



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D. C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JUN 09 2005

CERTIFIED MAIL

All Saints Church
132 North Euclid Avenue
Pasadena, CA 91101-1722

Person to Contact:
Pat Schneiders
Employee ID Number:
39-1393
Contact Telephone Number:
(515) 323-2074

Dear Sir or Madam:

The Internal Revenue Service is responsible for administering the Internal Revenue laws of the United States, including those that apply to organizations exempt from federal income tax. To carry out that responsibility, section 7602 of the Internal Revenue Code (IRC) authorizes the Service to determine the correctness of any tax return, to make a return when none has been filed, and to determine the tax liability of any person or organization. However, IRC section 7611 imposes restrictions on the Service in conducting tax inquiries and examinations of churches and conventions or associations of churches.

In passing IRC section 7611, Congress intended to ensure that the Internal Revenue Service carry out its obligation to resolve questions concerning the tax liability, if any, and the tax-exempt status of churches and organizations claiming to be churches, with due regard for both the rights of church organizations and the responsibility of the Service to enforce the Internal Revenue laws.

Because a reasonable belief exists that you may not be tax-exempt as a church under IRC section 501(a) or that you may be liable for tax, this letter is notice of the beginning of a church tax inquiry described in IRC section 7611(a). We are sending this letter because we believe it is necessary to resolve questions concerning your involvement in activities which may constitute political campaign intervention prohibited under IRC section 501(c)(3). Intervention in a political campaign could cause you to lose your tax exempt status and it could subject you to an excise tax under IRC section 4955 on the amount of funds spent on that activity.

Our concerns are based on a November 1, 2004 newspaper article in the Los Angeles Times and a sermon presented at the All Saints Church discussed in the article. The article entitled, "THE RACE FOR THE WHITE HOUSE Pulpits Ring With Election Messages", states that the sermon, given on October 31, 2004 to a congregation of 3500, delivered a searing indictment of the Bush administration's policies in Iraq, criticism of the drive to develop more nuclear weapons, and described tax cuts as inimical to the values of Jesus. The sermon is entitled, "IF JESUS DEBATED SENATOR KERRY AND PRESIDENT BUSH". Copies of the newspaper article and sermon are enclosed. A list of specific questions about your operations is attached. Please answer each question completely. If your response resolves our questions concerning activities which may constitute intervention in a political campaign, it will not be necessary to pursue this matter further.

Attached, as required by IRC section 7611(a)(3)(B)(ii), is a statement of your administrative and constitutional rights during a church tax inquiry and examination. Your rights include the right to a conference with Service representatives to discuss our concerns before the Service begins an examination. The Service will formally offer you the opportunity for a conference in the notice of examination, if a notice of examination is sent to you.

Please reply within 15 days of the date of this letter to:

Internal Revenue Service
Pat Schneiders, Exempt Organization's Specialist
210 Walnut Street, MC 4926 DSM
Des Moines, Iowa 50309

If we do not hear from you within that time, we may issue a Notice of Church Examination Letter, which IRC section 7611 requires us to issue before we initiate an examination of your records or religious activities.

If you have any questions, please contact the agent at the address or telephone number mentioned above.

Thank you for your cooperation.

Sincerely



R.C. Johnson
Director, Exempt Organizations
Examinations

Enclosures: (2)

