



OFFICE OF

JACK STONE

GENERAL SECRETARY / HEADQUARTERS OPERATIONS OFFICER

CHURCH OF THE NAZARENE • INTERNATIONAL HEADQUARTERS

May 9, 2000

RE: Lima Community Church of the Nazarene
2945 N. Cole Street
Lima, OH 45801

To Whom It May Concern:

This letter is in response to your inquiry concerning the tax exempt status of the Church of the Nazarene.

The General Board of the Church of the Nazarene, which is the corporate vehicle of our denomination, enjoys federal tax exemption, and in some instances also, state and local tax exemption, contingent upon the federal ruling.

The General Board and any of its subordinate units are not required to file federal income tax returns so long as they retain their present tax exempt status, which is given them as described in Section 501 (c)(3) of the Internal Revenue Code. The Lima Community church is a part of the Church of the Nazarene and is a "subordinate" unit for this purpose.

I am enclosing a copy of a letter received from the Internal Revenue Service regarding the tax exemption of the church. This should give you sufficient evidence of the tax exempt status of the Church of the Nazarene.

Sincerely,

JACK STONE
General Secretary /
Headquarters Operations Officer

JS/ab

enclosure

TAX STATUS AND REQUIREMENTS OF LOCAL CHURCHES CHURCH OF THE NAZARENE

1. The General Board of the Church of the Nazarene (corporation name) and its subordinate units, including local churches, are tax exempt organizations, not subject to income tax, except on Unrelated Business Income.
2. Most contributions to the general funds of the Church of the Nazarene and its subordinate units, including local churches listed in the church directory are deductible for income tax purposes. Some contributions may not be deductible by individuals due to the nature of the contribution and the facts involved. Local legal counsel may be necessary to determine some questions relating to deductibility of some contributions.
3. Copies of the DETERMINATION LETTER indicating the Church of the Nazarene and its subordinate units are exempt for income tax purposes, and that contributions to this church are deductible are available from the Office of the General Secretary, 6401 The Paseo, Kansas City, MO 64131.
4. The Church of the Nazarene, including local churches, is exempt from Federal Unemployment Tax.
5. Local churches must obtain their federal identifying number and furnish this to banks and other payers of interest, dividends. To do this, obtain forms SS-4 from the local IRS service, (Rev. Rule 63-247, C.B. 1963-2, 612).
6. Churches must apply for their own identifying number on form SS-4 in order to comply with IRS requirements in filing annual wage statements for W-2; and to comply with IRS requirements (Rev. Proc. 72-41, 9/11/72) for all subordinate units under the IRS group ruling. The reports of the subordinate units are kept current annually by the General Secretary.
7. Churches which hire non-ordained employees (office secretary, custodians, etc.) and District Licensed laymen, must withhold income tax and FICA from their wages. See Circular E (obtainable from IRS) for complete details.
8. Churches need not withhold income tax or social security from ordained or district-licensed ministers, pastors, evangelists, and other clergy who perform full function of the ministry, including administering the sacraments. Such persons are considered self-employed for social security purposes and must file estimated tax returns and pay estimated taxes quarterly on form 1040ES. However, it is now possible for churches and/or ordained/district-licensed personnel to enter into a voluntary agreement to withhold income tax and make deposits for the ordained personnel, including the pastor. Such withholding must be deposited quarterly, reports (Form 941) must be made and a W-2 statement of wage given at year end. More detailed information can be secured from your local IRS.
9. Local churches which wish to obtain a bulk mail permit for non-profit organizations usually must have a copy of the DETERMINATION LETTER (paragraph 3) and verify tax exempt status. The Church of the Nazarene and its subordinate units are listed as tax exempt organizations in "IRS Cumulative List of Exempt Organizations Publication 78".

JACK STONE
General Secretary

INTERNAL REVENUE SERVICE
District Director

DEPARTMENT OF THE TREASURY
1100 Commerce St., Dallas, TX 75242

GENERAL BOARD OF THE CHURCH OF THE
NAZARENE
6401 THE PASSED
KANSAS CITY MO 64131-1284

Person to Contact:
Customer Service Division

Telephone Number:
1-800-829-1040

Refer Reply to:
EP/EO:MC 4940 DAL

Date:
April 7, 1998

Dear Sir or Madam:

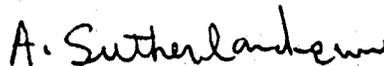
Our records show that General Board of the Church of the Nazarene is exempt from Federal income tax under Group Ruling Number 1588 of section 501(c)(3) of the Internal Revenue Code. This exemption was granted July 12, 1963 and remains in full force and effect. Contributions to your organization are deductible as provided by section 170 of the Code.

We have classified this organization as one that is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code because it is an organization described in section 509(a)(1) and 170(b)(1)(A)(i).

This letter may be used to verify your exempt status.

If we may be of further assistance, please call the telephone number listed above, or write to us at the address in the letterhead, Mail Code 4940 DAL.

Sincerely,



A. Sutherland
Chief, Quality Review