



**BAPTIST PRESS**

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**IRS Urged to Revoke  
Congregation's Tax Exemption**

By Robert O'Brien

JACKSON, Miss. (BP)--Southern Hills Baptist Church, which has become the center of a local controversy over seven academies it received as a gift, is in the process of determining what course of action it will take, the pastor said.

The widely publicized controversy came to a head when an attorney for the Mississippi Council on Human Relations wrote a letter to the Internal Revenue Service, charging that the schools were segregated and asking the IRS to revoke both the church's tax exempt status and its privilege of receiving tax deductible contributions.

The church received the schools from the Council School Foundation, which news reports said was established in 1964 by the area Citizens' Council, an all-white political group, to operate segregated schools. A Human Relations Council spokesman said his group had not contacted the church about its school admission policy.

Southern Hills pastor, David T. Cranford, told Baptist Press in a telephone interview that the trustees and executive secretary elected by the church to operate the schools as the Southern Hills Christian Academies are preparing application forms which will be available to prospective students and their families. The schools will open in September, he said.

"I don't want to run ahead of our trustees and executive secretary by commenting on the policy of the schools," Cranford told Baptist Press. "But I really do feel that people should give us some time to work out the plans and not jump to conclusions about what we will do.

"We have been given these schools outright, with absolutely no strings attached," Cranford said. "We have no connection with the Council School Foundation."

Cranford said the newly elected executive secretary of the church's 4,000-student school system is O. B. Pendergrass, chairman of the church's deacons and superintendent of the schools during their tenure under the Council School Foundation.

He said Pendergrass's previous connection with the Council schools does not indicate any church relationship with the Council School Foundation.

Both news reports and an IRS spokesman said the schools themselves lost their tax exempt status in 1970 on the basis of racial discrimination.

So, the question of tax exemption does not revolve around the schools but the church, itself, as the operating organization.

The letter to IRS, written by Frank Parker, chief counsel for the Lawyer's Committee for Civil Rights Under Law, urged IRS to "immediately suspend the advance assurance of deductibility" of Southern Hills Baptist Church and "upon full IRS investigation, to revoke the tax exempt status and deductibility of contributions" to the church.

An IRS spokesman in Washington could not confirm receipt of the letter because "of the thousands of letters we regularly receive," but said it would go through normal channels.

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"We don't move precipitously on any such request," noted Leon Levine of the IRS public affairs office. "We would not normally remove advance assurance of tax deductibility of gifts or tax exempt status without satisfying ourselves it was justified."

"Without commenting on the specifics of this case which I know little about, I can say that we look at all complaints," Levine said. "We don't give short shrift to any complaint. We evaluate each one and take whatever steps seem necessary."

But Levine did note that a 1975 IRS ruling says that any organization, including a church, which operates a school that has a policy of refusing to accept children from certain racial and ethnic groups will lose recognition by IRS as being either tax exempt or a qualified recipient of tax deductible contributions.

"If we think a church is violating that rule, we will audit. If the audit reveals a violation, we will move to revoke the tax exempt status and status as a qualified recipient of tax deductions," Levine told Baptist Press.

Besides asking IRS to revoke Southern Hills status, Parker's letter also requested it "to investigate whether this transfer (of the schools) is in accordance with the policies of the Mississippi Baptist Convention," with which the church is affiliated. "If the transfer is made in accordance with the policies of the Mississippi Baptist Convention, we request that IRS, after a full investigation, also to revoke the tax exempt status and tax deductibility of contributions to that entity as well," the letter said.

Under Baptist polity each church operates autonomously and no association or state or national convention has any authority over it.

Earl Kelly, executive secretary-treasurer of the Mississippi Baptist Convention Board, said the convention is not involved in the controversy because each church is an independent body.

He said institutions operated by the Mississippi Convention, including four colleges, operate under a non-discriminatory policy and have done so for years.

In a press release, Michael Raff, executive director of the Mississippi Council on Human Relations, called the transfer an "apparent attempt to avoid desegregation of its (the foundation's) all-white academies."

Raff's statement said the transfer "followed by one-month an order from the U. S. Supreme Court saying private academies could not exclude blacks . . ." and added: "The Supreme Court said the court could not consider any question of the right of a private school to limit its student body to boys, girls, or to adherents of a particular religious faith . . . By attempting to go around the law, through the clause 'adherents of a particular religious faith,' one questions whether applicants to these schools will be given a 'faith test' or a 'color test,'" the statement said.

Sources at Southern Hills Church said the schools have no connection with the Council Schools Foundation and that no attempt was being made to evade the Supreme Court decision.

