

REPRESENTATIVE FOR PETITIONERS: Samuel Bolinger, Bolinger Law

REPRESENTATIVE FOR RESPONDENT: Sarah Schreiber, Mark GiaQuinta, HallerColvin,  
P.C.

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**BEFORE THE  
INDIANA BOARD OF TAX REVIEW**

BEASLEY MINISTRIES, INC.,	)	Petition No.:	02-074-20-2-8-00336-21
d/b/a LIVING WORD OF GOD,	)		
	)	Parcel No.:	02-12-13-126-004.000-074
Petitioner,	)		
	)	County:	Allen
v.	)		
	)	Township:	Wayne
ALLEN COUNTY ASSESSOR,	)		
	)	Assessment Year:	2021
Respondent.	)		
	)		

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**FINAL DETERMINATION**

The Indiana Board of Tax Review (“Board”) having reviewed the facts and evidence, and having considered the issues, now finds, and concludes the following:

**I. INTRODUCTION**

1. Beasley Ministries, Inc. d/b/a Living Word of God (“Living Word”) sought a religious-purpose exemption for a property that it built next door to its existing church building and that it used to host ministries and programs that its church building no longer had adequate space to host, including a day care that catered to families who qualified for financial support. We find that Living Word owned, occupied, and used the property exclusively for religious purposes and that the property is therefore entitled to a 100% exemption.

## **II. PROCEDURAL HISTORY**

### **A. Original exemption application and removal of exemption**

2. Living Word owns several properties, including the church building and the property that is the subject of this appeal. In 2004 and 2006, Living Word applied for property tax exemptions for the tax parcels containing those two buildings as well as for other parcels that it owned. The Allen County Property Tax Assessment Board of Appeals (“PTABOA”) granted those applications and applied a 100% exemption to the land and improvements for each property.
3. At some point in early 2020 or before, the PTABOA notified Living Word that it would be reviewing properties for which exemptions had previously been granted. On July 16, 2020, Living Word participated in a hearing before the PTABOA covering several of its properties, including the subject property and the property with the church building. In November 2020, the PTABOA issued Form 120 determinations granting exemptions to two of Living Word’s parcels, including the one with the church building. But in a later email, the PTABOA indicated that it was still considering the subject property’s eligibility.
4. On March 19, 2021, the PTABOA issued a determination denying the subject property an exemption and finding the land and improvements 100% taxable for the January 1, 2020, assessment date.

### **B. Appeal to the Board**

5. Living Word responded to the PTABOA determination by filing a Form 132 petition with us on March 31, 2021.<sup>1</sup> It left blank the space indicated for designating the assessment date under appeal. But it attached a copy of the Form 120 determination addressing the January 1, 2020, assessment date.

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<sup>1</sup> This is the postmark date for the envelope containing Living Word’s petition. We received the petition on April 5, 2021.

6. On March 7, 2022, Living Word filed a motion for summary judgment. In her response, the Assessor asked for summary judgment in her favor. On July 6, 2022, our designated administrative law judge, Erik Jones (“ALJ”), held a telephonic hearing on the motion. After the hearing, the parties asked to supplement their filings. They then filed supplemental briefs and designated evidence. The captions to the parties’ summary judgment filings, as well as some earlier filings with us, inexplicably referred to the assessment year under appeal as 2021.
7. On February 10, 2023, we denied summary judgment to either party and ordered the appeal to be set for a hearing. In our order, we noted that the parties’ filings, and some of the ALJ’s orders, had incorrectly listed the assessment year under appeal as 2021 instead of 2020. *Order Denying Summary Judgment.*

### C. Stipulated record

8. On October 13, 2023, the parties submitted their Joint Case Management Plan, where they agreed to conduct this appeal through a stipulated record and briefs in lieu of holding a hearing on the appeal’s merits. The ALJ adopted the parties’ proposal. On March 15, 2024, the parties submitted their stipulated exhibits. They submitted their briefs roughly one month later.
9. On March 26, 2024, the parties filed their Amended Joint Stipulation of the Record with descriptive labels for the documents they were including in the stipulation. They then electronically provided the documents in sequentially numbered pages:

