

# THE LOCAL CHURCH

<b>THE CHARGE CONFERENCE.....</b>	<b>2</b>
<b>THE BOARD OF TRUSTEES .....</b>	<b>4</b>
1. Membership, Election, Term, and Officers. ....	4
2. Fiduciary Duties of the Board of Trustees. ....	5
3. Receipt and Investment of Funds.....	6
4. Local Church Property and the Trust Clause. ....	7
5. Annual Report and Record Keeping.....	8
<b>PROPERTY UNDER MULTI-POINT CHARGES AND SHARED FACILITIES .....</b>	<b>10</b>
<b>MERGER OF LOCAL CHURCHES .....</b>	<b>12</b>
<b>INCORPORATION OF A LOCAL CHURCH .....</b>	<b>14</b>
1. Advantages of Incorporation.....	14
2. Powers.....	14
3. Formation.....	15
<b>BUILDING COMMITTEES AND PROGRAMS .....</b>	<b>18</b>
<b>TRANSPORTATION SAFETY .....</b>	<b>20</b>
1. Federal Bus Regulations. ....	21
<b>APPENDIX.....</b>	<b>22</b>
<b>INCORPORATION CHECKLIST.....</b>	<b>23</b>
<b>SAMPLE CHARGE CONFERENCE RESOLUTION.....</b>	<b>25</b>
<b>SAMPLE BOARD OF TRUSTEES RESOLUTION .....</b>	<b>27</b>
<b>SAMPLE ARTICLES OF INCORPORATION .....</b>	<b>28</b>
<b>SAMPLE CORPORATE BY-LAWS.....</b>	<b>30</b>
<b>SAMPLE MINUTES .....</b>	<b>35</b>
<b>SAMPLE WAIVER OF NOTICE.....</b>	<b>37</b>
<b>SAMPLE ARTICLES OF INCORPORATION FOR CHURCH-AFFILIATED ORGANIZATION .....</b>	<b>38</b>
<b>SAMPLE BYLAWS FOR CHURCH AFFILIATED ORGANIZATION .....</b>	<b>41</b>

# THE CHARGE CONFERENCE

The charge conference is a key element in the United Methodist connection. The *Discipline* provisions applicable to the organization of the local church and charge conference begin at ¶ 243.

The charge conference is the governing unit of the local church. The membership includes the church council (or other appropriate body, such as the administrative board) and the retired ministers and retired diaconal ministers holding their membership in the charge.<sup>1</sup> The district superintendent schedules and presides at each charge conference within the district.<sup>2</sup> The structure of the charge conference and its relationship to the district superintendent is intended to bring local church operations into connection with denominational concerns.

The charge conference oversees the management of the business affairs of the local church. It is ultimately responsible for the proper disposition of property according to the *Discipline* and local law. The charge conference's executive and administrative functions are exercised through the following structures:

1. The church council;<sup>3</sup>
2. The various specialized ministry groups;<sup>4</sup>
3. The administrative committees;<sup>5</sup> and
4. The board of trustees.<sup>6</sup>

The charge conference also operates as a local legislative body in receiving the reports of the officers, committees, and other organizations of the local church, in electing officers and committees in the local church, in approving local church members for candidacy for the ordained ministry by written ballot, in establishing local church policies for building use and scheduling, investments, program, property matters, and in other matters.

The church conference,<sup>7</sup> in which all local church members present are given a vote, is used as an alternative to the charge conference. It is called at the discretion of the district superintendent, or following a written request to the district superintendent by one of the following:

---

<sup>1</sup> ¶ 246.2.

<sup>2</sup> ¶¶ 246.4-.5. The charge conference selects the location of the meeting.

<sup>3</sup> ¶ 252.

<sup>4</sup> ¶¶ 253-57.

<sup>5</sup> ¶ 258.

<sup>6</sup> ¶¶ 258.3, 2525-2551.

<sup>7</sup> ¶ 248.

the pastor, the church council, or ten percent of the church membership.<sup>8</sup> Copies of any written requests are to be forwarded to the pastor.<sup>9</sup>

The charge or church conference operates as the annual meeting of the church, presided over by the district superintendent or an elder designated for this purpose by the district superintendent. Charge conferences have general oversight of the trustees<sup>10</sup> and the church council,<sup>11</sup> which in turn has general oversight of the administration and program of the local church.<sup>12</sup> The church council acts as the executive agency of the charge conference.<sup>13</sup> The church council may initiate planning, establish objectives, adopt goals and program plans for the ministries and the mission of the local church, and evaluate their effectiveness.<sup>14</sup> The charge conference is empowered to review and evaluate the total mission and ministry of the church and to adopt objectives and goals recommended by the church council that are in keeping with the objectives of the United Methodist denomination.<sup>15</sup>

[THIS SPACE INTENTIONALLY LEFT BLANK]

---

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *See* ¶ 2529.

<sup>11</sup> *See* ¶ 252.1.

<sup>12</sup> *Id.*

<sup>13</sup> *See* ¶ 252.

<sup>14</sup> *Id.*

<sup>15</sup> ¶ 247.3.

# THE BOARD OF TRUSTEES

This subsection discusses the roles and duties of the local church board of trustees (the “BOT” or the “board”). The BOT is akin to the board of directors of a corporation. Like a board of directors, the BOT is charged with the responsibility of “managing” the property – both real and personal – of the local church. Thus, the BOT has a role similar to that of a trustee of a trust – it holds the title to property that is to be used for the benefit of others.

## **1. Membership, Election, Term, and Officers.**

A charge consisting of only one local church must have a BOT.<sup>16</sup> Its members are elected by the charge conference.<sup>17</sup> If a charge consists of more than one local church, each of those local churches shall establish a church local conference, which then elects the members of the BOT of the respective local church.<sup>18</sup> These boards must have at least three, but not more than nine, members.<sup>19</sup> Each member must be of legal age and two-thirds of the members must be United Methodist.<sup>20</sup> Pastors serving the church are not members of the board of trustees unless elected as a member.<sup>21</sup> To provide for continuity on the board, trustees are usually elected to three-year terms, in staggered classes.<sup>22</sup>

The BOT is required to meet and organize within 30 days following the beginning of the ensuing calendar or conference year, at a time and place designated by the prior chairperson or vice chairperson.<sup>23</sup> At this meeting, the BOT is required to elect a chairperson (who must be a professing member of the local church), vice-chairperson (who must not be a part of the chairperson’s class), and secretary (who may also serve as the treasurer).<sup>24</sup>

Pursuant to ¶ 2531, board members may be removed from office under two specific circumstances. Withdrawal or exclusion from membership in the United Methodist denomination automatically terminates the board member’s term of office. Failure of a member properly to execute any legal instrument relating to church property in accordance with the directions of the charge conference (if all legal requirements have been met) can lead to removal by a majority vote of the charge conference. The charge conference fills vacancies through election of trustees for the unexpired terms only.

---

<sup>16</sup> ¶ 2525.

<sup>17</sup> ¶ 2526.

<sup>18</sup> ¶ 2527.1. The charge may also establish its own BOT to hold title to and manage the property of the charge. Members of this board, of which there must be at least three, are elected by the charge conference. ¶ 2528.1.

<sup>19</sup> ¶ 2525.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> ¶ 2526.

<sup>23</sup> ¶ 2530.1.

<sup>24</sup> ¶¶ 2530.1-.2.

The *Discipline* rules relating to the membership, election, and term may be modified if required by state corporate law.<sup>25</sup>

## **2. Fiduciary Duties of the Board of Trustees.**

Because members of the BOT hold property for others, the law imposes two basic duties on them: the duty of loyalty and the duty of care. The duty of loyalty requires an individual member to not take part in a BOT action in which the member has an actual or potential conflict of interest, without having first disclosed that conflict to the entire board. The members of the board, and the board as a whole, must make decisions only upon the basis of what is best for the local church. Any form of self-dealing is prohibited, and any profit or advantage gained by a member due to self-dealing transactions must be returned to the beneficiaries.

In a local church setting, disclosure of the actual or apparent conflict should be followed by the member's abstention from participation in the decision. These situations can arise, for example, when dealing with construction (where members are contractors), financial management (where members are bankers or investment advisors), or insurance (where members are insurance agents). So long as the potential conflict is properly disclosed, and the member in conflict abstains from participation in the decision or selection process, the BOT may still elect to do business with the conflicted member. However, the BOT, as a whole, has a legal duty to ensure that its decisions are made in the best interest of the local church. This standard requires extra care when the BOT is considering doing business with an organization in which one of the members has a personal or professional interest. Care should be taken to document the disclosure and the abstention in the minutes in order to provide a record of it in the event of a challenge to the BOT's decision.

The duty of care requires members to act in good faith and in a manner they believe to be in the best interests of the local church. They should act with such care as an "ordinarily prudent person" would use under similar circumstances in the management of his or her own affairs. Thus, members are required to be diligent in attending meetings and in making sure they are properly informed as to the various aspects of the decisions to be made. Trustees who do not have time to attend meetings should resign from the board. Attendance at meetings and reading and understanding relevant materials concerning the issues at hand are vital. To the extent the BOT is making decisions, it needs a reasonable basis for making those decisions.

Given the facts available at the time of the decision, members are required to use their best judgment in making their decision. While members are not held responsible for facts they could not have known at the time the decision was made, they are expected to investigate all relevant issues before making a decision. It is not always sufficient to rely on the information provided by others. Decisions made in good faith and with reasonable care will usually be upheld when challenged, even if future developments prove the decisions to have been unwise. However, the BOT must keep track of the information available to and considered by it in making the decision

---

<sup>25</sup> ¶ 2506.1.

in order to answer any such challenge. Regular and accurate minutes, including exhibits of information considered, should be kept.