The Jackson Clarion-Ledger, which called the school system the nation's largest private school association, quoted Louis W. Hollis, whom it identified as one of the four founders of the Council School Foundation as saying newspaper reports that the transfer was taken to avoid desegregation were "exactly correct."

Hollis later declared, in a letter to the editor, that he had been misunderstood. He reportedly has no connection with Southern Hills Church, and, a church member said, "was not authorized to speak for us."

After the Supreme Court ruling, the Clarion-Ledger said, "state NAACP president Aaron Henry of Clarksdale (Miss.) urged blacks to enroll in (what were then) the council schools.

"But State Rep. Fred Banks, president of the Jackson NAACP," the paper continued, "said no blacks . . . applied for admission to council schools. 'If all other schools in the world closed and it was left to blacks to enter the council schools or none, we'd set about changing the policies of the council schools,' he said."

The Clarion-Ledger's report said Banks felt it was unlikely blacks would seek admission to the schools, and it added that Justice Department officials said the government could not prevent the foundation's gift to the church. "If people want to give their property to a church, there's no law against it," the paper quoted Lawrence G. Wallace of the Justice Department as saying.

The IRS spokesman told Baptist Press that the IRS could take no position on the right of a church to operate a private school but is in a position to decide whether tax law has been violated.

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Private Schools Threaten Tax  
Status, Quality Education

Baptist Press  
8/12/76

By Floyd A. Craig

RIDGECREST, N. C. (BP)--Southern Baptist churches operating private schools may be in danger of losing their non-profit tax status, a Southern Baptist agency executive declared here.

Individual church members may also come under scrutiny for their tax deductible gifts to those churches, said John W. Baker, associate director of the Baptist Joint Committee on Public Affairs during a conference on "Moral Issues in the '76 Elections" sponsored by the Christian Life Commission of the Southern Baptist Convention.

Baker, who directs research services for the Washington, D. C.-based Baptist committee, told the conferees: "A tax deduction may not be taken on a person's income tax for any contribution to a church or other non-profit organization if the contributor receives any kind of services in return--namely services provided by a private school."

"For example," explained Baker, "if persons make 'gifts' to a church and that money goes to pay tuition or fees for a child in that church's private school program, a bona fide gift has not been made and a tax deduction cannot be taken. To do so constitutes fraud for which the persons will be prosecuted when this fraud is discovered."

Baker also warned that any church which falsely certifies "as contributions those payments for services is transgressing the law and may be fined and its entire tax status examined."

"Whoever knowingly makes the certification--the minister or other church officer--has committed a felony and will have to face the law," Baker revealed.

Another conference speaker, C. Welton Gaddy, director of Christian Citizenship development for the Christian Life Commission, also addressed himself to the subject of private school education.

Gaddy said he felt that much private education today is a kind of 'ghetto-like' education. "Everyone in the classroom comes from the same religious, cultural, and economic sector of society. Thus students do not learn to get along with people who are different."

"This kind of education produces a knowledge of books but not of life. I am convinced that quality education cannot occur in segregated class rooms," Gaddy emphasized.

Gaddy told the participants that quality education is a matter of the will. "The citizenry must have a positive attitude toward both personal and financial support of public education. I would hope Southern Baptists would be exemplary in their support of quality education for all," he said.

"In many instances where integrated education failed," said Gaddy, "the community intended for it to fail. In other instances where communities prepared to make integrated education work, it is working. Quality education for all is, indeed, a matter of the will"

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"Private schools, like our denominationally sponsored institutions of higher learning, have a place in society, but not at the public's expense," Gaddy observed about another dimension of the issue.

"Historically, Baptists have stood against using public tax dollars for the support of parochial education," he observed. "However, since some Baptist churches have entered the business of private education, convictions have eroded. Some of the very same people who have been most adamant in their opposition to public funds for private education in the Roman Catholic Church are now willing to accept public funds to support education in their own churches."

Gaddy stressed that people have a right to form private schools and send their children to private schools, "but they do not have a right to use public funds to do so."

He called upon Southern Baptists to support quality education in public schools and said that this type of education must include instruction in the basics, value orientation, discipline and a nurture of human relationships.

"A commitment to teaching the 'three R's' is still foundational to quality education," declared Gaddy, "and should contribute to the student's understanding and commitment to a basic system of values. Though public school should not seek to give instruction in the principles of sectarian morality, they should instill in students the importance of such common values as integrity, justice, equality and faithfulness," he said.

"Quality education," declared Gaddy, "involves an exercise of discipline, and that means more than punishment."

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Missionaries Escape Injury  
In Istanbul Plane Attack

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ISTANBUL (BP)--A Southern Baptist missionary family escaped injury here as terrorists exploded grenades and fired on passengers waiting to board an Israeli El Al jetliner in which the missionaries were traveling to Tel Aviv.

