

STEPS TO INCORPORATION FOR A CHURCH IN TEXAS

LEGAL STEPS TO INCORPORATE

- 1. Hold a business meeting to vote on and pass resolutions of incorporation**
- 2. Upon approval the church, the clerk/secretary will retain a copy of the church action in church records for safe-keeping.**
- 3. Certificate of Formation must be prepared**

The Texas Secretary of State has simplified the process by which a church may incorporate. There are two methods, one is to prepare a Certificate of Formation for a Nonprofit Corporation on hard copy and mail that document to the Secretary of State in Austin. The second method is quick and simple and can be done online. The system allows you to pay the fee online as well. Once the process is completed and the Certificate is approved by the Secretary of State, you will be notified that your church has been incorporated.

To file the Certificate of Formation with the Secretary of State in Austin on the web go to:

http://www.sos.state.tx.us/corp/forms_boc.shtml

Select Form 202 which can be filled out and filed online.

1. Click on Form 202 (Word 149Kb)
2. Fill in all required information on the form. Instructions are included and you can print out the form to make sure you have all necessary information before you begin the process online.
3. Under Article 2 – **Registered Agent and Registered Office**

The church will want to designate an individual to serve as the registered agent. Box B and C will need to be checked and the appropriate information entered on the lines provided.

4. **(Very important)** Check the box on page 6 – “The management of the corporation is to be vested in the nonprofit corporation’s members.” **Do not list Directors!**
5. Under **Article 4 – Membership**
Check box A – “The nonprofit corporation shall have members.”
6. Under **Article 5 – Purpose**
If you have a Constitution that the church has already approved enter the purpose statement from the constitution into the box provided at the bottom of page 6. If you have the document in an electronic format you can simply cut and paste the purpose statement into the online document. If you do not have a Constitution you may download a sample at:
<http://texasbaptists.org/files/2010/10/Developing-a-constitution.pdf>.
7. On page 7 – “**Effectiveness of Filing**”
Check box A

ONCE INCORPORATED AS A NONPROFIT

There are some items of business that must be completed after the church receives the letter from the Secretary of State indicating that they are now incorporated.

1. At the first business meeting following incorporation the church must adopt its By-Laws
2. If the church owns property, all assets must be transferred into the corporation’s name.
3. Change all documents and existing contracts to reflect the new corporate name
4. If real property is transferred then the corporation must file for ad valorem tax exemptions.
5. Steps 2-4 may require some assistance from an attorney.
6. The church may receive a letter from the State Comptroller’s Office related to Franchise Tax. Upon receipt of that letter you will want to go to:

<http://www.window.state.tx.us/taxinfo/taxforms/ap-205.pdf> and file a request for exemption. The form will help you work through the process. Nonprofit organizations, especially churches, are qualifying entities for the exemption because they do not provide services or materials for sale.

WHAT ABOUT 501(C) (3) STATUS?

Many churches mistakenly believe that they must file with the Internal Revenue Service in order to have “tax exempt” status. If the church is affiliated with the Baptist General Convention of Texas through your Cooperative Program giving you can request a “Letter of Determination” from the Controller/Assistant Treasurer of Texas Baptists. You may call the office and talk with Jeannie Miller at 214-828-5333 or email your request to jeannie.miller@bgct.org.

Churches will want to file for 501 (c) (3) status **if** they have ministry areas that require that they have IRS status. These may be separate organizations such as Child Development Centers, Soup Kitchens, or Crisis ministries that wish to raise support outside the normal stewardship channels of the church. Filing the paperwork for this purpose must include help from a competent nonprofit attorney.

This document is provided with the understanding that the BGCT is not rendering legal, accounting, or other professional advice or service, professional advice on specific issues should be sought from a competent accountant, non-profit attorney, or other professional.

