

## **WHAT YOU CAN DO WITH YOUR "SELF-SUPPORTED MINISTRY" FROM: TRINITY FREEDOM MINISTRY, SSM**

*DISCLAIMER: This information is a simple compilation of general research on this subject. Receiving party agrees not to interpret nor ever claim anything in this article or website is legal, accounting, or tax advice, now or in the future. Do you own homework and choose wisely.*

Many people have asked, "Is there a list of things one's **"Self-Supported Ministry" SSM**, can do that might help us ascertain the value of having our own SSM? Here is a reply originally prepared by Dr. R. J. Humpal, (JD) who was the one who "developed" the first known written "Declaration of Self-Supported Ministry" of an un-incorporated organized church/ministry as the "otherwise" described in Title 26 USC (IRS Code) (some sections revised):

1. **Operate in complete privacy.** Since the SSM is **not** incorporated, it is a *private* entity, that is the "exception" rather than being "exempt" from many regulations regularly associated with government registered entities such as 501(c)3 corporations. Therefore, you may now lawfully operate in *greater* privacy. However, do not interpret this as a way to hide assets from anyone or from government agencies.
2. **Individuals may receive an income tax deduction.** All donations made to your SSM from yourself, friends, relatives, clients, patients and fund raising events are generally fully deductible from the donor's taxes as provided by law. Advise them to seek legal or accounting counsel. But you may refer to section 508 IRC to provide them your status\*.
3. **Receive donations or gifts of all kinds of assets.** Your SSM may accept donations of all kinds of assets. This may include Real property – yes virtually free real estate, stocks or LLC interests, vehicles, boats, planes, clothing, furniture and money. Gifts (donations), to your SSM are normally removed from Estate, Gift and Capital Gains tax exposure for the giving party\*.
4. **Receive funds from deferred gifts.** Your SSM may receive donations from wills, trusts, life insurance or any other deferred gift.
5. **Less exposure from liability of lawsuits.** By placing *all or most* of your assets into a SSM, attorneys may have a harder time trying to collect any judgments against you personally if they are attacking you personally. If they can collect anything at all. As a plan B this can be further enhanced by placing **UCCI liens against assets** you personally still hold in the asset, but the asset is pledged for the use of the Ministry (if not actually deeded to the ministry), such as cars, RV's, business interests, rea estate, etc). The Ministry being the Creditor, and you being the debtor in those instances.
6. **May reduce your own personal tax liability.** By receiving "income" into the SSM, your own personal tax liability may be reduced. Many have done this by having your employer make the payroll checks out in the name of the SSM or wire the funds directly to the SSM's bank account\*. Confer with accounting counsel of course. However, a far as personal income taxation, you might read [www.super-scam.com](http://www.super-scam.com) to learn about the history of income tax and how it may apply to you, then you decide what is right for you.
7. **Reduce your business's tax liability.** By making the SSM the lawful owner of most of the stock or ownership in an existing business (via a stock or donation), the revenue will flow through to the SSM, and the resulting income from business's tax liability may decrease\*.

8. **Open bank accounts all over the world.** There is no need to have a risky or controversial "off-shore" trust or corporation since a SSM is allowed to exist all over the globe. However, one may have to physically open the account in another country and given the bank a local address for your SSM. Please use full disclosure to any governing authorities.
9. **Gifts to other Countries.** U.S. "Taxpayers" generally cannot deduct gifts to overseas charitable projects unless they do so through another USA based charity, such as the SSM.
10. **Personal compensation for the work you do.** A SSM is allowed to provide for the payment of anyone that works for it. This can be done by using the "Workers Contract" that is provided in all of the Self Supported Ministries provided. Since FRNs (Federal Reserve Notes) are used as "payment" (exchange), the transaction should not be a taxable event according to United States Code. Opinions suggest FRNs are "Obligations of the United States". "Obligations" are not taxable, unless you or your entity is a corporation or a *public* organization\*.
11. **Allow your SSM to make the payment for most expenses.** All expenses that are required for the operation and growth of the SSM are allowed. Yes, you may have the SSM pay for your transportation, clothing, food, and shelter. (Remember, you are working for God now)
12. **Bank accounts are more private.** The checking account set up for the SSM does not commonly have a social security number associated with it as the primary ID. However, the bank may want to check your own social security for personal identification and signatory only. Every bank should open up an account without having any "DBA" associated with it. Remember, the SSM is not a traditional business in the commercial world.
13. **You are in control.** Since there is no "trustee" or "office of the president" involved in the SSM, you can be directly involved with all of the legal transactions regarding the SSM.
14. **No ending date for the SSM.** The SSM does not have a date where it comes to an end. There is no ending date for any reporting because there is nothing to report.
15. **Ministries generally are not taxable.** The private SSM/ Churches are not required to file a tax return (see IRC section 508 for details and guidelines – do your own study). But do not abuse this, and follow guidelines.
16. **Non-political.** The SSM is not political in any manner even though it may be "created" by contract somewhere in the united states of America. However, the SSM may write or verbally "report" to others regarding the truth or opinion of any matter going on world-wide.
17. **May be funded or supported by other businesses.** Since the SSM is just that--a SELF-SUPPORTED Ministry--to survive, it *must* be supported/financed by activities that generate revenue (such as an LLC or corporation). This can be done by having *some or all* of your "supporting business" profits or revenue route directly into the account of the SSM. In fact, the SSM itself can, and should have activities that support itself. Remember, the SSM is *SELF-SUPPORTED!*
18. **Not regulated by the Government as a State Registered Corporations, such as an entity controlled by the Secretary of State of any state.** If one doesn't grant jurisdiction all or in part, as a "public entity", jurisdiction basically doesn't apply. Remember the Amish? They can build what they want on their property without "code enforcement" from the government. They do not need licenses to operate. They are left alone by the government. The SSM should be operated just like they operate their "work". If they can do "it", then the SSM can do "it".
19. **Your self-esteem.** Your light should shine among men so that they might see what you do. If everyone who calls himself a Christian and has a ministry purpose, could use an SSM. Provisions

is required to fulfill most missions. Now you are actually working for God, rather than for "men". This will have a great effect on one's attitude. After all, Christ said "Carry your OWN cross". We should not to let someone else carry it. Now you're "giving" is not just a tenth. It is now EVERYTHING that you have, own, and will do. (Get the picture?)

