

Folks, Brethren,

I am attaching to this e-mail some simple, easy to read TAX LAW, free of charge, regarding these matters and what you are attempting to do.

My first attachment (1) is the Exemption Requirements for 501(c) (3) Organizations.

When you read it, you will see language that say, "none of its earning may **INURE** to any private shareholder or individual.

The second attachment (2) helps define Inurement/private benefit.

It simply states that A section 501(c)(3) organization must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of a section 501(c)(3) organization may inure to the benefit of any private shareholder or individual.

A private shareholder or individual is a person having a personal and private interest in the activities of the organization. This includes the Pastor, as well as you Deacon Clemons and others and any trustee or individual who supports this activity. This also includes when an individual uses a church credit card for their personal benefit, or you loan or give something of value, generally money, but can include being a co-signor on a contract, to a person having a personal or private interest in the activities of the organization and **those in charge permit it to occur.**

The third attachment (3) is Intermediate sanctions - excess benefit transactions.

This IRS article explains that an excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization. For example, you allow him or anyone for that matter, to use the church credit for his personal expenditures, or in this case you are paying his personal legal expenses, or you cause the church to co-sign on a rental contract.

You can't claim that the extra income he received from the improper use of the credit cards or other benefits was additional compensation or salary, because you are already paying him an agreed amount for his services (salary). The same is applicable to you causing the church to pay Donaldson's legal fees. They are not the churches legal fees. You can write or rewrite documents and agreements any way you wish to give the appearance that they are the churches legal fees. They are not the churches legal obligation. He individual was being sued to stop his individual behavior. You, Deacon Antonio and Donaldson and others are **disqualified persons.**

This brings up my fourth attachment (4) Disqualified Person - Intermediate Sanctions.

A disqualified person is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during the lookback period. It is not necessary that the person actually exercise substantial influence, only that the person be in a position to do so. The key words here are **being a person in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization.**

The church may want to do a "good deed" for their beloved pastor, even if what he did was in fact a violation of church policy and procedures. One should note here that the judge directed Donalson to stop his behavior. So far you Deacon Clemons and Donalson and others are exercising substantial influence over the affairs of the applicable tax-exempt organization. The division that it has caused in the church is readily apparent.

This brings up my fifth attachment (5) Intermediate sanctions Excise tax on excess benefit transactions.

Section 4958 of the Internal Revenue Code imposes an excise tax on excess benefit transactions between a disqualified person and an applicable tax-exempt organization. The disqualified person who benefits from an excess benefit transaction is liable for the excise tax. An organization manager may also be liable for an excise tax on the excess benefit transaction.

My sixth attachment (6) defines an **organization manager**.

As used in the intermediate sanctions' provisions, an organization manager is generally an officer, director or trustee of an applicable tax-exempt organization, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title. TRUSTEES you are named here as well as the Deacons and other church officials. so, you better do your job because there are personal sanctions.

My seventh (7) and last attachment identified the Intermediate Sanctions - Excise Taxes.

Imposition of Excise Tax on Disqualified Persons.

It basically states that an excise tax equal to 25 percent of the excess benefit is imposed on each excess benefit transaction between an applicable tax-exempt organization and a disqualified person. The disqualified person who benefited from the transaction is liable for the tax. If the 25 percent tax is imposed and the excess benefit transaction is not corrected within the taxable period, an additional excise tax equal to 200 percent of the excess benefit is imposed.

Imposition of Excise Tax on Organization Managers

An excise tax equal to 10 percent of the excess benefit may be imposed on the participation of an organization manager in an excess benefit transaction between an applicable tax-exempt organization and a disqualified person. This tax, which may not exceed \$20,000 with respect to any single transaction, is only imposed if the 25 percent tax is imposed on the disqualified person, the organization manager knowingly participated in the transaction, and the manager's participation was willful and not due to reasonable cause. There is also joint and several liability for this tax. A person may be liable for both the tax paid by the disqualified person and this organization manager tax in appropriate circumstances.