Exhibit A <sup>2</sup> (1– i22)	Deposition of Pastor Jesse Beasley,
Exhibit 1 (i23-i28)	Assessor’s amended 30(b)(6) Notice of Deposition to
	Beasley Ministries, Inc.,
Exhibit 2 (i29-i36)	2004 and 2006 Forms 136,
Exhibit 3 (i37-i38)	2020 Form 132,
Exhibit 4 (i39-i40)	2021 Property Record Card (PRC) for 2723 S Hanna St.,

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<sup>2</sup> The parties’ use of exhibit designations was confusing, and in some instances repetitive. To increase clarity and consistency, we will cite only to specific page numbers.

Exhibit 5 (i41)	Organization chart of Beasley entities,
Exhibit 6 (i42-i45)	Declaration of Jesse Beasley,
Exhibit 8 (i46-i57)	Responses to Respondent's First Set of Interrogatories and Responses to Requests for Production of Documents to Petitioner Beasley Ministries, Inc.,
Exhibit 9 (i58-i69)	Application for Enrollment Precious Angels Christian Day Care and related policies and waivers,
Exhibit 10 (i70)	Child Care and Development Fund Provider Information Page,
Exhibit 11 (i71)	Precious Angels reimbursement rates, for FY 2016/2017,
Exhibit 12 (i72)	IRS letter confirming Living Word 501(c)(3) status,
Exhibit 13 (i73-i77)	Beasley Ministries, Inc. balance sheets and income statements for 2020,
Exhibit 14 (i78-i95)	2021 Form 132 application and supporting documents,
Exhibit 9 (i96-i115)	Precious Angels Christian Day Care and Learning Center Handbook
Exhibit 10 (i116)	Precious Angels reimbursement rates for FY 2016/2017,
Exhibit 11 (i117-i128)	Beasley Ministries, Inc. balance sheets and income statements for 2020 and 2021,
Exhibit 14 (i129-i130)	Affidavit of Stacey O'Day (unsigned),
Exhibit 15 (i131-i132)	Living Word of God pamphlet,
Exhibit 16 (i133-i134)	Petitioner's Designation of Evidence and Table of Contents and exhibits in support of summary judgment motion
Exhibit 17 (i135-i192)	Memorandum in Support of Petitioner's Motion for Summary Judgment and all exhibits,
Exhibit 18 (i193-i205)	Respondent's Response in Opposition to Beasley Ministries, Inc.'s Motion for Summary Judgment,
Exhibit 19 (i206-i207)	2021 PRC for 2713 S. Hanna St.,
Exhibit 20 (i208-i209)	2020 Form 120 denying exemption for subject property,
Exhibit 21 (i210-i249)	Petitioner's Verified Supplement to Post Hearing Brief and Exhibits A through F,
Exhibit 22 (i250-i251)	Revised Form 120,
Exhibit 23 (i252-i253)	Drawings of Hanna Street lots,
Exhibit 24 (i254-i257)	Revised 2020 Form 120 and Form 120s for 2004 and 2006,
Exhibit 25 (i258-i259)	PTABOA notices,
Exhibit 26 (i260-i270)	Allen County Assessor's Post-Hearing Brief,
Exhibit 27 (i271-i284)	Supplemental Designation of Evidence and Table of Contents in Support of Allen County Assessor's Post-Hearing Brief, including exhibits A-D,
Exhibit 28 (i285-i286)	Crown Biblical Financial Study Life Group Manual excerpts,
Exhibit 29 (i287)	Board Minutes (handwritten) for Living Word board meeting,

- Exhibit 30 (i288-i292) Lease agreement between Beasley Ministries and Kiddy City Day Care,  
Exhibit 31 (i293) Notes regarding Living Word financial report (handwritten),  
Exhibit 32 (i294-304) Beasley Ministries, Inc., bank statements between Feb. 2021 and Nov. 2021.