**20. Enhance your ability to influence your children.** Many who have a SSM enjoy the opportunity to impact their families by "leading by example" not only in the home, but also in their church and community. You can now add "significance" to your lifetime of work.

**21. Other considerations.** Perhaps the worst thing for an older person to have are *assets*. Many older people have had all of their hard earned assets levied on and actually had them taken (stolen) by the government by being admitted to a health care facility. If one is wealthy, the wealth can actually be "used" up quite fast and nothing will be left for their heirs. By placing all of their assets, *ahead of time*, into a SSM or other lawful similar private trust entities, they can now lawfully state that they do not "own" anything and can now be fully covered by federal and/or state coverage such as Medicare. If they are in need of anything, the SSM can take care of them. The SSM can be managed by them until their designated successor takes over. Remember, the SSM does not die. As an entity, it can "live" forever, just as many private trusts have supported the rich for years.

*Note of Caution – Do not use for tax evasion or unlawful asset hiding purposes. Also be aware that handling employees the traditional way can be an problem issue. Information provided is not to be considered tax or legal advice. Do your own homework.*

**\*NOT TAX OR LEGAL ADVICE.**

## **WE ARE ONE CHURCH/MINISTRY**

By Dr. Richard J. Humpal, JD, for Spirit of Truth Ministries © 1998

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### **SECTION ONE - WHAT IS A CHURCH/MINISTRY?**

A church/ministry is not necessarily a building or even a congregation. A church is simply a religious establishment consisting of two or more people. It can be an artificial entity or what might be called: a legal fiction, which anyone, including you, may create or establish. The church/ministry may or may not have buildings, ceremonies, a creed, robes and/or vestments, or whatever. You do NOT have to reveal to anyone the sum total or substance of the religion, and/or the church/ministry, which you establish. (See Words and Phrases at your local law library for the legal definition and scope of the following words: *Church, Ministry, Clergy, Ordination, Religion, Ceremonies, etc.*)

A United States Supreme court case, Everson vs. Board of Education, 330 US 203.91, LEd 2nd 71 1, gave us a decision that held that the 'establishment of religion' of the First Amendment means this: *Neither a state nor the Federal Government can set up a church. Neither can they pass laws which aid one religion, aid all religions, or prefer one religion over another. Neither can they force nor influence one to go to or to remain away from a church [ministry] against their will or force him to profess a belief or disbelief in any religion. No one can be punished for entertaining or professing religions beliefs or disbeliefs, for church [ministry] attendance or nonattendance.*

In Title 26 of the United States Code and Income Tax Regulations - June 26, 1977 Edition, published by Commerce Clearing House Section 1.511-2(ii) volume 1, page 33, 471, 472, and in the Law of Tax Exempt Organizations by Bruce Hopkins, page 107, it states: The term "Church" [ministry] includes a religious order to a religious organization if such order or organization (a) is an integral part of a church, and (b) is engaged in carrying out the functions of a church, whether as a civil law corporation **or otherwise**. (Note, "or otherwise" you do NOT have to incorporated and thus become a creation of the Government.)

Should you incorporate, (501c-3) or should you remain unincorporated? Should you become public, or should you remain private? The official IRS Audit Guide, Section 242.31 states that "the privilege against self incrimination under the Fifth Amendment does NOT apply to corporations. The theory for this is that the State, having created the corporation (and therefore the entity is "public"), it therefore has reserved the power to inquire into its operation and activities. If it created it, then it can control it.

Now, if we truly subscribe to the doctrine of "Separation of Church and State", we should sincerely give the question on this matter our full attention. Do you want the State to control your church/ministry's affairs? Do you want your church/ministry's affairs to be public, or do you want to keep them private? Should a church/ministry be "set up" and "controlled" by God, or should it be set up and controlled by man (State)? God gave us the Right to make a choice on how a church/ministry is set up and the United State Supreme Court agreed. Not only do we have the freedom of religion, but also we have the freedom to make a choice of how the church/ ministry is set up.

## ***RELIGIOUS FREEDOM A NATURAL RIGHT***

The first amendment of the United States of America's Constitution reads as follows:

**"Congress shall make NO LAW respecting an establishment of religion, or prohibiting the free exercise thereof: or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievance."**

Some people use the 14th Amendment in their argument for religious freedom, but the truth of the matter is that the 14th Amendment does not add anything to the first ten. Since a "natural right" only comes from God, and "privileges" come from man, and since "person" can mean an artificial entity, (not a human), then the 14 Amendment should have no bearing on our natural right for religious freedom. In all reality, the 14<sup>th</sup> Amendment deals with "persons", not "we the people". It also only deals with "privileges"-- NOT with "natural God given rights". Therefore, we will not discuss the 14th Amendment any further.

What we must stay focused on is that we have the NATURAL RIGHT to freedom "FROM" religion. Remember, it was "religion" that caused the Jewish leaders to hate what Jesus represented (freedom). NO law FOR, AGAINST or OTHERWISE can ever be made with regard to the "Church", as it exists under the Supreme Law of the Land, within a LEGAL NULL. There is NO LAW AT ALL respecting an establishment of religion or the free exercise thereof.