Here is good news for the trustees

An organization manager is not considered to have participated in an excess benefit transaction where the manager has opposed the transaction in a manner consistent with the fulfillment of the manager's responsibilities to the organization.

A person participates in a transaction knowingly if the person has actual knowledge of sufficient facts so that, based solely upon such facts, the transaction would be an excess benefit transaction. Knowing does not mean having reason to know. The organization manager will not be considered knowing, if after full

disclosure of the factual situation to an appropriate professional, the organization manager relied on a professional's reasoned written opinion on matters within the professional's expertise or if the manager relied on the fact that the requirements for the rebuttable presumption have been satisfied.

Participation by an organization manager is willful if it is voluntary, conscious, and intentional. An organization manager's participation is due to reasonable cause if the manager has exercised responsibility on behalf of the organization with ordinary business care and prudence.

It is now a little after 6 am Thursday morning July 11 2024. I felt compelled to present this information to you all, my church Family. I didn't want to put the time in to do this because I have so many other things on my plate to do. But I was compelled to do it and all the information and wording needed to make this presentation simple and easy to read, just fell in place.

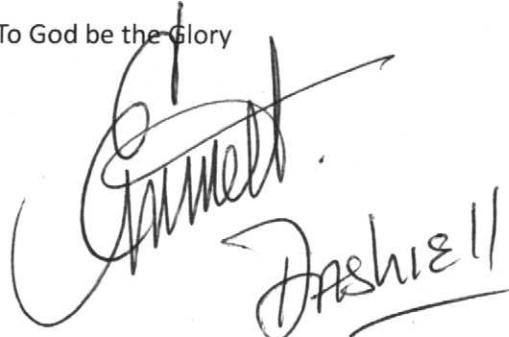
Many of you know me. But for those who don't let me tell you something about me. I hold an undergraduate degree in accounting and a Master of Science degree in Tax law (Taxation). During my more than 30-year career in government I worked as a Revenue Agent in the audit Examination division of the IRS and as a Special Agent in the Criminal Division of the Internal Revenue. I worked in the Dept of Defense (DOD) Inspector General's Office, investigating major contract fraud cases. I managed divisions of folks in the different agencies that I worked. I started the Procurement Fraud Division at the EPA. I retired at the SES level. I also have a tax practice and mortgage company that I manage now. I have been retired for more than 20 years.

Church family I have been truly blessed by God. I recognize and thank him for every moment of my life. The greatest accomplishment in my life is the development of my relationship with GOD, through his Son Jesus the Christ. I pray that in the end he knows my NAME and welcome me as he did Stephen. Learning to be obedient to his commands and seeking to know him are my life goals.

To God be the glory. I pray that what I have written will bring unity to my beloved church family. I know God is in charge and I believe that the fire we are currently going through will purify us and makes us better in the Morning.

Emmett

To God be the Glory

A handwritten signature in black ink, appearing to read "Emmett Jashell". The signature is fluid and cursive, with "Emmett" on top and "Jashell" below it, though the two names are often written together as "Emmett Jashell".

Exemption Requirements - 501(c)(3) Organizations

To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an **action organization**, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

Organizations described in section 501(c)(3) are commonly referred to as **charitable organizations**.

Organizations described in section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible contributions in accordance with Code section 170.

The organization must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual. If the organization engages in an excess benefit transaction with a person having substantial influence over the organization, an excise tax may be imposed on the person and any organization managers agreeing to the transaction.

Section 501(c)(3) organizations are restricted in how much political and legislative (*lobbying*) activities they may conduct. For a detailed discussion, see Political and Lobbying Activities. For more information about lobbying activities by charities, see the article Lobbying Issues [PDF](#); for more information about political activities of charities, see the FY-2002 CPE topic Election Year Issues [PDF](#).

Interactive Training

Learn more about the benefits, limitations and expectations of tax-exempt organizations by attending 10 courses at the online Small to Mid-Size Tax Exempt Organization Workshop.

