A STUDY OF THE 501(C)(3) TAX-EXEMPTION LAW PROS AND CONS AND ITS EFFECTS ON COMMUNITY-BASED CHURCH INSTITUTIONS

by

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A Research Project Submitted to the Faculty of Mercer University
Penfield College in Partial Fulfillment of the Requirements for the Degree

MASTER OF SCIENCE IN ORGANIZATIONAL LEADERSHIP

HENRY REGIONAL ACADEMIC CENTER

2016
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Abstract

MICHAEL T. LEWIS
The 501(c)(3) Tax-Exemption Law Pros and Cons and its Effects
on Community-Based Church Institutions
(Under the direction of LYNN W. CLEMONS, Ed.D)

The research study explored how community-based church institutions fulfilled its inherent Biblical mission in compliance with the dual pro and con dimensions of the 501(c)(3) tax-exemption law. The research investigated Pastoral knowledge of the 501(c)(3) program through phenomenological interviews as well as areas of improvement to 501(c)(3) policies that govern community-based churches as nonprofit organizations. The study further examined legislative and judicial controversies created by the 501(c)(3) revenue law dual dimensions against tenets of First Amendment church protection rights. The reviewed literature offered insight that framed this qualitative study. The research discovered that churches experienced little if any obstructions to preaching the Gospel or ministering to parishioners while complying with 501(c)(3) program policies. Community-based church pastoral leaders recognized having minimal knowledge with the 501(c)(3) program policies but exhibited sufficient understanding to make informed decisions. Conversely, church pastoral leaders’ perspectives varied on how legislative influence prohibitions imposed by the 501(c)(3) revenue code are upheld over First Amendment church protection rights. Some pastors viewed the 501(c)(3) prohibition as legal while others chose First Amendment rights as the preeminent law. The divergent views of church leaders give credence to existing governing conflicts for nonprofit churches manufactured by two incongruent legal documents.

Keywords: churches, community, 501(c)(3) tax law, first amendment, political activity
ACKNOWLEDGEMENTS

First, I extend a wholehearted thank you to the participating Pastors. Honorable men of God who gave me a valuable space of time to sit down and share their experiences, opinions, and perspectives to advance this research study. It is because of their divinely inspired vocation, prayerful endeavors, and purposeful contributions that our nation, state, and communities enjoy the blessings of God.

Next, a special appreciation is owed to the dedicated academic professionals of Penfield College at Mercer University who painstakingly labored to create a learning culture to impart knowledge to aid my future vocation.

Then, great admiration and respect for my fellow Cohorts who willingly shared their time, skills, understanding, and laughs to make this challenging academic experience into an enjoyable life journey.

Most of all, I thank God for my three pillars who enabled and inspired me to undertake and achieve this milestone in my life. Much love to Rie, Mike, and Noe for the motivation necessary and desire to reach beyond myself for the good of the whole family.

To all of you, as the scripture proclaims, *that it is in God that we live, that we move and that we have our being* (Acts 17:28, KJV).
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CHAPTER 1

INTRODUCTION

Community-based church institutions face an uncertain future with the Internal Revenue Code Section 501(c)(3) tax-exemption law and policies. The paradox appears to reside between community-based church institutions’ inherent mission, its role in community development, and dualistic dimensions of provisions and prohibitions contained in the 501(c)(3) tax-exemption law as implemented through Internal Revenue Service (IRS) administrative policies.

For clarity of this investigation, the terms 501(c)(3) organization, tax-exempt organization, and nonprofit organization are synonymous and may be used interchangeably throughout this research study. In addition, the description of community-based church refers to the localities where these ethnic-centric institutions served its various communities (Hall, 2006). In addition, the institution tag originated from federal, state, and local government in recognition of community-based churches for its sustained role in the nation’s community development efforts (Hall, 2004). And, the prescription for community development was derived from the United Nations Educational, Scientific, and Cultural Organization or UNESCO (1956), categorization as “the process by which local communities can raise their own standards of living ... [through] the organization or establishment of services [such as] ... social welfare, health protection, education, improvement of agriculture, [and] development of small-scale industries” (p. 1). Although this seminal approach has remained the standard for community development, Waweru (2015) in citing Sajid (nd) added that development of local communities is further advanced through collaborative efforts of people who have
learned how to work together by applying both their personal means with external resources. Collectively, the inherent mission of community-based churches complemented the UNESCO paradigm for community development and contributed to perpetuitous civic advancement. However, present day community-based church institutions appear to face impediments to executing its inherent mission while complying with the 501(c)(3) tax-exemption law and policies as implemented.

The traditional recognized authority for community-based churches, in fulfilling its inherent mission to worship God and to provide a service toward humanity, is ascribed to the Biblical text.

Go ye therefore, and teach all nations, baptizing them in the name of the Father, and of the Son, and of the Holy Ghost: Teaching them to observe all things whatsoever I have commanded you: and, lo, I am with you always, even unto the end of the world. Amen. Matthew 28:18-20 (King James Version).

Hall (2006) chronicled that community-based church institutions—Catholic, Protestant, and other religious affiliations—established benevolent organizations, founded academic bodies, and weaved a culture of moral consciousness into self-governing, democratic principles throughout American society. This activity resulted from the unique mission that enabled community-based churches to operate as catalysts in advancing parallel spiritual beliefs, social morals, judicial equity, and economic opportunities for communities where they served. Salamon (1996) presented that the advent of the 501(c)(3) tax-exemption law or tax code categorized community-based churches as tax-exempt organizations by federal and some state authorities.
In its conception, the 501(c)(3) tax-exemption law was meant to compliment the social contributions of churches and other charitable organizations (Hall, 2006). Pakroo (2013), explained that Internal Revenue Code Section 501(c)(3) set forth eligibility criteria for aspirant organizations to meet before gaining favorable tax-exempt consideration. In addition, subsequent policies of the federal revenue management agency, the Internal Revenue Service (IRS), mandated that eligible organizations register by means of application to attain tax-exempt recognition. Salamon (1996) journaled that community-based churches alias religious organizations headed the list of eligible tax-exempt organizations along with hospitals, charities, academic institutions, amateur sports, and other recognized nonprofit entities serving the public good. Also, to be recognized as a valid church, an organization must possess a set of practiced religious beliefs that do not conflict with social laws (IRS Pub 557, 2015). In return for registering as a 501(c)(3) organization with the IRS, community-based churches and other eligible nonprofit organizations received guarantees of federal recognition, tax-exemption benefits, personal liability protection, access to public and private grants, as well as tax write-offs for contributing donors (Pakroo, 2013). The 501(c)(3) tax-exemption present a very attractive package for community-based churches to consider.

Notwithstanding, Kershaw (2000) struck an advisory tone for community-based churches to ruminate before accepting federal recognition by way of the 501(c)(3) revenue system. He advised that by registering as 501(c)(3) organization, community-based churches, by default, unsuspectingly signed an agreement of incorporation that enabled the federal government, through the IRS, to regulate its involvement in shaping community development through public policy. (Pakroo, 2013) advanced that an
incorporated organization is a formation of that jurisdiction, federal and state, and thus subject to its laws. Successively, the IRS policies that administer the 501(c)(3) statute appear to support this cautionary note. For example, the 501(c)(3) tax-exemption law placed restrictions on registered tax-exempt organizations, including churches, asserting that, “…no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation...” (GPO, 2015). In addition, the IRS (2015) policy conveyed more explicitly that 501(c)(3) organizations along with churches are “...absolutely prohibited from directly or indirectly participating in, or intervening in...” political contests (IRS Pub 1828, p. 7). The policy translation of the statute from *no substantial part* to *absolutely prohibited* seem to expand the reach of the law beyond legislative influence to involve a complete withdrawal of community-based churches from having input with public policy that affect community development concerns. Colinvaux (2014) questioned the relevance of associating political activity with taxation as cited in the 501(c)(3) tax code.

Kelley (1973) argued that comprehensive tax reformations to the 501(c)(3) tax-exemption law in 1934, 1954, and 1987, nullified formerly established roles of community-based churches as impartial, moral filters in civic affairs for the public good. Essentially, tax reformations seemingly eliminated nonprofit organizations and community-based churches from meaningful involvement in public policy discussions that eventually effect community development outcomes. Livingston (2008) reported that since then, the IRS could revoke tax-exemption status and impose monetary penalties on community-based churches if perceptions of legislative influence or political activity
infractions is suspected. Consequently, as a result of the progressive tax code amendments, the federal government has been empowered to intervene in church affairs.

Opponents and supporters differ on the premise of the 501(c)(3) tax-exemption law and its administration. For instance, some proponents of First Amendment church protections condemn 501(c)(3) tax reformations as an abridgement to free speech, free exercise, and religious establishment clauses (Woods and Davis, 1993). Elacqua (2008) argued that the 501(c)(3) tax-exemption law compulsory of political speech ban have created a problem for communities of faith accustom to First Amendment church protections. In growing opposition, Zwak (2014) relayed how over 1200 Pastors, affiliated with the Alliance Defending Freedom organization, openly endorsed political candidates in order to challenge the Constitutional merits of the 501(c)(3) tax-exemption law in an attempt to contest the law in the courts.