The RIGHTS (not privileges) spoken of here, in the first Article and the following nine Articles (the BILL OF RIGHTS), are personal rights, fought and paid for, by the sacrifice of human life - our ancestors. These laws - rights, as well as the entire Constitution for the United States of America, are in fact, the Supreme Law of the Land. The Supreme Court for the United States of America has addressed itself to this fact and holds the following opinion: "*Any law opposed to the Constitution of the United States [01]America is as if it were NO LAW AT ALL!*"

In fact, this doctrine is so important that I will include it here: "The general rule is...that an unconstitutional statute, though having the form and name of law, is in reality NO LAW, but is wholly void, and ineffective for any purpose, since unconstitutionally dates from the time of its enactment and not merely from the date of the decision so branding it an unconstitutional law, in legal contemplation, is as inoperative as if it had never been passed. Since an unconstitutional law is void, the general principles follow that it imposes no duties, confers no rights, creates no office, bestows no power or authority on anyone, affords: no protection, and justifies no acts performed under it. A contract which rests on an unconstitutional statute creates no obligation to be impaired by subsequent legislation. A void act cannot be legally inconsistent with a valid one. And an unconstitutional law cannot operate to supersede any existing valid law. Indeed, insofar as a statute runs counter to the fundamental laws of the land, it is superseded thereby.

Since an unconstitutional statute cannot repeal or in any way affect an existing one, if a repealing statute is unconstitutional, the statute which it attempts to repeal remains in full force and effect. The general principles stated above apply to the constitutions as well as the laws of the several states insofar as they are repugnant to the Constitution and the Laws of the United States. Moreover, a constitution that will nullify is as effectual as if it had, in express terms, been enacted in conflict therein".

**Summary:** From this, it is established by the Supreme Law of the Land, that NO LAW for, because of, against, or otherwise is possible regarding religion. NO LAW IS NOT LAW AT ALL! The church/ministry exists in a legal null created only by Christ Himself. It is therefore protected under the Supreme Law of the Land, the Constitution for the United States of America.

## ***EXEMPT ORGANIZATIONS***

This is the question - is the "church" and its auxiliaries an "organization" which is listed as tax exempt in Title 26, USC (IRS Code)? The Code expounds on what the IRS has held concerning the Code taking into consideration court cases, rulings, etc.

IRS Code Section 501 (c) (3) - List of exempt organizations, foundations and establishment organization, etc.; organized and operated exclusively for religious purposes (the Church and its auxiliaries). Restrictions - No part of the net earnings of which insures to the benefit of any private shareholder or individual, no substantial part of the activities: of which is carrying on propaganda, or otherwise attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Regulation 1.501 (a) (1) - Exemption from taxation Section 501 (a) provides an exemption from income taxes for organizations which are described in Section 501 (c) (volume 1, page 33, 431). Therefore, we see from the above information, that the church exists as an "exempt organization" under the laws of the United States of America; that is, the church and its auxiliaries; and not the person or individuals who establish it. A church formed under these provisions is not required to incorporate with the state to exist.

### ***RULES WITH RESPECT TO 501 (C)(3) ORGANIZATIONS***

Under the NO LAW concept of the First Article of the Constitution for the United States of America, is there any **requirement**, by law, for the church/ministry to make application for recognition of Exempt Status? **A 501 (c) (3) may be fine for other purposes, but not for a church.**

Under Code 508 (a) it states: "**New organizations** must notify the secretary that they are applying for recognition of 501 (c) (3) status EXCEPT as provided in Subsection (c)." Found in Code 508 (c) (1), "**Exceptions - mandatory exceptions - subsection (a), shall not apply to 1- (A) Churches, their integrated auxiliaries, and conventions or associations of churches.**"

Therefore, even the "Code" provides that the "Churches AND their auxiliaries" **DO NOT HAVE TO NOTIFY THE SECRETARY THAT THEY ARE APPLYING FOR RECOGNITION OF EXEMPT STATUS!**

### ***RETURNS BY EXEMPT ORGANIZATIONS***

We can see from the above under the NO LAW concept of the First Article that: The Church is exempt by right and does not have to petition ANY government agency for recognition for an exempt status. In fact, as stated in the above paragraph, the law (Section 1, **Code 508 - 1** (a) (4)), the church/ministry is exempt whether it files or not. The question remains: When every other organization and private person is allegedly required to file an annual tax return, does the church also have to file?

IRS Code Section 6033 (a) **exempts religious organizations** from the need for filing returns of ANY KIND!

IRS Code Section 6033 (a) (2) (A) - Mandatory Exceptions - Paragraph (l) shall not apply to - (i) churches.

IRS Code Section 6033 (a) (2) (A) (i) provides for mandatory exceptions to filing requirements for religious organizations and states that filing requirements shall NOT apply to "churches", their *integrated auxiliaries*, and conventions or associations of churches.

The definition of integrated means a part of a whole. The definition of auxiliary means a part that is helping or assisting another part. Since a self-supported ministry is definitely a part of the church, which is also assisting the church, it stand to reason that a self-supported ministry would therefore qualify as an integrated auxiliary to the Church.

We can now be sure that we can establish our church or self-supported ministry and operate this organization without any liability to any agency (as far as establishment of recognition of exempt status in concerned); as well as, how we are also legally exempted from filing any return with any government agency, for any reason. (**No law is, no law!**) LOOK FOR YOURSELF. It is all online. Just search the specific codes listed here.

### ***DISSOLUTION or TERMINATION***

People are no more than the sum total of what they think, say and do. Let us say, because of who we are and where we are emotionally, spiritually, academically, financially and personally, we can no longer live with or otherwise support our involvement in the church and/or the ministry. Is there any requirement for the person, people who establish and operate a church/ministry to notify ANY government agency of a dissolution, termination or substantial contraction of their church/ministry? In terminating the church/ministry's existence, there is a form published just for that action. The number of the form is Form 9660 E. It addresses Title 26 USC Section 6043 (b) and the responsibility thereunder. The title of this form is Liquidation, dissolution, Termination, or substantial contraction of organizations exempt or formerly exempt under section 501 (a). The Church is in 501 (c) (3), and every organization in (c) is also in (a). You will find in the instructions at the bottom of the page **that the church, the integrated auxiliaries and/or conventions or associations of churches are exempt from filing this form.**

### ***CONCLUSION***

This completes the initial consideration for the establishment, operation and termination of a church/ministry. They **believe** this in fact, a church/ministry established using the above information and based on the information provided, with the establishment of a church/ministry, the church/ministry can do three things.