Additional Information

- Application Process Step-by-Step: Questions and answers that will help an organization determine if it is eligible to apply for recognition of exemption from federal income taxation under IRC section 501(a) and, if

Inurement/private benefit: Charitable organizations

A section 501(c)(3) organization must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of a section 501(c)(3) organization may inure to the benefit of any private shareholder or individual. A private shareholder or individual is a person having a personal and private interest in the activities of the organization.

[Return to Life cycle of a public charity](#)

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Intermediate sanctions - excess benefit transactions

An excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of a disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received by the organization.

To determine if an excess benefit transaction occurred, include all consideration and benefits exchanged between or among the disqualified person and the applicable tax-exempt organization and all entities it controls.

In addition, if a supporting organization makes a grant, loan, payment of compensation, or similar payment to a substantial contributor of the organization, the arrangement is an excess benefit transaction. The entire amount of the payment is taxable as an excess benefit.

In an excess benefit transaction, the general rule for the valuation of property, including the right to use property, is fair market value. Fair market value is the price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of all relevant facts.

An excess benefit can occur in an exchange of compensation and other compensatory benefits in return for the services of a disqualified person, or in an exchange of property between a disqualified person and the applicable tax-exempt organization.

Certain transactions to which donor-advised funds or supporting organizations are parties are excess benefit transactions.

Date an Excess Benefit Transaction Occurs

An excess benefit transaction occurs on the date the disqualified person received the economic benefit from the applicable tax-exempt organization for federal income tax purposes. However, when a single contractual arrangement provides for a series of compensation payments or other payments to a disqualified person during

the disqualified person's taxable year, any excess benefit with respect to these payments occurs on the last day of the disqualified person's taxable year.

Section 4958 applies to all excess benefit transactions occurring on or after September 14, 1995. However, Section 4958 does not apply to excess benefit transactions that occurred under a written contract, if the contract was binding on September 13, 1995 and at all times thereafter before the excess benefit transaction occurred.

Correcting the Excess Benefit

A disqualified person corrects an excess benefit transaction by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards. The organization is not required to rescind the underlying agreement; however, the parties may need to modify an ongoing contract with respect to future payments.

A disqualified person corrects an excess benefit transaction by making a payment in cash or cash equivalents equal to the correction amount to the applicable tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit. The interest rate may be no lower than the applicable Federal rate. There is an anti-abuse rule to prevent the disqualified person from effectively transferring property other than cash or cash equivalents.

With the agreement of the applicable tax-exempt organization, a disqualified person may make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of property is considered a payment of cash (or cash equivalent) equal to the lesser of:

- The fair market value of the property on the date the property is returned to the organization, or
- The fair market value of the property on the date the excess benefit transaction occurred.

If the payment resulting from the return of property is less than the correction amount, the disqualified person must make an additional cash payment to the organization equal to the difference.

If the payment resulting from the return of the property exceeds the correction amount, the organization may make a cash payment to the disqualified person equal to the difference.

Interactive Training

Learn more about the benefits, limitations and expectations of tax-exempt organizations by attending 10 courses at the online Small to Mid-Size Tax Exempt Organization Workshop.

Disqualified Person - Intermediate Sanctions

A **disqualified person** is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during the lookback period. It is not necessary that the person actually exercise substantial influence, only that the person be in a position to do so.

For this purpose, donors and donor advisors with respect to a donor advised fund are treated as disqualified persons with respect to transactions with the fund. Moreover, the entire amount involved paid to such persons is treated as an excess benefit. Finally, a person who is able to exercise substantial influence over a section 509(a) (3) supporting organization is a disqualified person not only with respect to that organization, but also with respect to the organization(s) the supporting organization is organized and operated to benefit.

Family members of the disqualified person and entities controlled by the disqualified person are also disqualified persons. For this purpose, the term **control** is defined as owning more than 35 percent of the voting power of a corporation, more than 35 percent of the profits interest in a partnership, or more than 35 percent of the beneficial interest in a trust.