However, supporters of the 501(c)(3) tax reformations see it as good governance instead of government intrusion. As Davidson (1998) stated the reason churches are prohibited from endorsing political candidates is because of their tax-exempt status due to the 501(c)(3) law, but they can address any public policy issue without restraint. Moreover, Jankowski (2013) cited, governments and churches coexisted because of First Amendment church establishment, free exercise, and free speech protections. In light of the controversy, community-based churches seem ambivalent on the 501(c)(3) tax-exemption law value. The contrasting views highlight the emerging problems between community-based churches and adherence to the 501(c)(3) tax-exemption law.
Nature of the Problem

This research study explored whether community-based church institutions equally analyze the pros and cons of registering as a 501(c)(3) nonprofit organization. First, the pros presented three key reasons why community-based churches registered as a 501(c)(3) organization include: (a) federal recognition, (b) tax exemption status, and (c) tax deductions for donors (Hall, 2006). Even though community-based church institutions are not required to apply with the IRS for tax-exemption, the 501(c)(3) trademark is quite appealing to mission supporters with protection against personal liability, and credibility to attain public/private grants (Pakroo, 2013). Next, the cons entailed limitations that registered 501(c)(3) organizations—particularly community-based churches—face in advancing community development through public policy. Tax-exempt organizations, including churches, registered under the 501(c)(3) tax code: (1) are prohibited from substantial activity that effect political contest outcomes, and (2) must refrain from publicly supporting or opposing political candidates (Livingston, 2008). Therefore, exploring the pros and cons of the 501(c)(3) tax-exemption law and policies represent the nature of the problem for community-based church institutions.

Purpose of the Study

The purpose of this study was to explore how community-based church institutions fulfill its inherent mission while complying with the dual pro and con dimensions of the 501(c)(3) tax-exemption law subsequent policies (GPO, 2015, IRS Pub 1828, 2015). This was accomplished by using qualitative design in conducting phenomenological interviews to learn from the select Pastors lived experiences as it relates to the 501(c)(3) tax-exempt policies.
Importance of the Study

This study is important to assist community-based churches analyze the 501(c)(3) tax-exemption law dual dimensions—tax exemptions benefits and legislative influence prohibition—before deciding to register as a 501(c)(3) organization with the Internal Revenue Service. Salamon (1996) deduced, “nonprofit organizations are heavily influenced by government policies” (p. 23). As a result, nonprofit organizations—including churches—do not operate independent of government policies. For that reason, Kershaw (2000) recommended that churches should look into the details, before they leap into the law. Therefore, findings of this research study may help lead to informed decisions about the value of community-based churches becoming a 501(c)(3) tax-exempt organization.

Relationship to the Concentration

This research study was designed to inform students and Organizational Leadership professionals who focus their work with 501(c)(3) nonprofit organizations further understand existing governing conflicts that effect community-based church institutions protected by the First Amendment (Ganther, 1989). Additionally, students and practitioners will be better equipped to develop a comprehensive strategic plan affecting internal and external environments of community-based church institutions (Smith, Bucklin and Associates, 2000).
Research Questions

This research study explored four (4) questions. The investigative questions are:

- Question #1. Does complying with the 501(c)(3) tax-exemption law help or hinder community-based church institutions in carrying out its inherent Biblical mission?

- Question #2. Whether or not community-based church institutions assess the 501(c)(3) tax-exemption law provisions and prohibitions equally prior to registering as a nonprofit organization?

- Question 3#. Does the 501(c)(3) tax-exemption law impede or advance church efforts in developing services to advance quality of life standards in its community?

- Question #4. Does a governing conflict exist for community-based church institutions in compliance with the 501(c)(3) tax-exemption law with honoring its First Amendment church protection rights?
**Definition of Terms**

For the purpose of this report, the following terms need clarification.

Charities – A charity is a commonly identified set of organizations that provides aid to the needy, receives support from private donors, as well as embrace arts, culture, education, and other activities to contribute to the public welfare (Salamon, 1996, p. 9).

Church – The church represents the organism to which He administers eternal life (Packer, 1988, p. 436).

Community-based church institution – Dedicated to the gospel of Jesus Christ, community-based church institutions are visible, functioning organizations within local neighborhoods with a mission to redeem human beings (Packer, 1988, p. 437).

Community development – The process by which local communities can raise their own standards of living denotes community development (UNESCO, 1956, p. 1).

Institution – “A gathering of persons who have accepted a common purpose, and a common discipline to guide the pursuit of that purpose, to that end that each involved person reaches higher fulfillment as a person, through serving and being served by the common venture, than would be achieved alone or in a less committed relationship” (Greenleaf, 2002, p. 250).

Legislative influence - “… includes action by the Congress, by any State legislature, by any local council or similar governing body, or by the public in a referendum, initiative, constitutional amendment, or similar procedure” (Anderson, 2006, pp. 15-16).

Nonprofit organization (or corporation) – “An organization that has a mission to serve the public interest and has filed incorporation papers with the state” (Pakroo, 2013, p. 3)
Political activity – the “publication or distribution of written or printed statements or the making of oral statements on behalf of or in opposition to such a candidate” (Elacqua, 2008, p.6).

Tax-exempt – “Commonly known as 501(c)(3) status is the specific section of the IRS tax code that not only exempts certain nonprofits from having to pay federal income taxes, but also makes contributions to these organizations tax deductible to donor” (Pakroo, 2013, p. 5).

Self-governance – The ability of organizations to have procedures in place for choosing, electing, designating or selecting a board of directors, executive officers, and for disposing of acquired assets in the event of dissolution (Salamon, 1996).
CHAPTER 2
REVIEW OF THE LITERATURE

Overview

This study included a formal and comprehensive review of literature that provided a basis for the research. The literature review consisted of perspectives from previous research findings related to community-based churches and tax exemption laws. This review provided a focus for the study, and reported the important concepts, and data related to the 501(c)(3) tax statute. The review included an overview of challenges the 501(c)(3) may present for community-based church institutions.

A variety of resources was utilized for reviews of literature pertinent to the project and to answer the research questions. Textbooks, professional periodicals and journals, online databases, and other reference materials were the tools used to gather the data for the review of the literature. The researcher utilized computerized databases, such as the ABI/INFORM Complete (ProQuest), JSTOR, and Hein Online. In addition, journal articles reviews from Law, Sociological, Religious and Theological, Nonprofit Management and Leadership, Tax, Accounting, and American History disciplines relating to Internal Revenue Code Section 501(c)(3) tax statute, First Amendment church protection clauses, Churches and National Ethics. Finally, books, conference papers, and abstracts of dissertations, web site articles and research studies related to Nonprofit Management, Leadership, and Community Development in preparing the synthesis of the literature collected.
Brief History of American Community-Based Church Institutions

In the formative years of America, Hall (2006) relayed how diverse communities of faith exercised an acumen for self-governance. Self-governing organizations were indicative of environments where members elected boards and directors to execute central decisions for the group or groups they represented (Salamon, 1996). The practice of self-governance benefited from a parallel Biblical mission and vision observed by Catholic, Protestant, and other religious affiliated community-based church institutions.

Go ye therefore, and teach all nations, baptizing them in the name of the Father, and of the Son, and of the Holy Ghost: Teaching them to observe all things whatsoever I have commanded you: and, lo, I am with you always, even unto the end of the world. Amen. Matthew 28:18-20 (King James Version).

“Religion”, according to Clarke (2013), though viewed by some as a “private concern” operated as a “social force” through community-based churches. The principles of self-government, according to Blanuša and Grbić (2011), rely on “appropriate and timely participation of citizens” to “satisfy all their common needs, interests and possibilities, without any obstruction” (p. 19). During the early 19th century, community-based churches enjoyed a proliferation of participation from citizens as a result of self-governance (Koçak and Carroll, 2008).

For example, Hall (2006) observed that Roman Catholic affiliated faith communities, consisting of German and Irish immigrants, instituted associations and charities that built schools and hospitals to strengthen community development. In addition, itinerant Protestant clergy formed networks throughout colonies that grew into organized associations as they journeyed from town-to-town conducting religious
worship services. Hall (2006) reported their spiritual-based messages “challenged the power of government over religious matters” and immensely influenced socio-political outcomes (p. 35). Then, after the Civil War, former slaves who languished under political and economic racism formed community-based church institutions (Hammack, 2002). These sprawling spiritual institutions served as galvanizing vehicles that developed communities and stimulated civic involvement (Hall 2006). Stennis, Purnell, Perkins, & Fischle (2015) further chronicled that community-based churches serving people of African heritage historically supplied spiritual guidance, emotional support, social services, political representation, and judicial advocacy in often-obscure environments. Because of its cohesive mission, community-based church institutions stabilized community growth and development (Kelley, 1973). Ultimately, community-based churches earned government recognition that led to tax-exemption.

Salamon (1996) recorded that community-based churches [religious organizations] along with hospitals, charities, and academic institutions headed the list of eligible organizations in line for tax-exemption consideration. However, eligible organizations needed to register with federal and state governments to legitimize its existence (Livingston, 2008). In return for registering as 501(c)(3) organizations, community-based churches received guarantees of federal recognition, tax-exemption benefits, personal liability protection, access to government and private grants, as well as tax write-offs for contributing donors (Pakroo, 2013). As a result, community-based churches registered to comply with the government backed 501(c)(3) statute (Anderson, 2006).
Arnsberger et al (2008) pointed out that initial tax-exempt provision was reserved specifically for charitable, academic, and church institutions that provide a needed public service. The rationale for this corporate tax-exemption or tax-break was due to undeniable contributions toward both community development and nation building. Hall (2004) further noted that an enduring byproduct of nonprofit organizations was the proliferation of community and national associations that instilled self-governing principles. These local and national nonprofit or grassroots organizations produced broad civic acumen required for inclusive government such as public debate and policy-making, fiscal planning and budgeting, along with collaboration and networking. As a result, Hall (2004) cited that academic institutions such as Harvard University and charities like the United Way were established by nonprofit-oriented entities. For instance, Bannister (1995) and Hall (2006) heralded men like Andrew Carnegie and John D. Rockefeller who respectively created philanthropic foundations to foster community growth through trust funds and grants. Their collective efforts spurred others to share wealth through charitable giving and thereby produced an additional revenue stream to energize both public and private enterprise. According to Arnsberger et al, (2008) the preceding actions prompted Congressional legislators to produce in 1909 and 1913 Revenue Acts that shaped the nonprofit environment and ratified the 501(c)(3) tax-exemption category.