Mr. and Mrs. R. Donald Mantooth, missionaries to Israel, were returning to Tel Aviv with their two children after Mantooth had been on a preaching assignment in Ankara, Turkey, according to Jeannine (Mrs. Wayne) Buck, Southern Baptist Press representative in Israel.

They were in an airport bus in Istanbul, approaching the plane before boarding, when they heard the initial explosion in the terminal building. The blast was followed by hand grenade and machine gun fire, according to Mantooth.

The apparent hijacking attempt on Aug. 11 was thwarted, but four persons were killed and about 20 were wounded, according to news reports.

"We feel the Lord must have worked out the timing on this thing because we only missed being in the terminal for the initial blast by about four minutes," Mantooth said. "El Al moved most of the passengers out about 15 minutes early. This was very unusual.

"If we had been another three or four minutes in the airport there would have been about 60 more of us involved. A very bad tragedy was avoided by moving us out early."

The Mantooths had just come through the passport and police control areas where the blast took place. He said 58 passengers were boarded on the bus and driven out to the plane. Only 24 passengers were left behind in the terminal.

"We were waiting to get off the bus and on the plane when the first explosion occurred," Mantooth said. "A few moments later we heard hand grenades and machine gun fire. We saw people falling as if they'd been hit. I assume some were hit by bullets."

The missionaries and other passengers on the bus were rushed to a more secure area about 200 yards from the plane. They left the bus and hid among some tall grass. When the shooting continued they moved another 100 yards away to a low area out of sight of the terminal.

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They were kept there for about two hours and then quickly loaded the bus and boarded the plane. Some of the wounded who were able to travel were already on the plane, according to Mantooth.

The trip to Tel Aviv was uneventful, he reported. "We're thankful to be here and safe. It could have been much worse. We have read about these kinds of incidents before but now we understand the horror. It's a terribly frightening experience."

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Baptist Work Advances  
In Malaysia-Singapore

Baptist Press  
8/12/76

RICHMOND (BP)--After 26 years of "slow growth" in Baptist work in Malaysia and Singapore, large gains in church membership, baptisms and contributions were reported this year.

"Three times as many churches were organized this past year as in any previous year in the history of Baptist work in Malaysia," William R. Wakefield, the Southern Baptist Foreign Mission Board's secretary for Southeast Asia told the board during its August meeting. Church units (mission points) in both countries increased by 37 percent.

The churches set a goal of 50 new church units during this past year and are reporting 55 new units, according to Southern Baptist missionary Charles H. Morris.

Baptism and contribution records also show unprecedented gains. Baptisms numbered 55 percent more than the previous year, and contributions through the churches showed a rise of 42 percent.

"This is the most dramatic change in Southeast Asia," Wakefield told the board members. "This has been a turnabout for these countries."

Wakefield, who recently returned to Richmond following a trip to Southeast Asia, listed several factors that have contributed to the turnabout.

One factor has been the sharp focus on evangelism and growth. This was brought about by a church growth survey conducted by missionaries in 1974-75. As a result of this survey, better methods and more efficient utilization of resources were adopted. A new and deepened commitment to the task of bringing the gospel to the people of this area also resulted, according to Wakefield.

Another important factor in the growth has been the good relationship between the missionaries and national Baptists. "After a good many years of strain and some distance between the mission and the Malaysian Baptist Convention, a spirit of cooperation has prevailed," Wakefield explained.

He cited as a third factor the greater focus on tribal minority groups. "These people have proven to be very responsive," he noted. According to Morris, the greatest increase in church units was in East Malaysia (Sabah and Sarawak) which reported a 67 percent growth.

A comprehensive plan for urban evangelism in Singapore has also been a significant contribution to the growth, even though this plan is still in its initial stages. The plan to plant churches in every neighborhood was developed by the Singapore Baptist Convention's committee for evangelism with assistance from Southern Baptist missionary associate Ralph W. Neighbor Jr., a specialist in urban evangelism.

Initial results of surveys taken for urban evangelism indicated that 85 percent of the people of Singapore had no particular objections to the Christian faith. They just did not know anything about it, according to Wakefield.

The evangelism plan calls for churches to be planted in 200 target neighborhoods by 1980. "We are convinced that we are on the verge of an exciting day in urban evangelism," Wakefield explained. "While there is still much to be learned, I am confident that in this program there is a promise of even greater growth in Malaysia and Singapore in the year ahead," he added.

Wakefield sees the evangelism plan as a great development with potential for evangelizing urban areas all over the world. "I am convinced that there is a potential here in the discovery of principles which can greatly increase our skills in reaching the urban areas of the world for Christ," he concluded.