[Return to Life Cycle of a Public Charity](#)

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Intermediate sanctions

Excise tax on excess benefit transactions

Section 4958 of the Internal Revenue Code imposes an excise tax on excess benefit transactions between a disqualified person and an applicable tax-exempt organization. The disqualified person who benefits from an excess benefit transaction is liable for the excise tax. An organization manager may also be liable for an excise tax on the excess benefit transaction.

These taxes are reported on Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code [\[PDF\]](#).

Interaction between section 4958 taxes and revocation of exemption

Section 4958 does not affect the substantive standards for tax exemption under section 501(c)(3) or 501(c)(4). In appropriate cases, the IRS may also propose revocation of tax-exempt status, whether or not section 4958 excise taxes are imposed.

More information

See the instructions to Forms 990 [\[PDF\]](#) and 4720 [\[PDF\]](#). Also see the following articles:

- Return due dates for exempt organizations: Excise tax returns (Forms 4720 and 6069)
- "Automatic" excess benefits: Transactions Under IRC 4958 [\[PDF\]](#), an Exempt Organizations Continuing Professional Education article for fiscal year 2004
- Intermediate sanctions (IRC 4958) update [\[PDF\]](#), an Exempt Organizations Continuing Professional Education article for fiscal year 2002

[Return to Life cycle of a public charity](#)

[Return to Life cycle of a social welfare organization](#)



Organization manager - intermediate sanctions

As used in the intermediate sanctions provisions, an organization manager is generally an officer, director or trustee of an applicable tax-exempt organization, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.

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Intermediate Sanctions - Excise Taxes

Imposition of Excise Tax on Disqualified Persons

An excise tax equal to 25 percent of the excess benefit is imposed on each excess benefit transaction between an applicable tax-exempt organization and a disqualified person. The disqualified person who benefited from the transaction is liable for the tax. If the 25 percent tax is imposed and the excess benefit transaction is not corrected within the taxable period, an additional excise tax equal to 200 percent of the excess benefit is imposed.

If a disqualified person makes a payment of less than the full correction amount, the 200 percent tax is imposed only on the unpaid portion of the correction amount. If more than one disqualified person received an excess benefit from an excess benefit transaction, all such disqualified persons are jointly and severally liable for the taxes.

To avoid the imposition of the 200 percent tax, a disqualified person must correct the excess benefit transaction during the taxable period. The taxable period begins on the date the transaction occurs and ends on the earlier of the date the statutory notice of deficiency is issued or the section 4958 taxes are assessed. This 200 percent tax may be abated if the excess benefit transaction subsequently is corrected during a 90-day correction period.

Imposition of Excise Tax on Organization Managers

An excise tax equal to 10 percent of the excess benefit may be imposed on the participation of an organization manager in an excess benefit transaction between an applicable tax-exempt organization and a disqualified person. This tax, which may not exceed \$20,000 with respect to any single transaction, is only imposed if the 25 percent tax is imposed on the disqualified person, the organization manager knowingly participated in the transaction, and the manager's participation was willful and not due to reasonable cause. There is also joint and several liability for this tax. A person may be liable for both the tax paid by the disqualified person and this organization manager tax in appropriate circumstances.

An organization manager is not considered to have participated in an excess benefit transaction where the manager has opposed the transaction in a manner consistent with the fulfillment of the manager's responsibilities to the organization.

A person participates in a transaction knowingly if the person has actual knowledge of sufficient facts so that, based solely upon such facts, the transaction would be an excess benefit transaction. Knowing does not mean having reason to know. The organization manager will not be considered knowing, if after full disclosure of the factual situation to an appropriate professional, the organization manager relied on a professional's reasoned written opinion on matters within the professional's expertise or if the manager relied on the fact that the requirements for the rebuttable presumption have been satisfied.

Participation by an organization manager is willful if it is voluntary, conscious, and intentional. An organization manager's participation is due to reasonable cause if the manager has exercised responsibility on behalf of the organization with ordinary business care and prudence.

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