The BOT is not absolved from the requirements of the duty of care by delegating its responsibility to others. For example, if a BOT entrusted with the management of a large sum of money employs an investment adviser to manage that money, the board is still ultimately responsible for the funds. The BOT may rely on delegates so long as the initial decision in choosing the delegates is well founded and so long as it has no basis for concern about relying on the delegates. Any member who has knowledge, from whatever source, which cautions against the board's reliance on a particular person must disclose that knowledge. If the disclosure is not made, the member is not considered to be acting in good faith and may be personally liable for breaching his or her fiduciary duty of care.

### **3. Receipt and Investment of Funds.**

The local church board of trustees has broad powers regarding investment of local church funds, including funds received from wills and bequests:

Subject to the direction of the charge conference as hereinbefore provided, the board of trustees shall receive and administer all bequests made to the local church; shall receive and administer all trusts; and shall invest all trust funds of the local church in conformity with laws of the country, state, or like political unit in which the local church is located. Nevertheless, upon notice to the board of trustees, the charge conference may delegate the power, duty, and authority to receive, administer, and invest bequests, trusts, and trust funds to the permanent endowment committee or to a local church foundation and shall do so in the case of bequests, trusts, or trust funds for which the donor has designated the committee or the local church foundation to receive, administer, or invest the same.<sup>26</sup>

Where the gift or bequest is unrestricted, the BOT may make a recommendation to the charge conference regarding the use of the funds, with the charge conference making the ultimate decision. The charge conference should develop guidelines that give advance direction to the board concerning receipt and administration of funds.

In a local church, the district superintendent and the board must be sure the terms of any donation are carried out. The charge conference has authority to direct the board of trustees regarding acceptance or rejection of any gift, bequest, or other conveyance.<sup>27</sup> The charge conference and the BOT should be cautious in this area and should consult with legal counsel about the benefits and burdens of accepting restricted gifts or bequests. When receiving bequests and gifts that have a restricted purpose, it is important to memorialize the terms and restrictions of the bequests, keep them properly organized in the church records, and keep proper financial

---

<sup>26</sup> ¶ 2533.5.

<sup>27</sup> ¶ 2529.3.

accounting. If bequests, legacies, and trusts are encumbered with restrictive covenants that would prevent the board from meeting the requirements of the *Discipline*, the charge conference may wish to instruct the board to reject the gift.

The board, in consultation with the charge conference, should consider adopting investment guidelines and standards.

Charge conferences may create alternative structures for the management of investment and fundraising, such as a local church Permanent Endowment and Planned Giving Ministry Committee<sup>28</sup> and/or a local church foundation.<sup>29</sup> If either permanent endowment fund committees or foundations are under consideration, care should be taken to define the relationships of these organizations to the charge conference and the local church board of trustees.

#### **4. Local Church Property and the Trust Clause.**

The BOT is not only responsible for the management of the local church's funds. The *Discipline* also prescribes the duty to manage the local church's real property to the BOT.<sup>30</sup> Specifically, the BOT is responsible for the "supervision, oversight, and care of all real property owned by the local church . . ." <sup>31</sup> This real property includes not only the church building itself, but also the church grounds and any parsonage owned by the church.

The BOT must annually compare the adequacy of the church's insurance coverages to a schedule published annually by the General Council on Finance and Administration.<sup>32</sup> Insurance coverage should be adjusted upward as property values increase. In an inflationary environment, local churches often find themselves underinsured because coverages have been held static while inflation has increased property values. Periodic appraisals of the property enable the BOT to update the coverage to reflect the current value. Coverage that increases automatically by a set inflation factor is also available. Liability coverage should also be reviewed periodically. If a change in the use of church property is implemented, such as opening a child or elder care center, school, or other new program, the BOT should review liability insurance needs with a qualified insurance agent and make any necessary adjustments. See Section V of this Manual for further discussion of insurance issues.

The BOT is also involved in deciding whether to allow outside organizations to use the local church's facilities and must ensure an annual accessibility audit of buildings, grounds, and facilities is conducted.<sup>33</sup>

---

<sup>28</sup> ¶ 2534.

<sup>29</sup> ¶ 2535.

<sup>30</sup> See ¶ 2533.

<sup>31</sup> ¶ 2533.1.

<sup>32</sup> ¶ 2533.2. That schedule is made available online [here](#).

<sup>33</sup> ¶¶ 2533.3, .6.

The board of trustees has certain responsibilities to the general Church. The trust clause discussed in ¶ 2501 and mandated by ¶ 2503 has been upheld by both state and federal courts as a valid expression of the rights of the denomination, through its annual conferences, to retain local church property where local congregations or churches have disbanded, left the denomination, or closed.

Great care must be taken to ensure the relevant trust clause is protected in the event of legal attack, and that it is included in the necessary conveyances. Competent real estate counsel, knowledgeable about the *Discipline* and familiar with the Church's structure, should be engaged. Annual conference chancellors are excellent sources of information and assistance. Discussion of, and checklists relating to, the purchase, sale, lease, mortgage, and transfer of local church property and the trust clause can be found in Section IV of this Manual.

## **5. Annual Report and Record Keeping**

The board of trustees is amenable to the charge conference<sup>34</sup> and must make an annual report to it.<sup>35</sup> This written report must include the following:

1. The legal description and the reasonable valuation of each parcel of real estate owned by the church;
2. The specific name of the grantee in each deed of conveyance of real estate to the local church;
3. An inventory and the reasonable valuation of all personal property owned by the local church;
4. The amount of income received from any income-producing property and a detailed list of expenditures in connection therewith;
5. The amount received during the year for building, rebuilding, remodeling, and improving real estate, and an itemized statement of expenditures;
6. Outstanding capital debts and how contracted;
7. A detailed statement of the insurance carried on each parcel of real estate, indicating whether restricted by co-insurance or other limiting conditions and whether adequate insurance is carried;
8. The name of the custodian of all legal papers of the local church, and where they are kept;
9. A detailed list of all trusts in which the local church is the beneficiary, specifying where and how the funds are invested, clarifying the manner in which these investments made a positive contribution toward the realization of goals outlined in the Social Principles of the Church, and in what manner the income therefrom is expended or applied;

---

<sup>34</sup> ¶ 2529.

<sup>35</sup> ¶ 2550.

10. An evaluation of all church properties, including the chancel areas, to ensure accessibility to persons with disabilities; and when applicable, a plan and timeline for the development of accessible church properties.<sup>36</sup>

Each local church BOT should have a well-organized, complete, and current system of record maintenance that will establish the chain of ownership of all church-owned properties. In the event that conveyances, mortgages, or other actions concerning the local church property are contemplated, these records will be vital in preventing delays in transactions.

An up-to-date inventory of local church and parsonage contents also is needed. The BOT should retain records of purchases, consider supplementing the list with videotape of contents, and keep inventory materials off-site in a fireproof place, such as a safe deposit box.

[THIS SPACE INTENTIONALLY LEFT BLANK]

---

<sup>36</sup> ¶ *Id.*

# PROPERTY UNDER MULTI-POINT CHARGES AND SHARED FACILITIES

The *Discipline* contains special provisions for pastoral charges consisting of two or more local churches. The basic purpose of these provisions – ¶¶ 2527-28 – is to ensure that each church controls its own property, even if it is a member of a multi-point charge, and to outline how issues relating to any shared facilities should be handled. A church local conference must be established in each of the local churches within the charge.<sup>37</sup> Each church local conference supervises and manages the property of its respective local church and elects the local church’s board of trustees.<sup>38</sup> Property belonging to the entire charge may be vested in a board of trustees for the charge as a whole.<sup>39</sup>

Paragraph 2528.4 provides for the apportionment of funds invested in parsonages, by local churches included within the charge, when one or more of the local churches separate from the charge. Local churches that joined a charge after the acquisition of the parsonage are not entitled to receive a share of the value of the parsonage.

The sharing of church buildings by congregations of differing racial, ethnic, and/or linguistic backgrounds presents its own unique set of challenges. In recognition of the increasing use of these arrangements, ¶ 2551 is designed to ensure fairness and orderly procedures prevail. Consent of the district superintendent to such arrangements is required, as is notification to the district board of church location and building. Shared facilities arrangements between United Methodist congregations require a mutually agreed-upon written covenant relationship, passed by both charge conferences, that includes a statement of purpose and a reference to the length of time the arrangement is expected to run.<sup>40</sup> The purpose of the covenant is to enhance communication, facilitate coordination of schedules and building use, provide for cooperative building maintenance, and coordinate cooperative programs.<sup>41</sup> While mutually agreed upon sharing of expenses is acceptable, payment of rent by one United Methodist congregation to another is prohibited.<sup>42</sup>

If a congregation seeks to share facilities with a non-United Methodist congregation of a different ethnic or linguistic background, the pastor and district superintendent must first consult with district and conference congregational development agencies and ethnic leadership.<sup>43</sup> In these

---

<sup>37</sup> ¶ 2527.

<sup>38</sup> *Id.*

<sup>39</sup> ¶ 2528.1.

<sup>40</sup> ¶ 2551.1a.

<sup>41</sup> *Id.*

<sup>42</sup> ¶ 2551.1b.

<sup>43</sup> ¶ 2551.2a.

scenarios, a written property-use agreement must be created.<sup>44</sup> This agreement must be approved by the district superintendent and the charge or church conference.<sup>45</sup>

All shared facilities arrangements, whether they are with another United Methodist congregation or with another denomination, require a 90-day notice, to the district superintendent and to the other parties to the covenant relationship, whenever a United Methodist congregation intends to terminate the arrangement.<sup>46</sup> The district superintendent must consent to the termination.<sup>47</sup>

[THIS SPACE INTENTIONALLY LEFT BLANK]

---

<sup>44</sup> ¶ 2551.2b.

<sup>45</sup> *Id.*

<sup>46</sup> ¶ 2551.3.