10. The record also includes the following: (1) all pleadings, briefs, and documents filed in this appeal, and (2) all orders and notices issued by the Board or ALJ.

### III. FINDINGS OF FACT

11. Living Word is a not-for-profit corporation organized exclusively for charitable, religious, and educational purposes. More specifically, its purpose and mission is

[t]o reach the lost for Christ, train and equip believers in Christ to fulfill the great commission by preaching, teaching, and practical experience, to aid and to assist those with spiritual, material, and physical needs, to reach all ages, races, colors, and creeds for obedience to Christ and sprinkling by his blood to the command of God.

Living Word has been granted an exemption from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. *R. at i131, i228, i240.*

12. In addition to traditional church functions and ceremonies, Living Word provides a litany of other services. *Beasley Dep. at 41-48.*
13. Living Word's church building has a sanctuary, and Living Word has continuously used that building to hold worship services. Before 2004, Living Word also used the church building to operate a state-certified unlicensed childcare ministry under the name Precious Angels Christian Day Care. And it has used, and continues to use, the church building for various ministries and programs. Living Word's president and pastor, Jesse Beasley, explained that Living Word is not a church because it has worship services; instead, it is a church because it provides services to the community and to the city. The essence of the church is the services it provides. *Beasley Dep. at 19-21, 26-27, 30, 71-75; R. at i42, i92, i211-12.*

14. Over time, Living Word's congregation grew to the point that it needed more space to support its activities. It therefore bought land adjacent to the church building and built a two-level building that is the subject of this appeal. The record is unclear as to the subject property's street address, with the parties and various documents identifying it alternately as 2713 S. Hanna Street and 2723 S. Hanna Street.<sup>3</sup> The building was constructed in 2003, although the first floor's interior was not completed until 2004, and the second floor's interior was not completed until either 2006 or 2009. *Beasley Dep. at 12, 19, 21, 70-74; R. at i39, i211.*
15. The first floor has an office, restrooms, a kitchen, a library, and various other rooms. The second floor has multiple enclosed rooms of different sizes that are configured as offices but that were sometimes used in other ways, such as a conference room, cosmetology room, or exercise room. It also has a kitchen that Living Word used to prepare snacks for meetings. *Beasley Dep. at 16-18, 29, 32, 93-94; R. at i212, i221-22.*
16. Living Word moved Precious Angels to the subject property after completing the building. Living Word had started Precious Angels because Vanessa Beasley saw a need within the church's membership for childcare services. By 2020 or 2021, however, the majority of families with children enrolled at Precious Angels were not members of Living Word's congregation. *Beasley Dep. at 75-78; R. at i44, i48.*
17. Living Word used the first floor of the building to operate Precious Angels until April 2023, when it closed Precious Angels and leased the space to Kiddie City, another not-for-profit Christian childcare ministry. Living Word employed several people in operating Precious Angels, including Vanessa Beasley, who served as its director. *Beasley Dep. at 67-68, 74-75, 94, 96-102; R. at i36, i142.*

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<sup>3</sup> See, e.g., *Form 132 at attached lot map, Beasley Dep. at 19-21; R. at i39-i40, i43-45, i138, i144, i193, i206-07, i211, i254, i260.*