Pakroo (2013) posited that Section 501(c)(3) of the Internal Revenue Tax Code contains an attractive feature for qualifying organizations -- including churches -- besides exemption from federal taxation. It appeared the Internal Revenue Service made a concerted effort through IRS Pub 4220 (2014) to promote benefits associated with
applying for tax-exemption. For instance, contributions to support 501(c)(3) organizations receive favorable tax-deductible for both personal and business contributions. In addition, 501(c)(3) organizations receive official recognition that it is a safe investment for private sponsors, trust, and grant-issuing foundations. Also, 501(c)(3) entities receive tax relief in varied forms from local municipalities and state governing bodies. Even, the United States Postal Service accommodates 501(c)(3) organizations with favorable parcel rates. In addition, the 1969 Tax Reform legislation enabled community-based churches with a default tax-exempt status—due to its inherent mission—without registering through the Internal Revenue Service (Hageman, 1983). It is evident by this favorable package, the government made it hard for charities, schools, hospitals, and churches to resist qualifying as a registered tax-exempt organization. However, subsequent tax amendments challenged these favorable tax considerations.

**Evolution of Tax-Exemption**

From the late 1890s through the 1900s, Congress initiated a series of tax revenue legislation designed to regulate nonprofit organizations such as hospitals, schools, and churches whose interest was serving the public (Arnsberger, Ludlum, Riley, and Stanton, 2008).

Successive revenue statutes addressed a variety of issues created by the growth and popularity of tax-exempt organizations, like private donations and unauthorized tax shelters, formed the framework of the impending 501(c)(3) tax code (Hoffman, 2015; Arnsberger et al., 2008; Kemmit, 2006; and Hall, 2004). Federal legislative decisions, though not exhaustive, affected nonprofit entities and consequently community-based churches. For example, the 1894 Wilson-Gorman Tariff Act by federal legislators
established favorable tax-exemption considerations for charitable type organizations (Arnsberger et al, 2008). Hoffman (2015) added that in 1909 via the Corporate Excise Tax legislation religious, academic, and charitable organizations were authorized tax-exempt status.

Still, it was not until the 1913 Revenue Act that charitable nonprofit organizations gained more favorable Congressional tax-exemption considerations (Arnsberger et al, 2008). However, the 1913 measure was challenged as giving nonprofits a competitive edge over for-profits and therefore ruled unconstitutional by the Supreme Court (Hageman, 1983). In addition, the 1917 Revenue Act granted private approved tax deductions for donors (Arnsberger et al, 2008). Abuse in the public policy and finance arena prompted Congress to take sweeping action to reel-in activities taking advantage of the tax-exempt rules. According to Livingston (2008), churches were bracketed among organizations with charitable purposes.

As Arnsberger et al (2008) and Hall (2004) chronicled, the 1934 and 1950 Revenue Acts respectively imposed limits on political lobbying and foundations used to evade taxable income. However, the 1969 amendment attended to several legislative concerns with nonprofit organizations. As it pertained to community-based churches, the federal government levied taxes on unrelated business income and granted a default tax-exempt status without registering (Hageman, 1983). Notwithstanding, it was the 1934 revenue reform measure that introduced community-based church institutions to legislative prohibitions which preceded the more restrictive 1954 amendment.
A Shift in National Ethics

Following World War I, the nation experienced an ethical transition away from Christian-principle styled government towards secular-oriented rule (Packer, 1988). With this change in moral posture, controversial interpretations and applications of the 501(c)(3) tax-exemption law also emerged. Instead of philanthropic deeds, political activity presumed to take center stage.

As aforementioned, the 1934, 1954, and subsequent 1987—to be discussed later—tax code amendments attached political influence conditions whether verbal or written to tax-exempt status based on how much involvement a tax-exempt organization exercised in democratic processes (Weitzel, 2009). More specifically, in 1954, Texas Senator Lyndon B. Johnson presented to Congress a tax code amendment to keep 501(c)(3) nonprofit organizations out of political contest. As Johnson stated:

…this amendment seeks to extend the provisions of section 501 of the House bill, denying tax-exempt status to not only those people who influence legislation but also to those who intervene in any political campaign on behalf of any candidate for any public office… (Davidson, 1998).

In effect, 501(c)(3) entities cannot offer sustained oral or printed public opinions or related activities on political campaign issues (Stanley, 2012). With inclusion of the parenthetical phrase or in opposition to added in the 1987 revision, the ratified 501(c)(3) amendment read:

…no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the
publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office (GPO, 2015).

By being a default a tax-exempt organization, community-based church institutions shared the consequences intended to reel-in invasive anti-communist tactics called McCarthyism—attributed to Senator Joseph McCarthy of Wisconsin—and campaigning activity like the conservative lobbying group Committee for Constitutional Government during the 1950s (Davidson, 1998).

Although the 1954 amendment intended to ensure legislative neutrality of 501 tax-exempt entities during political campaigns, it appeared to have affected the community-based church institutions ability to affect perpetuous community development. Because of the indiscriminate manner in which the tax law was ratified, Livingston (2008) noted that community-based churches became targets of nonprofit reforms. Kershaw (2000) further expressed, “With the ratification of IRC Section 501c3, tax immunity and tax deductibility of religion was converted from a right into a government privilege” (p. 96). In addition, by prohibiting tax-exempt organizations from public participation in political processes, the comprehensive tax reformations seemed to marginalize community-based churches historical, civic role as an impartial, moral filter in society (Kelley, 1973). From that time forward, community-based church institutions have faced emerging challenges to church and state boundaries of authority. As in early formative years, concern still exists over a state dominated church or a church dominated state (Wood and Davis, 1993).
**Significant Challenges for Community-Based Churches**

It appears that persistent controversy shrouds federal agencies—especially judicial courts—upholding congressionally approved 501(c)(3) tax-exempt prerequisites against First Amendment church protection (Hageman, 1983). Though there have been several challenges concerning the laws, this research will focus on two significant renderings.

For example, the *Walz versus Tax Commission* litigation underscored a contested compliance statute that 501(c)(3) churches receive a government subsidy in the form of tax-exemptions in opposition to First Amendment church establishment and free speech protections (Hageman, 1983). On one hand, some judiciaries agreed that registered 501(c)(3) churches do receive government subsidizes and must comply with the tax-exempt provisions (Hoffman, 2015). On the other hand, the Supreme Court ruling favored First Amendment church protections and contradicted the government subsidy argument (Weitzel, 2009). For example, the IRS Publication 557 (2015) asserted that to be recognized as a church the organization must consist of a set of practiced religious beliefs that do not conflict with social laws. Accordingly, churches earned tax-exemption based on its societal contributions and moral influence (Anderson, 2006). Although the court’s rulings centered on non-religious tax-exempt organizations, they affected religious organizations or churches as well.

Next, 501(c)(3) tax reforms enabled federal revenue agencies with a capability to regulate political activities of registered community-based churches. Swibel (2008) and Cafardi (2012) noted that the IRS explored more community-based churches than ever before—of 110 examined cases 47 were churches—for what it deemed questionable
activity following the national presidential campaign in 2004. Intended or not intended, the 501(c)(3) tax reforms remain constitutionally questionable for churches. Therefore, free exercise advocates maintain that community-based churches should be exempt from regulatory practices—regardless of venue (Kelley, 1973). Nevertheless, governing policies make no exceptions regulating registered community-based church institutions from other tax-exempt organizations (Anderson, 2006). Community-based churches signed a default agreement—knowingly or unknowingly—by registering as a 501(c)(3) organization through the Internal Revenue Service that enabled the federal government to monitor and regulate its involvement in shaping community development through public policy (Kershaw, 2000). Given this accrued research data, the emerging challenge for community-based church institutions exist in gaining a comprehensive understanding of the Internal Revenue 501(c)(3) law and associated policies.

Summary

This study presented a formal and comprehensive review of literature to provide a basis for research of the 501(c)(3) tax-exemption law and its dual effects on community-based church institutions. Furthermore, the literature review consisted of previous research findings related to community-based church institutions contributions to national, state, and local community development. Moreover, the review provided a focus for the study, and reported important concepts, and data related to the origin and evolution of Internal Revenue Code Section 501(c)(3), First Amendment church protections, and its effect on community-based church institutions. Finally, the review included an overview of significant challenges community-based churches face.
Furthermore, the research revealed that American community-based church institutions share a twofold mission affecting spiritual and social community development. The government recognized the value of community-based churches and conferred tax-exempt privileges to support its mission (Hall, 2004). However, consequential tax reformations aimed at alleviating manipulation of political outcomes by organizations benefiting from tax-exemptions interfered with community-based churches providing a moral compass in civic affairs and community development (Kelley, 1973). Since then, community-based church institutions executing its inherent mission face administrative uncertainties and possible legal consequences.