<sup>47</sup> *Id.*

# MERGER OF LOCAL CHURCHES

The *Discipline* outlines the procedures to be followed by United Methodist local churches seeking to merge with another United Methodist church:

1. Each charge conference involved must propose and adopt a resolution outlining terms and conditions of the merger;
2. For a charge conference that includes two or more local churches, the plan of merger must be approved by the church local conference of each of the local churches;
3. The appropriate resolutions must be approved by the district superintendent(s) of the district(s) in which the merging churches are located;
4. The requirements of the laws of the state or states in which the merging churches are located which effect or relate to the merger of the churches must be met (particular attention should be paid to real property law in the state or states in which the merging churches are located); and
5. Archives and records of merged churches are the successor church's responsibility.<sup>48</sup>

Under ¶ 2547, one or more United Methodist churches may merge with one or more churches of other denominations and become a single church. Merging churches of different denominations requires the resolution of potential legal problems involving titles to the merging churches' property and proper conveyancing of that property to the newly merged church. Procedures for an interdenominational merger are as follows:

1. After discussions between the relevant United Methodist district superintendent and the corresponding officials of the other denominations involved, a plan of merger stating the terms and conditions of the proposed merger and including the denominational connection(s) of the merging church or churches must be approved by the United Methodist charge conference involved in the merger (should the charge conference include two or more local United Methodist churches, the plan of merger, as approved by the charge conference, also must be approved by the church local conference of each local church);
2. The merger must be approved in writing by the superintendent of the district, a majority of the district superintendents, and the bishop of the area in which the merging churches are located;

---

<sup>48</sup> ¶ 2546.

3. Where applicable, the merger plan should include copies of the property conveyance instruments that shall contain the trust clause stated in ¶ 2503 (¶ 2548 must be followed where property is involved); and
4. The merger must meet the requirements of any and all local and state laws.<sup>49</sup>

Paragraph 2548 states that an annual conference may instruct and direct the local church BOT to deed church property to a federated church only with the consent of the presiding bishop, a majority of district superintendents, and the district board of church location and building. This procedure must come at the request of the charge conference or from a meeting of the membership of the church, when such a meeting is required by local law. The same approvals are required when the annual conference instructs the local church BOT to deed church property to one of the other denominations represented in the Pan-Methodist Commission or to another evangelical denomination under an allocation, exchange of property, or comity agreement.<sup>50</sup> Such agreements must be written, signed, and approved by the duly qualified and authorized representatives of all the parties involved.

[THIS SPACE INTENTIONALLY LEFT BLANK]

---

<sup>49</sup> ¶ 2547.

<sup>50</sup> ¶ 2548.2.

# INCORPORATION OF A LOCAL CHURCH

Paragraph 2529.1a vests the charge conference with the authority to direct the local church BOT to incorporate the church. The incorporation must be accomplished in accordance with local law and the *Discipline*. Minimum standards for a local church corporation are found in ¶¶ 2506 and 2529.1b. Incorporation should protect and exempt the individual officers and members of the local church, jointly and severally, from legal liability for and on account of the debts and other obligations of every kind and description of the local church.<sup>51</sup>

The first step in the incorporation process should be the retention of qualified legal counsel. Legal counsel should be very familiar with the structure of the United Methodist denomination, the trust clause (¶ 2503), the local church structure, and the various roles of the district superintendent as to certain local church matters.

## **1. Advantages of Incorporation.**

Under the law, a corporation is a separate legal entity from its officers, directors, and incorporators, with the power to enter into contracts and agreements in its own name. The corporate form provides a continuous entity for the ownership and management of property and for the carrying out of the business and programs of the local church. If proven, assertions of liability for acts undertaken by the corporation may be satisfied only by corporate assets, not by the personal assets of the corporate directors, except in cases of fraud against the corporation by a director or when corporate formalities are not followed.

## **2. Powers.**

A corporation derives its powers and existence from the state. The sources of its powers are its charter and the general statute under which the corporation was organized. The statutes grant numerous specific powers relating to organization, the use and conveyance of property, the election of officers, the amendment of articles of incorporation and by-laws, the right of dissolution, etc.

The “express powers” of a corporation are those related to the business activities in which the corporation is engaged and that are enumerated in its charter. “Implied powers” arise out of reasonable inferences about the scope and intent of the language of the charter powers as they relate to certain facts and circumstances. Great care should be taken by the local church corporation to ensure that its acts and transactions do not extend beyond its limits of authority. Such *ultra vires* acts should be expressly barred by the Articles of Incorporation.

---

<sup>51</sup> ¶ 2529.1a.

### **3. Formation.**

Procedures for forming and organizing corporations vary from state to state. However, general incorporation statutes in every jurisdiction provide for the issuance of a certificate of incorporation to certain persons by a designated state official (usually the Secretary of State). The typical statute requires:

1. The preparation and execution of the articles of incorporation by the incorporators, and the acknowledgment of their signatures before a notary public;
2. The delivery of the articles of incorporation to the Secretary of State, including any other required incorporation papers and payment of requisite organizational fees;
3. Filing of the articles by the Secretary of State, and subsequent issuance by him or her of the certificate of incorporation;
4. The recording of the Certificate and Articles of Incorporation with the Recorder of Deeds, or any other county officials as required in the county or parish where the corporation is located;
5. The convening of the first corporate organizational meeting at the call of the directors to adopt by-laws, elect officers, and transact other business.

The articles of incorporation generally include the following provisions:

1. The name and address of the corporation;
2. The address of its registered agent for the service of process, notice, or demand upon the corporation within the state;
3. The duration or tenure of the corporation, which may be perpetual or limited (church corporations are typically perpetual);
4. The names and addresses of the incorporators;
5. A statement of purpose for which the corporation is formed;
6. The names of the individuals constituting the initial board of directors and the names and addresses of those who are to serve as directors until the first called meeting;
7. Membership in the corporation, and, in the case of the local church, specific reference to the *Discipline* provisions on incorporation of the local church;
8. The powers of the corporation;
9. Procedures for the adoption of by-laws by the board of trustees;
10. Definition of the quorum of directors needed to transact corporate business;
11. Procedures for amending the articles of incorporation;
12. Provisions for the distribution of assets upon dissolution of the corporation.

Before submission of the required charter application and the articles of incorporation, these documents must be sent to the district superintendent for his or her written approval. The purpose of obtaining the superintendent's written approval is to insure conformity of the documents with the *Discipline*, including all of the requirements of ¶ 2529.1b. Particular attention should be devoted to the following:

1. The corporation's stated purpose and powers must support the doctrine of the United Methodist denomination, and all its property must be subject to the "laws, usages, and ministerial appointments" of the Church.
2. The board of trustees, which ordinarily will serve as the board of directors of the corporation, must be properly selected. Officers of the board of trustees are the officers of the board of directors of the corporation.
3. The powers and responsibilities of the corporation, and its board of directors, should include the powers and responsibilities about property specified for the charge conference by the *Discipline*.
4. The members of the corporation are to be the members of the charge conference.
5. Should the corporation cease to exist, the title to all its property is to be vested in another 501(c)(3) tax-exempt organization. We suggest the title vest in the annual conference board of trustees, to be held in trust for benefit of the local church, if it should continue to exist, and, if not, for the benefit of the conference or successor entity.
6. The articles of incorporation and the by-laws of the corporation that are submitted to the state should include the provisions of the *Discipline* by reference.
7. After completion of the incorporation, care should be taken to deed all property to the new corporation. Real property can be deeded by use of a quitclaim deed. This transfer can present an excellent opportunity to review the title to property, to determine if there are any limitations on reversionary interests, and to ensure the inclusion of the trust clause (¶ 2503).

Many states now have special not-for-profit corporation statutes or religious corporation statutes that significantly decrease the reporting requirements and filing costs for such corporations. Local counsel should be instructed to incorporate under such statutes if possible.

It might be helpful as well to consult with other local churches that have recently incorporated in your state to obtain samples of their forms for review, assuming their incorporation forms have been prepared by a knowledgeable attorney with attention to the unique structure of the United Methodist denomination.

*Sample incorporation forms, including bylaws, are included at the end of this section. Each state has different incorporation requirements, so these samples should only be used as starting points for the creation of documents tailored to a respective state's requirements.*

[THIS SPACE INTENTIONALLY LEFT BLANK]

# BUILDING COMMITTEES AND PROGRAMS

Paragraph 2544 provides a detailed outline of the process to be followed by local churches constructing a new building (including a parsonage), purchasing a pre-existing building, or conducting a remodel (but only if the cost of the remodeling will exceed 25% of the value of the existing building or if property is being mortgaged to finance the remodeling). This paragraph is intended to ensure the financial ability of the local church to support the project, the practicality of the plans in relation to the needs of the church, the orderly development of plans and specifications, and approval of the membership.

In any of these instances, local churches must first establish a study committee.<sup>52</sup> This study committee must analyze the needs of the church and community, project potential membership and average attendance, write up the church's program of ministry in accordance with ¶¶ 201-204, and develop an accessibility plan.<sup>53</sup> The study committee report will be used by the building committee and will become a part of the reports presented to the charge conference and to the district board of church location and building.<sup>54</sup> Written consents of the pastor and district superintendent are required, as is site approval by the district board of church location and building if the project relates to a building project or purchase proposal.<sup>55</sup>

After these initial steps, the charge conference then must authorize the project at a regular or called meeting and elect a building committee.<sup>56</sup> The building committee has several duties. It must pay special attention to the accessibility of the church, parsonage, and/or other buildings to disabled persons.<sup>57</sup> It must submit a need statement and architectural and financial plans to the district board of church location and building for approval.<sup>58</sup> After that approval, the written consent of the district superintendent, and the approval of the church conference have all been secured, the building committee then develops detailed plans and specifications, secures a reliable cost estimate, and then presents that information to the charge conference and the district board of church location and building.<sup>59</sup> Only after all of these steps have been met may the committee begin the construction.<sup>60</sup> The committee must ensure that adequate steps are taken to assure affirmative action in the selection of contractors.<sup>61</sup>

---

<sup>52</sup> ¶ 2544.1.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> ¶¶ 2544.2-.3.

