



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

NO POSTAGE NECESSARY
If Mailed in the United States
Return to: Internal Revenue Service - Civil
Division

-yellow-

Date:

[REDACTED]

[REDACTED]

NAME: [REDACTED]
SURNAME: [REDACTED]

Contact Person:

[REDACTED]

ID Number:

[REDACTED]

Telephone Number:

[REDACTED]

Employer Identification Number:

[REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted shows that you were formed on [REDACTED] as an unincorporated association.

Your stated primary purpose is to spread the Gospel by sharing the Love of Jesus Christ with a lost and hurting world. You described your activities by the following categories in descending order of importance.

1. Display of [REDACTED] Car (since [REDACTED])

The Lord Jesus has called me to be an evangelist. He met me where I was approximately 10 years ago. I was an intermittently arrogant, hot-headed, aspiring race car driver who like a lot of educated American Jews was more of an atheist than a theist. Coming into a relationship with Christ has changed many things and produced a great deal of soul searching as I have studied the Scriptures, attended seminary, and spent time with the Lord. It has taken some time to decide what should stay and what should go given that not all of my prior interests were intrinsically sinful. My passion for racing has not subsided in three years of seminary. My professors who are all very conservative Bible scholars with doctorates are fairly unanimous in their feeling that God can make wonderful use of an enthusiastic race car driver with a formal education in theology and expository preaching. They feel (and I agree) that I will make a better witness for Christ doing something I love than I would as a pastor who wished he were racing.

Accordingly, the majority of the organization's time and money will be dedicated to displaying the race car in an effort to attract attention from enthusiasts young and old who might otherwise not be interested in the Gospel. The enclosed advertisement from [REDACTED] Times will give something of the flavor of these activities. The organization intends to focus approximately [REDACTED] per year (an estimated [REDACTED] % of your budget) directly on items including but not limited to maintenance, licensing, entrance fees, safety equipment, tires, gasoline and advertising of my racing activities and other appearances with the [REDACTED] car.

████████████████████
Display of the ██████████ car is probably the most unique aspect of the organization and is a relatively novel way of supporting the top level goal of evangelism or sharing the love of Christ.

2. Distribution of Inspirational Posters and Literature (since April 95)

Where race cars go, racing posters are sure to go along. When I donated one of my race cars to ██████████, I autographed ██████████ posters of the car. The posters contained a Bible verse and a brief statement describing my coming to know the Lord. My intent was to encourage people that God could use them despite whether their yesterdays were wholesome or not (as in my case).

Whenever I have taken the ██████████ car to car shows and parades, I have given out the posters of the car that is in the ██████████. The organization intends to make similar posters of the ██████████ car and distribute them in similar fashion.

This activity supports the exempt purpose of spreading the Gospel by giving people an eye-catching, tangible gift which bears the message of the Cross (or a portion thereof) that has proven popular and suitable for decorating cubicles, garages, recreational rooms, etc.

3. Preaching/speaking (since ██████████)

I enjoy public speaking immensely and split my speaking activities evenly between speaking in secular and Christian settings. In the secular settings, I give encouragement to young people to pick a goal and dedicate themselves to it. I don't typically touch on anything theological in this type of venue although a lot of the principles such as practicing what one preaches and making the most of one's gifts are elements that I use in a sermon in a church setting.

I anticipate doing more preaching/speaking in time on behalf of the organization. The organization will add additional speakers should such opportunities arise.

4. Playing and singing of worship music (██████████)

At some speaking engagements, I lead the participants/congregation/audience in musical worship. I have been playing keyboards for over ██████████ years and singing for about ██████████ years. I have been in and out of recording studios for the past ██████████ years. I anticipate no appreciable expenses associated with my performing music at various functions.

5. Feeding/hospitality (since ██████████)

I started renting the ██████████ in ██████████ and buying pizza for all of the homeless people that lived in ██████████. We don't anticipate a major emphasis of the organization's racing evangelistic ministry to be caring for the homeless, but I did learn the value of sharing a no-strings-attached, no-hidden-agenda hot meal with lost and hurting people. I would give an honest, unashamed presentation of the Gospel while we all ate pizza and there was a great deal of mutual respect fostered with or without total agreement.

The organization anticipates spending an estimated \$██████████ per year on this type of feeding/hospitality as a secondary support function at car shows and speedways where I will be driving.