Therefore, this study provides a basis to research an emerging challenge confronting community-based church institutions involving Internal Revenue Code Section 501(c)(3) tax-exemption regulations and an inherent mission dedicated to spiritual and social community development protected by First Amendment freedoms. The findings of this research study will help students and practitioners formulate additional research about registering as a 501(c)(3) tax-exempt organization.
CHAPTER 3

METHODOLOGY AND PROCEDURES

Methodology

This research study employed a qualitative approach complemented by a phenomenological design. Qualitative research, according to Leedy and Ormrod (2013), involve studies that are defined by investigating distinctive circumstances or conditions effecting a phenomenon. A phenomenon represents an event as conveyed through eyes of an individual (Leedy and Ormrod, 2013). Creswell (2014) added that the value of a phenomenological design is to explore personal experiences of a dynamic, operational environment. Qualitative research studies have provided a simple method that helped researchers understand everyday events in everyday environments (Golafshani, 2003).

According to Leedy and Ormrod (2013), a phenomenological design helps one person understand the views or experiences of another person. Therefore, this researcher conducted a qualitative study with a phenomenological design to understand how community-based churches administratively and operationally respond to the 501(c)(3) tax-exemption law in their local environment.

Also, the researcher deployed a phenomenological interview method to conduct this research. The interview method allowed the researcher to use open-ended questions to facilitate discussion. The flexibility of open-ended questions was a primary advantage in conducting a phenomenological interview (Mack, Woodsong, MacQueen, Guest, and Namey, 2005, p. 4). Open-ended questions enabled participants to proceed through the interview at his or her own pace. An example of an open-ended question is “How knowledgeable are you of…” (Creswell and Clark, 2004, p. 18).
As a result, the researcher used the interview method to facilitate this phenomenological study. More specifically, the researcher conducted in-person or face-to-face interviews with pastors of non-randomly selected 501(c)(3) community-based churches (Creswell, 2014). Since, the Internal Revenue Service does not mandate that churches register for tax-exempt recognition; some community-based churches have agreed to register while others have not (IRS Pub 1828, 2015).

Accordingly, the in-person interview approach investigated six (6) non-randomly selected pastors located in the metropolitan Atlanta Area participating in the 501(c)(3) program. In addition, the researcher asked interviewees for references to at least one other non-randomly selected pastor that may lend additional perspectives to the qualitative study as appropriate.

The interview focused on investigating three principal categories with each category generating three (3) relevant questions for a total of nine (9) interview questions. The three principal categories were: (1) Church 501(c)(3) program knowledge, (2) Effects of 501(c)(3) program on church mission, and (3) Areas of 501(c)(3) program improvement. The researcher reserved the option of investigating subsequent, relevant questions as required.

The interviewed data was collected, organized, and transposed to a Word document. Then, collected data was analyzed using the SWOT Analysis reporting format indicated in Figure 1 and a comprehensive assessment of collected data was tabulated into Figure 2. According to Kaufman, Browne, Watkins, and Leigh (2003) the acronym SWOT denoted strengths [positive], weaknesses [negative], opportunities [prospects], and threats [barriers] affecting an organization’s internal and external operations.
Procedures

The researcher conducted a confidential qualitative research study through the following progressive steps: First, the researcher completed and submitted the proposed research study in compliance with requisites conveyed in Research Strategies I and II (LEAD 603 and LEAD 700). Second, the researcher submitted the proposed research study to the Research Faculty Advisor (RFA) for review and approval. Third, as deemed appropriate by the RFA, the researcher completed revisions as required until the proposed research study was ready for submission to the Institutional Review Board (IRB). Fourth, the researcher submitted the proposed research study and IRB application to the RFA before the end of Research Strategies II for review, revisions, and approval as appropriate. Fifth, the researcher conducted planned “face-to-face, one-on-one, in-person” interviews that featured open-ended questions with voluntary participants (Creswell, 2014, p. 190). The researcher personally contacted participants and established a date, and time when one-half hour interviews were conducted in the participant’s environment. Participant names and organizations were coded alphabetically and numerically, respectively, to provide privacy such as Pastor A through Pastor F and Church 1 on through Church 6. Sixth, the researcher electronically recorded the interview process. After the interview, the researcher transposed and deleted the electronic interview within 24-hours into a Word document for easy electronic filing with aforementioned codes. Seventh, the researcher synthesized each interview into a final research format for submission the RFA. Once reviewed by the RFA, the proposed research was edited and submitted for final approval. Eighth, once all research requirements were successfully met, the researcher submitted the research study.
Assumptions

This research study assumed that community-based church institutions faced emerging challenges as a result 501(c)(3) tax-exemption laws conflicting with First Amendment church protections. Leedy and Ormrod (2013) recommend disclosing any preconceived disposition toward the research study. Therefore, at least two contrasting assumptions must be noted. The researcher favored First Amendment church protections over 501(c)(3) restrictions. Likewise, to ensure neutrality when voluntary participants were interviewed, the researcher asked explicit questions concerning perceived pros and cons of governing tax-exempt laws and church protections.

Predetermined population samples. In an effort to achieve diversity, the researcher limited the scope of the study by contacting two (2) predominantly African American, two (2) predominately Caucasian, and two (2) predominately Hispanic/Latino community-based church institutions who were registered 501(c)(3) organizations.

Limitations

The proposed qualitative research study explored the effect of the 501(c)(3) tax-exemption law on community-based churches in the surrounding Atlanta Metropolitan Area communities. The scope of the qualitative research study explored whether community-based churches faced conflict as a registered tax-exempt organization exercising its First Amendment church protections such as free exercise of religion and free speech. Also, Leedy and Ormrod (2013) conveyed that research study limitations indicate what did not occur. For this reason, the researcher did not ask questions regarding personal identifiers such names, addresses, phone numbers or other data may be deemed attributable or matters pertaining to financial solvency, pay status of
employees, political affiliations, or other questions that may be deemed intrusive or offensive to religious beliefs.

In addition, the researcher did not meet the proposed sample population of investigating equal ethnic demographics to remove appearance of bias. For example, this researcher originally set a sample size of six (6) non-randomly selected community-based churches to investigate for the study. Explicitly, two (2) churches of predominately African American, Caucasian, and Hispanic/Latino ethnicity made up the sample size. However, only one (1) predominately Hispanic/Latino community-based church was investigated for the research study due to difficulty finding and securing a second sample population for this demographic. This occurrence reduced the researcher’s intent to achieve ethnic balance to remove any perceptions of bias.

**Description of Population and Sample**

The researcher non-randomly selected five (5) community-based church institutions represented in the Atlanta Metropolitan Area communities to conduct an equitable phenomenological study. Leedy and Ormrod (2013) communicated that a sample size can range from 5 to 25 is normal for a quality phenomenological study. Although a lesser sampling size was determined, the five (5) non-randomly selected community-based churches met the criteria of a purposeful sampling. First, the researcher non-randomly selected five (5) community-based church institutions from three dominant ethnic demographics in the metropolitan Atlanta area. The reason behind using diverse demographics served to expedite the investigation and removed any misplaced perception of ethnic bias.
Therefore, the non-randomly selected community-based churches were two (2) predominately African American, two (2) predominately Caucasian, and one (1) predominately Hispanic/Latino. Second, the researcher established a baseline that identified community-based church institutions who have served their communities for at least five years to fulfill the description of a civic institution. This researcher accomplished that by checking the non-randomly selected church’s history on their published websites or social media page.

**Instrument**

The researcher used a constructivist worldview as an instrument to measure this qualitative study. As Creswell (2014) noted, a constructivist perspective focused on advancing a more valuable understanding of a phenomena. Through using a face-to-face, in-person interview method, and this researcher gained a better insight into how community-based church institutions interpreted and applied the 501(c)(3) tax code in lieu of its dual pro and con dimensions. Golafshini (2003) cited Lincoln and Guba (1985) who described credibility, neutrality, confirmability, consistency, dependability, applicability, and transferability as six criteria that determined the worth of a qualitative study. Therefore, this researcher applied neutrality, consistency, and credibility as measures that produced a quality study.

First, neutrality was achieved by exposing voluntary participants to general language of the 501(c)(3) tax code, applicable policies of the Internal Revenue Service governing tax-exemption, and First Amendment church protections. Kelly (1973) postulated that community-based church institutions have focused historically on performing its inherent mission with respect to governing tax-exemption laws and church
protections. The researcher obtained consistency by formulating interview questions to voluntary participants that addressed 501(c)(3) laws/policies, its effects on inherent church missions and community development, and identifying possible areas of improvement with the 501(c)(3) program. For instance, the Internal Revenue Service Publication 4220 (2014) qualified both benefits and prohibitions for registered 501(c)(3) organizations.

Finally, the research study presented an unbiased interview with all voluntary participants that helped gain a better understanding of perspectives and opinions that achieved credibility. Golafshani (2003) suggested periodically monitoring the interview process for consistency as the study moved along to ensure a credible research. Therefore, this researcher monitored research consistency by asking each voluntary participant the same nine (9) prepared questions in the same order.
CHAPTER 4

RESULTS

Results of the Literature Review

The literature review conducted by this researcher offered information that framed the phenomenological study relating to the pros and cons of the 501(c)(3) tax-exemption law and its effect on:

- Community-based church institutions historical contributions
- Evolution of 501(c)(3) tax-exemption
- 501(c)(3) and National Ethics
- Significant challenges with 501(c)(3) for community-based church institutions

The chosen subjects aided the researcher with investigating the legislative and judicial controversies that exists in community-based churches over legal boundaries created by the dual dimensions of the nonprofit revenue law entitled Section 501(c)(3) or 501(c)(3) as it is commonly referred.

The revenue law included tax-exemption provisions while at the same time it prohibited the same tax-exempt organizations or charitable nonprofit organizations from participating in the legislative process of contributing to public policy formulation (Hall, 2006 and Salamon, 1996). Counted among those tax-exempt, charitable nonprofit organizations are community-based churches (Pakroo, 2013).

