From Jamie: August 19, 2026

Hi Bong

Here is the information we spoke about this morning. Bad news - this afternoon in the church office I seem to have injured myself and liely have a herniated thoracic disk - painful!

1. I contacted Connections Church but have not yet gotten to speak with Pastor Nathan Walters as to how they are doing and if there are ongoing financial needs that OBN might consider assisting in.

2. Coram Deo church plant - Central Baptist is the sponsoring church. Olivet has already provided some funding towards a portable sound system as Coram Deo is renting space at MoanaLua Middle School. SangHo Kang and I recommend that OBN provide $2500 to help complete the sound system according to their needs (practical setup, take down and storage, and enough capacity to serve their current congregation).

3. I move that the OBN Leadership Team authorize members of the OBN Leader Team to obtain a separate federal EIN and file IRS Form 1023 (filing cost one time $600 fee) so the Oahu Baptist Network becomes a recognized independent 501(c)(3) association of churches.

Establishing a separate 501(c)(3) status legally protects OBN's independence, assets, and ministries. It affirms the Baptist principle that associations and conventions have no authority over one another and reduces risk of shared liability with our state and/or national convention.

Ongoing costs are the Hawaii annual report that costs $5 per year. There is no Form 990 preparation and filing since we are an association of churches. See the previously submitted report for the Biblical, legal, and organizational reasons to take this step at this time.

Respectfully,

Jamie McElrath

Senior Pastor

Please note: scam messages may impersonate church staff and request money. We will never ask for funds in this way! If you are unsure, please call the church office at (808) 946-6505.

Published: 05/21/2026 during the Admin and LT Meeting
The Biblical Argument

Biblical reasons center on the core Baptist distinctive of local church autonomy and voluntary cooperation. [1]

The New Testament models this pattern: churches cooperated voluntarily (e.g., sending aid in 2 Corinthians 8–9 or the advisory council in Acts 15), but with no hierarchy or central control—each local body remained self-governing under Christ and His Word (priesthood of all believers, soul competency). A local association is itself an expression of this voluntary cooperation among autonomous churches, **not a subordinate arm of a state convention**. Registering the association as its own 501(c)(3) legally enshrines this biblical principle: it prevents any implication (or court misinterpretation) that the state convention exercises authority over the association, preserving the "no authority over one another" standard.

The Legal Argument

Legal reasons flow from IRS treatment of religious organizations and liability protection. Churches, "conventions or associations of churches" qualify for automatic 501(c)(3) exemption under IRC § 508(c)(1)(A) and § 170(b)(1)(A)(i) without filing Form 1023. However, many Baptist associations and conventions incorporate separately as distinct nonprofit corporations under state law. This creates clear legal separateness:

- Asset and liability protection: Separate incorporation shields the association's property, funds, and operations from claims against the state convention (or vice versa). In today's litigious environment, this is critical.
- Avoidance of group-exemption risks: Some state conventions maintain group rulings that extend exemption to affiliates, but IRS proposals (e.g., Rev. Proc. changes around 2020–2021) have threatened these, forcing separate filings or risking loss of proof for banks, grants, or state tax benefits.
- State-law compliance: Incorporation allows the association to hold title to real property (camps, offices), enter contracts, employ staff, and comply with state nonprofit statutes independently—without the state convention's governing documents overriding local decisions.

[1] The Baptist Faith and Message 2000 (BFM 2000). Article VI states: "A New Testament church of the Lord Jesus Christ is an autonomous local congregation of baptized believers… Each congregation operates under the Lordship of Christ through democratic processes." Article XIV on Cooperation adds: "Christ's people should, as occasion requires, organize such associations and conventions as may best secure cooperation for the great objects of the Kingdom of God. Such organizations have no authority over one another or over the churches. They are voluntary and advisory bodies…"

If the association remains legally "under" the state convention (shared EIN, articles, or control), courts could treat them as one entity, exposing the association to the state convention's liabilities.

The Organizational Argument

Organizational reasons reinforce the independence already described in official SBC structure documents. Local associations and state conventions are not in a parent–subsidiary relationship. As one authoritative SBC paper states: "A local association of churches is not a subordinate of a state convention, and neither is a state convention a subordinate of the national convention… The organizations are independent of each other, and determine their own budgets, personnel, methodologies, and ministries."[2]

Separate 501(c)(3) status gives the association:

- Its own board, bylaws, budget, and decision-making authority.
- Ability to own and manage its own ministries (e.g., camps, disaster relief, church planting) without state-convention approval or oversight.
- Clarity for churches: cooperating churches affiliate with an independent local association on their own terms, preserving voluntary cooperation rather than implied hierarchy.

This mirrors how SBC entities (NAMB, IMB, seminaries, etc.) are separate corporations responsive to—but not controlled by—the Convention.

Perspective from recent court cases that have tested (and in critics' view, arguably strained) the historic SBC standard of local-church and associational autonomy:

Recent litigation—especially around sexual-abuse protocols and inter-entity disputes—has repeatedly forced courts to examine whether the SBC's claimed "non-hierarchical" polity is real or merely a shield. Two prominent examples illustrate the tension:

1. McRaney v. North American Mission Board (5th Cir. 2025, cert. denied 2026): A former state-convention executive sued NAMB over interference with his employment and a partnership agreement. The 5th Circuit applied the church-autonomy doctrine to dismiss the claims, explicitly affirming Baptist polity: "Baptist ecclesiology is non-hierarchical, and each Baptist church is autonomous… Each Baptist association and convention is itself autonomous and exercises no control over cooperating congregations."[3] The court treated NAMB–state convention interactions as protected

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[2] https://www.baptistpress.com/resource-library/news/paper-provides-just-the-facts-about-sbc-structure-methodology-finance/

[3] https://caselaw.findlaw.com/court/us-5th-circuit/117686320.html

internal religious governance. Critics (including some Baptist amici) argued this effectively grants SBC entities de-facto authority while they deny it, blurring lines and inviting future suits that could entangle associations if they share legal identity with a state convention. The ruling protects autonomy doctrinally but highlights how voluntary partnerships can be litigated as "internal" matters—risky if assets are not legally separate.

