



Inspired Life Centers

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Authorization Under Inspired Life Centers Internal Revenue Service Group Exemption

Group Exemption Letter For [Name of Trust]

Inspired Life Centers, Inc. is a California not-for-profit corporation formed as a tax-exempt organization, under Section 501(c)(3) of the Internal Revenue Code, having received their Letter of Determination from the Internal Revenue Service on March 7, 1977. The United States Department of the Treasury issued Inspired Life Centers the Employee Identification Number of **94-2376624** in June of 1977.

The Internal Revenue Service (IRS) recognizes a group of organizations as tax-exempt if they are affiliated with a central organization. This avoids the need for each of the organizations to apply for an exemption individually. **A group exemption letter has the same effect as an individual exemption letter except that it applies to more than one organization.**

The Inspired Life Centers IRS "[Letter of Determination](#)" is attached to this Group Exemption Letter as the underlying document, affirming the tax exempt nature of both Inspired Life Centers and the various subordinates within the Inspired Life Centers group.

Group exemptions are an administrative convenience for both the IRS and Inspired Life Centers, which has many affiliated organizations. Subordinates in a group exemption do not have to file, and the IRS does not have to process, separate applications for exemption. Consequently, subordinates do not receive individual exemption letters.

Groups of organizations with group exemption letters have a "head" or main organization, Inspired Life Centers, referred to as a central organization. The central organization generally supervises many individual organizations, called subordinate organizations. The subordinate organizations typically have similar structures, purposes, and activities.

This Group Exemption Letter affirms that [**Name of Charitable Investment Trust or Charitable Business Trust**], hereinafter the Trust, is clearly affiliated and has a defined relationship with Inspired Life Centers, in that Inspired Life Centers is the grantor to the Trust; further, all beneficiaries of the Trust are qualified tax-exempt organizations, charities, under the Section 501(c)(3) of the Internal Revenue Code.

The Trust serves as an Inspired Life Centers administrative structural entity to compartmentalize individual portions of the Inspired Life Centers endowment fund for the purpose of diversification of investment strategies, achieving a more precise endowment fund management capability, and to foster a broader distribution of charity funding to other tax exempt organizations. The Trust is initiated and administered under the general supervision of Inspired Life Centers.

Inspired Life Centers enjoys the status of a “church” as recognized by the Internal Revenue Service Letter of Determination of March 7, 1977, attesting to the fact that Inspired Life Centers did make application for tax exempt status and was granted such by the IRS. Thus, Inspired Life Centers qualifies as a central organization for the purpose of a group exemption. As a church, Inspired Life Centers is not required to file annual updates notifying the IRS of changes in the composition of the Inspired Life Centers group exemption.

Should Inspired Life Centers choose to keep the IRS apprised of the extensiveness of the Inspired Life Centers group, the following facts would be germane to establishing the validity of the various group subordinates:

- Inspired Life Centers verifies that the Trust has met the threshold of clearly demonstrating that the required relationship is affirmatively established. Simply, Inspired Life Centers is the grantor to the Trust.
- The Trust “[Declaration of Trust](#)” document is attached as the organizational agreement adopted by the subordinate organization, the Trust.
- The purpose of the Trust is to provide Inspired Life Centers with a compartmentalized structure of endowment fund management which is more diversified and more closely managed by the Trust trustee, enhance the day-to-day oversight of the Trust endowment investment funds, and to greatly expand the reach of Inspired Life Centers’ charity mission accomplishment by both the Trust being directly involved in charity initiatives as well as funding other like-minded charities through grants from the Trust.
- All endowment fund contributions making up the Trust endowment fund come from Inspired Life Centers as the grantor to the Trust. The Trust endowment fund is expected to be invested according to the judgment and wisdom of the Trust trustee. Charitable mission accomplishment is achieved from the return on investment from endowment fund investments. The grantor to the Trust is a qualified Section 501(c)(3) tax exempt organization, all of the beneficiaries of the Trust are also qualified Section 501(c)(3) tax exempt organizations. The Trust is

charged with the mandate to fulfill the mission of the church by accomplishing the wise deployment of investment dollars and the equally wise distribution of charitable grants. As an independent financial and management entity, the Trust is authorized to expense the normal day-to-day operational expenditures.

- By this Group Exemption Letter, the Corporate Secretary of Inspired Life Centers affirms that to the best of the Secretary's knowledge the purpose and activities of the Trust are as set forth in this Group Exemption Letter.
- By the Affirmation of Charitable Purpose fully executed and signed by the Trust, the trustee of the Trust has provided a written authorization to the central organization, Inspired Life Centers.
- Inspired Life Centers, a church, is not required to submit a list of subordinates to be included in the Group Exemption Letter. However, Inspired Life Centers did make the IRS Form 1023 (Application for Recognition of Exemption) to the IRS and was granted a Letter of Determination as a church by the IRS.
- To the best of the Corporate Secretary's knowledge and belief, no subordinate to be included in the group exemption letter is a private foundation as defined in Section 509(a) of the Internal Revenue Code.
- Even though Inspired Life Centers is not required to submit a list of subordinates to be included in the Group Exemption Letter, still Inspired Life Centers does maintain a list of the names of each of the Trusts, mailing addresses (including zip code), actual address (if different), and employer identification numbers of all subordinates to be included in the Group Exemption Letter, as otherwise required by the IRS.

