorporated on December \*\*\*\*\*, under the Nonprofit Religious Corporation Law of your state. Your Articles provide that you are organized to "preach and teach the word of god."

You have applied for recognition of exempt status as a church. You conduct religious services on Sunday mornings . You state that between people generally attend. Many of these are described as

people. In addition, a group of people regularly attend Bible study on Friday evenings. You publicize your activities and attract new members by "word of mouth" and flyers that you attach to the free Bibles you distribute at the worship services. At this time, you do not perform

life cycle rituals such as baptisms or weddings. You do not expect anyone to sever ties with any other church or ministry. You hope to acquire a building in the future. Donations from attendees constitute your entire income.

Your Board of Directors consists of three directors: your Pastor and two unrelated persons. Your revised bylaws, adopted on November \*\*\*\*\*, grant all authority to the Board, which is self-perpetuating, and specify that you have no members. The bylaws state that directors may not be compensated by the organization for rendering services in any capacity.

Your pastor volunteered at a \_\_\_\_\_, under the guidance of a Pastor and completed \_\_\_\_\_. He did not receive formal training or ordination, \_\_\_\_\_. You say that he was "ordained" by the pastor on an unspecified date, but there was no course of study. They agreed that he had the Biblical "marks of a pastor." You submitted "certificates of ordination" dated \_\_\_\_\_ from "\*\*\*\*\*." You stated that the request for the ordination certificates was the only contact that you had with \*\*\*\*\*.

You paid over \$ \_\_\_\_\_ for an unidentified person or persons to attend a drug rehabilitation program. You did not describe a program or factors that were considered in deciding to award the grant. This is the only activity other than weekly bible study and worship services that you described.

The agent in the field suggested twice that you consider applying for exempt status as a religious organization rather than a church, until you have an established congregation. You stated in a letter, that it is not your intention to qualify for exemption as a public charity described in section 509(a)(a) and 170(b)(1A)(vi) of the Code.

## LAW

Section 501(c)(3) of the Code exempts from taxation any corporation organized and operated exclusively for religious purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In *Chapman v. Commissioner*, 48 T.C. 358 (1967), the court determined by examining the legislative history of section 170 of the Code, that Congress intended "church" to be a more limited concept than "religious organization," more in the sense of a "denomination" or "sect." In that case the court found that the evangelical organization was not a church because the members maintained affiliations with other churches, the organization was interdenominational, and it did not ordain ministers. The fact that it conducted religious services was not conclusive.

*American Guidance Foundation, Inc. v. United States*, 490 F. Supp. 304 (1980) set out the basic principles distinguishing a church from other religious organizations that the Service



you will operate exclusively for charitable purposes and not for the benefit of any private individuals.

You have applied for exemption under section 501(c)(3) of the Code as a church within the meaning of section 170(b)(a)(A)(i). While you satisfy some of the criteria that the Service uses to determine whether an organization is a church, you do not meet the minimum requirements of a church as discussed in *American Guidance Foundation, Inc. supra*. Therefore, you do not qualify as a church under section 170(b)(a)(A)(i). You stated that it is not your intention to qualify for exemption as a public charity as described in sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, we are unable to conclude that you are exempt under section 501(c)(3).

You must file federal income tax returns. Contributions to you are not deductible under section 170 of the Code.

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

If you do not protest this 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 Tax Court, the United States Court of Federal Claims, 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 a copy will be forwarded to the Ohio Tax Exempt and Government Entities (TE/GE) office. Thereafter, any questions about your federal income tax status should be directed to that office, either by calling 877-829-5500 (a toll free number) or sending correspondence to: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The appropriate State Officials will be notified of this action in accordance with section 6104(c) of the Code.

When sending additional letters to us with respect to this case, you will expedite their receipt by faxing to 202- -\*\*\*\*\* or by using the following address:

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Joseph Chasin, Manager  
Exempt Organizations  
Technical Group 2