

2011

By-Laws Template

Church By-laws

Ver 2.5



Hierarchy of Law within the Church

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Hierarchy of Law within the Church

Introduction

The CEC-NA Incorporation Booklet provides basic guidance of the minimum requirements to incorporate as a Charismatic Episcopal Church in the United States.

Each state may have unique requirements, so please check the business section of your states Secretary of State web site. It is ideal to have a lawyer review your documents for compliance with state regulations and requirements, but not a requirement.

This booklet provides the minimum guidance, and can be added to, but not subtracted from and still maintain the minimum lines of authority required of a full communion church. The term Communion was restated as *“In relationship with the Patriarch and his Bishops, within the bonds of the Eucharistic celebration, faith, worship, sacraments, and governance.”* January 2009 ICCEC Patriarch Council Statement.

Key facts:

1. Incorporation is a state issue, not a federal one
2. Tax Exemption: The state and the EIN may both say you are a non-profit, but this does not mean tax-exempt until you apply for it.
 - a. IRS 501(3c) tax exempt status must be applied for through the IRS on Form 1023, by the corporation and can take up to 2 years. (This form requires a several hundred \$ fee.)
 - b. State Sales tax exemption must be applied for through the State Department of Revenue.
3. Sales tax exemption is applied for separately through the state.
4. As a Church you are not required to apply for tax-exemption, but you will not get the benefits unless you do, though your people can still get the tax-deduction for giving to a church. The IRS Pamphlet “tax guide for Churches and Religious Organizations” is very good.

Useful web sites:

<http://www.irs.gov/charities/churches/index.html>

<http://www.form1023help.com/>

<http://www.irs.gov/charities/article/0,,id=130101,00.html>

Hierarchy of Law within the Church

Hierarchy of law within the church

The CEC-NA has the following hierarchy of documents that govern its conduct.

The Canons: Both International and National Canons, these are the final authoritative document in the ICCEC, no document can contradict the published canons.

The Polices: These are directive regulations that prescribe how specific actions are to occur. Policies are authoritative. They prescribe how specific statements and issues stated in the canons are to be handled and reported. Polices must be approved by the House of Bishops to be binding.

The Standard Operating Procedures: These are guidance on how to conduct the day to day business of the CEC-NA. These procedures are designed to make communication within the CEC-NA simple and clear by providing a standard framework in which common business is conducted.

The Articles of Incorporation: The Articles of Incorporation (aka: Certificate of Incorporation or the Corporate Charter) are the primary rules governing the management of a corporation in the United States, and are filed with a state. These are filed to describe legality how we intend to operate as a church. These are not as detailed the by-laws and answer these questions for the state:

- The corporation's name and location
- Whether the corporation's existence is permanent or limited for a specific period of time
- The corporation must state the purposes for which it is formed.
- In the United States, if a corporation is to be organized as a non-profit, wording must be included stating no part of the assets of the corporation are to benefit the member
- The number and names of the corporation's initial Board of Directors organizing the corporation
- The location of the corporation's "registered office" - the location at which legal papers can be served to the corporation if necessary

Hierarchy of Law within the Church

- Some states further require the designation of a Registered Agent: a person to whom such papers could be delivered

The By-Laws: These are often not filed with the state, but they must be voted on and accepted by the Board of the Directors. Corporate and organizational by-laws regulate only the organization to which they apply and are generally concerned with the operation of the organization, setting out the form, manner or procedure in which a company or organization should be run. Corporate by-laws are drafted by a corporation's founders or directors under the authority of its Articles of Incorporation.

By-laws can cover a great deal of issues, but generally cover topics such as how directors are elected, how meetings of directors are conducted, and what officers the organization will have and a description of their duties.

In the CEC-NA by-laws reference the ICCEC canons as an authoritative document and do not need to restate what they contain.

Warning: The By-laws are legally binding once accepted, ensure that the church conducts its business in accordance with the canons, by-laws and policies. Failure to operate the church as stated by the by-laws (meetings, reports etc.) make the Diocese vulnerable to legal actions, since if you are not following your own by-laws you can lose the protection they provide.

The Process

The Incorporation Process

Below is the basic process to incorporate your church.

1. Search:

- a. Determine your church name.
- b. Search your state “Secretary of State” (SOS) web site to see if your name is unique.



