



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

TNX EXEMPT NND
GOVERNMENT ENTITIES
DIVISION

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Contact Person:

Identification Number:

Telephone Number:

UIL Number: 170.07-01

Employer Identification Number:

Legend:

N =

Dear -----:

You request a ruling you qualify as a church within the meaning of sections 509(a)(1) and 170(b)(1)(A)(i) of the Internal Revenue Code.

Facts

N is exempt under section 501(c)(3) of the Code and is described in sections 509(a)(1) and 170(b)(1)(A)(vi) as a religious organization. It was also classified as a religious order in a private letter ruling.

N employs over 1,300 staff members and operates through more than 25 ministry divisions in the United States. It has over 2,000 volunteers. It is also active in 110 countries outside of the United States. It ministers to over twenty thousand people weekly throughout the United States and abroad, including 500 weekly bible studies and over 100 weekly worship meetings. N operates several camp programs, ministering to over 2,500 students. Worship services are conducted daily at camp.

Attendance at various N worship services varies widely. Worship services may include only a few persons at a small bible study group, or as many as 500 persons at a regional or national conference, or more than 2,500 persons at an N camp. Weekly worship services attendance typically averages 10 to 15 people.

In addition to worship services, N ministry staff conducts several other forms of religious services, including, but not limited to, marriages, funerals, communion, bible studies, and prayer meetings.

N has a written Statement of Faith which encompasses the basic tenets of the Christian faith. All Board members, officers, and ministry personnel of N are required to affirm their belief in and adherence to the Statement of Faith. N has a Faith and Conduct Policies for all of its staff and volunteers. All N's staff and volunteers are required to renounce other world views or religious beliefs to the extent such other beliefs are inconsistent with, or contradict, N's Statement of Faith, Mission Statement, and other conduct policies as provided in the Faith and Conduct Policies. N staff, volunteers, and teenage attendees are not required to renounce their memberships in other churches or religious orders in order to participate in N.

N has a formal code of doctrine and discipline for its followers. All N staff and volunteers must subscribe to the N Statement of Faith, Mission Statement, and other conduct policies. Failure to abide by these policies can lead to disciplinary measures, including termination of employment with N, or a ban from serving N as a volunteer.

N operates Sunday schools for the religious instruction of the young. It also provides religious instruction via its weekly worship and bible study meetings, programs, and camps.

N has its own religious literature including books, handbooks, pamphlets, and manuals used for Bible studies. N has set up an entire division which publishes ministry and religious materials.

N ministry personnel are required to complete a minimum amount of religious education, although formal ordination is not required. This minimum training for the ministry personnel requires that the ministry personnel demonstrate prior ministry experience, Biblical knowledge, and a desire for additional religious education. These courses provide training in basic Christian theology, philosophy, and methodology of youth outreach. Courses are also offered on Biblical knowledge, evangelism, discipleship, leadership development, cultural differences, relational skills, financial stewardship, and other areas. The courses are taught by N staff, some of whom have some advance degree (e.g., a Masters of Divinity) and/or substantial ministry experience, or by faculty from various seminaries. Approximately 400 of its staff members are ordained or licensed currently. N does require its ministry personnel complete a significant course of study and also encourages formal religious training by offering sabbaticals to its ministry personnel to pursue such training and ordination. N also requires ongoing religious training of its staff and volunteers. N also holds certain commissioning services for its religious order members, and for some of its missionaries going to a foreign mission field.

N's religious hierarchy and ecclesiastical government are similar to many denominations. N is governed by a Board of Directors. Its chief executive officer is the President of N. A number of divisional Senior Executive and Ministry Team officers serve under the President and they oversee ministerial directors. The ministerial directors oversee the activities of their specific ministries, which are directly run by pastors, lay leaders, and volunteers. As such, the N ministries are the equivalent of local churches and the ministerial directors are, in essence, local pastors. N's President serves in the same type of spiritual overseer role as the president of any denomination and the Board of Directors is the equivalent of any denomination's board of elders.

All N areas have established places of worship. In addition, each N camp has a chapel where staff, volunteers, and campers hold worship services. N's central offices and its other offices throughout the world serve as established places of worship, as staff and volunteers working in those offices and in the areas hold regular devotions, prayer times, and Bible studies. Regular worship services are held at all of N's facilities.

N states none of its funds or property will be used by any officer, director, employee, minister or pastor for his or her personal needs or convenience. No officer, director or trustee is related by blood or marriage. Several Board members and officers receive compensation from N for services rendered for working 40 hours or more per week. N has a conflicts policy in place. N has no for-profit or non-profit subsidiaries.