18. To participate in Precious Angels, families needed to complete and sign an application indicating that they had read and agreed to the day care's handbook. The application forms also required parents to agree to extensive safety policies, provide information about their child's medical history and allergies, and list detailed emergency contact and background information. Outside of Precious Angels' full name, the application form did not mention religion or religious affiliation. *R. at i58-i63; i96-i115.*
19. The handbook included an extensive outline of Precious Angels' policies and procedures. While it described several educational subjects (including writing, crafts, math, science, and dramatic play), it overtly referenced religion in only a few places. It recited Precious Angels' philosophy that children "should be taught Christian values at an early age." And it included a prayer "that your child [] grow spiritually, emotionally, mentally, socially and physically through this Day Care experience." Lastly, it indicated that Precious Angels sought to "train a child in the way he should go," quoting the Book of Proverbs. *R. at i96-i98.*
20. Precious Angels charged families an annual registration fee of \$50 in addition to tuition fees. Roughly 99% of the families Precious Angels served were eligible for vouchers from the Indiana Family and Social Services Administration ("FSSA"). Those vouchers were used to reimburse Precious Angels for the tuition fees. Precious Angels therefore set its rates based on the FSSA's reimbursement schedules. While some families did not qualify for vouchers covering full reimbursement and were therefore responsible for co-payments, Precious Angels waived any co-payments. *Beasley Dep. at 82-84, 119-24, 131, 155-58; R. at i36-i37, i43, i73-i77, i109, i137, i187-88, i219.*
21. According to its handbook, Precious Angels required families to pay for its services even when the day care was closed or their children were absent. And it reserved the rights to apply a \$10-per-day fee to any late payments and to remove children for families' persistent failure to pay tuition. But Precious Angels has never expelled a child for late payments or for any other reason. *Beasley Dep. at 119-20; R. at i97-i115.*

22. Precious Angels operated on weekdays between 8:00 a.m. and 5:00 p.m. It accepted children between 6 weeks and 12 years old. Staff members participated in mandatory training sessions and were required to maintain certain state certifications. Children were assigned to different rooms based on age group—infant, toddler, preschool, and school-aged. *Beasley Dep. at 13-15, 94-96; R. at i99-100; i221-22.*
23. Staff members tailored religious programs, studies, and teachings to the children's ages, although they did not have a specific curriculum for doing so. They led children in prayer before meals, story times, and Bible readings. *Beasley Dep. at 84-85, 88-90.*
24. Precious Angels' staff members also taught children secular subjects like math, reading, and learning to write their names. And they assisted or led children in various other activities associated with childcare, such as changing diapers, napping, engaging in "tummy time," engaging in play designed to develop motor skills, serving meals and snacks that were prepared in the first-floor kitchen, and doing "regular daycare stuff." Teaching secular subjects supported Living Word's religious mission because it is necessary to develop children's mental health and ability to cope with everyday life. *Beasley Dep. at 92, 97-98, 104, 121.*
25. Aside from operating Precious Angels, the only other specifically identified use of the first floor was hosting Sunday school. *Beasley Dep. at 42, 44-46.*
26. Living Word also used the subject building to host various of its ministries and other programs. Pastor Beasley indicated that most of these ministries and programs used the building's second floor, although in some instances, he did not specify which floor was used. Many of those ministries also used the church building for their activities. The choice of buildings was based on space and availability. Living Word did not maintain logs or reports tracking when those ministries or programs used the subject property during any of the years since the building's completion, nor could anyone within the



organization produce even a rough estimate of the time devoted to those uses. *Beasley Dep. at 14-16, 110-11, 116-17.*

27. That said, the following ministries and programs used the property at some point:

- **In His Image Beauty Salon**—a Living Word ministry that could be used by any church member who needed something done with their hair. Living Word provided the salon service free of charge, but the salon did not operate consistently. *Beasley Dep. at 29-30.*
- **God's Girls**—a Living Word ministry that partnered with the State of Indiana to offer parenting and cooking classes. This group also used the In His Image salon. They did “something maybe once or twice a year.” *Beasley Dep. at 27-28.*
- **Youth Ministry**—Living Word's youth group. It used the subject property for Bible studies and “different things at different times.” For example, they might plan a trip. *Dep. at 28-29, 32.*
- **Returning Fathers**—a Living Word program that trained participants for landscaping work. Participants then worked for Breaking Ground Landscaping, Inc. Breaking Ground provided landscaping services to other churches and assisted the City with various projects. Even though Breaking Ground was organized as a for-profit entity, it did not charge for any of its work. The men from Returning Fathers were paid for their labor with stipends from a grant. Breaking Ground did not use the subject property. And Returning Fathers did not use the property in 2020, although it is unclear when, or how often, it used the property before then. *Beasley Dep. at 31, 34-36, 58-60, 63, 127-28.*
- **Team III, Inc.**—an inter-church program designed to connect local congregations and ministers. It ministered to pastors and provided a summer feeding program to 16 churches. Team III has been inactive for nearly a decade. But it maintains office space at the subject property, where it stores its records. *Beasley Dep. at 17, 36-37, 56-57.*