2. Determine Board of Directors.

- a. These persons will be responsible persons who will ensure the corporation operates legally.
- b. They will be at fault if the corporation is not run in accordance with federal and state laws.
- c. Select person to be registered agent. Check the requirement with your state, but they must live in same state of the corporation. They will receive all legal notices for the corporation. They need to be reliable. You can hire a business or lawyer to do this for you. (They can also be known as a resident agent or statutory agent)
- d. The Rectors Council and the Board of Directors are not the same entity. If you choose they can be the same people, the Rectors Council advises and helps the Rector govern the church, the Board of Directors governs the corporation.



The Process

3. Get an EIN “Employer Identification Number” from the IRS at web site this take about 20 minutes. And there is no cost.

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html>

- a. This only registers you with the federal government, it does not register you with the state, it does not make you tax-exempt.
- b. The EIN acts like the businesses Social Security Number; it identifies and distinguishes the corporation.



4. Develop and vote on your Articles of Incorporation & By-laws

- a. Have the Articles of Incorporation written up.
- b. Reviewed your states SOS web site to see if they require any special language for a church and/or a non-profit
- c. Have the Board of Directors vote and sign the Articles and By-laws.



5. Register with the State:

- a. With your EIN number, go to your Secretary of State web page and lookup the process to register your church. Some states have this process entirely online, while other have forms you may need to mail.
- b. This may cost between \$100-\$300.



The Process

6. Set up the Corporation

- a. Ensure all bank accounts, insurance, utilities etc, are under the corporation, not in the rector or a person's name.
- b. Establish proper accounting procedures in QuickBooks or other business accounting software. (Quicken is not accounting software).
- c. Adhere to the requirements set forth in your by-laws, conduct annual meetings, produce minutes.
- d. Failure to operate in accordance with your by-laws makes you vulnerable to legal actions.



7. Tax-Exemption: As a church, you are not required to request a non-profit status from the IRS or a Sales Tax-exemption from the state, but in order to do business with banks, obtain loans, purchase property, most entities will ask for these documents.



a. Federal

- i. Apply for tax-exempt status with the IRS (Form 1023 Application for Recognition of Exemption)
- ii. This form is complex, and takes some time to produce. Spending money to have an expert help you with this form is money well spent. If you have been approved as a non-profit 501-3c there are no annual federal reporting requirements.

b. State: Apply for state and local tax exemptions

- i. Even if you are a 5013c in the eyes of the Federal Government, you must pay local Sales Tax unless you have received an exemption from sales tax.
- ii. Contact your state department of revenue for forms.

The Process

8. Other issues

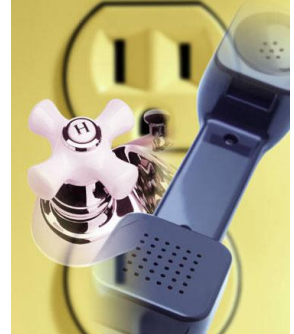
- a. Many states and utilities require you to have an official seal, but they will not issue you one. They can be purchased and designed online at most office supply stores.
- b. If you are renting or own a building, make sure the utilities are in the Corporation name, not a persons.



9. Other Resources

- a. IRS tax guide for Churches and Religious Organizations.

<http://www.irs.gov/pub/irs-pdf/p1828.pdf>



Articles of Incorporation

About Articles of Incorporation

These are the minimum requirements to be in the Articles of Incorporation of a CEC-NA church.

This document provides guidelines for incorporating a CEC-NA Church within the United States. This booklet provides the minimum guidance, and can be added to, but not subtracted from. It provides the minimum lines of authority required of a church.

The Articles of Incorporation are normally sent and maintained by the state, they can be modified if required. The by-laws can be modified by the board and there is often no requirement to file or notify the state. Any change to the Article of Incorporation generally must be filed with the state.

The Articles of Incorporation are for legal and business issues, there is no need to add statements of faith or creeds. No court will use them to determine a legal judgment.

Explanation for some details can be found in the footnotes, these should not be included in the Articles of Incorporation submitted to your state.

You must visit your state SOS (Secretary of State web site) they will provide you specific language they require for a non-profit and/or a church.

Articles of Incorporation

(Below is the template of CEC Church Articles of Incorporation language that is required specifically to be a CEC church is underlined.)

