

Incorporation of Local Church

It is not essential that local churches in the Virginia Conference incorporate until Virginia statutes regarding churches change. It is suggested that medium-sized churches (more than 100 in worship) study this matter and consider whether to incorporate. It is further suggested that large churches with considerable property holdings seriously consider filing the necessary papers to be a corporation. References to Incorporation status of a local church is found in ¶¶ 2538-2539, 2541 and to Un-incorporation status of the local in ¶¶ 2536-2537, 2540 in the 2016 Book of Discipline.

Advantages of being incorporated: (Gammon & Grange, P.C., attorneys from McLean, VA, from their memo: “Nonprofit Alert.”

1. The church may be able to own and manage property as a corporation without requiring church appointed trustee.
2. The church as a corporation is not subject to the statutory acreage limitations (15 acres in city; 250 acres in any one county).
3. The church receives liability protection for the corporation’s directors, employees & members.
4. The church can update its organizational structure such as governance, accountability, and record keeping.

(GCFA lists these three additional advantages)

1. Limited liability
2. Clear legal capacity to enter into contracts and agreements
3. Perpetual duration: The “corporate form” provides a continuous entity for the ownership and management of property.

Disadvantages of being Incorporated: (Gammon & Grange, P.C., attorneys from McLean, VA)

1. There will be additional paperwork.
2. Additional costs of filing (\$75) and annual reporting fee (\$25)
3. The corporate names are reserved on a “first come” basis.

General Conference Finance and Administration (GFCA) indicates that additional steps need to be taken if a church “incorporates.”

1. The charter application and the articles of incorporation must be submitted to the district superintendent for written approval.

2. 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 2016 Book of Discipline.
3. The articles of incorporation and the by-laws of the corporation that are submitted to the state should include provisions of the 2016 Book of Discipline by reference.
4. After completion of the incorporation, care should be taken to deed all property into the new corporation. This process will entail additional time and expense.
5. The board of trustees will normally serve as the board of directors.

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