- **Living Word of God Community Center, Inc.**—a defunct not-for profit grant-writing ministry. It has never secured a grant or other money. It did not use the property in 2020. It is unclear if, or how often, it used the property in previous years. *Beasley Dep. at 54-55, 63.*
- **Home Ownership Program**—a program Living Word started in order to turn its “parishioners into homeowners” by purchasing blighted properties and selling them to congregation members. In total, this program bought and resold three houses. Despite being a Living Word ministry, the bank refused to lend the church the necessary funds to facilitate the program; Pastor Beasley therefore bought the properties in his name. He then financed the sales to congregation members with no downpayment or interest. One buyer defaulted. Pastor Beasley did not explain how or when the Home Ownership Program used the subject property. *Beasley Dep. at 37-41.*
- **Dance and Music Ministry**—a “self-explanatory” Living Word ministry where participants learned to dance. *Beasley Dep. at 41-42.*
- **Financial Training Classes**—a 16-week course offered by Living Word using the Crown Ministries’ biblical financial curriculum, offered to both church leaders and members twice at the subject property. The classes were offered during 2020. It is unclear whether they were offered in any other year. *Beasley Dep. at 42-43, 91; R. at i285-86.*
- **Hospitality Ministry**—Living Word’s usher program. This ministry “sometimes” used the subject building to prepare communion and train new ushers. It used the building in 2020, but it is unclear whether the ministry used the building during any other year. *Beasley Dep. at 43-44.*
- **Sound Ministry**—Living Word’s sound equipment team. It used the subject property “at times” to prepare for church services and music. *Beasley Dep. at 46-47.*
- **Food Pantry and Clothing Ministry**—Living Word’s program for giving away food and clothing. It used parts of the second floor to store dry

goods and clothing that it gave away. *Beasley Dep. at 16-17, 26, 111, 154; R. at i37, i43, i.48.*

28. It is unclear when or how often most of these ministries and programs used the subject building. It is similarly unclear whether any of them used the building during the year ending on the January 1, 2020 assessment date, although Pastor Beasley testified that several of them used the property in 2020. Regardless of when they used the building, however, we find that all of those ministries and programs had a religious purpose.
29. In addition to those ministries and programs, both Pastor Beasley's pastoral office and Vanessa Beasley's office were on the second floor. Pastor Beasley also used space on the second floor to counsel parents of children from Precious Angels. Sometimes it was in his pastoral office, while other times it was in other rooms. Again, there is no indication when, or how often, Pastor Beasley used the property for counseling. Living Word also stored equipment from the day care and food items from the kitchen on the second floor. We find that all of those uses were for religious purposes. *Beasley Dep. at 16, 92-94, 104-05.*
30. In his personal capacity, Pastor Beasley also formed a for-profit entity, Jesse Beasley, LLC d/b/a JB Cars to sell cars. That company is unrelated to Living Word. It is unclear whether JB Cars ever used the subject property. In any case, Beasley did not form JB Cars until 2023, so it did not use the property before then. *Beasley Dep. at 53-54, 63.*
31. We find that Living Word's use of the property to operate Precious Angels was exclusively for religious purposes.