**Community-based church institutions historical contributions**

Community-based churches—Catholic, Protestant, and Other Religious Denominations—executed an inherent mission unique from all other nonprofit organizations. Their inherent mission has had its roots planted in the Holy Bible,
irrespective of version, to “Go … teach all nations…to observe all things … I commanded you” (Matthew 28:19-20, KJV). In short, its mission was both spiritual and social as it fulfilled its vocation.

As a result, schools, hospitals, other charitable services, and associations originated from the church effectively meeting its mission and developing ethnic communities where they were based (Hall, 2006). This administrative quality toward community growth was borne out its parallel mission and self-governing ability. Blanuša and Grbić (2011) relayed that self-government function occurred when ordinary citizens participated in developing ways to take care of the welfare or common necessities of their communities.

**Evolution of 501(c)(3) tax-exemption**

The government, federal and state, were impressed with community development contributions of community-based churches and other charitable organizations. According to Waweru (2015), local communities were able to advance through collaborative efforts of people who have learned how to work together with personal means and external resources. This perspective supports the United Nations Education, Scientific, and Cultural Organization or UNESCO’s seminal concept of local community’s ability to raise their own standards of living (UNESCO, 1956).

Because of community development efforts, the government desired to help them do more by drafting legislation to exempt churches and other charitable organizations from paying taxes. Eventually, this revenue-focused legislation produced in the 1900s progressed into the 501(c)(3) tax-exemption law for nonprofit organizations and churches (Arnsberger, Ludlum, Riley, and Stanton, 2008).
National ethics effects on 501(c)(3)

Packer (1988) submitted that national ethics shifted from Christian-principles to more materialistic orientations after World War I. Weitzel (2009) indicated with the shift in national ethics, came further amendments to the 501(c)(3) revenue law that placed conditions on participation in the Democratic process of open public policy discussion for nonprofit registrants. Throughout the 1900s, a series of amendments to the 501(c)(3) tax-exemption law occurred in 1934, 1954, and 1987—not counting 1976—that essentially invalidated tax-exempt organizations from participating in public legislation discussion. The law annexed churches.

For example, the 501(c)(3) tax-exemption law placed restrictions on registered tax-exempt organizations, including churches, asserting that, “…no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation...” (GPO, 2015). In addition, the IRS (2015) policy conveyed more explicitly that 501(c)(3) organizations along with churches are “…absolutely prohibited from directly or indirectly participating in, or intervening in...” political contests (IRS Pub 1828, p. 7).

After examining the revenue law’s language, Kershaw (2000) advised community-based churches to ruminate the merits of the 501(c)(3) tax-exemption conditions prior to applying for federal or state recognition. His rationale was that community-based churches unsuspectingly signed a default that enabled government to control its involvement in shaping community development through public policy. (Stanley, 2012) conveyed that nonprofit, 501(c)(3) organizations, including churches, could not offer an oral or written public opinion addressing government legislative
measures. Kelley (1973) argued that the collective legislative maneuvers nullified the civic roles of community-based churches as impartial, moral filters. Since then, the 501(c)(3) has been challenged as unconstitutional.

**Significant challenges with 501(c)(3) for community-based churches**

The controversy between the 501(c)(3) revenue law has spurned pushback from First Amendment advocates who decry the legislation as infringement upon basic rights of free speech, free exercise, and establishment clauses (Woods and Davis, 1993). Others have questioned the correlation between legislative influence and taxation (Colinvaux, 2014). In response to such inquiries, Davidson (1998) reasoned that the sanctioning of tax-exempt status by the government prohibits churches from endorsing candidates but can participate through addressing legislative or political issues freely.

Ambiguous decisions by the courts have not served to resolve the controversy. In two landmark cases, *Regan verse Taxation with Representation* and *Citizens United verse the Federal Election Commission* the Supreme Court rulings presented an air of indecisiveness. For example, the Supreme Court ruled tax-exemptions equated to government-subsidized organizations in *Regan verse Taxation with Representation* and therefore 501(c)(3) participation was prohibited (Elacqua, 2008). However, in the *Citizens United verse the Federal Election Commission* decision, the Supreme Court determined that political views multi-media were permitted by the law (Stanley, 2012).

The different rulings leave community-based churches leery of running afoul of a law intended to aid their efforts to advance community development.
Results of the Data Collection

The Mercer University Institutional Review Board (IRB) approved the study presented by this researcher for Human Subject Research to collect data on 1 March 2016 to collect relevant data from community-based church institutions. The duration of the research officially ends on 28 February 2017 as authorized by the IRB. Mercer University represents the institution where the researcher attended school as a student.

Focus and method of research study

The data collection focus of the qualitative research study centered on community-based church institutions operating as 501(c)(3) registered nonprofit organization. Also, the data collection was based on a phenomenological design that consisted of gaining an understanding from experiences of Pastors serving in community-based churches located in the Atlanta metropolitan area. Therefore, an in-person, face-to-face interview method was used to collect data from community-based churches who operate as 501(c)(3) registered organizations. To expedite data collection efforts, this researcher was aided by a hand-held digital recorder to eliminate hand-written notes during the interview process with human subjects.

The following protocol was followed in order to facilitate recruitment activities. First, the researcher wore business attire featuring coat and tie accessories. Moreover, upon arrival at non-randomly selected community-based churches, this recruiter introduced himself to each receptionist and presented two forms of identification. A valid Mercer University Student Identification Card along with a valid State of Georgia Driver’s License were presented as proof of identity ensuring creditability of the research study was established.
Recruiting activities

This researcher performed all recruitment activity. Routine recruitment activity occurred Monday through Friday from 10 am until 5 pm. However, recruitment took place on Sunday after worship service at 3 (three) community-based church institutions. The three (3) recruited Pastors represented one (1) Caucasian and two (2) Hispanic/Latino predominate church congregations. This researcher was respectful of established customs and protocols of each community-based church’s worship service, parishioners, and Pastoral leadership.

Population and research criteria

A total of 16 pastors were recruited to participate voluntarily in the research study who actively served in community-based church institutions located in the Atlanta metropolitan areas. Of the 16 community-based churches recruited, two (2) did not fit the 501(c)(3) criteria as proposed in the research methodology, two (2) met the 501(c)(3) criteria but declined to participate, and 12 took the research study under advisement.

For the 12 community-based churches who took the research study under advisement, the researcher presented an executive summary explaining the subject, abstract, purpose, importance, and method of collecting data. Also, IRB approval documents that featured approval letter, informed consent and confidentiality requirements were disclosed for participant review. However, written research questions were not disclosed on the executive summary but were lightly discussed during recruiting activity. This may or may not have influenced decisions to participate in the study. The researcher established a date to return to gain determination of voluntary participation.
As a result, five (5) out of the 12 community-based churches voluntarily consented to participate in the research study. The other seven (7) community-based churches respectfully declined to participate in the research study either in person or by a third party. The researcher presented a tabulated document, to each participating community-based church institution, that consisted of an executive summary, narrative proposal, nine (9) interview questions, along with IRB authorization and informed consent documents for review and acknowledgement.

**Frequency of data collection**

Actual data collection occurred between 23 March 2016 until 16 June during participating churches weekly business hours from 10 am to 5 pm, Monday thru Friday.

**Church 1 and Pastor A**

Data collection with Church 1 and Pastor A—took place onsite in the privacy of the Pastor’s office on 23 March 2016 from 10 am until 10:45 am. Church 1 represented a predominate African American community-based church institution. Only this researcher and Pastor A were present during the interview. The face-to-face interview discussed the 501(c)(3) tax-exemption law, church mission, community development, helps and hindrances accomplishing mission or community efforts associated with operating under the guidelines of the tax law, 501(c)(3) improvement recommendations, and how the 501(c)(3) tax-exemption law effects of participating in public policy discussion at all levels of government. At interview’s end, the researcher thanked Pastor A of Church 1 for voluntarily participating and promised a copy of the completed research study.
Church 2 and Pastor B

Data collection with Church 2 and Pastor B—took place onsite in the privacy of the Pastor’s office on 24 March 2016 from 3:30 pm until 4:05 pm. Church 2 represented a predominately African American community-based church institution. Only this researcher and Pastor B were present during the interview. The face-to-face interview discussed the 501(c)(3) tax-exemption law, church mission, community development, helps and hindrances accomplishing mission or community efforts associated with operating under the guidelines of the tax law, 501(c)(3) improvement recommendations, and how the 501(c)(3) tax-exemption law effects of participating in public policy discussion at all levels of government. At interview’s end, the researcher thanked Pastor B of Church 2 for voluntarily participating and promised a copy of the completed research study.

Church 3 and Pastor C

Data collection with Church 3 and Pastor C—took place onsite in the privacy of the Pastor’s office on 8 April 2016 from 10 am until 10:20 am. Church 3 represented a predominately Hispanic/Latino community-based church institution. Only this researcher and Pastor C were present during the interview. The face-to-face interview discussed the 501(c)(3) tax-exemption law, church mission, community development, helps and hindrances accomplishing mission or community efforts associated with operating under the guidelines of the tax law, 501(c)(3) improvement recommendations, and how the 501(c)(3) tax-exemption law effects of participating in public policy discussion at all levels of government. At interview’s end, the researcher thanked Pastor C of Church 3 for voluntarily participating and promised a copy of the completed research study.


