



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

Date: FEB 18 2005

Contact Person:

Number: **200519088**

Identification Number:

Release Date: 5/13/2005

SE:T:EO:RA:T:2

Telephone Number:

Uniform Issue List Number: 501.03-20

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Dear _____ :

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

You, F, are a nonprofit corporation incorporated in the state of s on the date of t. Your Articles of Incorporation state that you are "...organized under the Nonprofit Religious Corporation Law exclusively for religious purposes." Your Articles state further: "The specific purpose of this corporation is to provide support, networking, and fellowship between Christian b around the world, as well as reaching out to non-Christians in the industry."

In your application, you state that you have a number of different programs and activities for your subscribers, and that most of your programs are either online or related to online activity. You state that your newsletter is currently your main ministry, taking up about 50% of your time. In the newsletter is a devotional article, recent d job listings that have been posted to your website, industry c contests, hints and tips, a d learning article, a trivia game, anecdotes, and more. You state that your website includes a d learning area, Christianity in the e articles, d charts, message boards, c, links, recommended books, games, chat room, members listing, and more. You state that there is also an area for people to post their d job listings on your website so that your members can network to find employment and your employers can find reputable and dependable qualified b. You state that one other program is your pen-pal program, in which people can make friends and grow in God's grace together. You also state that your ministry is focused on helping Christian b who are in the industry.

In response to a letter from the Internal Revenue Service, you state that you are for Christian b (for the interest of members of the profession), but that your primary focus is on God, not the profession. You state that it is about how to be a Christian, helping people grow as Christians, and helping to reach out to witness to others to spread the Gospel of Jesus. You state that everything is geared towards something related either to the advancement of religion or the advancement of d. You state that for religion, you have many religious articles, links, books, and fellowship opportunities, and that every single webpage includes a "Who is Jesus?" link to witness to anybody who might not know or have a clear understanding of the religion. You also state that a great deal of the rest of the website is full of d learning articles, d charts, d instructional videos, c, and links for the advancement of viewers' education. You state that networking, otherwise known as "fellowship," is an extremely important aspect in both advancing religion and education. You state that the employment service helps to advance d education by helping people having a hard time to find jobs to find one so that they may be able to learn more about d under the instruction of a good b.

Section 501(c)(3) of the Code provides, in pertinent part, for the exemption from federal income tax of nonprofit organizations organized and operated exclusively for charitable and/or educational purposes.

In construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (November 13, 1945), CT. D. 1650, C.B. 1945, 375, the Supreme Court of the United States said, "This plainly means that the presence of a single non-educational 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) of the Code.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that an organization does not operate exclusively for exempt purposes if more than an insubstantial part of its activities does not further exempt purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized or operated exclusively for exempt purposes under section 501(c)(3) of the Code unless it serves a public interest rather than a private interest.

Revenue Ruling 76-206, 1976-1 C.B. 154, holds that a nonprofit organization formed to generate community interest in the retention of classical music programs by a local for-profit radio station does not qualify for exemption under section 501(c)(3) of the Code. The organization's activities consist of seeking program sponsors, encouraging continuation of contracts by existing sponsors, urging the public to patronize the sponsors, soliciting subscriptions to the station's program guide, and distributing materials promoting the classical music program. These activities benefit the for-profit radio station in more than an incidental way. Accordingly, the organization is serving a private rather than a public purpose.

In Christian Stewardship Assistance, Inc. v. Commissioner, 70 T.C. 1037 (September 21, 1978) the court held that an organization failed to establish that its discussions with Christians on making donations to Christian groups did not involve more than an insubstantial benefit to the participants as private persons because the advice also served the participants' own private interests of tax planning.

In The Schoger Foundation v. Commissioner, 76 T.C. 380 (February 24, 1981), the court held that an organization failed to establish that its Christian gathering did not involve more than an insubstantial nonexempt purpose of private interests in obtaining recreation. The organization's operation provided rest, relaxation, and fellowship over the advancement of religion, and, because of this nonexempt fellowship purpose which was more than insubstantial, exemption under section 501(c)(3) of the Code was denied.

In St. Louis Science Fiction Limited v. Commissioner, T. C. Memo 1985-162 (April 2, 1985), the court held that an organization failed to establish that its annual show to educate participants on science fiction did not involve more than an insubstantial nonexempt purpose of entertainment.

In your case, we find that one of your substantial purposes is to facilitate job networking information for professional b. You indicate that this helps to spread the religious messages and fellowship. However, the commingling of that professional or job purpose is inconsistent with being operated directly for charitable and educational purposes without more than an incidental serving of any nonexempt or private purpose. You indicate that the posting of c is educational. However, the c may also serve to enhance the job-related private interests of your b. In addition, a substantial portion of your website is dedicated to nonexempt activities such as contests, a trivia game, anecdotes, links, chat room, and member listings.

As in Revenue Ruling 76-206, supra, where the statements for classical music benefited the private radio station, your statements for religion are combined as part of Christian b job networking that benefits for-profit job private interests of the Christian b.

As in Christian Stewardship Assistance, Inc., supra, where there was a tax reduction benefit to Christian individuals as donors, your activities commingle b job networking and c that serve, to more than an incidental and insubstantial extent, the individual private or personal interests of the b.

As in The Schoger Foundation, supra, and as in St. Louis Science Fiction Limited, supra, the presence of your significant fellowship activities, which are more than merely incidental or required exclusively religious or educational purposes, amount to more than an insubstantial nonexempt purpose.

As in Better Business Bureau of Washington DC, supra, your purposes of fellowship, job employment network, and d purposes which are nonexempt and more than insubstantial preclude exemption under section 501(c)(3) of the Code.

Accordingly, for these reasons, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and 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 (such as Form 2848) 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 1-877-829-5500 (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 Code section 6104(c).

In the event this ruling becomes final, it will be made available for public inspection under section 6110 of the Code after certain deletions of identifying information are made. For details, see enclosed Notice 437, *Notice of Intention to Disclose*. A copy of this ruling with deletions that we intend to make when available for public inspection is attached to Notice 437. If you disagree with our proposed deletions, you should follow the instructions in Notice 437.

If you decide to protest this ruling, your protest statement should be sent to the address shown below. If it is convenient, you may fax your reply using the fax number shown in the heading of this letter. If you fax your reply, please contact the person identified in the heading of this letter by telephone to confirm that your fax was received.

Internal Revenue Service
TE/GE SE:T:EO:RA:T:2

1111 Constitution Avenue NW
Washington DC 200224

If you do not intend to protest this ruling, and if you agree with our proposed deletions as shown in the letter attached to Notice 437, you do not need to take any further action.

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

Sincerely,

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Notice 437