<sup>56</sup> ¶ 2544.4.

<sup>57</sup> ¶ 2544.5c(3).

<sup>58</sup> ¶ 2544.6a.

<sup>59</sup> ¶ 2544.8.

<sup>60</sup> ¶ 2544.9.

<sup>61</sup> ¶ 2544.10.

The *Discipline* contains other requirements for this process. The local church must acquire a fee simple title to property upon which a building is to be built<sup>62</sup> That title should be guaranteed and the property should meet all applicable environmental standards.<sup>63</sup> There shall be no personal guarantees required of board or church members for any loans made to the church.<sup>64</sup> Additionally, local churches are prohibited from entering into contracts for materials and labor until cash, pledges, and loans are in place to assure payment of all obligations.<sup>65</sup>

When entering into construction contracts, it is important to make sure the contractor is either sufficiently bonded or furnishes some other form of security.<sup>66</sup>

[THIS SPACE INTENTIONALLY LEFT BLANK]

---

<sup>62</sup> ¶ 2544.11.

<sup>63</sup> *Id.*

<sup>64</sup> ¶ 2544.14.

<sup>65</sup> ¶ 2544.13.

<sup>66</sup> ¶ 2544.15.

# TRANSPORTATION SAFETY

Churches transport people to and from various church and community events and activities on a regular basis. Church transportation raises a number of important safety and regulatory issues. Because accidents can result in serious injury or the loss of life, and thus potentially significant financial liability, these issues are especially crucial. The following safety issues need to be reviewed by every church organization that has occasion to drive – or to ask a member to drive – children or adults to or from any church activity or event:

- Does the person operating the vehicle have a valid driver’s license for the class of vehicle being driven?
- Does the person operating the vehicle have a safe driving record?
- Is the vehicle equipped with a freshly stocked first-aid kit?
- Is the vehicle equipped with proper safety equipment in case of an emergency?
- Has the vehicle been serviced and inspected on a regular basis?
- Is the vehicle equipped with seat belts for every passenger?
- Are a sufficient number of vehicles being used for the safe transport of the number of persons (i.e., no overloading)?
- Does the organization have adequate liability insurance for all vehicles, and does it cover vehicles owned and operated by volunteer members?
- Is the driver a responsible adult (age 25 or older)?
- Do any special federal or state regulations apply to the type of vehicle that is being driven (see below)?
- Does the church have a written safety policy for transportation? Is it being followed?
- Does the church use release forms, including medical authorization forms, for all trips?
- Does the church have insurance that covers all trips?
- Is the transportation safe enough that you would allow members of your own family to go on the trip?

The willingness of volunteers to take time from their busy schedules to transport children, youths, older adults, and others is so often taken for granted that it is easy to neglect any one of these important safety issues. Church organizations must remember that the repercussions from an accident involving an overloaded, unsafe, or unsafely driven vehicle can negatively affect the congregation and its ministry for many years. Every reasonable precaution needs to be taken to protect the safety of passengers on their way to or from a church activity or event.

## **1. Federal Bus Regulations.**

Churches that use buses or large vans to transport passengers across state lines may be subject to certain federal safety regulations. The regulations apply to any interstate transportation of “business private motor carriers of passengers” and “nonbusiness private motor carriers of passengers.” A church that owns or leases a bus or van will be a “nonbusiness private motor carriers of passengers” if: (1) the bus or van has a gross vehicle weight of 10,001 or more pounds or is designed to transport more than 15 passengers (including the driver), and (2) the bus or van is “involved in interstate transportation of passengers.”<sup>67</sup>

As nonbusiness private motor carriers, churches must comply with certain portions of the federal regulations in this area. Churches must mark all of their commercial motor vehicles (“CMV”) with the church name and the USDOT number and ensure that the CMV is properly equipped with all required operational and safety devices and is properly inspected, maintained, and repaired.<sup>68</sup>

Additionally, drivers of church buses must meet certain criteria in order to drive the vehicle. The driver must:

1. Be able to read and speak English;<sup>69</sup>
2. Have enough experience and/or training to safely operate the CMV and to determine that any cargo (including passenger baggage) has been properly located, distributed, and secured;<sup>70</sup>
3. Be physically qualified to drive a CMV;<sup>71</sup>
4. Have a current and valid CMV operator’s license from only one state;
5. Not be disqualified to drive a CMV;<sup>72</sup>
6. Confirm that various parts of the CMV are in good working order;<sup>73</sup> and
7. Not be ill or fatigued.<sup>74</sup>

Church buses may also be subject to certain state regulations, as well. Every local church that owns, or is considering the purchase of, a bus should inquire of the appropriate state authority regarding the existence of any such regulations.<sup>75</sup>

---

<sup>67</sup> See 49 C.F.R. [§ 390.5](#).

<sup>68</sup> See [§§ 390-93, 96](#).

<sup>69</sup> [§ 391.11\(b\)\(2\)](#).

<sup>70</sup> [§§ 391.11\(b\)\(3\), 391.13](#).

<sup>71</sup> See [§ 391.41](#) for the list of specific physical qualifications. Note that [§ 391.68](#) exempts church bus drivers from all medical examination and medical examiner’s certificate requirements.

<sup>72</sup> See [§ 391.15](#).

<sup>73</sup> See [§ 392.7](#).

<sup>74</sup> See generally, [§ 391.11](#).

<sup>75</sup> See e.g., the [Ohio Church Bus Inspection Manual](#).

# APPENDIX

The following pages contain samples of documents common to the incorporation of a local church and are adapted from those created for use by the South Carolina Annual Conference. These examples do not and cannot include the specific requirements of each individual state. They should only be used as a baseline framework for what these documents typically cover. **Each local church should consult with local legal counsel to ensure all specific state law requirements are met.**

There is also a sample set of bylaws for the incorporation of a church-affiliated organization.

# INCORPORATION CHECKLIST

- \_\_\_ 1. The Church Council or the Board of Trustees recommends to the Charge Conference that the local church incorporate.
- \_\_\_ 2. District Superintendent authorizes convening of Charge Conference for the purpose of incorporating local church and transferring church's property to the new church corporation.
- \_\_\_ 3. Provide notice to congregation of time, place, and purpose of Charge Conference.
- \_\_\_ 4. Hold Charge Conference. May use enclosed "Sample Charge Conference Resolution" instructing the Board of Trustees to incorporate the church, naming the incorporating trustees, and authorizing the transfer of church property to the new corporation
- \_\_\_ 5. Board of Trustees selects attorney(s), incorporator(s), and registered agent. Trustees approve, using enclosed "Sample Board of Trustees Resolution."
- \_\_\_ 6. Attorney prepares enclosed Articles of Incorporation and if requested orders a seal (optional). The initial incorporator(s) executes the Articles.
- \_\_\_ 7. If the church owns real property, an attorney will prepare deeds transferring the unincorporated church's property to the new church corporation.
  - \_\_\_ a) Verify that there are no unusual restrictions in the chain of title to the church property that would prevent it from being assigned to a new church corporation.
  - \_\_\_ b) Include in the deed(s) the proper trust clause from ¶ 2503.
  - \_\_\_ c) If real property is under mortgage, it may be necessary to get the lender's prior approval to deed the property to the new corporation. Bank may require new church corporation to ratify, guarantee, or re-execute loan documents.
  - \_\_\_ d) The trustees execute the deed(s) on behalf of formerly unincorporated church.
- \_\_\_ 8. File: original and one copy of Articles with the Secretary of State; deed(s) at the county courthouse.
- \_\_\_ 9. Corporation's Board of Trustees holds organizational meeting. Approve and execute enclosed "Waiver of Notice," "Minutes," and "By-Laws."
- \_\_\_ 10. If the church does not have a federal employer identification number (EIN), request one from the IRS using [Form SS-4](#). On line 9a, include the General Exemption Number (GEN) for the denomination's group exemption – i.e., 2573 – if the local church is in the group exemption.

- \_\_\_\_\_ 11. Consult with a local attorney to determine the necessity of filing any applications for exemption in relation to property taxes, or other similar documents.
- \_\_\_\_\_ 12. Verify with all insurance carriers whether changes are required in your various insurance coverages.
- \_\_\_\_\_ 13. Be aware that other licenses or contracts may need to be adjusted to reflect the church's new status as a nonprofit corporation. Consider status of other church programs offered to non-members, such as a child or elder care program or pastoral counseling center.

[THIS SPACE INTENTIONALLY LEFT BLANK]

# SAMPLE CHARGE CONFERENCE RESOLUTION

WHEREAS, the Bishop and the District Superintendent have recommended that every local United Methodist Church consider incorporation under the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT] and in accordance with *The Book of Discipline of The United Methodist Church* (hereafter “the *Discipline*”); and

WHEREAS, said members of the Charge Conference have been duly notified of the special meeting of the Charge Conference of this said association for the purpose of considering said recommendation to incorporate this local church, which meeting has been duly authorized and called in accordance with the *Discipline*; and

WHEREAS, it will become necessary upon the incorporation of said association to transfer all of the property of said association, both real and personal, to the new corporation.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The membership of the Charge Conference of \_\_\_\_\_ United Methodist Church, an unincorporated association, duly called and convened, does hereby authorize and direct the incorporation of the said association as

[NAME OF LOCAL CHURCH CORPORATION]

a [STATE] nonprofit religious corporation in accordance with the *Discipline* and for the purposes as set forth in the *Discipline*, and does further authorize and direct the Board of Trustees of this association to forthwith cause proper Articles of Incorporation to be prepared, executed, and transmitted forthwith to the Office of the Secretary of [STATE] for filing therein, and that By-Laws, resolutions, minutes, or other documents required by [STATE] law and the *Discipline* be prepared as necessary, and that the expense of said incorporation be paid from the General Treasury of said association.

