

Incorporating Your Church: Why And How?

When an organization becomes incorporated, that means it legally holds the same rights and responsibilities as an individual. There are many reasons why churches and other ministries should consider incorporation. The most important is to protect individual members from personal liability associated with the negligent actions of fellow members.

If your church or ministry is already incorporated, many states require annual paperwork to maintain your corporate status. This includes submitting a simple annual report to the Wisconsin Department of Financial Institutions office. Other benefits of incorporation include:

- Clarification of the ministry's purpose, procedures, and vision.
- Eligibility to apply for and receive grants through federal or faith-based organizations and foundations.
- Eligibility to receive special mailing rates and other discounts from vendors.

What are the risks churches face by not incorporating?

According to Richard R. Hammar, author of Church Law & Tax Report, "Members of an unincorporated association are individually liable for [wrongful] acts of agents or employees of the association if the [act] is committed within the scope of their authority."

This means all members of an unincorporated church can legally be found responsible for the negligent or criminal acts of one of their fellow members.

Also, as Christ Church just recently experienced, due to new banking regulations for Homeland Security, unincorporated churches may not be able to open new bank account.

How do ministries incorporate?

Incorporation is enacted at the state level. In Wisconsin, the Wisconsin Department of Financial Institutions (WDFI) office handles incorporation procedures. The WDFI has posted the required incorporation paperwork on their Web site (link below), which makes incorporation filings more convenient.

The first step to take when incorporating a church is to contact an attorney who is familiar with not-for-profit laws in your state. The attorney will prepare a document known as Articles of Incorporation. Several standard points are included in this document, such as the church's corporate name. In most states, the Secretary of State's office will do a corporate name search for a small fee, to make sure the name does not already exist.

Once the basics are established, the ministry will want to work with its attorney to develop a statement of organizational purpose. Nonprofit organizations (like churches) must clarify that their purposes are strictly charitable and, in the case of a church or other ministry, religious in nature.

After the statement of purpose is established, the procedure of organizational operation must be defined. This is done through a separate document, most commonly referred to as bylaws.

What do ministries that are already incorporated need to know?

If your church is already incorporated, Wisconsin requires annual paperwork to maintain your corporate status. This includes submitting a simple annual report to the WDFI. Even if you think your church is already incorporated, it's worth it to check the WDFI's website and do a search to make sure there is record of your ministry's incorporation and its status.

Search Corporate Records:

<https://www.wdfi.org/apps/CorpSearch/Search.aspx?>

Forms:

<https://www.wdfi.org/corporations/forms/corp181forms.htm>

Wisconsin Statutes

Chapter 187.01 Religious societies.

(1) How formed. The members, over 18 years of age, not less than three in number, of any church or society of any religious sect or denomination which shall have been organized in this state and which, at the time, maintains regular public worship may, after due public notice given at some stated meeting of such church, sect or denomination, and any five or more persons of like age, not members of any religious congregation, desirous of organizing a corporation in connection with a church of their own peculiar tenets to be associated therewith, may organize a corporation for religious, charitable or educational purposes in the manner hereinafter provided.

(2) Certificate. Such members or persons shall sign and acknowledge a certificate substantially in the following form:

Know all by these presents: That the undersigned (insert the names of the signers) and those who are or may become associated with them for the purposes herein specified have organized themselves into a religious society of the church (sect or denomination or other description), located in (name of town, village or city), in the county of, and state of Wisconsin, for religious, charitable and educational purposes, which society shall be known and incorporated by the name of (here insert the name); and shall record the same in the office of the register of deeds; and when such certificate shall have been so recorded the society named therein shall be a corporation and shall possess the powers and privileges granted to corporations by ch. [181](#), so far as the same are applicable or necessary to accomplish its purposes, and also such as are conferred by this chapter.

(3) Trustees; number, terms; may hold property. Such corporation may, by its bylaws, fix the number of its trustees, provided that such number be not less than 3, and their term of office, the manner of appointing or electing the same, and the qualifications for membership therein. It may take, receive, purchase, hold and use both the real and personal estate for the purposes of its incorporation and no other; and lease, mortgage, sell and otherwise dispose of the same or any portion thereof as provided by its bylaws; and may also take by purchase, gift or otherwise and forever hold and improve any lands intended to be used for cemetery grounds or burial places, subject to the provisions and restrictions, so far as applicable, in subch. [II of ch. 157](#). Such corporation may hold all lands then owned by it, other than and in addition to the grounds so purchased, and improve the same by the erection of new buildings thereon or otherwise, for the purposes of revenue, to be devoted to the uses of such corporation and in promoting religious and charitable works, and at pleasure lease, mortgage and sell the same. Any such corporation at any meeting which it may hereafter hold for the election of its trustees, whether designated by such corporation as trustees, wardens and vestrymen or otherwise, may make provision by resolution to be entered upon the record of such meeting for the election of its trustees in classes, and determine by such resolution what number or proportion of its trustees shall be comprised in each class, and also the term for which each class shall hold their office; and thereafter, as the term of each class expires, their successors shall be elected in accordance with said resolution. Such corporation by its bylaws may provide for the time and manner of holding regular and special meetings for the holding of elections or for the transaction of all business authorized by law, and such bylaws shall have the force of law and all business transacted thereunder shall be valid.