1. **Originate**
2. **Operate...** and
3. **Terminate** - without any responsibility to ANY agency, civil government or otherwise; to gain their approval, sanction, or any other blessings, with regard to recognition of exempt status (which is your inherent right).

Since it is mandatory that a church/ministry is to be exempted from filing for recognition of exempt status and it is also mandatory that the church/ministry is to be exempted from filing any return with any government agency, you can terminate the church/ministry without telling any government agency anything. The church/ministry in fact, exists within a legal null. **THERE IS NO LAW** other than God's Law!

## SECTION II COURT DECISIONS

"Religion is not confined to a sect of a ritual. **The symbols of a religion to one are anathema to another.** What one may regard as charity, another may scorn as foolish waste. Even education is today not free from divergence of view as to its validity." Unity School of Christianity, 4 B. T. A. 61, 70 (1926)

**"Neither this court nor any branch of this government will consider the merits or fallacies of a religion.** Nor will the court compare the beliefs, dogmas, and practices of a newly organized religion with those of an older, more established religion. Nor will the court praise or condemn a religion, however excellent or fanatical or preposterous it may seem. Were the court to do so, it would impinge upon the guarantee of the First Amendment." Universal Life Church, Inc., vs United States, Judge Brattin for the Eastern District of Kansas, found in 372F. Supp. 770, 776 (E.D. Cal 1974)

"[W]e find the court addressing the concept of God and religion and holding that the test of belief in a Supreme Being (God) is whether a given belief that is sincere and meaningful occupies a place in the life of its possessor, parallel to that filled by the orthodox belief in God of one who is clearly religious". United States vs. Seeger, 380 U.S. 163 (Supreme Court 1965). Note - Assuming the holding of this court is valid in the above case, it then necessarily follows that any lawful means of formally observing the tenets of faith of any religious body is worship Within the meaning of the tax exemption provisions.

"The term "religion" or "religious" in tax exemption laws should not include any reference to whether the beliefs involved are theistic or non theistic. Religion simply includes: (1) a belief, not necessarily referring to supernatural powers; (2) a cult, involving a gregarious association openly expressing the belief; (3) a system of moral practice directly resulting from adherence to the belief; and (4) an organization Within the cult designed to observe the tenets of belief The content of the belief is of no moment". Fellowship of Humanity vs Alameda Count, 153 Cal. A. 2nd 673, 315 P. 2nd 394, (1957).

### **Here are a few cases on ordination that may be of benefit.**

In Kibbe vs Antram, 4 Conn. 134, 139, we see that to "ordain" is to vest with authority - ministerial function - or sacerdotal power. Also from the same case it is established that, "the ordination" of a clergyman remains even after his separation from a church of which he one had charge, and his spiritual authority continues, although he is not settled over a particular congregation".

From Buttecali vs. U.S.C.C.A., Tex. 130F. 2nd 172, 174, the following rationale is stated:  
"Generally a duly 'ordained minister' is one who has followed a prescribed course of study of religious principles, has been consecrated to the service of living and teaching that religion through an ordination ceremony under the auspices of an established church, had been Commissioned by that church as its minister in the service of GOD and generally is subject of control or discipline by a council of the church".

In Ruggles vs Kimball, 12 Mass. 337,338, it states: "The minister may be installed over some particular society, either incorporated or unincorporated".

## SECTION III

### *CHURCH / MINISTRY DIRECTION*

The brains of each church/ministry are its governing Board of Directors. This board is limited as to what they can do by law and must forever and always struggle to remain above and beyond reproach. If they don't, then I can guarantee that they will endure a world of trouble and personal pain from bureaucratic agencies, established and operated by persons who have nothing but time to create and disseminate trouble, problems and pain. This Board of Directors is further limited by the organizations creative documents i.e., charters and by-laws **This is why it is very, VERY important to have a solid, written, and lawful charter.**

The first step is to have an **Executive Director** that will then chose a **Managing Director** that *may or not* be an ordained minister. It is very imperative that if these Directors are not ordained, then they should work towards being ordained. Being ordained is actually the first step in your focus on being completely dependent upon God from now on. This is now a life long commitment. However, ordination is only a recognition by some religious society/entity, which publicly proclaims that a said man or woman is vested with spiritual authority, a right which that man or woman had prior to public proclamation. It should be remembered that after once having been ordained, if for any reason this ordained man or woman leaves the church or ministry, their ministerial authority does NOT cease even though they are no longer tied to the initial religious entity. **The state or federal government has no say whatsoever in the internal affairs of the church/ministry. The form of the ordination and the ceremony means very little when we take into consideration all the other religious organizations in this world.** The "rites" of one religious body are considered just as credible as any other religious body. In any case, Directors should not look for personal gain, but for a church or ministry that will grow and develop other churches and ministries.

The second step after forming is choosing a **Board of Directors** independent of the Executive and Managing Director." This may take time and it is something that should not be done in haste or taken lightly. The church/ministry can, and will function perfectly without a full Board of Directors, but it may help the church/ministry to grow if it does have a full Board of Directors.

**The Directors may then choose the paths and methods of how they want to proceed with the church/ ministry.** *They should open a bank account* and if they need an EIN# from the IRS, they may obtain the EIN *"only for banking purpose"*, not creating any sort of corporate entity! The church/ministry must never have any "employees"! It may be all right to contract with an "employment agency" for their employees, but for all purposes, all "workers" must be either work by volunteering or by contract. (A contract can be provided by asking me for one).

It is suggested that most property, including vehicles, planes, real estate, and any other personal property should be given (transferred) to the church/ministry (OR AN ENTITY IT LEGALLY HOLDS OWNERSHIP TO). The church/ministry is allowed to purchase property, and since the church is self-supporting, it should have some means of providing funds for its growth. These funds are in no way a profit. It is only to be used for the church/ministry's growth.