The undersigned, a majority of whom are citizens of the United States, desiring to form a Non-Profit Corporation under the Non-Profit Corporation Law of *(Name State)*, do hereby certify:

First:
Name

The name of the Corporation shall be *(Name of Church) of the Diocese of (name) a member of Charismatic Episcopal Church of North America (CEC-NA)*

Second:
Location

The place in this state where the principal office of the Corporation is to be located at *(Street, City or town, County, State)*.

Third:¹
Purpose

Said corporation is organized as a church exclusively for charitable, religious, educational, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and

¹ The purpose paragraph must contain the specific language required by the IRS and your local secretary of state. There is no need to make doctrinal statements such as we believe in God, this is a legal document, and it would serve no purpose and bind no one.

Articles of Incorporation

empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof.

No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation.²

Fourth: Board³

The names and addresses of the persons who are the initial trustees (Board of Directors) of the corporation are as follows:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Father One	123 Bob Ave, Somewhere, N Y 11510	President
Person 2	456 John Rd, Somewhere, NY 11510	Secretary ⁴
Person 3	567 Jim St, Somewhere, NY 11510	Treasury
Person 4	890 Dave Pl, Somewhere, NY 11510	Member ⁵

² This text makes it clear that the church is a non-profit organization.

³ Board members can also be the same as the Rectors Council, but it is not required.

⁴ The Secretary is the person responsible for minutes and keeping records, they need to be organized.

⁵ Every board member must be able to read financial reports, as they assume responsible if mismanaged

Articles of Incorporation

Board of Directors will adopt By-laws of the Corporation in accordance with the ICCEC Canons and policies and procedures of the CEC-NA and the Diocese of (Name). The power to alter, amend or repeal the by-laws of the corporation of adopt new By-Laws shall be as provided in the by-laws.

Fifth: Register Agent

The name of the registered agent is: Person with address –or– registered Agent Corporation with address.⁶

Sixth: Dissolution:

Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

Seventh: Members

The Corporation will have no members.⁷

⁶ This is the primary point of contact for the corporation, this person must live with the state, and will received all legal correspondence, can be a board member. Failure to keep this updated will make your corporation invalid. Companies can be hired to be the agent.

⁷ Membership in this corporation is not the same as a member (communicate) in the church. A Communicate is defined in the canons; a member of this corporation has fiduciary responsible for the conduct of the corporation.

Articles of Incorporation

Eight

Term

The term of this corporation is perpetual.

Ninth:

Indemnification⁸

The Corporation shall, to the fullest extent permitted by law as now or hereafter in effect indemnify all persons whom it may indemnify. The indemnification provided by this Article shall not limit or exclude any rights, indemnities or liabilities to which any person may be entitled, whether as a matter of law, under the by-laws of the corporation by agreement, vote of the members or disinterested director of the corporation or otherwise.

These articles will be effective upon filing.

This is the _____ day of _____, 200__.

Printed Name of President

Signature

Printed Name Secretary

Signature

⁸ Indemnification means that the person of the corporation, if acting in accordance with the by-laws cannot be held personally liable. For example, if a tree on church property causes damage, someone may sue the church, but could not sue or take the asset of an individual on the board.

By-laws

About By-Laws

The by-laws are very similar to the Articles of Incorporation, but they contain more details and are generally not filed with the state.

By-laws are a set of rules adopted by an organization or assembly for governing its own meetings or affairs.

By-laws protect the church from liability, a church should have written policies on church discipline, screening youth workers, etc. By-laws can be a way of averting calamity in a crisis situation.

By-laws are not a place to state creeds, Christian doctrinal statements. Once approved, by-laws are not read by anyone but lawyers and the board. Non-Legal statements have no value in by-laws.

By-laws

*(Below is the template of CEC church Articles of Incorporatio)
(Language that is required specifically to be a CEC church is underlined.)*

ARTICLE I **NAME**

The name of this organization shall be (Church Name) a member of the Diocese of (name) and member of Charismatic Episcopal Church of North America (abbreviated CEC-NA) a part of the International Communion of the Charismatic Episcopal Church (ICCEC)

ARTICLE II **AUTHORITY ACKNOWLEDGED**

The (Church Name) accedes to the doctrine, discipline and worship in accordance with the canons, policies, procedures, of the ICCEC and the CEC-NA as published by the CEC-NA Primates Council and the Diocese of (name)

ARTICLE III **LOCATION**

The principal place of business of the (Church Name) shall be (address, state, zip). The registered agents office of the (Church Name) a (State) Organization is (address, state, zip).⁹

ARTICLE IV **PURPOSE**

The purpose of the (Church Name) is to be a Eucharistic community that exists to make visible the Kingdom of God to the nations of the world; to provide a home of fatherly care, loving community and evangelistic outreach; To reach the least, the lonely, the lost for God.

