



September 8, 2025

RE: Tsogyaling Meditation Center of Evanston

To Whom It May Concern,

This firm represents Tsogyaling Meditation Center of Evanston d/b/a Heartwood Center ("Tsogyaling"). Nancy Floy, President of Tsogyaling, has requested that we prepare this letter discussing the federal tax-exempt status of the organization.

Our firm has practiced in the field of tax-exempt organizations for more than 20 years and has represented hundreds of exempt organizations over that time period. Our work with Tsogyaling began in 2016 when Ms. Floy contacted our firm about seeking property tax exemption for its property.

Prior to working with our firm, Tsogyaling applied to the IRS for recognition of its federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The IRS recognized Tsogyaling's tax-exempt status in a determination letter issued in 2009. During the course of our property tax exemption work, it was discovered that Tsogyaling had not sought church status in its original IRS exemption application. We subsequently prepared and filed a request with the IRS for a miscellaneous ruling seeking to reclassify it as a church.¹ The reclassification request explained that Tsogyaling was a Buddhist house of worship that satisfied the criteria the IRS traditionally uses to determine church status. The IRS granted church status in a letter dated September 15, 2017. Provided that Tsogyaling's activities are substantially similar to those described in the reclassification request, Tsogyaling should continue to qualify for exempt church status.

We understand that a complaint was filed with the IRS by Adam Finlayson questioning Tsogyaling's church status. We reviewed the complaint, and while it is not necessary to address each and every one of Finlayson's allegations, we would like to make a few comments on some of the more significant points he raises.

Finlayson begins his complaint by claiming that Tsogyaling is not organized and operated exclusively for religious, educational, or charitable purposes. It is our understanding that Tsogyaling organizes and conducts weekly Buddhist religious activities, including a Sunday Sangha (a Buddhist worship service), and other weekly Buddhist meditation sessions and classes. A recent review found a schedule of these

¹ Although the IRS uses the term "church," its meaning is broader than its traditional understanding as a Christian religious assembly and includes religious assemblies of other organized religions.

activities listed on Tsogyaling's publicly-available website. These activities are consistent with those typically conducted by organizations that qualify for church status. Finlayson ignores these activities in his complaint and, instead, focuses on Tsogyaling's holistic health services. However, churches are given wide latitude to practice their religious beliefs and to serve the public through charitable, educational, and religious activities. Churches and other houses of worship regularly provide services ancillary to their core religious worship activities, including counseling, health-related services, educational events, and community outreach. For this reason, Tsogyaling's provision of holistic health care is consistent with its exempt church status.

Finlayson mentions leasing and rental activities as evidence that Tsogyaling is benefitting private parties in a manner inconsistent with its church status. Finlayson is mischaracterizing these activities as commercial ventures and does not acknowledge their connection to Tsogyaling's religious purposes. However, even if Tsogyaling were renting some of its property, such rental activity would not be inconsistent with its church status. The IRS allows exempt organizations, including churches, to engage in some rental activity. In fact, IRS rules regarding unrelated business income tax give favorable treatment to churches in some rental situations. The mere fact that a church may be renting property (or allowing other parties to use it) does not disqualify it as a church.

Another concern raised by Finlayson is branding. How churches brand themselves is immaterial to whether or not they qualify for exempt status. Churches routinely use logos and assumed names to present themselves to the public. An assumed name is particularly helpful to Tsogyaling since its official name may be difficult to pronounce for some English speakers. Simply put, use of logos and assumed names does nothing to undermine exempt status as a church. Likewise, how a church chooses to publicize its services and activities, whether through Google, the phone book, or social media, is irrelevant to its status as a church.

Finlayson makes a bizarre assertion that Tsogyaling's prior affiliation with Mindrolling International undermines its status as a church. Finlayson attempts to bolster his claim with website screen captures showing Mindrolling's spiritual leader, Jetsün Khandro Rinpoche, teaching during her annual visits to Tsogyaling's facilities. Mindrolling International is a Buddhist religious organization that cooperates with local Buddhist groups. Like-minded religious groups frequently collaborate on projects of common interest. Instead of undermining church status, as Finlayson claims, Tsogyaling's work with Mindrolling International supports it.

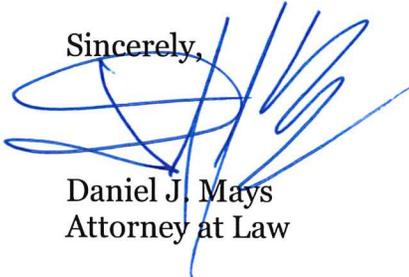
Finally, Finlayson asserts that Tsogyaling violated IRS restrictions on political involvement. The IRS does not "absolutely prohibit" exempt organizations from political involvement, as Finlayson claims. The IRS allows exempt organizations, including churches, to influence legislation through lobbying, provided that the lobbying is not a substantial part of its activities. Lobbying comes in two forms: 1) direct lobbying by contacting lawmakers to speak in favor of, or opposition to, legislation or 2) indirect lobbying by organizing grassroots activities to change public opinion. Finlayson cites Nancy Floy's presentation to the Evanston City Council and the rally held adjacent to

Tsogyaling's property as evidence of Tsogyaling's political involvement. In the context of Tsogyaling's overall activities, it is unlikely that these lobbying activities are so extensive that they would be considered a "substantial" part of its activities.

Regarding endorsement of candidates, Finlayson provides photographs from Google Maps showing yard signs for a member of the state legislature on display in front of a residence that Tsogyaling owns. We doubt that the general public would interpret a yard sign outside of a house as an endorsement of this candidate by the Tsogyaling organization. Apparently, this same candidate, while holding office as a state representative, appeared at an event held in Tsogyaling's building almost 12 years ago and was "tagged" in a social media post. Nothing about that post endorsed the candidate. The other incident Finlayson describes is the appearance of a candidate for Congress at a rally held by Tsogyaling to oppose the fast food restaurant. Rally organizers allowed attendees to express their viewpoints on the fast food restaurant, and this candidate merely expressed her opinion, just like any other attendee. Under these circumstances, it is doubtful that this candidate's appearance at the rally would be viewed as an endorsement.

I trust that this letter will be helpful in clarifying the legal framework that applies to tax-exempt organizations, in general, and churches, in particular. Please let me know if you have any questions or need more information.

Sincerely,



Daniel J. Mays
Attorney at Law