The church/ministry operates generally on a tax-exempt basis. This usually means an SSM is exempt from property tax, (some states have a qualifying so you must check with your local tax assessor), exempt from state sale tax and state income tax in most cases. You should check with your individual state tax authorities, as this also varies from state to state. There is also an exemption from Federal Withholding, FICA and FUTA taxes for its "ministers"/"missionaries" (see IRS publication

15 circular E), exempt from Retail Federal Excise Tax and finally, exempt from Federal Income Tax on its exempt purposes (see IRS publications 598 and 1018)

## **SECTION IV**

### ***QUESTIONS REGARDING CHURCH/MINISTRY BUSINESS***

#### **What type of records must a church/ministry keep?**

Under Title 26 USC section 6033, the church/ministry is a religious order and therefore has complete immunity to disclosure. It is not necessary for the church/ministry to maintain records of any kind except for its own purposes and reasons. Look it up yourself.

#### **Can the church/ministry pay for health or life insurance for its Directors?**

Yes. If the Board of Directors votes that the minister/Director and his family should be covered with such insurance, they may vote to have the church/ministry reimburse the members for all the medical, hospital, dental, and other health or life insurance for all family members and intended for the church/ministry by taking care of the health of the Director/minister.

#### **Who can donate to the church/ministry?**

Anyone--even the Directors may donate. The law generally states that **anyone** may donate up to 50% of their taxable estate or property in to a recognized church/ministry of their choice. The ministry may provide a receipt stating that it is a religious entity and provide its EIN number in that document. See current IRS rules on limitations of gift deductions. But please do not focus on the tax benefit, but the benefit of giving for a good cause.

#### **Can the church/ministry pay utilities and other expenses for its Directors?**

Yes. All it takes is a vote of the Board of Directors to make any payments it feels is necessary to provide for the business and function of the church/ministry.

#### **Can the Directors place their own property such as a car into the church/ ministry estate?**

Yes. As long as the property is used for the benefit of the church/ministry, then it may be placed into the estate of the church/ministry.

#### **What type of property may the church/ministry own?**

Anything that may benefit the church/ministry. If it is a ranch it can be called a retreat. If it is a plane, it may be used for transporting the Directors and its members to church/ministry related functions. The list is endless on what type of property can be placed into the church/ministry's estate. Real property can also be DONATED, then used or sold as needed... that's right...free real estate.

#### **How often does a church/ministry have to meet?**

Generally, churches meet on a weekly basis. A ministry usually meets on a daily basis or on a scheduled basis. However, there is NO rule in the law. Therefore, it maybe assumed that the

meetings are so spaced as to be reasonable for the religious purpose of the church/ministry. Remember, any meeting is when 2 or more people "congregate" for a religious purpose, it could even be with a group online or on a conference call setting at a regular time.

**How often must the Board of Directors meet?**

As often as they require for the church/ministry related business. This may be *as little as* once or twice a year.

**How many members of Board of Directors must be present to have a lawful meeting?**

At least two out of three.

**Is it necessary to keep minutes of Board Meetings?**

**Yes.** Everything done by a church/ministry must be done by resolution (order) voted on and passed by the Board of Directors. However, you need to record only those items which received a majority vote in the meetings and are necessary for the function of the church/ ministry.

**Who decides which Director or Board member may sign checks?**

The Board of Directors, including the Executive and Managing Directors, vote for the decision and record the vote in the minutes.

**Is it possible to take the "parsonage" off the tax rolls if the church/ministry owns the property?**

No property ever comes off the "tax rolls". Property may be "exempt" however, if it can be proved that the property is used exclusively for religious purposes. This must be checked out with the local tax authority for each requirement.

**What type of "income" may the church/ministry receive without reporting obligations?**

The church/ministry may receive ANY form of donations. It may also receive any form of "passive investment" such as: Real Estate, Stocks, LLC interests, Bonds, Mortgages or Bank Interest. It can "sponsor" any kind of fund raising events.

**Does the church/ministry have to file a tax return to the state or federal government?**

No....Not unless anyone can find any law which requires it to file. So far we have never been able to find any such law or have it produced by authorities. Do your own homework here.

**What happens to the church/ministry's assets when a Director dies?**

The church/ministry never dies. Its property is still owned by the church/ministry. However, minutes recorded by the Board of Directors may appoint another Director or anyone else to take the place of the Director who died. The church/ministry should have within its recorded minutes directions as to what will happen to the assets when this should happen. The Ministry does not die.

**Does a Director have to put all of their property into the church/ministry?**

Anyone can put all or none, or as little as they want into the church/ministry's name. However, if any Director takes the vow of poverty, they should place everything into the church/ministry, give it to their spouse, or donate the property to anyone of their choice.

**How does one prove contributions/donations to the church/ministry?**

The individual should write a check from their personal checking account for the amount each month. Then at the end of the tax year, photocopy both the front and back of the checks and receipts. Attach the photocopies to your copy of Form 1040 or whatever is appropriate in their case\*.

**How should any check be made out?** Pay to the order of: “**MINISTRYNAME, SSM**”

**How should the checks be endorsed?** Write the name of the church/ministry, then state "For Deposit of Lawful Money Only."

**How many people can be members of the church/ministry and how few?** You must have at least two for every church/ministry. You may have as many members in the church/ministry as you want.

**Can a Director for a church/ministry be a Director of another church/ministry?**

Yes. There is no law for or against being a member or director for as many church/ministries as you want.

**Can the church/ministry pay for trips, (vacations) food, entertainment, clothing and other property that a Director uses or takes?**

Yes. However, the minutes must reflect the vote of the Board of Directors for payment.

***DISCLAIMER: NOTHING IN THIS DOCUMENT IS TO BE CONSTRUED AS LEGAL OR TAX ADVICE, ONE SHOULD SEEK LEGAL COUNSEL IN SUCH MATTERS. THESE ARE JUST OPINIONS.***

**THE TRUTH REGARDING 501(c)3 CORPORATIONS ©**  
*(An opinion as it relates to a church or ministry)*  
**2006 by Richard J. Humpal, JD for Spirit of Truth Ministry SSM**

Many have questions regarding "Non-Profit" organizations and the status of 501(c)3 Corporations. This document is intended to answer many of these questions and to present the truth regarding "tax-exempt" status and the relationship between the government/IRS/courts and an "individual" as found in the IRS Code, known as the United States Code, Title 26.