2. The following are designated as the original Board of Trustees of said new nonprofit corporation:

[NAMES OF TRUSTEES]

3. The Board of Trustees of said association, in order to perfect further and carry on the operation of said association as a corporation and to comply with the *Discipline*, is directed to prepare, transfer, and convey unto the newly formed corporation, by proper deeds, bills of sale, and other instruments, all the property of said association, real and personal, of whatever kind and description whatsoever, subject to all encumbrances and liabilities of the unincorporated association and that thereupon all the rights, privileges, immunities, powers, franchises, and

authority and all the property and obligations of such unincorporated association shall pass to, vest in, and be the property and (in the case of encumbrances and liabilities) obligations of the corporation so formed, and that the expense of said transfer and conveyance and all matters necessary and incidental thereto shall be borne by and paid from the General Treasury of said unincorporated association.

4. The said Board of Trustees is further authorized to do and perform any and all acts necessary to carry this resolution into full force and effect.

APPROVED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

---

Secretary, Charge Conference

[THIS SPACE INTENTIONALLY LEFT BLANK]

# SAMPLE BOARD OF TRUSTEES RESOLUTION

WHEREAS, the Charge Conference has directed this Board to prepare, execute, and file Articles of Incorporation, By-Laws, deeds, and other documents for this religious, unincorporated association in order to complete its incorporation under the laws of [STATE];

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Chairperson and Secretary are authorized to retain legal counsel for the purpose of causing Articles of Incorporation to be prepared, executed, and filed with the Secretary of State of [STATE] as a religious nonprofit corporation; to prepare By-Laws and minutes necessary to complete the organization of the Corporation; to prepare, have executed and record in the proper office of the Register of Mesne Conveyances or Clerk of Court deeds transferring all church real estate from the old association to the new Corporation (said deeds to contain the proper trust clauses as required by the *Discipline*); and to ensure that the Corporation is qualified under Section 501(c)(3) of the Internal Revenue Code.

2. The following person(s) is (are) designated as the incorporator(s) of said new nonprofit corporation:<sup>76</sup>

[NAME(S) OF INCORPORATORS]

3. The following shall designated as the Registered Agent of the Corporation upon whom any process, notice, or demand required or permitted by statute to be served upon the Corporation may be served:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

4. The Chairperson and Secretary of the Board are authorized and directed to do and take such actions as they deem necessary to carry into effect the foregoing resolutions, all pursuant to *The Book of Discipline of The United Methodist Church*.

APPROVED, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Secretary, Board of Trustees

<sup>76</sup> Only one incorporator may be required, which would typically be the chair of the trustees.

# SAMPLE ARTICLES OF INCORPORATION

[STATE]  
SECRETARY OF STATE

ARTICLES OF INCORPORATION OF  
A [STATE] NONPROFIT CORPORATION

1. The **name** of this nonprofit corporation is

[CHURCH NAME, INCLUDING "INC." OR OTHER REQUIRED DESIGNATION]

2. The initial **registered office and principal office** of the nonprofit corporation is (Street address, city, county, state and zip code of church):

[ADDRESS]

and the **registered agent** of the nonprofit corporation at that office is:

[TITLE]: \_\_\_\_\_

3. **Purpose.** The nonprofit corporation is a religious corporation. It is organized as a local United Methodist church exclusively for religious purposes, supports the doctrine of The United Methodist Church, and declares itself and all of its property subject to the law, usages, and ministerial appointments of The United Methodist Church.

The Corporation is to be operated exclusively for charitable, religious, and educational purposes, including, 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, directors, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. 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 its charter, 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.

4. **Members.** The corporation will have members. Upon the filing of these Articles of Incorporation, the members of the former unincorporated local United Methodist Church shall be members of such corporation. Only those members of the Corporation who are members of the Charge Conference, as defined in *The Book of Discipline of The United Methodist Church* (hereafter “the *Discipline*”), are entitled to vote at a meeting of the members; *provided, however* if the District Superintendent convenes a Charge Conference as a Church Conference, all members of the Corporation present shall be entitled to vote.

5. **Powers.** The business of this corporation shall be conducted in conformity with the *Discipline* as the same now exists or as may hereafter be amended, changed, or modified, and the bylaws of the corporation shall include the *Discipline* and no bylaws shall be adopted inconsistent with the provisions of the *Discipline*.

In addition to the powers and duties granted to this corporation by the *Discipline*, the corporation assumes for itself all the rights, powers, and privileges and immunities which are now, and which may be during the existence thereof, be conferred by law upon a corporation with a similar character, provided the same are not inconsistent with the *Discipline*. All amendments, bylaws, and regulations of this corporation shall at all times be in conformity with the *Discipline* and must be approved, in writing, by the pastor and the district superintendent.

But notwithstanding the above, however, at no time shall any of the amendments, bylaws, or regulations of the corporation be prohibited by or in conflict with the nonprofit corporate laws of [STATE].

6. **Term.** This corporation shall exist in perpetuity. If for any reason the corporation shall be abandoned, discontinued, or cease to exist as a legal entity or its charter shall expire or be terminated, the title to all its property both real and personal shall be vested in and be the property of the [ANNUAL CONFERENCE] of The United Methodist Church, pursuant to the *Discipline*, provided it is then an organization qualified under Section 501(c)(3) of the Internal Revenue Code of the United States; and if not, to any other organization, designated by such Annual Conference, which is then qualified under Section 501(c)(3) of the Internal Revenue Code of the United States. The Corporation cannot sever its connectional relationship to The United Methodist Church without the Annual Conference’s consent.

7. The name, address, and signature of each incorporator is as follows:

[LIST NAME, ADDRESS, AND SIGNATURE OF EACH INCORPORATOR]

# **SAMPLE CORPORATE BY-LAWS**

## **BY-LAWS OF**

[CHURCH NAME, INCLUDING “INC.” OR OTHER REQUIRED DESIGNATION]

[CITY, COUNTY, STATE]

### **ARTICLE I**

#### **IDENTITY**

These are the By-Laws of the above-named United Methodist church, a nonprofit religious corporation organized and existing pursuant to the laws of [STATE], with its principal place of business at the above stated city and county in [STATE] (hereafter, “the Corporation”).

### **ARTICLE II**

#### **PURPOSES AND POWERS**

Section 1. The Corporation is organized as a local United Methodist church exclusively for religious purposes, supports the doctrine of The United Methodist Church, and declares itself and all of its property subject to the laws, usages, and ministerial appointments of The United Methodist Church.

Section 2. All the powers authorized and permitted by *The Book of Discipline of The United Methodist Church* (as amended from time to time by its General Conference) (hereinafter, “the *Discipline*”) for a local church corporation shall be the powers of this Corporation, together with such powers as granted to religious corporations in the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT], as amended from time to time.

### **ARTICLE III**

#### **GOVERNANCE**

Section 1. The Corporation shall look to these By-Laws, to the *Discipline*, and to the laws of [STATE] with reference to non-profit religious corporations for guidance in the operation of its affairs.

Section 2. Where these By-Laws conflict with the *Discipline*, the *Discipline* shall control.

Section 3. Where these By-Laws conflict with the laws of [STATE] with reference to non-profit religious corporations, [STATE] law shall control.

### **ARTICLE IV**

## MEMBERS

Section 1. The initial members of the Corporation shall be the members of the local church congregation immediately prior to incorporation. Persons subsequently becoming members of the local church congregation shall be members of the Corporation, and persons ceasing to be members of the local church congregation shall cease to be members of the Corporation.

Section 2. Only those members of the Corporation who are members of the Charge Conference, as defined in the *Discipline*, are entitled to vote at a meeting of the members; *provided, however* if the District Superintendent convenes a Charge Conference as a Church Conference, all members of the Corporation present shall be entitled to vote.

Section 3. The annual meeting and any special meeting of the members (whether convened by the District Superintendent as a Charge Conference or a Church Conference) shall be convened and held, with notice, quorum, and voting rights, all as provided for in the *Discipline*.

## ARTICLE V

### BOARD OF TRUSTEES

Section 1. The number, qualifications, and constitution of the Board of Trustees, their term in office and their method of election, removal, and replacement shall be in accordance with the provisions of the *Discipline*.

Section 2. An organizational meeting of the Board of Trustees shall be held in January.

Section 3. Special meetings of the Board of Trustees may be called by the Chairperson or as otherwise provided by the *Discipline*.

Section 4. Notice of all regular and special meetings of the Board of Trustees shall be given to each Trustee personally or by mail, church bulletin, telephone, or electronic mail, at least five (5) days prior to the date of the meeting. Notice may be waived as provided for in the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT] and the *Discipline*. The notice shall include the date, hour, and place of all such meetings.

Section 5. A quorum at any Trustees meeting shall consist of a majority of the Board of Trustees, as constituted at the time of such meeting. The acts approved by a majority of those present at any meeting at which a quorum is present shall constitute the acts of the Board of Trustees. Less than a quorum may adjourn a meeting, from time to time, until a quorum is present.

## ARTICLE VI

### OFFICERS

Section 1. The officers of the Corporation shall be a Chairperson, a Vice Chairperson, a Secretary and if need requires, a Treasurer, or as provided in the *Discipline*. The office of Secretary and Treasurer may be held by the same person. The Chairperson, Vice Chairperson, and Secretary shall be members of the Board of Trustees.

Section 2. The Chairperson, a Vice Chairperson, a Secretary and if need requires a Treasurer shall be elected at the organizational meeting of the Board of Trustees, and all such officers shall hold office until the second annual meeting of the Board following their election and until such time as their successors are duly elected and qualified.

Section 3. Any officer may be removed from his or her office at any time by a majority vote of the Board of Trustees, as then constituted, notwithstanding that the term for which he or she may have been elected has not expired. No cause need be assigned for any removal under this section.

Section 4. Any vacancy in any office, regardless of the cause, may be filled by the Board of Trustees at any regular or special meeting.