⁹ This is a location and person or entity that will receive legal correspondence, it must be in the state the the corporation was originally incorporated in.

By-laws

No part of the net earnings of the organization shall inure to the benefit of, or be distributed to its board members, officers, supervisory person or private person, except that the corporation shall be authorized and empowered to pay reasonable compensation for the services rendered and to make payments and distribution in furtherance of the prior enumerated purpose.¹⁰

ARTICLE V **MEMBERSHIP**

The (*Church Name*) has no members.¹¹

ARTICLE VI **RECTORS COUNCIL**

The (*Church Name*) Rectors council members are the Bishop, the Rector, designated clergy and men designated by the Rectors to represent the church. All full members of the Rector's Council have equal voice, the Rector possesses the right to determine the decision in the absence of consensus. The Rector's Council is responsible for the proper implementation of all issues regarding worship, canon law, policies, and procedures as published by the ICCEC Patriarch's Council and CEC-NA Primates Council and presiding Bishop and his Council. No Rectors, council member or authority can make any rules, policies, procedures, regulations, or laws that contravene the published will of the Rector's Council, the Bishop's Council, CEC-NA policies or its Canon Law.

¹⁰ This text makes it clear that the church is a non-profit organization.

¹¹ A Corporation normally has a Board of Directors and share holders who are members, they can vote and dismiss the board. In a church we have a Board of Directors who can be dismissed by the presiding bishop.

By-laws

ARTICLE VII **BOARD OF DIRECTORS**

The (Church Name) Board of Directors is appointed by the Rector who serves as the President, all members will be approved by the Bishop. The board serves at the pleasure of the Bishop. The Presiding Bishop is on the board. The Board of Directors maintains fiduciary responsibility for the operation of the corporation.

The Board of Directors is responsible for the business and financial and legal administration of the church in accordance with the published will of the Rector's Council.

The Board of Directors manages the ownership of the church building, land and assets through the corporation and ensures it operates in accordance with Canon Law, and CEC-NA polices.

The Corporation shall indemnify any officer of the corporation to the maximum extent permitted by law.

The Board will consist of a minimum of three members.

The names and addresses of the current Board of Directors are:

Name	Address	Title
Father One	123 Bob Ave, Somewhere, N Y 11510	President
Person 2	456 John Rd, Somewhere, NY 11510	Secretary
Person 3	567 Jim St, Somewhere, NY 11510	Treasury
Bishop	890 Dave Pl, Somewhere, NY 11510	Bishop

ARTICLE VIII **MEETINGS**

The Board of Directors will meet at least once a year at a time and location determined by the Rector. All members must be notified in writing in sufficient time to attend. The agenda, dates and times of these meetings will be held will be published in accordance with the published CEC-NA Polices and Standard Operating Procedures. Quorum for standard meeting is two thirds of board members present, which must include the Bishop.

By-laws

ARTICLE IX

Acquisition, Sale, Mortgaging or Leasing of Real Property or Church Association

A vote for the acquisition, sale, mortgaging and/or leasing of real property and/or change in association shall only take place with a special quorum that requires the attendance of the bishop, rector and the entire board. The vote to for the acquisition, sale, mortgaging and/or leasing of real property and/or change in association must pass with a 2/3rd majority vote and the approval of the rector. The Bishop must be present for the vote unless he waives this in writing.

ARTICLE X

ORGANIZATION

The (*Church Name*) is organized around the basic premise of where the Bishop is, there is the Church and our unity is found in Bishop and Eucharist. The ICCEC is governed by councils at each layer of authority, Patriarch (International), Primate (National), Bishop (Province), Bishop (Diocese), and Priest (Local). Each Council operates in accordance with the published CEC-NA Polices and Standard Operating Procedures.

ARTICLE XI

RESPONSIBILITIES

The (*Church Name*) is responsible for the development of the Church and discipleship of its communicants.

ARTICLE XII

AMENDMENTS

These by-laws may be amended when necessary by the Board of Directors by a 2/3^{rds} majority and Rector and presiding Bishop.

