

Washington, DC 20224

FEB 6 1980

David Ingles Ministries, Inc.
1008 N. Hickory
Broken Arrow, OK 74102

Person to Contact:
John F. Donoghue
Telephone Number:
(202) 566-6661

Refer Reply to:
E:EO:T:R;2-6

Date: JAN 25 1980

Employer Identification Number: _____
Key District: Dallas
Accounting Period Ending: December
Form 990 Required: / / Yes /X/ No
Foundation Status Classification: 509(a)(1) and
170 (b)(1)(A)(i)

Gentlemen:

This is a final adverse ruling as to your exempt status under section 501(c)(3) of the Internal Revenue Code for your taxable years beginning prior to January 1, 1978.

Our adverse ruling was made for the following reasons:

You were neither organized nor operated exclusively for exempt purposes within the meaning of section 501(c)(3). You were operated for a more than insubstantial commercial purpose. Your net income inured to the benefit of private shareholders or individuals. Lastly, you were serving private rather than public interests.

Contributions to your organization are not deductible under section 170 of the Code from the date of your inception through December 31, 1977.

You are required to file federal income tax returns on Form 1120 for the years ending December 31, 1976, and December 31, 1977. These returns should be filed within 30 days from the date of this letter unless a request for an extension of time is granted. Processing of income tax returns and assessments will not be delayed because a petition for declaratory judgement has been filed under section 7428 of the Code.

If you decide to contest the denial from recognition of exemption from federal income tax under section 501(c)(3) of the Code for years prior to January 1, 1978, under the declaratory judgement provisions of section 7428 of the Code, a petition to the United States Tax Court,

David Ingles Ministries, Inc.

the United States Court of Claims, or the district court for the District of Columbia must be filed within 90 days from the date this ruling was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for a declaratory judgement.

Based on the additional information submitted as set forth below, we have determined that, effective January 1, 1978, you are exempt from federal income tax under section 501(c)(3) of the Code. Our ruling letter dated March 30, 1979 is hereby modified for the period subsequent to December 31, 1977.

You have established that David Ingles is the sole copyright owner of the musical recordings and sheet music that is distributed by David Ingles Ministries, Inc. These musical recordings, tapes and items of sheet music have been marketed by the John T. Benson Company of Nashville, Tennessee. During 1978 David Ingles received royalty checks from the Benson Company on a quarterly basis reflecting royalties resulting from sales by the Benson Company of these items. You advise that it was David Ingles consistent practice to endorse such royalty checks upon receipt, and deposit them in the corporate account of David Ingles Ministries, Inc. At no time did David Ingles retain such royalty checks or receive any portion of their proceeds personally.

You further advise that David Ingles Ministries, Inc. will not advance any part of production costs of any new recordings created or produced by David Ingles in 1979, or future years. David Ingles will own the copyrights and publication rights, to any new recordings that he may produce in 1979 or future years. David Ingles will receive all royalties.

In addition, you have advised that the David Ingles Ministries, Inc., will not publicize, advertise, sell or distribute any new recordings by David Ingles, or any new recordings in which David Ingles possesses a financial interest, unless it is first contractually agreed as a condition of any such advertising, sales or distribution activity by the corporation that David Ingles will assign all royalties entirely to the David Ingles Ministries, Inc.

The David Ingles Ministries, Inc. was incorporated in the State of Oklahoma on November 29, 1976. The church is operated under the name of the Walnut Grove Church. David Ingles, who serves as the pastor, is an ordained minister in the State of Oklahoma.

David Ingles Ministries, Inc.

You hold regular Sunday worship services at your local church facility and the average attendance is almost 250 people.

You hold crusades and camp meetings at various churches through-out the United States and at your local church facility.

The David Ingles Ministries Inc. makes available to the public religious books, literature, sheet music, recordings and tapes. The proceeds received from the sale of the above mentioned items, is used entirely for the support and enlargement of the Walnut Grove church and other religious ministries carried on by the corporation.

Based upon the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, effective as of January 1, 1978.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 170(b)(1)(A)(i).

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also, you should inform your key District Director of all changes in your name or address.

Generally, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. If you have paid FICA taxes without filing the waiver, you should contact your key District Director. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have questions about excise, employment, or other federal taxes, contact any Internal Revenue Service office.

David Ingles Ministries, Inc.

Donors may deduct contributions to you as provided in section 170 of the Code, as of January 1, 1978. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

The box checked in the heading of this letter shows whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is checked, you are required to file form 990, only if your gross receipts each year are normally more than \$10,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this action. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

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

Sincerely yours,

E. D. Coleman

E. D. Coleman
Chief, Exempt Organizations
Technical Branch