



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
550 Main Street
Cincinnati, OH 45202-3222

Date:
June 3, 2024
Taxpayer ID numbers (last 4 digits):

Form:

Tax periods ended:

Release Number: 202442006

Release Date: 10/18/2024

UIL Code: 501.03-00

Person to contact:

Name:

ID number:

Telephone:

Fax:

Last day to file petition with United States

Tax Court:

September 1, 2024

CERTIFIED MAIL - Return Receipt Requested

Dear _____ :

Why we are sending you this letter

This is a final determination explaining why your organization doesn't qualify as an organization described in Internal Revenue Code (IRC) Section 501(c)(3) for the tax periods above.

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) or that no part of your net earnings inures to the benefit of private shareholders or individuals. You have failed to produce records and information which demonstrate that you meet the requirements of IRC Section 501(c)(3). You are operated for the substantial private benefit of your founder, officer, and director. Your net earnings inured to the benefit of your founder, officer, and director. 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**.

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
ded.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

Lynn A. Brinkley

Director, Exempt Organizations Examinations

Digitally signed by Lynn
A. Brinkley
Date: 2024.05.31
16:00:30 -04'00'

Enclosures:

Publication 1

Publication 594

Publication 892

Form 886-A

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Name of Taxpayer	Explanation of Items	Year/Period Ended
Taxpayer ID number (last 4 digits):		

Final Report of Revenue Agent under IRC Section 7611(g)

Issues:

Whether () meets the requirements for exemption under section 501(c)(3) of the Internal Revenue Code ("IRC").

Facts:

was formed as a nonprofit corporation in the State of on . On , was voluntarily dissolved , . On , filed a Certificate of " or On , a was filed for and .

Per the Articles of Incorporation filed with the State of , is listed as the President of . In response to Information Document Request ("IDR") #1, for years ending , and , listed , and as board members and and as members of the Board .

Per the Articles of Incorporation, purpose is to "conduct the work of evangelism , create necessary to support , establish and oversee places of worship, and to and of the and to engage in activities which are necessary, suitable, or convenient for the accomplishment of that purpose, , or which are incidental thereto or connected therewith which are consistent with Section 501(c)(3) of the Internal Revenue Code".

Articles of Incorporation also include a clause stating that the corporation is organized exclusively for charitable, religious, education, and/or scientific purposes, and that no part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private purposes, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make distributions in furtherance of its charitable activities.

has not filed a Form requesting exempt status and no determination of exempt status letter has been issued by the IRS.

There are IRS Employer Identification Number (" ") assigned to and . was requested and assigned to .

In response to the IRS Church Tax Inquiry Question asking for the location of their established place of worship where regularly scheduled religious services are held, stated that its location is . This is the address of a hotel. Per the pre-conference interview on , stated that they have always been a "home church" and rented hotel space for certain activities such as . In response to IDR #2 regarding financial books and records, stated that it was not a party to any lease agreements.

In response to the IRS' Church Tax Inquiry Questions, stated their organizational structure included church employees and the employment of vendors. In response to IDR #2 requesting Form data and a vendor list, stated a vendor list was not applicable as no vendors were hired and that Forms and payroll records were also not applicable as there were no employees.

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stated that was unable to provide general ledger data or meeting minutes of the board for years ended , and because a computer hard drive failure caused the loss of such documents. provided no other documentation to substantiate that the computer hard drive failure had taken place.

No samples of organizational publications showing church activities and events have been provided.

maintains a checking account in the name of and (founder and president of). In IDR #2, the IRS requested a copy of all monthly bank statements from through . In their response, only provided the statements for through . The address on the account is the personal residence of . Bank statements list transactions that appear to be for personal purposes as outlined in Exhibit A of this Revenue Agent Report.

In IDR #3, the IRS requested a description of several transactions from bank statements which appeared to be personal in nature. In response, stated that all of the transactions in question were made to further exempt purpose and she provided a narrative description of each transaction. However, she did not provide any substantiation to support her position that the expenditures were made in support of exempt purpose. The questionable transactions include rental payments made to for roughly \$, monthly. response to IDR #3 indicated that these transactions were rental payments for the church's primary location at . Based on IRS records and .com, is the address for residence. During the examination, did not provide any documentation to substantiate claim that religious services were held at or any other location.

Other transactions included in the questionable transaction list were payments to clothing retailers, restaurants, grocery stores, a nail salon, and . According to its website, operates vacation resorts throughout the . In response to IDR #3, indicated that the payments to were "mortgage payments to which allowed the church to rent rooms with kitchen facilities to prepare meals, as many restaurants were closed or had very reduced hours due to covid." did not provide any additional documentation to substantiate her claim that the funds were used for her claimed purpose.

In IDR #4, the IRS requested documentation to substantiate position that the questionable transactions were made for exempt purposes. The IRS also requested the bank statements that did not provide in response to IDR #2 (through) as well as a copy of membership book and church bulletins. later left a voicemail for Revenue Agent indicating that she would not be responding to IDR #4 nor any subsequent requests for information. also indicated that she had dissolved . The IRS agent reviewed the State of business search website and found that filed Articles of Dissolution on , . No documentation has been provided to show how final assets were distributed.

In IDR #5, sent from IRS to , the IRS attached a copy of the Articles of Dissolution and a .com screenshot showing that address is - the same address where she indicated, in response to IDR #3, that church services took place. The IRS requested a response to IDR #5 if any of the information provided is incorrect or if taxpayer had any other comments. did not respond to IDR #5.