#### IV. CONCLUSIONS OF LAW AND ANALYSIS

**A. Living Word had the burden of proving by a preponderance of the evidence that the Subject Property was owned for a religious purpose and was occupied or used predominantly for that purpose.**

32. Although tangible property in Indiana is generally taxable, the Legislature has exercised its constitutional power to exempt certain types of property. *Hamilton Cty. Prop. Tax Bd. of App. v. Oaken Bucket Partners, LLC*, 938 N.E.2d 654, 657 (Ind. 2010). Because exemptions relieve properties from bearing their fair share of the cost of government services, they are strictly construed against the taxpayer. A taxpayer therefore has the burden of proving by a preponderance of the evidence that its property qualifies for an exemption. *Indianapolis Osteopathic Hosp., Inc. v. Dep't of Local Gov't Fin.*, 818 N.E.2d 1009, 1014 (Ind. Tax Ct. 2004); I.C. § 6-1.1-15-4(j) (providing that the Board's findings must be based on a preponderance of the evidence).
33. Under Indiana's general exemption statute, all or part of a building is exempt from taxation if it is owned, occupied, and used for educational, literary, scientific, religious, or charitable purposes. I.C. § 6-1.1-10-16(a); I.C. § 6-1.1-10-36.3(c). The exemption extends to a tract of land on which an exempt building is situated, as well as to parking lots and other structures that serve the exempt building. I.C. § 6-1.1-10-16(c)(1)-(2). A property need not be owned, occupied, and used by the same entity to be exempt, but where the owner and the occupant or user are different entities, each must possess its own exempt purpose. *Oaken Bucket*, 938 N.E.2d at 658.
34. In order to qualify, however, a building must be occupied or used either exclusively or predominantly for an exempt purpose. Property is predominantly used for one or more stated purposes if it is used for those purposes during more than 50% of the time that it is used in the year ending on the assessment date. I.C. § 6-1.1-10-36.3(a). Property is 100% exempt if it is exclusively used or occupied for exempt purposes or if it is predominantly used or occupied for exempt purposes by a church, religious society, or nonprofit school. I.C. § 6-1.1-10-36.3(c)(1)-(2). Otherwise, a property qualifies only

for an exemption that “bears the same proportion to the total assessment” as the amount of time the property’s exempt purpose bears to its total use. I.C. § 6-1.1-10-36.3(c)(3).

35. Where a property is not used exclusively for exempt purposes, a taxpayer must offer evidence comparing the relative distribution of time between exempt and non-exempt uses. *See Hamilton Cty. Ass’r v. Duke*, 69 N.E.3d 567, 572 (Ind. Tax Ct. 2017) (“[F]ailure to provide the Indiana Board with a comparison of the relative amounts of time that a property was used for exempt and non-exempt purposes is fatal to a claim of exemption under Indiana Code § 6-1.1-10-36.3.”).
36. The predominant-use test applies separately to “(A) each part of the property used or occupied; and (B) each part of the property not used or occupied; for one (1) or more exempt purposes . . . during the time the property is used or occupied.” I.C. § 6-1.1-10-36.3(b); I.C. § 6-1.1-11-3(c)(5). Thus, for example, where some parts of a building are used exclusively for exempt purposes but others are used for both exempt and non-exempt purposes, the areas used exclusively for exempt purposes will be entitled to a 100% exemption, but the taxpayer must offer evidence showing that exempt purposes predominated in the other areas. *McClain Museum, Inc. v. Madison Cty. Ass’r*, 134 N.E.3d 1096, 1104-05 (Ind. Tax Ct. 2019).

**B. Living Word is entitled to an exemption because it owned, occupied, and used the subject property exclusively for religious purposes.**

37. Living Word claims that it owned, occupied, and used the subject property exclusively for religious purposes. The Assessor counters that simple ownership by a church does not suffice and that the community-oriented services offered by Living Word at the property, while laudable, are not inherently religious. Similarly, the Assessor argues that while Precious Angels incorporated some religious activities into its day care operation, many of its other activities were not overtly religious, and Living Word failed to provide any estimate of the relative time spent on the religious activities as compared to time spent on secular activities.