First of all, what is a 501(c)3 Corporation/Organization? The term "501(c)3" is found in the IRS Code or Title 26 USC §501(c)3. According to this code, an organization may want to be recognized as a tax-exempt organization and may apply for 501(c)3 tax-exempt status from the IRS. This application is done on one of the IRS's forms, which PRESUMES that the organization has been created by the state, i.e. a "Corporation".

In truth, according to *Norton v. Shelby Co.*, a 501(c)3 organization/corporation is a "creature" of the legislature, created by the state and therefore controlled by the state. It has no constitutional rights except for a limited first amendment right to advertise; (*Va. State Board of Pharmacy v. Va Citizen's Council* or the "Ashwander Doctrine"). In other words, this fictional "person" has no rights. It only has privileges - which can be taken away at anytime by the state. In fact, all statutory organizations, (created by legislature) and known as "public entities" are controlled by the state.

The next question is; **what is a church or ministry?** The answer to this lies upon what you regard a church or ministry to be. Do you want it to be controlled by the state? Or, do you want it to be private and controlled by you and God? A church or ministry does not have to apply for an exemption. They are already exempt by its very definition. There is NO law that requires a church or ministry to apply for exemption. What is Gods, is Gods. What is created by the state is controlled and "owned" by the state. Therefore, Corporations are not necessarily tax-exempt.

The problem lies upon the so called "advice" the IRS presents to an organization informing them that they may want to be recognized as a tax-exempt organization in order for donors to have a tax deduct-ability. After applying for an EIN number on the SS4 form, they (IRS), will send you a letter to which they inform you, in form 557, that you can file a 1023 form to be recognized. **Applying for an EIN number in itself does NOT make a church or ministry a corporation, nor does it give the state any control.** The ONLY reason to apply for an EIN number is for a checking account, and that is all!

When a church or ministry files this form to become recognized as a tax-exempt organization, it then becomes a corporation according to the IRS. I believe this is not what God had in mind. A church or ministry as a 501(c)3 corporation will never have freedom of worship, assembly, speech, press, redress of grievances, the first Amendment right allowing us to teach or preach our own doctrines, or the right to worship on Sabbath or Sunday. In fact, with no qualms about the separation of church and state (a misnomer), a state government can dissolve this type of church or ministry and take its assets.

A few months ago a Seventh day Adventist Pastor wrote about this type of problem confronting a church corporation in Texas. I may not agree with everything that was written, but what was written in Pastor Jan Marcussen's June 2001 newsletter should be carefully read and understood:

A lawyer "tells some of his experiences in courtrooms where he helped SDA's, and other people to defend themselves. He revealed that certain courtrooms have the maritime flag [ensign] hanging in them instead of the American flag." (Note-the maritime flag or ensign is an American flag with yellow fringe.) "This is the flag which a ship flies when at sea. The judge is the same as a captain of a ship - who has supreme power and is not governed by the U.S. constitution."

*(You may recall that when I, [Richard J. Humpal, JD], attempted to arrest a Federal Judge in his court room in Los Angeles about 10 years ago, the judge pointed a finger at the flag and announced "See that flag? It is a maritime flag! In this court, I am the law! YOU have NO rights unless I give them to you!") (See Title 4, United States Code)*

The Pastor went on with a script of a conversation with this attorney: "Please give us some of the keys to understanding the legal system...and tell us the background of "corporations"."

Attorney: "The first legal reference to corporations was in 2083 B.C.. It was under the code of Hammurabi, which was the law in the Mesopotamian part of Asia Minor. Roman Civil law brought about the development of various corporations. They were 1) Religious Soldalitas, 2) Governmental Municipants, and 3) Societies. During the time of the Roman Empire, the concept arose that a corporation could only come into existence by the creative touch of the sovereign. But with approval of the sovereign comes a certain amount of control. **There were two offshoots of Roman Civil law** - 1) Canon Law, and 2) modern civil law. Canon law deals with church property. This branch gave rise to two types of **corporations** - 1) Corporation Sole - composed of one person like a Bishop and 2) Corporation Aggregate - composed of many people. In the early 13th century, Pope Innocent IV developed the concept of a corporation as a "persona ficta". This means a fictitious person or an artificial person, created and controlled by papal authority. This also led to the legal separation of the corporation (an artificial person), from a natural person; a human. The word "corp" means "body". This also leads to the fact that you cannot use everyday English language when you are talking about something that is "legal". A word in "legal" terms, means something different than the same word means in normal language." The word "legal" itself means "fiction". In every day language, you and I are persons. That is not the case in "law". A legal dictionary says that a "person" is a "corporation," a "partnership", i.e. an artificial, legal public entity."

This Roman Civil system [we now have in our courts] of normal language vs. legal language is very tricky. It may mean one thing to common folk, but it may mean quite another for the attorney and the court. "The word "church" with small letters [lower case] means a group of worshipers, and the word "Church" which is capitalized, means a state "corporation".

"The civil law, the dominant law of Europe, evolved from the influence of Roman law. In this system of law, also known as "Inquisitorial Law", you are presumed guilty until proven innocent. This is the opposite of English "Common Law" where you are presumed innocent until proven guilty."

"By the 14th century in England, the concept of "Ilio Mosinari" - or charitable corporations, was developed. By time of the reign of King James I, England had accepted the old Roman theory that a corporation could only be created by the proper authority, where the state was justified in regulating and controlling the "corporation"."

"Because the ancient law of commerce involved sea-going vessels, merchant law developed into what we call today "Maritime Law"- [the law of the sea]. Under Maritime law, during a voyage, the Captain's word was the absolute, final law."

