

General Policies of the Orthodox Church in America Regarding Commercial Relationships with Commercial and For-Profit Vendors, Suppliers, and Contractors

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The Orthodox Church in America is a qualified and registered 501 (c) (3) non-profit religious organization. As such, there are certain legal and regulatory standards to which the Church must adhere with regards to relations with private, for-profit business entities. Non-profit laws and regulations governing Church entities do not prohibit establishing permissible relationships with for-profit corporations but do have governing standards which will be adhered to strictly so as not to put the Church's tax exempt status in jeopardy. In addition, the Church must determine and confirm in all instances that any proposed relationship with a commercial, for-profit organization does not violate the legal, financial, ethical and moral teachings of the Orthodox Church in America. No such relationship shall put the Church in an adverse or potentially embarrassing circumstance and should consistently reflect the teachings and moral obligations of the Orthodox Church.

Obedience to Christian standards in the context of relationships with private and commercial vendors, suppliers, and contractors providing goods and services to the Church is best achieved through the adoption and unremitting application of principles of fair dealing universally applied to all such relationships without exception and without any stain of improper favoritism or of unwarranted preference rooted in considerations other than the best interests of the Church and its Faithful.

With these fundamental principles and standards foremost in mind, it is the policy of the Orthodox Church in America to enter into secular and commercial relationships with vendors, suppliers, and contractors in such a manner as to ensure fair, open, and equal access to all potential vendors, suppliers, and contractors, collaborating with each of them on a strict arm's-length basis excluding consideration of all improper factors or motives rooted in personal preferences, nepotism, or favoritism unrelated to the best interests of the Church.

Secular and civil standards prevailing in the laws of the United States, and particularly those in the Federal Internal Revenue Code and related Treasury Regulations, are supportive of this policy adopted and promulgated here by the Orthodox Church in America. These distinguish between permissible sponsorship of programs and initiatives of not-for-profit corporations by secular and commercial vendors, suppliers, and contractors while at the same time prohibiting actions by nonprofit corporations (including Churches) to undertake advertising efforts or endorsements on behalf of such commercial vendors, suppliers, and contractors.

Under these guidelines, the Church is broadly allowed in the context of a sponsorship relation to permit the use of its name, logo, and/or slogan by the for-profit corporation without tax liability on any emoluments or financial benefit received by the Church from the vendor, supplier, or contractor. However, if the Church “endorses” or “advertises” the sponsor’s products or services, then the sponsorship would be considered as impermissible advertising and income or emoluments received by the Church in that connection may be considered “business income unrelated” to the tax exempt activities of the Church and taxable as such. Generally, activities of the Church in soliciting and receiving qualified sponsorship payments do not constitute unrelated trade or business on the part of the Church. Treasury Regulations currently provide further that qualified sponsorship payments made by a for-profit organization to the Church are not subject to unrelated business income tax.

Tax code provisions and treasury regulations describe activities that impermissibly advertise a sponsor’s products or services to include:

- (1) messages containing qualitative or comparative language, price information, or other indications of savings or value;
- (2) endorsements of the goods or services of the vendor, supplier, or contractor; and
- (3) inducements to purchase, sell, or use the products, goods or services of the vendor, supplier, or contractor.

Under analogous principles of federal tax law, Churches are not allowed to specifically endorse or discourage any candidate for political office. The Church is prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate running for such public office. This prohibition applies to all political campaigns whether at the federal, state and local level.

The Orthodox Church in America will strictly adhere to federal rules and guidelines in the formation of permissible sponsorships of its activities by profit organizations. The Church may accept sponsorship relations with profit corporations only when these are consistent with its mission, doctrine and theology. The formation of permissible sponsorship relationships with profit corporations will always be in consultation with the Holy Synod and General Counsel of the Church.