

Legal Procedures for Forming a New Church in Minnesota

I'm planting a church in Minnesota...what do I need to do in terms of legal processes?

Ask 20 church planters and you'll get 20 different answers. Here is the real skinny on what you need to do, and the *most efficient order* in which to do it all. Here goes:

1. Prepare your Articles of Incorporation.

Locate the articles here: <https://www.sos.state.mn.us/business-liens/business-forms-fees/minnesota-non-profit-corporation-forms/?searchTerm=articles> Make sure you file NON-PROFIT articles.

However, there's no reason for you to get your own 501(c)(3) exemption, since Converge can provide a 501(c)(3) status to you. If you are dying to pay an attorney \$3000 or more to get your own 501(c)(3) exemption, then see an attorney first to make sure that your Articles of Incorporation are done properly. For all sane planters, use the Secretary of State's non-profit Articles.

Total Time Commitment: 30 minutes

Cost: \$0 if you use the Secretary of State's non-profit Articles

OR

\$300-500 if you have an attorney prepare the document

2. File the Articles of Incorporation.

You can pay \$70 and do it by mail, or \$90 in person or online.

Mail it to: Minnesota Secretary of State - Business Services
Retirement Systems of Minnesota Building
60 Empire Drive, Suite 100
Saint Paul, MN 55103

You will get the Articles back, along with a Certificate of Incorporation.

Total Time Commitment: 20 minutes

Cost: \$70 or \$90 depending

3. Start your Corporate Record Book (a file on your computer) by putting in the Articles and Certificate of Incorporation.

Total Time Commitment: 15 minutes

Cost: \$0

4. Get a Federal EIN (FEIN) for the church. This is your taxpayer ID number. *It has nothing to do with tax exempt status*, but it will be the number under which your church will submit withholding taxes to the IRS that are withheld from salaried and hourly employees. It's also the number you will use with banks for your bank accounts, etc.

Go to <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online> and follow the instructions for getting a FEIN.

Total Time Commitment: 30 minutes

Cost: \$0

5. Get your Converge 501(c)(3) tax exempt status OR hire an attorney and pay \$3000 or more to get your own 501(c)(3) tax exempt status.

Background: The IRS realized 40 or 50 years ago that it was burdensome for denominations to keep getting new tax-exempt statuses for each new church they planted. The more centrally governed denominations complained about this. So, the IRS adopted what is called a “group exemption letter” which allows a denomination to simply provide a list to the IRS of all churches that “belong” in the denomination. It’s a blanket 501(c)(3) exemption. So, for an individual church, the 501(c)(3) hassle is eliminated.

Here’s the template for the letter you need to write to get on to the Converge group exemption: (Please send to Mandy Johnson at the CNC at 2 Pine Tree Drive, Suite 510, Arden Hills, MN 55112 or scan to mjohnson@convergenorthcentral.org) **You also need to include a copy of the IRS letter with your FEIN number included.**

Church Name (church letterhead if available)
Address
City, State, Zip
Email
Phone

Current date
Baptist General Conference / Converge Worldwide
2002 S Arlington Heights Rd
Arlington Heights, IL 60005

Re: Inclusion in 501(c)(3) group exemption

Legal Church Name:
DBA (if you are using one):
District Affiliation: Converge North Central
FEIN:
Inclusion Date: (this is the date that your church or church plant officially became connected with the Baptist General Conference/Converge Worldwide directly or through one of our districts)

Legal Church Name located at (full mailing address including; number, street, city, state, zip), wishes to be included in the group exemption ruling which the Baptist General Conference dba (doing business as) Converge Worldwide has received from the Internal Revenue Service.

We hereby authorize you to include us as an affiliate.

Sincerely,

(Current pastor or church official)
(Title of person signing)

NOTE: You will get a letter back from Converge with a copy of the group exemption letter, dated sometime back in 1972. Don’t worry. That’s what you need.

You will not get you a federal exemption “number.” There is no such thing. If anyone asks you for your church’s number, they are asking either for your Federal EIN (which has ZERO to do with tax-exempt status) or in Minnesota they are looking for the state sales tax exemption number which you get from the state.

Total Time Commitment: 30 minutes if you use Converge exemption

Cost: \$0 if you use Converge exemption

OR

if you want your own 501(c)(3) status \$3000 for a lawyer plus \$800 filing cost for IRS

6. File form ST-16 with the MN Department of Revenue. Find it online and fill it out.

<https://www.revenue.state.mn.us/sites/default/files/2019-09/st16.pdf>

Per the ST-16 instructions, you will need to include these documents with your ST-16:

- A copy of Federal Form 1023 submitted to the IRS (This is your application for your FEIN number.)
- A copy of the organization’s federal 501(c)(3) letter granting exemption from income tax. This is the letter you get from Converge National from step #5.)
- A signed copy of the Articles of Incorporation. (The result of your work in steps #1&2.)
- A copy of a simple budget.
- A copy of your Form 990. (Many churches can qualify for the 990 Postcard. You will need to file this EVERY year beginning now.)
- A letter or brochure describing the specific purposes and activities of the organization. (This is your paper promotional material, or a copy from your homepage of your website.)
- Documentation showing the organization’s place of worship and time of worship services. (Again, this could be printed from your website. This can be your current launch team meeting times and location.)
- Affiliated religious organizations must provide a letter on the letterhead of the religious organization confirming you are affiliated with them and explain the affiliation. (This would be the same letter mentioned in step #5 from the Converge national office. Our definition of “affiliation” is different than the IRS. See step #8)

***If you have chosen to spend lots of money and get your own 501(c)(3) exemption, then you need to wait until you get approved by the IRS. This can take 8 months.**

Total Time Commitment: 30 minutes

Cost: \$0

7. When you have all of that in place, get a church insurance policy. The biggest insurers are Church Mutual and Philadelphia Insurance. ALSO--you need to get work comp coverage for all employees.

8. After all of this, you need to develop your Church By-laws and a Church Constitution. Talk with the CNC office for help developing these documents as they are your next step toward formal “affiliation”.