2. Garner v. Southern Baptist Convention (Tenn. Supreme Court arguments 2026): A pastor sued the SBC for defamation after the Credentials Committee issued a letter citing credible sexual-abuse allegations, which reached his church and state convention. The SBC invoked church autonomy to argue courts cannot second-guess its internal standards for "friendly cooperation." Lower courts initially allowed the case to proceed; the Supreme Court is now weighing whether the First Amendment shields such actions. Abuse-survivor advocates and polity critics see this as the SBC exercising authority-like power (disfellowshipping churches, public statements) while historically using autonomy to avoid responsibility in broader abuse lawsuits. If courts ultimately treat SBC actions as reviewable, shared legal structures could expose associations to spillover liability; if protected, it underscores the need for associations to remain distinct corporations to avoid being swept into national or state-level ecclesiastical disputes.

In the broader sexual-abuse context (Guidepost report 2022 and related suits in Arkansas, Virginia, etc.), plaintiffs have repeatedly challenged the autonomy defense, arguing the SBC's centralized lists, funding leverage, and credentials process create de-facto hierarchy. Courts have been mixed, but the pattern shows that when entities are not clearly separate, plaintiffs (and judges) can more easily argue "control" or shared responsibility—undermining the very autonomy SBC polity claims to protect.

I believe that to register the OBN as a local SBC association as its own 501(c)(3) is not merely prudent—it biblically, legally, and organizationally upholds the historic standard that "such organizations have no authority over one another." Recent court cases expose the practical risks of blurred lines: what SBC entities claim as protected autonomy can become liability exposure when structures are not kept legally distinct. Separate incorporation safeguards the association's independence, protects its churches' cooperative work, and keeps Baptist polity intact amid increasing legal scrutiny. Many associations already operate this way; formalizing it simply aligns practice with our deeply held principle of Biblical autonomy AND cooperation .

What will it cost, both up front and annually?

To register an association of churches as a 501(c)(3) tax-exempt organization in Honolulu County (Hawaii), the process involves both federal (IRS) and state requirements. Note that churches and certain religious organizations (including associations or conventions of churches) have special treatment under IRS rules: they are often automatically tax-exempt under IRC Section 501(c)(3) without needing to apply for recognition if they meet the criteria (per IRS Publication 1828). However, many still choose to apply formally for a determination letter to confirm status, especially for banking, grants, or donor assurance.

An "association of churches" can qualify as a religious organization under 501(c)(3), similar to a denomination or convention.

Upfront Costs (Initial Registration/Formation)

These are the main government filing fees (professional legal/accounting help, if used, would add extra costs but isn't required):

State Level (Hawaii Incorporation as a Domestic Nonprofit Corporation): File Articles of Incorporation (Form DNP-1) with the Hawaii Department of Commerce and Consumer Affairs (DCCA), Business Registration Division. Fee: $25 (plus optional $25 for expedited processing). This is required to form the legal entity in Hawaii, regardless of Honolulu County specifics (nonprofit rules are statewide).

Federal Level (IRS 501(c)(3) Recognition):

Standard Form 1023: $600 user fee (filed via Pay.gov).

Streamlined Form 1023-EZ: $275 (if the organization qualifies—small projected revenue under $50,000/year, assets under $250,000, etc.).

Churches, integrated auxiliaries, or associations/conventions of churches are generally not eligible for the 1023-EZ and must use the full Form 1023 if applying (they often qualify for automatic exemption without filing, but formal application provides official confirmation).

Other Potential State Fees:

Application for Exemption from General Excise Taxes (Form G-6): Typically $20 (or no additional fee if tied to a GET license registration).

Charitable solicitation registration/exemption (if soliciting donations): Often $0 for qualifying religious organizations/churches; file for exemption if applicable via the Attorney General's office.

Total upfront government fees: **Typically $25 (state incorporation) + $600 (IRS Form 1023) = $625** (or less if 1023-EZ applies, though unlikely for an association of churches). Additional minor fees (e.g., copies, EIN—free) may apply.

Honolulu County has no separate registration or fees for this—nonprofit formation and 501(c)(3) are handled at state and federal levels.

Annual/Ongoing Costs

Federal (IRS): Churches and certain religious organizations (including qualifying associations) are generally exempt from filing Form 990 series returns. No annual IRS filing fee if exempt.

State Level:

Annual Report with DCCA (Form D2 or online): $5 filing fee (due based on incorporation quarter/end of quarter).

Charitable organization annual financial report (via Attorney General, if registered or not exempt): Fee ranges from $0 to $600 based on gross revenue (e.g., $0 for under $25,000; higher tiers for larger revenue). Many churches/associations qualify for exemption from registration/filing if they meet religious criteria and don't solicit broadly.

Other potential: No routine county-level fees in Honolulu for this type of entity.

Typical annual government fees: $5 (DCCA annual report) + potentially $0–$600 (charitable report, often $0 for qualifying religious groups).

For the most current details (fees can change slightly), check:

IRS: irs.gov/charities-non-profits (search "user fee").

Hawaii DCCA: cca.hawaii.gov/breg.

Hawaii AG Charities: ag.hawaii.gov/tax or charity.ehawaii.gov.