

Faith Based Philanthropy

Churches and Other Religious Organizations

2018 NONPROFIT ORGANIZATIONS INSTITUTE

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Religious Organizations and the Internal Revenue Code

170(b)(1)(A)(i) Church or Convention or Association of Churches

Church

- 14 criteria with 2 of them being critical

Convention or Association of Churches

Other Religious Organizations

Integrated Auxiliary

Mission Society

Integral Agency of a Church

Religious Order

Activities of a Church

"Plaintiff enjoys the advantages of separate incorporation under the civil law, and it must bear the disadvantages" - *De La Salle Institute v. U.S.*, 195 F. Supp. 891 (N.D. Cal. 1961)



Activities of a Church



SMLLC



Integrated Auxiliary

- Born in 1969
- Cantankerous youth (1976 to 1985)
- Fine young adult (since 1986)

An “integrated auxiliary” is an organization that is:

- 1) Described both in sections 501(c)(3) and 509(a)(1), (2), or (3);
- 2) Affiliated with a church or a convention or association of churches; and
- 3) Internally supported.

Some organizations are considered integrated auxiliaries if they meet the criteria in (1) and (2), regardless of whether or not they are internally supported.

Internal Support Test

An organization is internally supported unless it *both*—

- a) Offers admissions, goods, services, or facilities for sale, other than on an incidental basis, to the general public (except goods, services, or facilities sold at a nominal charge or for an insubstantial portion of the cost); and
- b) Normally receives more than 50 percent of its support from a combination of governmental sources, public solicitation of contributions, and receipts from the sale of admissions, goods, performance of services, or furnishing of facilities in activities that are not unrelated trades or businesses.



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"Faith Based Philanthropy: Churches and Other Religious Organizations"