What is known as the "Protestant Reformation" started a change away from some of this Roman based law. Now, in the 21st century here in America, corporations of ANY kind, as issues by a Secretary Of State, are considered to be "creatures of the state", in harmony with the roots of Roman Catholic "Canon Law" and the "Civil Law" of the Roman Empire. State law, (statutory law), governs every facet of a corporation's existence. A corporation is a "person" under the law. The rights of a corporation are different from the rights of a natural person under the constitution. A corporation under the first amendment only has a limited freedom of speech, and is protected only as long as that freedom of speech involves the corporation's advertisement of its product. The corporation itself does not have a fifth amendment right against self-incrimination. Corporations don't have the same rights against search and seizure as humans are supposed to have." However, a private organization such as my "Self-Supported Ministry" and is not a 501(c)3 corporation, may also have the same rights as a natural person. This type of organization is not public, it is "private". In now ay is asking permission from a Secretary of State to exist needed to form an entity. (More on this later)

The Pastor went on and asked the lawyer about the Jesuit inspired inquisitorial doctrine of "visitation": He stated; "This means that the state is a silent, third partner in any corporation formed with the state - including a "Church" corporation. "Visitation" gives the state the right to supervise and control every facet of the corporation's operation. They can "correct" anything that they think is an abuse and they can "nullify" everything that the state views as "irregular".

"The corporation must justify its behavior to the state by certain reporting requirements. If it cannot justify it, the state may order the State's Attorney to file a suit against the corporation. If an injunction is obtained and the corporation refuses to follow its dictates, the State's Attorney General can file a suit to dissolve the corporation (the same would apply to a Secretary of State Granted Corporation sole entity). What Caesar gives he can take away. If the suit is filed and the corporation is dissolved, guess who is in charge of taking control of the assets of the corporation? You guessed it, the state through the court."

"For a charitable corporation to receive "tax-exempt" status as a 501(c)3 corporation it must look to Title 26 USC Section 501(c)3. This is also known as the IRS Code. So, a 501(c)3 corporation must meet the requirements of the IRS, as well as the requirements of the state. This is one area where federal law can control a corporation even though there is NO corporate federal law!"

"An example of this was the Independent Christian Church in Philadelphia. On the eve of the 1992 Presidential election, the Church took out a full page ad in USA TODAY The ad urged Christians to vote for the person running against "Slick Willie" because it was alleged that he was a known womanizer and a suspected drug dealer.

After the election, the IRS investigated this independent 501(c)3 Church, took them to court, dissolved their corporation and distributed the Church assets/funds according to the good pleasure of the IRS."

**IRS publication 557 states that you do not have to register with the IRS and that a church/ministry is "exempt automatically".** Therefore, if a church or ministry forms a 501(c)3 corporation with the state, they "sign away" in a "legal contract" the rights of their organization under the constitution. However, if you now have a 501(c)3 corporation, you may be able to keep it as long as you use the corporation for the purpose of bulk mailing permit and perhaps your advertising. You must remember that the corporation is a "commercial enterprise" (public entity). This is the main reason the state regulates it.

The following is a story about what happened to a "501(c)3 Church" a few years ago: "There was a small Baptist Church in Nebraska. The pastor's name was Louis Sullivan. The Church decided they would start a Church School. They wanted to educate their children in their brand of religion and therefore wanted to choose their own teachers. So, they hired teachers who were not licensed as teachers and opened the Church School. It wasn't long until the state found out about it and told the pastor to cease and desist operating a school or get teachers who were licensed. This Church did neither. One morning as the students were coming to Church to attend School, the doors of the Church were chained shut. Later in court, after the Attorney General for Nebraska gave his opening remarks, the judge turned to the pastor and said, "Pastor, do you have anything you want to say"?

"The pastor stood up and said, "Yes, your Honor. The U.S. Constitution gives my Church the right to freedom of religious speech, religious assembly and worship."

The judge looked at him and said, "Pastor Sullivan, is your Church incorporated?" Pastor Sullivan said, "Yes your Honor, it is." The judge said, "Pastor Sullivan, sit down and be quiet. You mention the constitution one more time in my court and I will hold you in contempt. When your organization incorporated as a 501(c)3 organization, it contracted away every constitutional right you thought it had."

The first clue to the above proceedings should have been the heading of the law suit. It read, "The State of Nebraska, a corporation verses Faith Baptist Church, 'Incorporated'". This was non other then a corporation suing another corporation. And, because it is a corporation suing a corporation, there are NO constitutional rights. It was a commercial case. The only law that applied was Corporate Law.

There is another case that is on point that I should mention here. This was a Texas case of an independent Seventh-day Adventist Church Pastor by the name of Raphael Perez who was being sued by the General Conference of Seventh-day Adventists for infringing upon their trademark. The only issue before the court was the right to use the name "SEVENTH DAY ADVENTIST" or "SDA" for the Church. Since the Church was not related by contract with the General Conference SDA Church, and since the General Conference SDA Church had a trademark on this name, the General Conference SDA Church sued the pastor of the independent Church for using the name "SEVENTH DAY ADVENTIST" or "SDA" without a license to do so.

As a side bar, it may be interesting to note here, that I met with Pastor Perez prior to the hearing of this suit and informed him that he would probably lose the case since the Church was a 501(c)3 corporation. It was too bad, but I sincerely believe he was either naive or arrogant and would not listen to what I told him. And sure enough, on April 27, 2000, Pastor Perez lost the case. I had told him that he should get out of the 501(c)3 corporation and let me construct a non-501(c)3 church organization to which the General Conference of the SDA Church could do nothing. My words fell on deaf ears, just like many other people, pastors, ministers and leaders of other churches and ministries.

It is also interesting that on the same day the judge gave his ruling in this trademark case, a 6 page letter was mailed from the General Conference Corporation to three self-supporting ministries. These ministries supplied expert witnesses for the Eternal Gospel Church of SDAs (Pastor Raphael Perez's Church), in the courtroom. Two of those ministries are in the United States, (also a corporation), and like the General Conference, are also 501(c)3 corporations. This letter was also printed in the Adventist Review. It informed these 501(c)3 SDA corporations that they had 12

months to conform to the rules of the General Conference Corporation or they would reap certain consequences.