Church 4 and Pastor D

Data collection with Church 4 and Pastor D—took place onsite in the privacy of the Pastor’s office on 27 April 2016 from 10:30 am until 10:55 am. Church 4 represented a predominate Caucasian community-based church institution. Only this researcher and Pastor D were present during the interview. The face-to-face interview discussed the 501(c)(3) tax-exemption law, church mission, community development, helps and hindrances accomplishing mission or community efforts associated with operating under the guidelines of the tax law, 501(c)(3) improvement recommendations, and how the 501(c)(3) tax-exemption law effects of participating in public policy discussion at all levels of government. At interview’s end, the researcher thanked Pastor D of Church 4 for voluntarily participating and promised a copy of the completed research study.

Church 5 and Pastor E

Data collection with Church 5 and Pastor E—took place onsite in the privacy of the Church Administrator’s office on 16 June 2016 from 11 am until 11:15 am. Church 5 represented a predominate Caucasian community-based church institution. In addition to this researcher and Pastor E, the Church Administrator who is the resident certified public accountant were present during the interview. The face-to-face interview discussed the 501(c)(3) tax-exemption law, church mission, community development, helps and hindrances to mission or community efforts associated with operating under the guidelines of the tax law, and 501(c)(3) improvement recommendations. At interview’s end, the researcher thanked Pastor E of Church 5 for voluntarily participating and promised a copy of the completed research study.
Results of the Data Analysis

Data were collected and analyzed with the SWOT Rating Scale tool designed by Kaufman, Browne, Watkins, and Leigh (2003) based on the four research questions.

SWOT Analysis

Kaufman, Browne, Watkins, and Leigh (2003) created the SWOT Rating Scale identified as Figure 1. It applied an analytical score from 1 thru 3 to assess perspectives of purposely selected Pastors listed in Figure 2, the SWOT Analysis.

<table>
<thead>
<tr>
<th>Figure 1</th>
<th>SWOT Rating Scale</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Strengths</td>
</tr>
<tr>
<td>Rating</td>
<td>Rating rules to assess the impact of the strengths data.</td>
</tr>
<tr>
<td>3</td>
<td>A significant advantage; defines uniqueness.</td>
</tr>
<tr>
<td>2</td>
<td>Advantageous; insufficient to be competing.</td>
</tr>
<tr>
<td>1</td>
<td>Some advantages; can be copied.</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Threats</td>
</tr>
<tr>
<td>Rating</td>
<td>Rating rules to assess the impact of the weaknesses data.</td>
</tr>
<tr>
<td>3</td>
<td>A significant weakness; negative impact on results [all levels]</td>
</tr>
<tr>
<td>2</td>
<td>An important weakness; could have serious implications if not fixed.</td>
</tr>
<tr>
<td>1</td>
<td>An annoying weakness, but can be overcome.</td>
</tr>
</tbody>
</table>

The data used were collected from answers provided by Pastor A thru Pastor E based on the nine (9) interview research questions. Next, the collected data was annotated in the appropriate column of the SWOT Analysis Tool, in Figure 2. Then, the collected dated was assessed using the numeric rating scale of Figure 1 to indicate levels of significant Strengths, Weaknesses, Opportunities, or Threats resulting from the 501(c)(3) tax-exemption law on community-based church institutions.

<table>
<thead>
<tr>
<th>Research Interview Questions</th>
<th>S</th>
<th>W</th>
<th>O</th>
<th>T</th>
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</thead>
<tbody>
<tr>
<td>1. What is your knowledge level of the 501(c)(3) tax-exemption law and its policies? General?</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Advance? Subject matter expert?</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2. How long has your church been registered as a 501(c)(3) organization?</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. What factors led to your church’s decision to register as a 501(c)(3) organization?</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4. What is the mission of your church?</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>5. How does the 501(c)(3) law benefit your church with meeting its mission?</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>6. What areas of the 501(c)(3) law presents your church with challenges in meeting its mission?</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>7. Does your church offer ministry or services to advance community development for parishioners?</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>8. Does complying with the 501(c)(3) law help or hinder your church’s ability to serve parishioners in the community? Please explain.</td>
<td>2</td>
<td>1</td>
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<td>1</td>
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<tr>
<td>9. If you could amend any area of the 501(c)(3) law to improve its policies for community-based church institutions, what suggestions would you recommend?</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
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</tbody>
</table>
Results of the Research Questions

**Research Question 1.** Does complying with the 501(c)(3) tax-exemption law help or hinder community-based church institutions in carrying out its inherent Biblical mission?

First, five out of the five selected Pastors emphasized that the 501(c)(3) tax-exemption law did not hinder the Gospel message of salvation through Jesus Christ from being ministered in word or song to either men, women, boys, or girls.

Next, benefits of being a tax-exempt organization were duly acknowledged. The selected Pastors noted how the tax-exempt law further helped churches maximize limited income resources to assist poorest of community members with access to church-sponsored social and philanthropic services to relieve undue sufferings. In addition, the tax law significantly helped with gaining granting funds that permitted community outreach programs such as health fairs be made accessible to community families otherwise not available. Collectively, each selected Pastor applauded how property tax exemptions relieved strains on the church’s budget. That budget relief enabled the church to do more to help with appropriate and needed ministries like assisting the Elderly and at-risk youth in the community who require care and assistance.

Finally, the selected Pastors were well informed of 501(c)(3) requirements and restraints that govern church operations. Pastor D questioned whether the Gospel and being a 501(c)(3) entity are congruent citing the Biblical text to “Render unto Caesar the things that are Caesar’s and unto God to the things that are God’s” as a principle of consideration.

The data were collected from responses to interview questions 4, 5, 6 and 8.
Research Question 2. Whether or not community-based church institutions assess the 501(c)(3) tax-exemption law provisions and prohibitions equally prior to registering as a nonprofit organization?

First, it is important to establish that community-based church institutions are registered as a nonprofit organization in one of two ways with the resident State agency such as the Office of the Secretary of State. Churches register either as an independent Church organization or as affiliated with its parent Church organization. Of the five (5) selected Pastors interviewed, four out of the five community-based churches registered with the State through its parent Church organization.

Next, establishment of the five community-based church vary. Three out of the five churches organized in the 1800s. Two out of five established in the mid-1900s. As a result, the churches have had several Pastoral leaders and governing boards directing the institution. Five of the five community-based churches decided to register as a 501(c)(3) organization prior to either of the selected Pastors appointment. This data had a direct bearing on ascertaining the selected Pastors’ knowledge of registering as a nonprofit organization. The selected Pastors have supported the decision by ably complying with the 501(c)(3) program policies.

Notwithstanding, the selected Pastors individually expressed a basic to general knowledge-level of the 501(c)(3) tax-exemption law. To supplement this management shortfall, community-based churches led by the interviewed Pastors either had on staff or on-call professional expertise such as a certified public accountant or an attorney who specialized in nonprofit management.

The data were collected from responses to interview questions 1, 2, and 3.
Research Question 3. Does the 501(c)(3) tax-exemption law impede or advance church efforts in developing services to advance quality of life standards in its community?

The selected Pastors said the 501(c)(3) law does not impede churches from advancing community development for parishioners as well as non-parishioners. As much as you done it to least of these—Jesus said—you have done it unto me.

The hub of community development efforts extends from its inherent Biblical mission. Active mission statements such as restoring Christian fellowship among Hispanics ... making disciples for Jesus Christ ... serving others beyond Sunday morning ... educate, encourage, and exhort believers to find and follow God’s purpose for their life ... to reach beyond these walls ... and bring them [men and women] into a saving relationship with Jesus Christ represent the passion and heart of the selected Pastors hold forth for improving the quality of life for people. These Christ-centered missions strive to meet spiritual and unaddressed social needs in its host community.

The selected Pastors cited robust community development programs that aid struggling individuals and families get back on their feet. Community program like services to obtain groceries, pay utility bills, mentor youth, shelter homeless, provide access to medical care, legal services to help with immigration issues otherwise unattainable, assists men and women released from penal institution functionally integrate back into society, develop needed leadership skills, learn interviewing skills, and sponsoring county job fairs. Pastor D recalled how some the social programs were effective enough to become an independent organization offering the same services.

The data were collected from responses to interview questions 4, 7, and 8.
Research Question 4. Does a governing conflict exist for community-based church institutions in compliance with the 501(c)(3) tax-exemption law with honoring its First Amendment church protection rights?

The selected Pastors held different views that centered on legislative prohibitions of the 501(c)(3) tax-exemption law and how it is interpreted and enforced.

Pastor A preferred establishing relationships with civic officials to influence community development as opposed to a social activist approach the he views as producing irreparable effects for concerned citizens.

Pastor B indicated that community development would be greatly aided if community-based churches were allowed to garner support for political candidates better qualified to represent their communities. The merit and equity of legislative prohibition was called in to question. Pastor B pondered how Presidential candidate Donald Trump was able to speak at Liberty University in Virginia without in any repercussions from the Internal Revenue Service. He further acknowledged that colleagues have been severely penalized for engaging in the same activity.

Pastor C suggested that community-based church institutions may be better served by having separate nonprofit category as opposed to being governed by a blanket nonprofit organization category.
Pastor D quizzed two aspects of the 501(c)(3) law--taxes and political activities. First, he pondered if it were morally right for one institution not to pay taxes while others are obligated to pay. Second, he probed what consisted of political activity. He wondered what authority should have protected a minister who made a political statement from the pulpit that caused his dismissal. Then, Pastor D compared inequities that seem to favor African American churches political involvement over Caucasian churches from the pulpit. He noted this is a better understanding of the 501(c)(3) tax-exemption law would be beneficial in navigating effectively through these social dynamics.

Pastor E emphasized his support for First Amendment church protections above the Internal Revenue Service policies. He noted we [the Church] will address any social issue that opposes sound doctrine.

