



# Church Bylaws and Incorporation for the 21st Century

**Bob Sawyer**  
**Auxilio Partners**

# The Flyover

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# Introductions

- I'm Bob from Auxilio Partners
- What is Auxilio?

# Auxilio Partners

We serve to multiply the ministry of the Church as a partner that provides essential business services so that ministry leaders are free to focus on their calling.

# Auxilio Partners

- Donor and donation management
- Finance (bookkeeping, bill pay, financial transactions, reports)
- HR (payroll, onboarding and offboarding employees, compliance with state and federal law)
- Data & communications infrastructure
- Legal compliance

# Auxilio Partners

Disclaimer:

I'm not an attorney. What I present today should be considered informational and not legal advice.

# Introductions

Tell me about you:

- How many churches are represented here that are under 50 years old?
- Churches 50–100 years old?
- Churches over 100 years old?

# The Question

The context / culture in which we live and operate as a church is ever changing – and dramatically so since many of your churches were organized

At a legal and operational level, have we adapted so as to ensure, as much as we can, a healthy environment for our churches?



# Incorporation

- “A corporation is a type of business entity that has limited liability and is separate from its owners, the shareholders.” (or, in the case of a nonprofit corporation, its members)
- A nonprofit corporation is composed of three different groups: members (in a nonprofit corporation), directors, and officers. Debts taken on by the corporation generally cannot be collected from the members, directors, or officers.

# Incorporation

- A church does not legally need to be incorporated in Georgia to operate. Churches not legally incorporated are considered an “unincorporated associations.”
- Incorporation can, however, provide structure, protection, and liability benefits.

# Incorporation Benefits

- Liability protection: Incorporation provides a layer of liability protection for church leaders & members.
  - Generally, in an unincorporated association there is no legal entity that can enter into contracts. Because there is no formal legal status of the church, church leadership (officers) and members could be held personally liable for debts.

# Incorporation Benefits

- Property ownership: A corporation can own property in its own name.
- Management: A corporation can manage its own property without needing court permission.
- Tax-exempt status: Incorporation can confirm nonprofit status under state law.

# How to Incorporate

- In Georgia, the church registers with the Secretary of State and pays a filing fee
- Annual renewal thereafter
- Recommend using an attorney familiar with church incorporation
- <https://georgia.gov/register-corporation>

# Bylaws – What They Are

- A legally binding *internal* document that outlines a church's governance and administration
- Bylaws define the roles and responsibilities of leadership positions, decision-making processes, and operational activities
- Bylaws can and should be updated and amended from time to time

# Bylaws – What Is Included

- Membership requirements and procedures
- Election process for leadership positions
- Meeting protocols and voting rules
- Financial management guidelines
- Policies regarding church property and usage
- Procedures for amending the bylaws themselves

# Bylaws – Benefits

- Clarity and consistency: Provide a clear framework for decision-making and prevent confusion among members.
- Accountability: Hold leadership accountable to established procedures and guidelines.



# Bylaws – Benefits

- Conflict resolution: Can help resolve internal disputes by providing a reference point for rules and procedures.
- Protection from legal issues: Can help safeguard the church from potential legal issues by outlining proper governance practices.

# 501c3 – The Legal Information

- A church does not need a formal, IRS 501c3 recognition (either direct determination, or group exemption through a denominational affiliation) to take tax-deductible donations.
- A church does have to meet the *IRS criteria* for being a church

# 501c3 – Benefits

- Tax-deductible donations: While direct donors can already receive a tax deduction for giving to their church, some donor-advised funds and grantors will only give to a recognized 501c3
- Exemption from federal unemployment tax: Churches with 501c3 status are exempt from paying federal unemployment tax

# 501c3 – Benefits

- Nonprofit discounts: Churches with 501c3 status are also eligible for a variety of discounts and benefits from businesses [Techsoup for software/hardware]
- Tax-exempt financing and reduced postal rates: this can help the organization save money on interest and other fees, as well as eligible for reduced postal rates.

# 501c3 Listing

- Churches that are affiliates of the Georgia Baptist Convention may be eligible to apply for 501c3 status under the Convention's group listing

# Q&A

[bob@auxilio.partners](mailto:bob@auxilio.partners)