(4) Notice of first meeting; who may vote. Public notice of the time and place of holding the first meeting of such corporation shall be given to the members of the church, sect or denomination for two successive Sabbaths on which such church, sect or denomination shall stately meet for public worship, previous to such meeting; such notice may be given by the minister or by one of the elders, deacons, church wardens or vestrymen thereof, or if there be no such officers then by any member; and at such first meeting all the members of such church, sect or denomination over 18 years of age shall be entitled to a vote at such meeting as members; but if such corporation be organized by persons not belonging to any religious congregation the majority of the

incorporators named in the certificate, all having notice thereof, may meet at such time and place as they shall deem proper for the purpose of perfecting their organization; and the incorporators named in such certificate shall constitute the first board of trustees and hold their office until others are chosen.

(5) Trustees' powers. The secular business and temporal affairs of every such corporation shall be managed and administered by the board of trustees, and they shall have the custody and control of the corporate property and make rules and regulations for the use of the same and for the renting of pews or slips, and the care, improvement and management of the cemetery grounds, subject, however, to the corporate bylaws. They shall appoint a clerk or secretary and a treasurer, with power to remove the same, and shall cause accurate records of all their proceedings and of all business meetings of such society to be kept, and they shall be governed in their official acts by the rules of their church, sect or denomination applicable thereto and not inconsistent with the laws of this state or the constitution and bylaws of the society.

(6) Change of corporate name. The name of such corporation may be changed at any annual or special meeting, by a majority vote of the members present. Notice that the matter of changing its name will be voted upon at such meeting shall be given as is provided by sub. (4) for its first meeting and the same persons may vote thereon.

(7) Amendment of articles. Such corporation may amend its articles of organization or constitution at a regular meeting of said corporation by the majority vote of the members present so that such corporation has the right to merge with and transfer all of its real estate and personal property to another corporation of the same religious denomination. Any other amendments to either the articles of organization or to the constitution of such corporation shall be made in accordance with ss. [181.1002](#) to [181.1004](#).

History: [1971 c. 213 s. 5](#); [1975 c. 94 s. 91 \(8\)](#); [1985 a. 316 s. 25](#); [1997 a. 79](#).

Cross-reference:

- Ch. 187 applies to incorporated religious organizations. Unincorporated associations derive their rights largely from common law. Trustees of an unincorporated association are not empowered to speak for the association in legal actions without licensed legal counsel. *Life Science Church v. Shawano County*, [221 Wis. 2d 331](#), [585 N.W.2d 625](#) (Ct. App. 1998), [98-0694](#).
- Religious societies incorporated under ch. 187 are "persons" within the meaning of s. 32.19 and are entitled to benefits if they otherwise qualify. 63 Atty. Gen. 578.

187.02 Existing societies confirmed; may reorganize. Every existing church, congregation or religious society heretofore incorporated is hereby established and confirmed and shall continue to be governed by the statutes now applicable thereto, notwithstanding the same are repealed by this statute, in the same manner as if not so repealed, until organized under this chapter; and every such church, congregation and society may, by five or more of its members thereunto duly authorized by and acting for all its members at the time, become a corporation under this chapter by making and recording the certificate provided herein, with an additional statement therein of the name by which such society and the corporation connected with it has before that time been known and called and that such society and corporation are reorganized under this chapter; but such reorganization shall not work a change of the ecclesiastical connection of any such society.

187.03 Failure to elect trustees. No failure to elect trustees at the proper time shall work a dissolution of any corporation formed under this chapter, and those once elected shall hold their offices until their successors are elected. In case of the dissolution of any such corporation the same may be reincorporated under the provisions of this chapter at any time within six years after such dissolution; and thereupon all the estate, real and personal, formerly belonging to the same and not lawfully disposed of shall vest in such corporation as if there had been no such dissolution.