38. We agree with Living Word and find that it owned, occupied and used the subject building exclusively for religious purposes. Living Word built the subject building next to its church building in order to further its religious mission of providing services to the community. And it used the subject building essentially as an extension of the church building, i.e. to house a day care operation on the first floor and what amounted to a parish hall on the second.
39. As to the building's first floor, we disagree with the Assessor's argument that Living Word should be denied an exemption because (1) operating a day care is not an inherently religious purpose, and (2) Living Word did not show that the overtly religious activities throughout the day predominated over secularly oriented educational activities and the day-to-day tasks associated with childcare. We find the Assessor's interpretation of what constitutes a religious purpose under the general exemption statute too narrow. Living Word's mission as a church extends beyond worship to assisting "those with spiritual, material, and physical needs," and serving the community. Living Word saw a need for day care among its congregation and the surrounding community. It sought to meet that need by providing day care services in a Christian environment free of cost to parents beyond a largely nominal annual registration fee. While Living Word accepted reimbursement vouchers from the FSSA, it waived any co-payments from parents.
40. Providing day care services is a common undertaking for churches. The Legislature recognized as much when it enacted a statutory scheme for regulating unlicensed child care ministries. *See* I.C. § 12-17.2-6 (laying out procedures for registering and other requirements for operating unlicensed child care ministries). Where a church, such as Living Word, operates a day care in furtherance of its underlying mission, we do not believe that the general exemption statute contemplates breaking down daily activities between overtly religious-themed activities and other day-to-day activities that are necessary when caring for children.

41. That is particularly true where, as here, the church runs the day care as a service to the community rather than as a profit-seeking business enterprise. While the Assessor apparently sought to impute a commercial profit motive to Living Word's operation of Precious Angels by pointing to the facts that it (1) charged for days where children did not attend and (2) reserved the right to expel children for nonpayment of tuition, we disagree. Charitable activities, whether part of a religious mission or not, are not necessarily the equivalent of free. *See Knox Cty. Prop. Tax Assessment Bd. of Appeals v. Grandview Care, Inc.*, 826 N.E.2d 177, 184 (Ind. Tax Ct. 2005) (rejecting claim that simply charging fees to residents of a nursing home and assisted living facility showed a profit motive absent evidence that the fees were more than what was necessary to cover operating expenses). Living Word was entitled to charge fees to cover its operating costs. Logically, it would have had fixed costs associated with its enrollment census regardless of whether every child attended each day or not. And while Precious Angels' handbook reserved the right to expel children for their families' failure to pay tuition, it never did so.
42. This appeal is therefore distinguishable from the two cases involving day care operations that the Assessor cites: *Duke, supra*, and *Pine Hills Church, Inc. v. Allen Cty. Ass'r*, pet. no. 02-057-21-2-8-00837-21 (IBTR Aug. 25, 2023). In *Duke*, a taxpayer incorporated a for-profit company that used the taxpayer's building, rent-free, to operate a day care. The provider instructed children each day on various subjects, including math, history, language arts, and social studies. Its curriculum was Bible-based, although it was not governed by the tenets of a specific church or denomination. Children also engaged in various other activities throughout the day, including things like prayer and Bible study, free play, cleaning, eating, and napping. *Duke*, 69 N.E.3d at 568-69. The taxpayer sought both educational-purpose and religious-purpose exemptions for all of its building except the areas used to provide care to infants and toddlers. *Id.* We found that the building was entitled to an educational-purpose exemption but that it was not entitled to a religious-purpose exemption. *Id.* at 569.