Sample Corporate Resolution

Sample Corporate Minutes

(Below is an example sample minutes of an annual meeting).

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE (NAME CHURCH) COMMUNION OF THE CHARISMATIC EPISCOPAL CHURCH

Proper notice having been given a regular annual meeting of the Board of Directors of the *(Name Church)* of the International Communion of The Charismatic Episcopal Church, a *(State)* non-profit corporation, was held on the 7th day of October, 2009 at 7:30 PM, at *(address)*

The meeting was called to order and opened in prayer by the President of the Board, *(Father One)*.

President, *(Father One)*, announced the purpose of the meeting was to conduct the regular business of this corporation. He then asked for a role call to establish a quorum.

Secretary, *(Person 2)*, called role and recorded the following are present:

Father One	123 Bob Ave, Somewhere, N Y 11510	President
Person 2	456 John Rd, Somewhere, NY 11510	Secretary
Person 3	567 Jim St, Somewhere, NY 11510	Treasury
Person 4	890 Dave Pl, Somewhere, NY 11510	Member

Having established that a quorum was present, the Secretary then presented the minutes of our last meeting. After review, a motion made by *(Person 2)* that we accept and confirm the minutes as accurate, and that they be added to the official record of this corporation, this was seconded by *(Person 3)* and carried by unanimous voice vote.

OLD BUSINESS: None

NEW BUSINESS: The Treasurer, *(Person 3)*, reported the financial status of the church, profit & loss and assets & liabilities. *(Person 4)* made a motion that we accept this written report as true and accurate, it was seconded by *(Person 2)* and carried by a unanimous voice vote. The report was added to the official report of the corporation.

(Father One) blessed the meeting, *(Person 2)* made a motion that we adjourn. The motion was seconded by *(Person 3)* and received a unanimous vote.

Signed

Person 2 (Secretary)

Sample Corporate Resolution

Sample Corporate Resolution for Purchase

(Below is an example of a Certified Resolution. These are used when one person will act for the Corporation in signing a lease, rental agreement, loan etc. These are signed by the Corporate Secretary who will maintain accurate records and can verify the statements made in the resolution.)

**CERTIFIED RESOLUTIONS OF THE BOARD OF DIRECTORS OF
(NAMED) CHURCH**

The undersigned hereby certifies that:

1. He is the duly elected, qualified and acting secretary of *(Church Name)*, a *(State)* not for profit (“Corporation”) and as such is familiar with books and records of the corporation;
2. The following resolutions were duly adopted by unanimous written consent of the Board of Directors of the Corporation, as provided by the laws of the State of *(State)*;
3. The following is a true and correct copy of such resolutions; and
4. Such resolutions are in full force and effect;

RESOLVED, that the Corporation shall enter into that certain loan between the Corporation and Bank of America concerning the property of 123 Church Road owned by the Big Corporation for the intended use of a building a church; and

RESOLVED FURTHER, that The Reverend Father One, Priest and Rector of the Corporation, is hereby directed to execute the foregoing loan and all other documents required to consummate the transaction described therein.¹²

IN WITNESS WHEREOF, I have hereunto subscribed my name as of 30 July, 2009.

Signed

Person 2 (Secretary)

¹² Person designated could be corporate Secretary or other board member if qualified.

Charismatic Episcopal Church Organization

- **International Church is responsible for**
 - Vision, Doctrine, Unity, Worship, Canon Law
- **The National Church is responsible for**
 - Administration, Governance, Education, Seminary, Standards, Ordination Recommendation, Church Planting-Growth
- **Cathedral/Diocese/Province is responsible for**
 - Expertise, Resources, Clergy Nomination & Discipleship, Ordination
- **Church is responsible for:**
 - Personal Ministry, Outreach, Laity Education, Evangelism

THE CEC Church Structure

Bishop

Bishop grants authority for church to operate, ordains its leaders, provides oversight and liturgy.

Rector

Operates by the authority of his Bishop in his diocese

Rectors Council

With the Rector and Bishop provide personal council to the rector to hear from God, provide both personal and fiscal accountability.

Board of Directors

Is the legal entity for the church, responsible for the fiscal and real property of the church. Does not concern itself with the daily operation, vision, pastoral care of the church people. Its purpose is to ensure the church operates in accordance with US laws and the by-laws.