Law

Section 509(a)(1) of the Code provides that the term "private foundation" means a domestic or foreign organization described in section 501(c)(3) other than an organization described in section 170(b)(1)(A) [other than in clauses (vii) and (viii)].

Section 170(b)(1)(A)(i) of the Code describes a church or convention or association of churches.

In American Guidance Foundation, Inc. v. United States, 490 F. Supp. 304 (D.D.C. 1980), the court recognized the Service's 14-part test in determining whether a religious organization was a church. The 14 criteria are:

- 1) a distinct legal existence;
- 2) a recognized creed and form of worship;
- 3) a definite and distinct ecclesiastical government;
- 4) a formal code of doctrine and discipline;
- 5) a distinct religious history;

- 6) a membership not associated with any other church or denomination;
- 7) an organization of ordained ministers;
- 8) ordained ministers selected after completing prescribed studies;
- 9) a literature of its own;
- 10) established places of worship;
- 11) regular congregations;
- 12) regular religious services;
- 13) Sunday schools for religious instruction of the young and;

14) schools for the preparation of its ministers.

In Chapman v. Commissioner, 48 T.C. 358 (1967), an interdenominational organization performed dental work for missionaries and helped to promote the evangelization of the world. The court held that this was not a church.

United States v. Seeger, 380 U.S. 163, 176 (1965) provides that in order for an organization to be considered religious in nature, its members must have a sincere and meaningful belief in its doctrine, occupying a place in members' lives parallel to that filled by God in the lives of traditionally religious persons.

In De La Salle Institute v. United States, 195 F. Supp. 891 (N.D. Cal, 1961), the court determined that an incorporated religious teaching order which performed no sacerdotal functions was not a church.

In Foundation of Human Understanding v. Commissioner, 88 T.C. 1341 (1987), the court found that an exempt organization that operated a radio ministry for the purpose of improving spiritual health and self-awareness could be a church.

Rationale

The question is whether N is a church described in section 170(b)(1)(A)(i) of the Code. On this question, American Guidance Foundation, supra, is helpful because it provides a 14 point test to determine what is a church.

N meets most of the 14 point criteria in American Guidance Foundation. N is fully incorporated and has a distinct legal existence. It has a creed and form of worship recognized by its members. It has a formal code of doctrine and discipline as evidenced by N's Statement of Faith and Mission Statement. As a church organization, N has a definite and distinct ecclesiastical government committed to the formation of local ministries (*i.e.*, local churches) adhering to a common and distinct doctrinal position. The spiritual leadership of N oversees and exercises spiritual authority over

the N areas in the U.S. and also 110 countries. Also, N conducts, through weekly bible studies, weekly worship meetings, and its camps, regular worship services at established locations.

N doesn't ordain ministers, however, it does encourage formal levels of religious education, and over 400 of its employees are ordained ministers or currently licensed. N requires ongoing religious training of its staff and volunteers. N has literature of its own.

N does not have an official established place of worship, in the sense there is a specific building called a church in each area where religious services are held. However, N has weekly services, at specific locations, in various cities and rural areas. In that sense, each specific location in each area is an established place of worship for the N attendees. N has over 100 weekly worship services. Depending on the location of each service, N has a regular congregation average of between 10 and 15 people. N also has regular religious services at its weekly bible studies classes, camps, and its regional and national conventions. While it does not have formal schools for the preparation of its ministers, it has a training program for its staff and volunteers.

N does not have a traditional membership because its attendees include many teenagers, adolescents, and college students. However, the fact remains that numerous people attend N's

weekly services, attending either the bible studies classes, or the worship services. Also, over 10,000 college students throughout the U.S. attend N's programs throughout the year, and over 2,500 students attend worship services through N's camps. These statistics show a significant number of people associate themselves with N on a regular basis which is the equivalent of membership.

Therefore, because the vast majority of the American Guidance Foundation criteria are present, N qualifies as a church within the meaning of section 170(b)(1)(A)(i) of the Code.

Conclusion

Accordingly, based on the information furnished, we rule N qualifies as a church within the meaning of sections 509(a)(1) and 170(b)(1)(A)(i) of the Code.

This ruling is based on the understanding there will be no material changes in the facts upon which it is based.

This ruling does not address the applicability of any section of the Code or regulations to the facts submitted other than with respect to the sections described.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides it may not be used or cited as precedent.

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

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 representative.

Sincerely,

/s/

Debra J. Kawecki, Esq.
Manager, Exempt Organizations
Technical Group 1