Section 5. The Chairperson shall preside at all meetings of the Board of Trustees. The Chairperson shall execute all contracts authorized by the Board of Trustees and shall perform such other duties as are incident to the office or properly required of him or her by the Board of Trustees.

Section 6. The Vice Chairperson shall perform the duties of the Chairperson in the absence or disability of the Chairperson. In addition, the Vice Chairperson shall have such powers and discharge such duties as may be properly assigned to him or her, from time to time, by the Board of Trustees.

Section 7. The Secretary shall keep a record of all proceedings at the meetings of the Board of Trustees. He or she shall attend to the giving of notices, have custody of the corporate seal, attest when necessary the signature of the Chairperson, and affix the seal to all instruments required to be executed under seal and authorized by the Board of Trustees. He or she shall have such other powers and perform such other duties as are incident to the office or properly required of him or her by the Board of Trustees.

Section 8. If elected, the Treasurer shall be in charge of all the monies and securities belonging to the Corporation. The Treasurer shall cause the monies of the Corporation to be deposited in the name of the Corporation in such banks or other institutions as the Board of Trustees may designate and shall cause the securities of the Corporation, together with other valuable documents of the Corporation, to be deposited for safekeeping with such bank or institution as the Board of Trustees may designate. The church treasurer who is elected by the

Charge Conference may also serve as Treasurer of the Corporation if the Board of Trustees and the Charge Conference so agree. The Treasurer shall have such other powers and perform such other duties as are incident to the office or properly required of him or her by the Board of Trustees or the Charge Conference.

## **ARTICLE VII**

### **FISCAL YEAR AND AUDIT**

Section 1. The fiscal year of the Corporation shall commence on the 1st day of January and end on the 31st day of December.

Section 2. The Corporation shall comply with the audit requirements and procedures for the local church as set forth in the *Discipline*.

## **ARTICLE VIII**

### **FIDELITY BONDS AND INSURANCE**

The Corporation shall comply with the fidelity bond and insurance requirements for the local church as set forth in the *Discipline*.

## **ARTICLE IX**

### **AMENDMENTS**

Upon the written approval of the pastor and the district superintendent, these By-Laws may be amended by a two-thirds vote of the full Board of Trustees (as then constituted) at any meeting of the Board of Trustees, provided that the notice of such meeting clearly sets forth the proposed changes which are to be considered.

## **ARTICLE X**

### **SEAL**

The Corporation may have a seal of such design as the Board of Trustees may adopt, setting forth the name of the Corporation.

## **ARTICLE XI**

### **INDEMNITY OF TRUSTEES AND OFFICERS**

The Corporation is authorized to indemnify its trustees and officers to the full extent permitted in the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT], as amended from time to time.

Effective as of \_\_\_\_\_, 20\_\_\_\_.

---

Secretary

[THIS SPACE INTENTIONALLY LEFT BLANK]

# SAMPLE MINUTES

## MINUTES

### ORGANIZATIONAL MEETING OF THE BOARD OF TRUSTEES

The organizational meeting of the Board of Trustees of [NAME OF CHURCH CORPORATION], a corporation incorporated under the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT], was held at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, pursuant to a written waiver of notice signed by all the Trustees fixing said place and time and specifying the purpose of the meeting.

There were present [NAMES OF TRUSTEES PRESENT AT MEETING], constituting a majority or more of the full Board.

[NAME] was chosen as temporary chairperson and [NAME] was chosen as temporary secretary of the meeting.

The Secretary presented and read the waiver of notice of the meeting, signed by all the Trustees.

The Chairperson stated the first business to come before the meeting was the election of officers to hold office until December 31 of this year, or until their respective successors are elected and qualified, and called for nominations. The following persons were nominated to the offices of the corporation set opposite their respective names:

CHAIRPERSON: \_\_\_\_\_

VICE CHAIRPERSON: \_\_\_\_\_

SECRETARY : \_\_\_\_\_

TREASURER : \_\_\_\_\_

All the Trustees present having voted, the Chairperson announced the aforesaid persons had been elected to the offices set before their respective names.

The duly elected Chairperson thereupon took charge of the meeting and the Secretary entered upon the discharge of his/her duties.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that the seal, an impression of which is herewith affixed, be adopted as the corporate seal of the corporation.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that the By-Laws, a copy of which was presented to the meeting and read section by section by the secretary, be adopted as the By-Laws of the corporation.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that the Articles of Incorporation heretofore filed with the Secretary of State of [STATE] by [NAME(S)] as Incorporator(s), on \_\_\_\_\_, 20\_\_\_\_, be, and are hereby, adopted in all respects as the charter for the corporation.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that, unless otherwise ordered, all meetings of the Board of Directors shall be held at the Office of the corporation at [ADDRESS AND LOCATION FOR BOARD MEETING].

Upon motion, duly made, seconded and carried, it was

RESOLVED, that the Treasurer is authorized and directed to open a deposit account of the corporation at [BANK] and to perform any and all acts necessary and incidental thereto.

RESOLVED, FURTHER, that the Treasurer is hereby authorized to pay all fees and expenses incident to and necessary for the organization of the corporation.

The Secretary was authorized and directed to procure the proper corporate books. The Secretary was further instructed to file with the minutes of the meeting:

- (a) Waiver of Notice;
- (b) Copy of By-Laws;
- (c) Articles of Incorporation.

There being no further business, the meeting was adjourned.

\_\_\_\_\_  
Secretary

APPROVED BY:

[NAMES AND SIGNATURES OF ALL TRUSTEES PRESENT AT THE MEETING]

# **SAMPLE WAIVER OF NOTICE**

## **WAIVER OF NOTICE OF ORGANIZATION MEETING OF THE BOARD OF TRUSTEES**

We, the undersigned, being all the Trustees of [NAME OF CHURCH CORPORATION], a corporation incorporated under the [STATE NON-PROFIT OR RELIGIOUS CORPORATION ACT], do hereby waive notice of the time, place, and purpose of the first meeting of the Board of Trustees of said corporation.

We designate the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, as the time and [LOCATION ADDRESS] as the place of said meeting, the purpose thereof being to elect officers, complete the organization of said corporation, and to transact such other business as may be necessary or advisable.

Dated: \_\_\_\_\_

[NAMES AND SIGNATURES OF TRUSTEES]

# **SAMPLE ARTICLES OF INCORPORATION FOR CHURCH-AFFILIATED ORGANIZATION**

ABC CHILDREN’S CENTER  
A Nonprofit Corporation

## **ARTICLE I**

The name of this corporation is ABC CHILDREN’S CENTER.

## **ARTICLE II**

### Section 1.     Purposes:

1.1 ABC Children’s Center is organized exclusively for charitable, religious, educational, or scientific purposes, including, 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.

1.2 In furtherance of its exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, the organization is organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the XYZ United Methodist Church, Anywhere, USA.

### Section 2.     Limitations:

No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization 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 herein, this organization 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 organization.

### Section 3.     Powers:

In general, and subject to such limitations and conditions which are or may be prescribed by law, or in the corporation’s Articles of Incorporation, Bylaws, or in *The Book of Discipline of The United Methodist Church* (the “*Discipline*”), the corporation shall have all powers which are

now or hereafter conferred by law upon a corporation organized for the purpose set forth above, or necessary or incidental to the powers so conferred, or conducive to the attainment of the purpose of the corporation. The corporation at all times shall comply with the policies and practices of the United Methodist religious denomination, as embodied in the *Discipline*.

### **ARTICLE III**

#### Section 1. Members:

The corporation shall have no members. The Board of Directors, however, may create a class of membership designated “contributing membership.” An honorary or contributing membership shall constitute a nominal membership only. Honorary or contributing members shall not be entitled to vote on any matter nor shall have any other rights with respect to the corporation.

#### Section 2. Management:

The management of the corporation will be vested in a board of no less than seven (7) directors. The number, qualifications, terms of office, manner of election, time and place of meeting, and powers and duties of directors shall be prescribed in the Bylaws of the corporation. Except that at all times, at least sixty percent (60%) of the members of the organization’s Board of Directors must be elected by the XYZ United Methodist Church, an organization required to act in accordance with The Book of Discipline of The United Methodist Church.

### **ARTICLE IV**

The name and address of the initial registered agent is Name, Anywhere, USA, who has consented to act as registered agent. The principle office address of the corporation is Anywhere, USA.

### **ARTICLE V**

No amendment may be made either to these articles of incorporation nor to the Bylaws of the corporation unless such amendment has first been approved by the XYZ United Methodist Church, Anywhere, USA, acting in a duly called meeting. Subject to the requirement for such consent, the Board of Directors shall have full authority to make, amend, and repeal both these articles and any Bylaws.

### **ARTICLE VI**

The corporation shall indemnify each of its directors and officers, whether or not then in office (and his executor, administrator and heirs), against all reasonable expenses actually and necessarily incurred by him or her in connection with the defense of any litigation to which he or she may have been made a party because the person is or was a Director or officer of the

corporation. Such person shall have no right to reimbursements, however, in relation to matters as to which he or she has been adjudged liable to the corporation for acts of bad faith in the performance of duties. The right to indemnity for expenses shall also apply to the expenses of suits that are compromised or settled if the court having jurisdiction of the matter shall approve such settlement. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled.

## **ARTICLE VII**

Upon the dissolution of the organization, all assets of the organization remaining after all liabilities and obligations of the organization have been paid, satisfied and discharged, will be transferred, conveyed, and distributed to the XYZ United Methodist Church.

If on the date of such proposed distribution, the XYZ United Methodist Church is no longer in existence or does not qualify for exempt status under §501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, the assets of the organization shall be transferred, conveyed, and distributed to the United Methodist entity (the “Successor Organization”) entitled under The Book of Discipline of The United Methodist Church, or by other General Conference, Jurisdictional Conference, Annual Conference, or District action, to receive the assets of the XYZ United Methodist Church upon its dissolution.