43. On judicial review, the Tax Court reversed our finding that the taxpayer was entitled to an educational-purpose exemption but affirmed our denial of a religious-purpose exemption. *Id.* at 571-72. In each instance, the Court held that the taxpayer had failed both to identify which activities furthered the specified exempt purpose and to compare the amount of time spent on those exempt activities each day to the total amount of time that the day care operated. *Id.*
44. Unlike the for-profit day care business at issue in *Duke*, Living Word operated Precious Angels as part of its religious mission of community service. The entire operation—not just the overtly religious activities, like prayer and Bible reading—was part of that mission.
45. Our determination in *Pine Hills Church* has even less bearing on this appeal. In that case, a church, which had previously operated a day care at the property under appeal, leased the property to a for-profit entity that operated the day care during the year at issue. *Pine Hills Church*, slip op. at 8-13. We denied the church an exemption based solely on our finding that the operator had a commercial, rather than a religious, purpose in occupying and using the property. *Id.* at 15-20. Here, by contrast, we find that Living Word, a not-for-profit church, had a religious purpose in occupying and using the property as a day care facility.
46. Living Word used the first floor of the subject building for operating Precious Angels during the year ending on the January 1, 2020, assessment date (i.e. calendar year 2019), which is the relevant period under the predominant-use test. The only other activity specifically identified as occurring on the first floor at any point was hosting Sunday school, an undeniably religious use. We therefore find that Living Word used the first floor exclusively for religious purposes.



47. Turning to the second floor, there is less clarity as to the exact mix of activities that occurred during the relevant period. Had Living Word used the second floor for both exempt and non-exempt purposes, the lack of more specific evidence about when each use occurred might prove fatal to its exemption claim for that portion of the building. As it is, however, we find that all of the uses were for religious purposes.
48. Many of the activities directly furthered Living Word's mission of assisting those with "spiritual, material, and physical needs," and serving the community. Returning Fathers, Living Word of God Community Center, the food and clothing ministries, and the home ownership program are all examples of that.
49. And most of the activities and uses were of the type that typically occur in parish halls of churches. Some of the activities supported services that most people would associate with churches, such as storing food and clothing for distribution to the needy. Others provided services or fellowship for congregants, church officials, or inter-church cooperation. Examples include Pastor Beasley and Vanessa Beasley using space for their offices; Team III using one of the offices to store its records; Living Word hosting financial training classes for church leaders and congregants; congregants using the beauty salon; and ministries such as God's Girls and the youth, music, and dance ministries using the space for their programs. Still other activities supported Living Word's worship services, like the sound and hospitality ministries.
50. The fact that the activities took place in a separate building next door to the church building, rather than in the church building itself, is irrelevant. *See Cedar Lake Conf. Ass'n v. Lake Cty. Prop. Tax Assessment Bd. of App.*, 887 N.E.2d 205, 206-07 (Ind. Tax Ct. 2008) (finding that the fact that a religious conference center and an RV park used in conjunction with the center were on separate tax parcels neither altered the manner in


which the taxpayer used the properties nor diminished its religious purpose). Indeed, Living Word used its church building to host many of those same activities.<sup>4</sup>

51. We therefore find that the subject building was used exclusively for exempt purposes during the year ending on the January 1, 2020, assessment date and that the subject property is entitled to a 100% exemption.

## V. CONCLUSION

52. Because Living Word proved, by a preponderance of the evidence, that it owned, occupied, and used the subject property exclusively for religious purposes during the year ending on the January 1, 2020, assessment date, it was entitled to a 100% exemption. We therefore order that the subject property's exemption be reinstated for that assessment date.

DATE: JANUARY 14, 2025

  
\_\_\_\_\_  
Chairman, Indiana Board of Tax Review

  
\_\_\_\_\_  
Commissioner, Indiana Board of Tax Review

  
\_\_\_\_\_  
Commissioner, Indiana Board of Tax Review

<sup>4</sup> Although Living Word did not show that JB Cars had a religious purpose, it did not use the subject property during the year ending on the January 1, 2020, assessment date.

**- APPEAL RIGHTS -**

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days of the date of this notice. The Indiana Code is available on the Internet at

<<http://www.in.gov/legislative/ic/code>>. The Indiana Tax Court's rules are available at<<http://www.in.gov/judiciary/rules/tax/index.html>>.