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Final Report of Revenue Agent under IRC Section 7611(g)

Applicable Law

IRC Section 501(c)(3) provides tax exemption for corporations and foundations that are operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treasury Regulation 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.

Treasury Regulation Section 1.501(c)(3)-1(c)(1) 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 not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treasury Regulation Section 1.501(c)(3)-1(c)(2) states 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.

Treasury Regulation Section 1.501(c)(3)-1(d)(1)(ii) states that an organization is not organized or operated exclusively for one or more of the purposes specified in IRC Section 501(c)(3) unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of 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.

For an entity to qualify as a church under IRC section 501(c)(3), the IRS applies the minimum operational requirements described in *American Guidance Foundation, Inc. v. U.S.*, 490 F. Supp. 304 (D.D.C. 1980). The IRS uses a combination of these characteristics, together with facts and circumstances, to determine whether an organization is considered a church for federal tax purposes. These characteristics include:

- Distinct legal existence
- Recognized creed and form of worship
- Definite and distinct ecclesiastical government
- Formal code of doctrine and discipline
- Distinct religious history
- Membership not associated with any other church or denomination
- Organization of ordained ministers
- Ordained ministers selected after completing prescribed courses of study
- Literature of its own
- Established places of worship
- Regular congregations
- Regular religious services
- Sunday schools for the religious instruction of the young
- Schools for the preparation of its members

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In cases where a church demonstrates that the organization is not organized and operated exclusively for religious purposes because of private benefit or inurement of net earnings, courts have held that the organization was not organized and operated exclusively for religious purposes, regardless of whether or not it is engaged in any significant religious activities. See *Unitary Mission Church of Long Island v. Commissioner*, 84 T.C. 36 (6.30.80), *The Southern church of Universal Brotherhood Assembled, Inc. v. Commissioner*, 74 T.C. 89 (9.10.80), *Basic Bible Church v. Commissioner*, 74 T.C. 72 (7-28-80), *People of God Community v. Commissioner*, 75 T.C. * (10.14.80).

Additionally, there are numerous court memorandum decisions where IRC section 170 deductions were disallowed on same basis – that the church was not organized and operated exclusively for religious purposes because of inurement or private benefit. See *Manson v. Commissioner*, T.C.M. 1980-315, *Abney v. Commissioner*, T.C.M. 1980-27, *Pusch v. Commissioner*, T.C.M. 1980-4.

Government's Position

The organization has failed to meet the operational test described in Treasury Regulation Section 1.501(c)(3)-1(c)(1), above.

The founder and officer, _____, has complete control over _____ bank account. In response to IDR #2 in which we requested all bank statements for calendar years _____ and _____, _____ only provided _____ monthly bank statements for _____ (_____ through _____). On these statements, there were several transactions that appear to be personal in nature. A list of these questionable transactions is attached on **Exhibit A**. These transactions include payments to _____ for rent, _____, restaurants, grocery stores, and clothing retailers.

In IDR #3, we asked _____ to describe the purpose of the transactions listed on Exhibit 1 and provide documentation to demonstrate that these expenditures were made for a business, not personal, purposes. In her response to IDR #3, _____ indicated that all of the expenditures were made for an exempt purpose. For instance, she indicated that the payments to _____ were rental payments for the church's use of space at _____. According to our records and a public internet search on _____ .com, this is the address of _____ personal residence. _____ did not provide any additional documentation to substantiate her position that the expenditures were made for a business purpose.

As stated in Treasury Regulation Section 1.501(c)(3)-1(c)(1), "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 not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose." For the _____ months of bank statements provided, there is no evidence to support the taxpayer's assertion that the expenditures made were exempt purpose expenditures and not for personal purposes. The IRS requested documentation to support her claims in IDR #4 and _____ left the IRS Agent a voicemail indicating that she would not be responding to IDR #4 nor any subsequent IRS requests for information.

There is evidence that _____ is being operated for private rather than public interests due to the control of assets being under the exclusive control of the President, _____ and evidence of personal expenditures from _____ assets that personally benefit _____. Due to the inurement, _____ cannot demonstrate that it is organized and operated exclusively for religious purposes, regardless of whether it engaged in religious activities. _____ appears to be a vehicle for _____ to pay her personal expenses.

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also does not meet the criteria to be considered a church for federal tax purposes based on its characteristics and the relevant facts and circumstances. does have a separate legal existence and a recognized creed and form of worship. However, there is no evidence of an active governing board nor has the church provided evidence of rules governing their leaders and clergy nor how they are communicated. There is no evidence there is any other clergy associated with other than and no evidence of a seminary or school specific to developing the organization's religious leaders. There is historic evidence that operated under the name of thereby making it difficult to determine has a distinct religious history unique to itself only.

There has been no evidence provided that has a membership base that is exclusive to . No literature has been provided to evidence has its own distinct body of literature such as books, manuals, speeches, and/or procedures for religious rites and services. provided an address of its physical location as a but there is no corresponding evidence that held religious services in that location or any other location during the examination years. has also stated that services have also been held in the home of . did not provide any evidence that regular religious services were held nor did it provide any evidence that it had members (regular congregation).

Based on the above analysis of the facts and circumstances, does not qualify for exemption under IRC Section 501(c)(3).

Conclusion

does not qualify for exemption under IRC section 501(c)(3) for the reasons stated above. Consequently, we are proposing revocation of tax exemption for tax years ended , and .