Inspired Life Centers, the central organization, is responsible for: (1) ensuring that the current subordinates continue to qualify to be exempt; (2) verifying that any new subordinates are exempt; and (3) maintaining an updated list on an annual basis of the new subordinates, subordinates no longer to be included, and subordinates that have changed their names or addresses.

On an annual basis, Inspired Life Centers, the central organization, will compile an update containing the following information:

- Information about changes in purpose, character, or method of operation of subordinates included in the Inspired Life Centers Group Exemption Letter.
- A list of the subordinates that have changed their names or addresses during the year.
- A list of subordinates no longer to be included in the group exemption letter because they have ceased to exist, disaffiliated, or withdrawn their authorization to the central organization, Inspired Life Centers.

- A list of subordinates to be added to the Inspired Life Centers Group Exemption Letter because they are newly organized or affiliated or have newly authorized the central organization to include them.
 - Each list must show the names, mailing address (including zip codes), actual address if different, and employer identification numbers of the affected subordinates.
 - An annotated directory of subordinates will not be accepted for this purpose. If none of these changes occurred, the central organization must submit a statement to that effect.
- The same information about new subordinates that was required in the initial request. If a new subordinate does not differ in any material respects from the subordinates included in the original request, however, a statement to this effect may be submitted in lieu of detailed information.

Inspired Life Centers, the central organization, and the Trust, one of the subordinates, are exempt from filing IRS Form 990, as Inspired Life Centers is a church.

- **The Charitable Investment Trust** is strictly a charity endowment investment financial entity and is expressly prohibited from any activity that could be thought of as unrelated business income. All investments must be only passive in nature.
- **The Charitable Business Trust** is a business trust allowed to be involved in both passive investments of the endowment fund and directly participate in business activities. When the Charitable Business Trust is involved in any business activity, it is required to file an IRS Form 1041 (US Income Tax Return for Estates and Trusts). Only the net profit associated with the business activity is taxed, and not the exempt return on investment from passive investments of the charity endowment fund.

Inspired Life Centers, the central organization, holds the group exemption and determines which organizations are included as subordinates under its group exemption.

The Trust, as a subordinate of Inspired Life Centers, is prohibited of conducting any charity fundraising on behalf of the Trust. All future donations will always be accomplished through Inspired Life Centers, followed by a grant to the Trust endowment fund.

The Trust is required to provide Inspired Life Centers an accurate annual accounting of the performance of the Trust endowment fund and the distributions that have been either made directly in the accomplishment of charity mission or grants made to other qualified charities.

The Trust is not required to file Federal income tax returns unless the Trust becomes subject to the tax on unrelated business income under Section 511 of the Internal Revenue Code. If the Trust is a Charitable Business Trust, and is subject to the Unrelated Business Income Tax, the Trust must file an income tax return on IRS Form 1041 (U.S. Income Tax Return for Estates and Trusts). It is the responsibility of the trustee for the Trust to make the appropriate income tax filing should it become necessary.

This Inspired Life Centers Group Exemption Letter is for one year from the date of this letter, with automatic one year renewals as long as the terms and conditions of the Affirmation of Charitable Purpose and this Group Exemption Letter are faithfully accomplished.

Should it be found that the Trust is not keeping the terms and conditions of either the Affirmation of Charitable Purpose or this Group Exemption Letter, Inspired Life Centers will advise the Trust that this Group Exemption Letter is being revoked.

- The advice letter that this Group Exemption Letter is being revoked must be in writing, articulating the specific cause of action, signed by the Inspired Life Centers Corporate Secretary, and submitted to the trustee of the Trust 90 days prior to the date this Group Exemption Letter will be revoked.
- The trustee of the Trust will then have 90 days to cure any shortfall as articulated as the specific cause of action. In the event that the shortfall is not cured, or arrangements made to cure the shortfall do not occur in a timely manner, Inspired Life Centers will issue a letter revoking this Group Exemption Letter.
- In the event that this Group Exemption Letter is revoked for a Charitable Business Trust, the Trust would then be viewed simply as a business trust and be required to file an income tax return on IRS Form 1041 (U.S. Income Tax Return for Estates and Trusts) each year regardless of unrelated business income from an active involvement in a trade or business. All income, even passive investment income, would then be subject to tax.

Inspired Life Centers **Resolution 2012.xxxx** authorizes the Corporate Secretary to issue this Group Exemption Letter expressly exempting the subordinate Trust, [**Name of Charitable Investment Trust or Charitable Business Trust**] from income tax according to the rules for a group exemption as set forth in Rev. Proc. 80-27, 1980-1 C.B. 677.



Carol L. McQuistan
Corporate Secretary
Inspired Life Centers, Inc.