If pursuant to the preceding paragraphs, the organization’s assets are to be distributed to the Successor Organization, but on the date of the proposed distribution, the Successor Organization is no longer in existence or does not qualify for exempt status under § 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, the assets of the organization shall be transferred, conveyed, and distributed to such other United Methodist related organization(s) as may be specified in, or provided for, under a Plan of Distribution adopted by this organization; provided, however, that in any event, each such distributee organization shall be exempt under the provisions of § 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

## **ARTICLE VIII**

The names and addresses of the incorporators are as follows:

John Q. Doe	Mary Q. Smith
Anywhere, USA	Anywhere, USA

Adopted by the incorporators \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
John Q. Doe, Incorporator

\_\_\_\_\_  
Mary Q. Smith, Incorporator

# SAMPLE BYLAWS FOR CHURCH AFFILIATED ORGANIZATION

ABC CHILDREN'S CENTER  
A Nonprofit Corporation

## ARTICLE I

### Purpose

ABC Children's Center (ABC) is organized exclusively for charitable, religious, educational, or scientific purposes, including, 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. ABC will extend the Christian ministry of the XYZ United Methodist Church, Anywhere, USA, a nonprofit religious corporation (XYZ), through a community outreach program to children. The objective of ABC is to provide a comprehensive early childhood education in a Christian environment, with an emphasis on Christian values, to children and families living in and around the Anywhere, USA area. The program shall be an integral art of the ministry of the local church.

## ARTICLE II

### Board of Directors

The property, affairs, concerns, direction and business of ABC shall be managed by a Board of Directors. The Board of Directors shall pursue such policies and principles as shall be in accordance with the provisions of these By-Laws, XYZ policy and program guidelines, the statutes of the State of Anywhere, USA, and the policies and practices of the United Methodist religious denomination, as set forth in *The Book of Discipline of The United Methodist Church* (the "Discipline"). The Board shall carry out the mission of the Church for this corporation as described in the corporation's purpose. The Board shall report to the Administrative Council of XYZ at regular intervals as may be requested by the Administrative Council.

#### Section A. Number and Qualifications:

1. There shall be seven (7) directors of ABC.
2. Selection of directors should endeavor to reflect the demographic profile of the community served.
3. All directors must accept and support the mission and purpose of this Corporation as set forth in its Articles of Incorporation and By-laws and subject to the *Discipline*.

4. The Member-at-Large directors and the Pastor's director must be members of XYZ or of the Anywhere Annual Conference.

Section B. Classes of Directors:

1. *Professional Directors:* One director shall be selected by the Board from each of the two professional areas listed below.

a. An Advisory Committee set up by the Executive Director shall nominate one director from the educational or health care community who must have academic preparation and/or be employed at the time of selection in the field of early childhood education or primary education or in the field of health care, such as nursing, medicine, or mental health.

b. The Executive Director shall recommend to the Board for nomination one Director from an agency, organization, or program serving children and families.

2. *Member-at-Large Directors:* Three directors shall be nominated and selected for Member-at-Large positions by the Board. These Directors shall be interested individuals who have general knowledge, expertise, and experience to bring to the Board.

3. *Pastor's Director:* The Pastor, or one individual recommended for selection by the Pastor, shall serve as the Pastor's Representative.

4. *Parent Director:* The Executive Director shall recruit and recommend for selection one parent who has a child attending the program.

Section C. Term:

Each director, with the exception of the initial directors and the Parent Director, shall have a term of three (3) years and may be re-nominated at the discretion of the Board. The Parent Director shall have a non-renewable, one-year term. Term rotation shall be two terms expiring in Years 1, 2, and 3.

Section D. Initial Directors:

Other than the Parent Director, one-third (1/3) of the initial directors will serve a one year term, one-third (1/3) will serve a two year term except, and one-third (1/3) will serve a three year term.

Section E. Nomination and Ratification:

1. Directors shall be nominated as set forth above, elected by the Board of Directors, and elected by XYZ. If XYZ rejects a nominated director, the Board shall nominate another director for election by XYZ.

2. Directors shall be nominated at the annual meeting.
3. Each individual elected as a director of ABC shall have one vote on the Board of Directors.

Section F. Directors' Limitations:

Individual directors shall have no authority to act or speak on behalf of ABC without the written approval of the Board of Directors.

Section G. Removal of Directors:

1. A Director may be removed, with or without cause and with or without an assignment of any reason thereof, by a two-thirds majority vote of the directors of ABC. The Board of Directors may assign to the Planning, Policy, and Procedures Committee, the task of investigating the removal of any Director after a majority vote by the Board and approval of XYZ. Due process shall be used with a notification to the involved Director. Notwithstanding the foregoing, XYZ may, on its own motion, remove a Director at any time.

2. Any removal vote shall be by secret ballot.

3. If a Director: (a) has an unexcused absence from a mandatory Board training, (b) fails to maintain the confidentiality required of certain Board matters and actions, and (3) has three consecutive unexcused absences from regular meetings, the Board of Directors shall hold a meeting for the purpose of evaluating the removal of such Director.

Section H. Vacancies of the Board of Directors:

The Board of Directors shall nominate a Director to fill any vacancy in the Board of Directors for election by XYZ. If XYZ rejects such nomination, the Board of Directors shall nominate another Director to fill such vacancy subject to election by XYZ. Upon election by XYZ, such Director shall serve for the unexpired term of his or her predecessor in office.

Section I. Nepotism:

Anyone related to an ABC staff member shall not be nominated for or elected to the Board of Directors.

Section J. Conflict of Interest:

When a conflict of interest occurs, any Director who has knowledge of such conflict must state the nature of the conflict of interest for the record. Directors who have a conflict of interest on a particular issue shall refrain from voting on that issue. Such a conflict arises when a Director, any member of his/her immediate family, his/her partner, or an organization owned by – in whole or in part – or which employs or is about to employ any of the above, has a financial or other

interest in the issue, or any other circumstance which would prevent a reasonable person from being impartial.

Section K. Director's Compensation:

1. Directors of ABC shall serve without compensation.
2. The Board of Directors shall follow the adopted policies that clarify reimbursement of expenses.

Section L. Responsibilities:

In addition to all responsibilities imposed upon Directors by law, XYZ policy and program guidelines or elsewhere in these By-laws, Directors shall be required to attend Board training sessions and read and understand the By-laws and any contract entered into by ABC.

### **ARTICLE III**

#### **Officers**

The officers of ABC shall be a Chairperson, a Vice Chairperson, and a Secretary/Treasurer.

Section A. Term of Office:

The officers shall hold office for a term of one (1) year.

Section B. Nominations:

Nominations shall be taken from the floor at the annual meeting or at such other time as two-thirds of the Board of Directors shall determine.

Section C. Elections:

1. Election shall be by secret ballot. Two directors who have not been nominated for office shall count the votes.
2. The nominee receiving the majority of votes in each category shall be elected.

Section D. Duties of the Officers of the Board:

1. The Chairperson shall:
  - a. Be responsible for ensuring that arrangements are made for meetings of the Board of Directors and the Executive Committee.
  - b. Preside at regular and special meetings of the Board of Directors and Executive Committee.

- c. Be an Ex-Officio member of all committees.
  - d. Facilitate, with approval of the Board, all agreements entered into by ABC.
  - e. In the absence of an Executive Director, ensure the continued operations of ABC under the guidance of the Board until another Executive Director is hired.
  - f. Serve on the Executive Committee.
  - g. Report all Executive Committee actions to the full Board of Directors within ten (10) days of the action taken.
  - h. Serve as ABC's representative on the Administrative Council. As ABC's representative on the Administrative Council, the Chairperson's duties shall include providing the Administrative Council with information on current fiscal and operations matters.
  - i. Serve as the chairperson of the Planning, Policies, and Procedures Committee.
2. The Vice-Chairperson shall:
- a. Perform the duties of the Chairperson in the Chairperson's absence.
  - b. Serve as Chairperson for the Personnel Committee.
  - c. Serve on the Executive Committee.
  - d. Perform any other duties delegated to the Vice-Chairman by the Board of Directors.
3. The Secretary/Treasurer shall:
- a. Serve as the Chairperson of the Fiscal and Audit Committee.
  - b. Ensure the Board of Directors is notified of all meetings in accordance with these By-laws and a recording secretary is present at all meetings of the Board and Executive Committee.
  - c. Send a notice to Directors who fail to attend a regular Board meeting.
  - d. Serve on the Executive Committee.
  - e. Ensure that an up-to-date fiscal report is given at each regular Board meeting in a format approved by the Board.

f. Perform any other duties delegated to the Secretary/Treasurer by the Board of Directors.

Section E. Removal of Officers:

1. An officer may be removed, with or without cause and with or without an assignment of any reason thereof, by a two-thirds majority vote of the Directors of ABC. The Board of Directors may assign to the Planning, Policy, and Procedures Committee the task of investigating the matter of removing any Director after a majority vote by the Board

2. Any removal vote shall be by secret ballot.

3. The removal of an Officer from his/her Officer position shall not prejudice his/her status as a Member of the Board of Directors.

## **ARTICLE IV**

### Meetings of the Board of Directors

Section A. The Annual Meeting:

The annual meeting of the Board of Directors shall be held during the month of \_\_\_\_\_ and at such time as the Chairperson shall determine. At the annual meeting, the Board of Directors shall: elect the officers of ABC for the coming year, select directors to serve as member of the three Standing Committees, and conduct other annual business and such other business as may come before the meeting.

Section B. Regular Meetings:

A regular Board of Directors Meeting shall be held at least once each quarter of the year to conduct business.

1. Notice of Board Meetings shall be delivered in writing or by telephone to each director at his/her address or telephone number as shown in the records of ABC.

2. Notification shall not be less than ten (10) days or more than thirty (30) days prior to the meeting. Tentative dates may be decided at regular meetings.

3. Notice of any regular meeting of the Board shall include the place, day, and hour of the meeting. An agenda of the business to be discussed and minutes of the previous meeting shall be included, but additional items of business may be discussed and acted upon at the discretion of the presiding officer.