However, the same letter that was published in the Adventist Review reads like a report from a group of preachers concerned with brotherly love. But, the letter that went to the three ministries - although it was worded the same as the one in the Adventist Review, was different. What was the difference? If you understand the difference between "legal" and "lawful" ["legal" means "fiction"] you would know that there's every difference in the world. In the letter to the three ministries, the word "Church" is capitalized and in the Adventist Review, the word "church" is not capitalized.

In other words, the letter to the ministries was a "legal" document and the letter in the Adventist Review was not a "legal" document. Sneaky? You bet! But it does point out the fact that the General Conference of SDAs can NOT be the same as a group of people calling themselves Seventh-day Adventists or SDAs. In fact, the "legal beagles" working for the General Conference of SDAs must have known that they were not a church controlled by God. Why? Because it is a "public entity" controlled by the state.

It should be pointed out that this was prophesied in Daniel 7:25. Yes, the beast has attempted to change the laws. What was God's law or the "Commonly understood] Law, is now "man's law" - the Roman Civil uncommonly understood law.

It is also interesting to note that the title of the suit was: "GENERAL CONFERENCE CORPORATION OF SEVENTH DAY ADVENTISTS vs. RAPHAEL (RAFAEL) PEREZ". Notice that both entities are in upper case? This means that both of them are corporations. They did NOT sue the human Raphael Perez, they sued a corporate entity known as RAPHAEL PEREZ. Wow, did this go over your head? Why didn't the good pastor catch on to this? The reason the pastor was a party to this case is because he, himself answered the case and he got an attorney to "represent" him. Why? because of the confusion that the law provides that only an attorney can/must represent a corporation. This is why a judge wants a "person" to have an attorney. All corporations and public entities MUST be represented by an attorney. Most people do not know the truth regarding this LEGAL concept. I have been in court many times when I have heard that a "person" wanted to "represent" "himself". What is wrong with this? Don't people (humans) realize that a human cannot represent himself? After all, isn't he himself! This is completely misunderstood by most people, including the court officers themselves. (By the way, there is a Supreme Court case regarding this issue which proves the fact that only those who regard themselves as corporations or incompetent must have representation by a lawyer. Others, [wise humans], may have legal counsel to assist them.)

The truth of the matter is, when you were born your parents probably sent your "birth certificate" to the county recorder to be "registered". This certificate of birth was then changed from a human into a "straw man", aka. Corporation entity. This is why you will commonly find your name TITLE spelled in capital [higher case] letters on most all of your identification. Just look at your drivers license. *Again, humans have an un-lien-able constitutional right to travel.* However, the "straw man" entity being a corporation with a number(ie: SSN), *may* want a "drivers license" issued by permission of the state to "drive", legally meaning; to make your living on a public street by having passengers who pay you to "drive" them somewhere, as in a taxi cab.

Last year I was in contact with Reverend Dixon's Indianapolis Baptist Temple in regards to a legal battle with the IRS over a 6 million dollar lien the IRS filed against them because they refused to be a tax collector. Reverend Dixon told me that they did not need any help from me because they "had faith" (more like presumption), that they were going to win the battle. He went on to tell me

that they "had been a 501(c)3 corporation", but they had never changed their paper work and just informed the IRS that they were not going to function as a 501(c)3 corporation any more.

The IRS filed the lien after Reverend Dixon kept ignoring IRS's demands. Dixon said that his lawyers were handling the case and they were sure they were going to win. Well, they didn't. The judge ruled for the IRS. Later, the IRS confiscated the Church and its assets. In the September 2001 issue of Christian Times, it was reported that the judge ordered Reverend Dixon to pay \$136,610.04 from his own assets. Dixon said that he was broke, and that he had now retired and was living in a mobile home.

It should be pointed out that *if you do not properly undo* a 501(c)3 corporation, that you may wind up with this type of trouble too. Even if you want to keep the 501(c)3 corporation, you MUST be able to show paper work that proves that you are only using it for advertising, grants, and other related business. All other work MUST be done through the Self Supported Ministry/non-501(c)3 church organization, and MUST have the proper paper work which provides the evidence necessary to stay lawful.

One more question people have regarding a Self-Supported Ministry is: "I work for a company" or "I have my own business - how can I have a Self-Supported Ministry and still work for someone or own my own business? Isn't it enough that I give 10% of what my "income" is as tithe to the Church?

Even though I could write pages on this issue, my bottom line answer comes in the form of a question. What does God require? Jesus said "give unto Caesar what is Caesar's" but most importantly - "and unto God, what is God's". This just about raps it up. Didn't Christ require us to bare our own cross? Shouldn't everything you have and do belong to God? Don't we belong to God? Are we citizens of the Kingdom of Heaven, or are we citizens of the United States? If you have a problem with this, please contact me in person. The truth will set you free! By the way a corporation or state granted corporation sole belongs to Caesar if he granted it (via his Secretary Of State).

This document however. is NOT intended to supply the reader with information on how to be a "sovereign". It is only an attempt to provide a little information on just how we got into all of the trouble that come upon us and a way to stay out of trouble. Since this document has probably been provided to you as an attachment for a "Self-Supported Ministry", created for you by myself, I have attempted to answer questions regarding the necessity of staying away from the horrible control by Satan's governmental laws which effect each of us today. I sincerely believe that many 501(c)3 Church corporations will fall by the way side in the near future. Many Pastors will face jail time. Many Ministers will become confused as to what they can and cannot do.

Daniel 12: 8-10 says it all, "...Go your way Daniel, because the words are closed and sealed until the [appointed] time of the end. Many will be purified, made spotless and refined, but the wicked will continue to be wicked. None of the wicked will understand, but those who are wise will understand." (NIV) Do you want to be one of the wise? Do you want to understand?

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