The data were collected from responses to interview questions 6 and 9.
Findings

The small population sample size of five (5) used for this research study, though purposeful. However, data collected from perspectives of participating Pastors indicated the following SWOT analysis pertaining to 501(c)(3) tax-exemption law provisions.

Strengths - community-based church institutions have a significant advantage in church inherent mission, disciple-ling souls to Jesus Christ, and community development – particularly in the area of social services. Church ministries and social programs such as health, homeless, and incarceration ministries programs address those needs in their communities to both parishioners and non-parishioners.

Weaknesses – each community-based church institution Pastor interviewed indicated a General Knowledge Level of the 501(c)(3) tax-exemption law. However, the self-assessment does not indicate a lack of knowledge regarding the tax law’s provisions and prohibitions.

Opportunities – application of the 501(c)(3) tax-exemption law for community-based church institutions exists in several areas. First, leadership training and development concerning their First Amendment rights and the statutes of the 501(c)(3) tax-exemption law.

Threats – a serious to significant threat may emerge for community-based church institutions as they exercise their First Amendment rights and apply provisions accorded by the 501(c)(3) tax-exemption law.
CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

This summary synthesizes the research findings regarding the 501(c)(3) tax-exemption law pros and cons and its effects on community-based church institutions. To ascertain this perspective, data was collected from five (5) community-based church institutions located in the surrounding Atlanta metropolitan area. The collected data was obtained through in-person; face-to-face interviews with five (5) Pastors of the aforementioned churches who volunteered to participate in the research study.

Summary

This research study looked at community-based church institutions through the prism of the 501(c)(3) tax-exemption law that governs its operation as a nonprofit, tax-exempt organization and whether or not the 501(c)(3) was an impediment to accomplishing the church’s inherent mission and provide inclusive community development. The three principal categories investigated via face-to-face interview were: (1) Pastoral 501(c)(3) program knowledge, (2) Effects of 501(c)(3) program on church mission and community development, and (3) Areas of 501(c)(3) program improvement.

First and foremost, this Researcher readily recognizes that each interviewed Pastor respected and adhered to the 501(c)(3) tax statute as written. Churches 1 through 5 either employed or had immediate access to certified accountants or legal advisors to assist with 501(c)(3) compliance requirements.
Pastoral 501(c)(3) knowledge level

Each Pastor, A through Pastor E, cited a General knowledge of the 501(c)(3) tax-exemption law and its administrative policies from the three knowledge level choices of general, advanced, or expert (NIH, 2009). However, the self-assessed knowledge-level of general as communicated by interviewed Pastors is not reflective of a total lack of knowledge regarding the 501(c)(3) tax-exemption law’s provisions and prohibitions. The participating Pastors conveyed a firm grasps of the revenue statute legal requirements and were ready to demonstrate compliance upon request.

As for the churches’ tenure under the 501(c)(3) tax-exemption law, Pastor A through Pastor E acknowledged that they were not affiliated with their respective community-based churches when the decision was made to become a 501(c)(3) tax-exempt organization. But, independently deduced that the tax-exemption benefits such as federal and state tax-exemptions such as employee and property taxes played a factor in the 501(c)(3) decision.

The results are dissimilar for attaining how each community-based church institution attained its 501(c)(3) status. For example, only one community-based church institution—Church 2 with Pastor B—made an independent decision to register for tax-exemption status recognition as an incorporated 501(c)(3) organization. In contrast, Churches 1, 3, 4, and 5 respectively obtained their tax-exempt status through their denomination’s parent organization’s incorporation as a 501(c)(3) organization. Parent organizations were incorporated through either its archdioceses or denomination’s convention.
In addition, community-based churches registered through their parent organization—Churches 1, 3, 4, and 5—have access to corporate governance and legal expertise in 501(c)(3) tax-exemption law administration. Notwithstanding, Church 2, which registered independently, met all legal requirements such as a functioning board of directors, by-laws, established beliefs, and hired legal expertise in the area of administering 501(c)(3) tax-exemption law.

Likewise, Pastors A, C, D, and E of Churches 1, 3, 4, and 5 provided the respective dates which their parent organizations were incorporated under the 501(c)(3) statute. While Pastor B of Church 2 did not have the exact date readily available, he was confident that the governing board of directors had the information in the official records of incorporation.

**Effects of 501(c)(3) program on church mission and community development**

The mission of Churches 1, 2, 3, 4, and 5 communicated a Bible-based mission with a spiritual focus on sharing the Gospel of Jesus Christ to humanity. In addition, each Pastor—A, B, C, D, and E—enthusiastically described both a vision and a mission for their respective fellowships that extend outside the walls of the sanctuary to help the whole man—spiritually, physically, and psychologically.

In addition, regarding the 501(c)(3) tax-exemption law’s effects on their primary mission of preaching the gospel of salvation through Jesus Christ, each Pastor communicated it did not hinder them from preaching the gospel or from performing ministry activities outside the walls of the church. In addition, Church 1, 2, 3, 4, and 5 are providing needed social services to both parishioners and non-parishioners in areas of need.
In the area of community development, Pastors’ A, B, C, D, and E each shared that their churches provided some form of common social service to meet needs in their respective communities. For instances, the poor, the homeless, and the hopeless are not forgotten but sought out to help lift the loads of various burdens regardless of circumstances. Nevertheless, the efforts show the uniqueness of a church nonprofit compared to a non-church nonprofit. As Pastor C stated, “… there are benefits where we function in and help society. A lot of what we do, we do free of charge. We do not charge for services. So that’s a big help for society”.

Notwithstanding, each Pastor representing their respective church body clearly understood the legal parameters of the 501(c)(3) tax-exemption law and expressed the legal cautions that must be applied in dispersing funds and the fiscal discipline applied to toward community development efforts under the 501(c)(3) requirements.

However, perceptions toward participating in various aspects of public policy be it called political activity or legislative influence are divergent. Though others had opinions and views, two highlighted expressions were offered by Pastor B and Pastor C regard legislative influence.

Pastor B of Church 2 pondered, “I saw Liberty Baptist come out and endorse Donald Trump and I wondered how they were able to do that in the open … in a very, very publicized fashion they were able to do it.” In contrast, Pastor D of Church 4 questioned the meaning of political activity stating, “We don’t do that here, but a statement a Minister might make from the pulpit might be considered political.”
African American churches seem to be more political from the pulpit than … than Caucasian churches … what does that mean?” He added, “For I saw in the paper where some minister was fired because of some a political statement he made in the pulpit. Somehow he is not being protected by somebody.”

The perspectives Pastor B and Pastor C offered some insight, though inconclusive due to small sample size, into the ambiguity and uneasiness created by administrative interpretations by government officials regarding the legislative influence prohibition of the 501(c)(3) tax-exemption law.

**Areas of 501(c)(3) program improvement.**

This researcher discovered that community-based church institutions were performing admirably within their resident communities. Though the Pastors that participated in this research acknowledge the need for certain legal restraints, some indicated the need for more freedoms. Freedoms such as the ability to generate income without taxation to help the church create programs and services to meet needs within the community. Also, the freedom to participate publicly in determining community representatives who share their interest without fear of penalties and revocation of tax-exempt status.

**Conclusions**

This researcher held the view that the 501(c)(3) tax-exemption law impeded community-based churches from freely performing its civic mission of being a moral voice and spiritual guide within society. This position was derived from the legislative influence prohibition of the 501(c)(3) tax-exemption law levied on nonprofit
organizations, including churches. However, this position is only one-third substantiated as ascertained from this phenomenological study.

In executing its inherent mission, Pastors A through E communicated that the 501(c)(3) tax-exemption law does not interfere with them ministering the Gospel of Jesus Christ to men, women, boys, and girls from each selected demographic. Regarding community development, Pastors A through E relayed that they provide ministries in form of social services that meet the needs of parishioners and non-parishioners throughout their respective communities. This researcher noted that the level of development or sophistication varies in each church but are nonetheless effective in meeting the several needs of parishioners and non-parishioners alike. As for political activity or legislative influence input, each Pastor held a different but valuable perspective.

For example in descending order:

- Pastor E favored First Amendment rights above the IRS position.
- Pastor D advocated adherence to the 501(c)(3) statute as is because it is the law.
- Pastor C, and Pastor B desire to see an amended tax law that allows more freedoms or a different category for church operating as nonprofit entities.
- Pastor A recommended working within the scope of the law to influence prudently pending legislative decisions.

This researcher holds that in the light of First Amendment church protections, community-based churches must be given the same unfettered freedoms as its successor, the Second Amendment. However, stringent advocacy prohibitions on the nonprofit
community for which it was written has merit. Nevertheless, legislative advocacy efforts limit community-based church institutions without furnishing them with the proper platform to redress without reprimand and punishment of tax-exempt status revocation.

**Recommendations**

In this researcher’s view, the 501(c)(3) provide both a service and dis-service to community-based church institutions by governing them along with other nonprofit organizations that have used the 501(c)(3) statutes to take advantage of tax-exempt provisions without contributing to the public good. Therefore, the following recommendations for action, dissemination, and further study are presented.