Section C. Special Meeting:

1. A special meeting of the Board of Directors may be held at any place, at any time,

whenever called by the Chairman, the Executive Committee, or four (4) members of the Board of Directors. The chairman shall be provided with written notice of a call for a special meeting.

2. Notification of a special meeting shall be in accordance with Article III, Section B, and shall include a detailed reason for calling the meeting and the specific issues to be raised.

3. Within two business days after receiving a request for a special meeting the Chairman shall establish the date, hour, and place for the meeting and which shall be within thirty days of the request.

4. Only those issues set forth in the special meeting notice shall be discussed or acted upon at the Special Meeting.

Section D. Quorum of Directors:

1. A majority of directors shall constitute a quorum for the transaction of business, except as otherwise provided in these By-laws.

2. Directors may not participate in or vote by proxy at any meeting of the Board of Directors, or of any committee designated thereby. No proxy shall be deemed to constitute attendance for the purpose of constituting a quorum at any such meetings.

3. Directors may participate in a meeting of the Board of Directors, or of any committee designated thereby, by means of a telephone conference call or similar communications whereby all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at the meeting, thus establishing a quorum.

## ARTICLE V

### Committees

Section A. Standing Committees:

There shall be at least three (3) Standing Committees of the Board of Directors of ABC.

Section B. Chairperson:

The Chairperson of each committee shall be an Officer.

Section C. Directors:

Each Director of ABC shall serve on a Standing Committee, with committee membership divided evenly among current directors.

Section D. Committee Members:

Non-directors may be recruited for committee membership based upon their skills and abilities to contribute to the work of the committee. Non-board committee members shall hold no voting privilege.

Section E. Executive Committee:

The Executive Committee shall consist of the three elected officers.

1. The Executive Committee shall exercise only those powers assigned to it by the Board.
2. All action taken by the Executive Committee shall be reported to the full Board of Directors within ten (10) days. Such report shall be in the form of minutes written and sent by the Board Secretary.
3. The Executive Committee shall not have the power:
  - a. To elect or remove any Director or Officer of the Board of Directors.
  - b. To alter or amend the By-laws.
  - c. To approve a plan of merger or consolidation, sale, exchange, mortgage, pledge, or other disposition of part or all the property or assets of ABC.
  - d. To take any action which the Board may reserve to itself or may be reserved in any XYZ policy or program guideline, or any law.
  - e. To assume powers delegated to other committees in accordance with these By-laws.
  - f. To authorize the dissolution of ABC or revoke proceedings thereof.
  - g. To hire, fire, or discipline personnel, except in the case of the Executive Director, which must have the approval of the majority of the directors and the Staff/Parish Relation Committee.

Section F. Fiscal and Audit Committee:

The responsibilities of the Fiscal and Audit Committee shall be:

- a. Evaluating fiscal procedures, policies, and budgets.
- b. Arranging, with Board approval, for an annual audit of ABC's financial records.

- c. Making recommendations to the Board on fiscal and budget matters.
- d. Coordinating with the XYZ accounting office to produce a reporting format for fiscal information to be presented to the Board.
- e. Performing such other duties as assigned by the Board of Directors.
- f. Preparation of an annual program budget no later than 3 months before the beginning of each fiscal year for approval by the Board of Directors. Upon approval by the Board of Directors, the budget shall be submitted to the Administrative Council for approval. No operating budget shall be implemented without approval of the Board of Directors and the Administrative Council.

Section G. Personnel Committee:

The responsibilities of the Personnel Committee shall be:

- a. Conducting an annual performance appraisal of the Executive Director.
- b. Performing an annual review of staff salaries, and making necessary recommendations to the Board regarding any staff salary adjustments.
- c. Developing written personnel policies, which shall include an employee manual, for submission to the Board. Personnel policies shall become effective only upon adoption by the Board and approval by the Administrative Council. Adopted personnel policies may only be changed by the Board, with the approval of the Administrative Council.
- d. Conducting an annual review of personnel policies.
- e. Performing such other duties as assigned by the Board of Directors.

Section H. Planning, Policy and Procedure Committee:

The responsibilities of the Planning, Policy and Procedure Committee shall be:

- a. Evaluating operation and management procedures.
- b. Drafting or revising recommended program policies to be submitted to the Board of Directors.
- c. Reviewing the goals and direction of ABC and submitting recommendations thereon to the Board.
- d. Maintaining an up-to-date program policy manual.
- e. Performing such other duties as assigned by the Board of Directors.

Section I. Special Committees:

1. The Board of Directors shall appoint all special committees needed to perform specific tasks as deemed necessary to carry out the mission of ABC.
2. Membership of a special committee may consist of Directors of the Board and non-board members.
3. The Chairperson of a special committee shall be a director of the Board.
4. The duties of a special committee shall be to carry out the Board assigned tasks and bring all recommendations to the Board of Directors for approval.

Section J. Standing or Special Committee Meetings:

1. Committees shall meet at the call of the Chairman of the Board, Committee Chairperson, or by majority of the members of the committee.
2. Notice of the meeting shall follow standard practice contained in these By-laws.
3. Recommendations from standing or special committees shall be presented at the next regular or special board meeting.

Section K. Minutes of Board Meetings:

Minutes of regular Board meetings shall be mailed in the packet mailed to all Directors no later than ten (10) days before the next regular meeting of the Board.

Section L. Public Meetings:

All meetings of ABC, including meetings of the Board of Directors and committee meetings, shall be open to the public unless a closed session is called by a majority vote of the members present to discuss:

- a. A personnel action,
- b. Pending or proposed litigation, or
- c. Other matters *The Book of Discipline* would consider appropriate for closed session.

Section M. Parliamentary Authority:

All meetings of ABC shall be governed by Robert's Rules of Order Newly Revised, so long as Robert's Rules do not conflict with these By-laws.

## ARTICLE VI

### Resource Development

#### Section A. Grant Proposals:

The staff of ABC shall actively seek to develop new funding resources, including grant monies directly related to ABC's goals and shall, at the direction of the Executive Director, submit proposals for such funding resources. The Executive Director shall promptly inform all Directors of the Board of the submission of any such proposals and secure the approval of the majority of the Board and, where applicable, the XYZ Administrative Council.

#### Section B. Approval:

Approval of grant proposals shall be obtained in the manner set forth in Article IV, Section D, of these By-laws.

## ARTICLE VII

### By-laws

#### Section A.

These By-laws may be amended, revised, or restated at a regular or special meeting of the Board of Directors.

#### Section B. Notice:

Notice of a meeting to consider an amendment of the By-laws shall be given at least thirty (30) days before the meeting. Notice shall include a draft of the proposed changes. No amendment to the By-laws may be adopted that is contrary or in conflict with XYZ policy and program guidelines, applicable laws and regulations, or *The Book of Discipline*.

#### Section C. Vote:

A two-thirds majority of the Directors shall be required to amend the By-laws, subject to approval of XYZ.

#### Section D. Approval:

Changes in the By-laws shall become effective only upon approval by XYZ.

## ARTICLE VIII

### Executive Director

#### Section A. Hiring of an Executive Director:

A committee shall be selected by the Board Chair to review applications for the position of Executive Director. At a minimum, the committee must include an existing Executive Director and a representative of the Staff-Parish Relations Committee. Personnel policy procedures shall be followed in the selection process. Candidates recommended by the committee shall be brought before the Board of Directors for review and evaluation. If the Board of Directors approves a candidate, it shall forward its recommendation, together with the reasons supporting such recommendation, to the Staff-Parish Relations Committee for approval. If the Staff-Parish Relations Committee approves the candidate, it shall forward its recommendation to the Administrative Council for final approval. Upon receipt of final approval, the Board of Directors may hire the candidate as Executive Director.

Section B. Duties and Responsibilities:

1. The Executive Director is directly responsible to the Board of Directors in all matters of employment and program management. The Executive Director shall perform such duties as outlined in his/her job description, attend all meetings of the Board of Directors, serve as the agent for ABC, and participate in an advisory role to the Board. The Executive Director has no voting rights.

2. The Executive Director shall have the power to hire, manage, and terminate the employment of ABC support staff. Such actions shall be subject to review by the Board of Directors.

## **ARTICLE IX**

### **Indemnification**

Each Director and Officer, whether or not then in office, shall be indemnified by the corporation against all reasonable liabilities, costs, and expenses reasonably incurred by or imposed in connection with or rising out of any action, suit, or process in which the director may be involved or to which the director may be made party by reason of being or having been a director or officer of the Corporation. Such expenses include costs of reasonable settlements (other than amounts paid to the corporation itself) made with a view of curtailment of costs for litigation.

The Corporation shall not, however, indemnify such Director or Officer with respect to matters which the Director shall be finally adjudged in any such action, suit, or proceeding to have acted in bad faith in the performance of his/her duty as such or without authority.

The foregoing right of indemnification is in addition to all other rights to which any Director or Officer may be entitled as a matter of law.

## ARTICLE X

### Dissolution

#### Section A. Approval:

The Board of Directors may vote to recommend dissolution of the Corporation. If the Board of Directors votes to dissolve the Corporation, it shall submit such recommendation, together with the reasons for the recommendation, for consideration by XYZ. XYZ may approve the Board's recommendation, with or without modification, or may reject the Board's recommendation of Dissolution.

#### Section B. Dissolution:

Except as otherwise provided in these Bylaws, the Corporation will be dissolved upon the effective date of its Articles of Dissolution.

#### Section C. Judicial Dissolution:

If the Administrative Council finds that grounds exist for judicial dissolution under Anywhere, USA Nonprofit Corporation Act, the Administrative Council, acting on behalf of XYZ, may apply to the appropriate court for dissolution of the Corporation.

Adopted \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
John Q. Doe, Incorporator

\_\_\_\_\_  
Mary Q. Smith, Incorporator