[REDACTED]

The information submitted shows that your founder, [REDACTED] was an owner and driver of racecars. He also has a Graduate-level Certificate in Biblical Studies from [REDACTED]. The information shows that your primary activity will be the use of a racecar with the advertisement of [REDACTED]. You founder will be using this racecar for speaking engagements in secular and sacred settings and to enter races. The proceeds from any speaking engagements and racing winnings will be turned over to the organization to further your charitable, educational and religious endeavors. You will be spending the majority of your budget for the upkeep and repair of your racecar. Your Board of Directors, as provided by your bylaws, shall consist of the President, three officers that he has appointed and additional officers appointed by the Board of Directors. The information submitted shows that [REDACTED] is President and [REDACTED]. There are three other members. [REDACTED] has submitted information showing that [REDACTED] will not vote on any financial transaction that he has a financial interest. However, on all other transactions [REDACTED] has [REDACTED] % of the voting power.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations that are organized and operated exclusively for charitable, educational and religious purposes, no part of the net earnings of which inures to the benefit of any individual.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(c)(3), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. An organization that fails to meet either the organizational or the operational test is not exempt.

Section 1.501(c)(3)-1(c) of the regulations provides that an organization will not be regarded as "operated exclusively" for one or more exempt purposes if more than an insubstantial part of its activities is not in furtherance of a purpose described in section 501(c)(3) of the Code.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet these requirements, 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.

Section 1.501(c)(3)-1(d)(2) of the regulations states that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense. Such terms includes: relief of the poor and distressed or the underprivileged; advancement of religion; advancement of education or science; erection or of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and to combat community deterioration and juvenile delinquency; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

The presence of a single purpose not described in section 501(c)(3) of the Code, if substantial in nature, will preclude exemption under section 501(c)(3) regardless of the number

[REDACTED]

or importance of truly exempt purposes. See Better Business Bureau v. U.S., 326 U. S. 279 (1945), Ct. D. 1650, 1945 C.B. 375.

In Harding Hospital, Inc. v. United States, 505 F2d 1068(1974), the court held that an organization seeking a ruling as to recognition of its tax exempt status has the burden of proving that it satisfies the requirements of the particular exemption statute. Whether an organization has satisfied the operation test is a question of fact. In this situation the hospital was held not entitled to exemption under section 501(c)(3) of the Code because it limited its admissions and emergency room care substantially to a private group of patients.

In Old Dominion Box Co. v. United States, 477 F 2d. 344 (4th Cir.1973) cert. denied 413 U.S. 910 (1973), the court held that operating for the benefit of private parties constitutes a substantial non-exempt purpose.

In B.S.W. Group, Incorporated v. Commissioner, 70 T.C. 352, the court held that an organization which operated at a profit whose only role is that of a conduit linking individual researchers with interested client organizations, both exempt and nonexempt, did not qualify for exemption under section 501(c)(3) of the Code. It was conducting a consulting business of the sort which is ordinarily carried on by commercial ventures organized for profit.

Rev. Rul. 66-179, 1966-1 C.B. 139 describes certain situations in which a "garden club" may qualify as a charitable or educational organization described in section 501(c)(3) of the Code, a civic organization described in section 501(c)(4), a horticultural organization described in section 501(c)(4), a horticultural organization described in section 501(c)(5), or a social club described in section 501(c)(7) of the Code. A "garden club" that is operated under section 501(c)(3) of the Code must be operated for public purposes with no net earnings inuring to the benefit of any private shareholder or individual.

It is incumbent upon an organization seeking recognition of its tax exempt status to carry the burden of proving that it satisfied the requirements of the particular exemption statute. Whether an organization has satisfied the operational test is a question of fact. See Harding Hospital, Inc. v. United States, *supra*. In addition, activities which directly benefit private interests, if more than insubstantial, will preclude exemption. See Old Dominion Box Co. v. United States, *supra*.

The providing of religious information to the public is a recognized charitable activity under section 501(c)(3) of the Code. However, you failed to submit sufficient information for us to conclude that your operations will satisfy the operational requirements for exemption under section 501(c)(3) of the Code. More specifically, you have not established that your founder, [REDACTED] is not benefiting from his hobby of racing cars and your activities of his using of a racecar in furtherance of your charitable, educational and religious activities. In addition, there is further inference that your founder, [REDACTED] is benefiting in more than an insubstantial amount from your organization in that [REDACTED] control your organization. Accordingly, we conclude that you serve the private interests of your founder, officer and director, [REDACTED]. See Old Dominion Box Co. v. United States, B.S.W. Group Incorporated v. Commissioner, and Rev. Rul. 66-179 *Supra*. Since these purposes are substantial in nature, it would preclude you from qualifying for recognition of exemption from federal income taxes under section 501(c)(3) of the Code. See Better Business Bureau of Washington, D.C., Inc. v. United States, *supra*.

[REDACTED]

Accordingly, 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, 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 copies will be forwarded to your key district office. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
[REDACTED] T:EO:RA:T:2
1111 Constitution Ave, N.W.
Washington, D.C. 20224

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

Sincerely,

[REDACTED]
[REDACTED]
Manager, Exempt Organizations
Technical Group

[REDACTED]