**Recommendation for Action**

As aforementioned, serious consideration should be given to reviewing the merits of the 501(c)(3) tax-exemption law as it pertains to community-based church institutions. Due to overwhelming number of nonprofit organizations governed by the 501(c)(3) tax-exemption guideline, the unique mission of the church has been overlooked. Therefore, this researcher recommends that Pastors operating under the 501(c)(3) tax-exemption law dedicate themselves to acquiring an advanced knowledge-level or higher. Also, this researcher agrees with Kershaw (2000) that community-based churches should guard against becoming a quasi-agency of the government—federal, state, or local. This may have future legal ramification in exercising First Amendment rights on emerging controversial social issues. Finally, community-based churches may desire to partner with First Amendment advocate groups to expand its subject knowledge to make better-informed decisions.
**Recommendation for Dissemination**

This researcher recommends this study be distributed to churches, pastors, Seminaries, Bible Colleges, academic institutions, nonprofit practitioners and students as well as presentations to church association conferences and forums.

**Recommendation for Further Research**

This researcher recommends further study be conducted on the effects of the 501(c)(3) tax-exemption law on community-based church institutions by academic institutions, religious schools of thought, law schools, and nonprofit organization practitioners and students to understand the strengths, weaknesses, opportunities, and threats that exists and trending toward this vital institution. Likewise, the researcher recommends additional research examine the First Amendment church protections against the 501(c)(3) tax-exemption law and its benefits for community-based church institutions.
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APPENDICES
APPENDIX A

IRB Approval Letter

01-Mar-2016

Michael Lewis
160 Henry Parkway
Penfield College of Mercer University
McDonough, GA 30253

RE: A study of the Pros and Cons of the 501(C)(3) Tax Employment Law and community-Based Church Institutions (H1602072)

Dear Lewis:

Your application entitled: A study of the Pros and Cons of the 501(C)(3) Tax Employment Law and community-Based Church Institutions (H1602072) was reviewed by this institutional Review Board for Human Subjects Research in accordance with Federal Regulations 21 CFR 56.110(b) and 45 CFR 46.110(b) (for expedited review) and was approved under Category 6, 7 per 63 FR 60364.

Your application was approved for one year of study on 01-Mar-2016. The protocol expires 28-Feb-2017. If the study continues beyond one year, it must be re-evaluated by the IRB Committee.

Item(s) Approved:
New application use of interviews and audio recordings.

Please complete the survey for the IRB and the Office of Research Compliance. To access the survey, click on the following link: https://www.surveymonkey.com/s/57CT88

"Mercer University has adopted and agrees to conduct its clinical research studies in accordance with the International Conference on Harmonization's (ICH) Guidelines for Good Clinical Practice."

Respectfully,

[Signature]

Ava Chambliss-Richardson, M.ED., CIP, CIM
Member
Intutitional Review Board
Mercer University IRB & Office of Research Compliance
Phone (478) 301-4101
Fax (478) 301-2329
ORC_Mercer@Mercer.Edu

1501 Mercer University Dr. | Macon, Georgia 31207-0001
(478) 301-4101 | FAX (478) 301-2329
APPENDIX B

Voluntary Participants Interview Questions

1. What is your knowledge level of the 501(c)(3) tax-exemption law and its policies?
   - General?  Advance?  Subject matter expert?

2. How long has your church been registered as a 501(c)(3) organization?

3. What factors led to your church’s decision to register as a 501(c)(3) organization?

4. What is the mission of your church?

5. How does the 501(c)(3) law benefit your church with meeting its mission?

6. What areas of the 501(c)(3) law presents your church with challenges in meeting its mission? Why?

7. Does your church offer ministry or services to advance community development for parishioners? Why? Why not?

8. Does complying with the 501(c)(3) law help or hinder your church’s ability to serve parishioners in the community? Please explain.

9. If you could amend any area of the 501(c)(3) law to improve its policies for community-based church institutions, what suggestions would you recommend?
APPENDIX C

Copyright Permission Author Peter Kershaw

From: Heal Our Land Ministries <no501c5@gmail.com>
To: "Michael T. Lewis" <m4lewis@netzero.net>
Subject: Re: Copyright Permission Request
Date: Mon, Jun 17, 2019 05:36 PM

Hello Michael,

I'm honored to have you quote from my work. As long as you give proper attribution I'm just fine with it. Please forward me a copy of your publication.

Blessings,

Peter Kershaw

On Mon, Jun 17, 2019 at 4:17 PM Michael T. Lewis <m4lewis@netzero.net> wrote:

Greetings Mr. Peter Kershaw:

My name is Michael Lewis a 2016 graduate student of Mercer University located in Atlanta, Georgia, with its main campus in Macon, Georgia.

The purpose of this email is to once again secure your permission to use cited copyright material from your book entitled In Caesar's Grip to publish my research thesis A Study Of The 501(c)(3) Tax-Exemption Law Pros and Cons And Its Effects On Community-Based Church Institutions completed and approved in August 2016. I was honored by your consent and respectfully concurred with your instructions to properly cite your work in my thesis during my research. NOTE: A courtesy copy of the titled study was mailed to you in August 2016.

The proposed publishing will be done through Mercer University's publishing department Mercer University Press established in February 2017. More specifically, my thesis will be submitted, published and distributed by ProQuest ETD Administrator at Mercer University. ProQuest ETD Administrator represents an electronic database system contracted by Mercer University to publish both doctoral dissertations and master's theses by scholars and students. It is my intention to pursue electronic and traditional publishing for widest dissemination of material.

The opportunity to disseminate this scholarly work to further intellectual thought on the subject is now available to me through Mercer University Press and ProQuest ETD Administrator. Therefore, I ask your consent and permission once again to cite your work as part of my initial thesis to gain broader feedback from practitioners, scholars and students who review the research study from this publishing endeavor.

Again Mr. Kershaw, your approval and consent to publish concepts from your copyrighted material is greatly appreciated.

Thank you.
APPENDIX D

Copyright Permissions Author Doug Leigh

From : Doug Leigh <doug.leigh@peppermint.edu>
To : "Michael T. Lewis" <m4lewis@netzero.net>
Cc : m4lewis@netzero.net
Subject : Re: Copyright Permission Request
Date : Thu, Jun 20, 2019 10:45 AM

Thank you for writing, Michael. Yes, you have my permission to reproduce Table 9.4 for your thesis.

All my best,

Doug

On Jun 20, 2019, 6:57 AM -0700, Michael T. Lewis <m4lewis@netzero.net>, wrote:

Greetings Dr. Leigh

My name is Michael Lewis. I am contacting you to request copyright permission to use Table 9.4, SWOT Rating Code tool.

The book and other reference information is as indicated:
Title: Strategic Planning for Success: Aligning People, Performance, and Payoffs.
Chapter reference: Chapter 9, Scoping and Scanning the Organization
Table reference and page: Table 9.4, Sample Rating Code; page 269
Authors: Roger Kaufman, Hugh Oakley-Browne, Ryan Watkins, and Doug Leigh.
Publisher: Jossey-Bass Pfeiffer

My purpose is to publish my approved graduate thesis through my academic institution Mercer University located in Atlanta, Georgia.

The thesis is titled "A Study of the 501(c)(3) Tax-Exemption Law and Its Effects On Community-Based Church Institutions". Table 9.4, SWOT Rating Code was used to chart those effects through a qualitative study.

Initially, I contacted John Wiley and Sons again for permissions as granted in July 2016. However, I was informed they no longer have authorization and recommended I seek permission from the author (see embedded email reference below).

Therefore, I ask your consent and permission to once again cite your work as part of publishing my initial thesis to gain broader feedback from practitioners, scholars and students who may review the thesis through this endeavor.

Your approval and consent to publish concepts from your work is greatly appreciated.

Thank you.
FIGURES

Figure 1

<table>
<thead>
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<th>SWOT Rating Scale</th>
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<tr>
<td><strong>Strengths</strong></td>
<td><strong>Opportunities</strong></td>
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<tr>
<td>Rating rules to assess the impact of the strengths data.</td>
<td>Rating rules to assess the impact of the opportunities data.</td>
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<tr>
<td><strong>Rating</strong></td>
<td><strong>Rating</strong></td>
</tr>
<tr>
<td>A significant advantage; defines uniqueness.</td>
<td>A must win opportunity; greatest impact primary mission objective.</td>
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<tr>
<td>3</td>
<td>3</td>
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<tr>
<td>Advantageous; insufficient to be competing.</td>
<td>A key opportunity; loss not critical.</td>
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<tr>
<td>2</td>
<td>2</td>
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<tr>
<td>Some advantages; can be copied.</td>
<td>An interesting opportunity; may evolve to be critical</td>
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<tr>
<th>Weaknesses</th>
<th>Threats</th>
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<td>Rating rules to assess the impact of the weaknesses data.</td>
<td>Rating rules to assess the impact of the threats data.</td>
</tr>
<tr>
<td><strong>Rating</strong></td>
<td><strong>Rating</strong></td>
</tr>
<tr>
<td>A significant weakness; negative impact on results [all levels]</td>
<td>A significant threat. Demands strong action on our part.</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>An important weakness; could have serious implications if not fixed.</td>
<td>A serious threat that cannot be dismissed.</td>
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<tr>
<td>2</td>
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</tr>
<tr>
<td>An annoying weakness, but can be overcome.</td>
<td>A remote threat; caution is necessary, not a major worry.</td>
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## SWOT Analysis

<table>
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<tr>
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<td>2. How long has your church been registered as a 501(c)(3) organization?</td>
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<td>3. What factors led to your church’s decision to register as a 501(c)(3) organization?</td>
<td>3</td>
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<td>4. What is the mission of your church?</td>
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<td>3</td>
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<tr>
<td>5. How does the 501(c)(3) law benefit your church with meeting its mission?</td>
<td>3</td>
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<td>3</td>
<td>3</td>
</tr>
<tr>
<td>6. What areas of the 501(c)(3) law presents your church with challenges in meeting its mission?</td>
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<td>2</td>
<td>3</td>
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