

Legal Requirements for Idaho

Nonprofit corporations are not required to have members; however most churches incorporate as nonprofit corporations with members. Therefore, the following requirements assume that a church is incorporating with members. If a church chooses to incorporate without members then some of the requirements in this document will not be applicable.

Helpful links

Idaho Nonprofit Corporation Act (Idaho Statutes (IS) Title 30, Chapter 3):

<http://legislature.idaho.gov/idstat/Title30/T30CH3.htm>

State of Idaho Business Entity Forms Page: <http://www.sos.idaho.gov/corp/corpform.htm>

Federal Employer Identification Number (EIN)

To obtain an EIN go to the IRS website page for Employer ID Number (EINs):

<http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>

For other tax information and requirements go to the Tax Information for Church and Religious Organizations page: <http://www.irs.gov/charities/churches/index.html>

Areas Covered by State Law (this list is not meant to be exhaustive)

- Purpose and Powers
- Articles of Incorporation – how to file, amend and restate
- Bylaws – how to adopt and amend
- Members – qualifications, rights, removal, meetings, voting and quorum
- Board of Directors – number, term, election, vacancies, removal, meetings, voting and quorum
- Officers – required officers, duties, term, election, removal
- Books and Records
- Incorporators
- Merger
- Consolidation
- Dissolution, both voluntary and involuntary

Reasons for Incorporating

- In order for a church to have employees, bank accounts, own things (buildings, chairs, sound systems, etc.), or have tax-exempt status, the church must incorporate. A church does this by filing Articles of Incorporation with their state.

Reasons for Bylaws

- The state requires that either the initial board of directors or members adopt bylaws.
- The Bylaws may contain anything to regular and manage the corporation as long as they do not conflict with the law or the Articles of Incorporation. The state sees the Articles as primary over the Bylaws. If there is any conflict between the Articles and Bylaws, the Articles will win.
- There is great latitude in what may be included in the bylaws (and what may be left out). However, it is important to note that in most areas, if you leave it out of the bylaws, then state law has something to govern your church in that area.

Articles of Incorporation

All corporations must file Articles of Incorporation with their state. The state provides a form that must be filled out and instructions on how to file this form with the state along with the appropriate fee.

The Articles must include the purpose and dissolution for the corporation. In order to obtain 501(c)(3) status from the IRS, the purpose and dissolution must meet the IRS guidelines for a 501(c)(3).

Areas Covered by the Articles (this list is not meant to be exhaustive)

- Name
- Purpose
- Distribution of Assets upon Dissolution)
- Registered Agent Name and Street Address
 - The Registered Agent is a person who can be reached, in person, in order to be served, if necessary.
- Mailing Address
- Initial Board of Directors – names and address

Distribution of Assets upon Dissolution

Recommend Sample wording:

In the event of the dissolution of this church, the property of this church will be distributed to the organization currently known as Northwest Conservative Baptist Association, a 501(c)(3) tax exempt, nonprofit Conservative Baptist agency. If at the time of dissolution this agency is no longer in existence, the Elders shall redirect the assets to one or more 501(c)(3) tax exempt, nonprofit organizations sharing common doctrinal beliefs and goals.

Organizational Meeting

After the Articles of Incorporation have been filed with the state, the initial Board of Directors must call an organizational meeting to complete the corporation. The meeting is called by a majority of the incorporations or directors.

The incorporators must elect the initial Board of Directors at the organizational meeting if an initial Board of Directors were not names in the Articles.

The initial Board of Directors or the Incorporators must adopt bylaws at the organizational meeting.

The initial Board of Directors must elect officers at the organizational meeting.

Bylaws

Initial bylaws shall be adopted by the board of directors or members.

Members

State law speaks to the election or appointment, qualification, removal, and rights of members. In many cases the bylaws may override state law, but if the bylaws make no provision in an area, then the law is the guideline.

Member Meetings

State law speaks to the types of meetings, notice, voting, and quorum. In many cases the bylaws may override state law, but if the bylaws make no provision in an area, then the law is the guideline.

There must be an annual meetings of members.

- At the annual meeting the President and CFO shall report on the activities and financial condition of the corporation.

10% of the voting members may call a special meeting unless declared otherwise in the bylaws.

The corporation must prepare and make available to any member a list of members for notice and voting beginning 2 business days after the notice of a meeting is given. The list must be available at the corporate office or a reasonable place identified in the meeting notice in the city where the meeting will be held. The list must also be available at the meeting. *Religious corporations may limit or abolish this requirement in their bylaws.*

Unless one-third (1/3) or more of the voting power is present in person, by proxy, by mailed written ballot or by absentee ballot, the only matters that may be voted upon at an annual or regular meeting of members are those matters that are described in the meeting notice. *Bylaws may change this.*

Notice of Meetings

Notice of all meetings must include place, date, and time and be mailed not less than 10 days before meeting date (if not first class or registered mail not less than 30 days) and not more than 60 days before meeting date. *Bylaws may change these requirements as long as they are "fair and reasonable." These guidelines are considered to be fair and reasonable.*

Directors

State law speaks to the number, election or appointment, terms, resignation, removal, vacancies, and meetings of directors. In many cases the bylaws may override state law, but if the bylaws make no provision in an area, then the law is the guideline.

The affairs of a corporation are managed by the board of directors. The bylaws may specify a different title for directors.

The board of directors must have at least 1 director. The bylaws may either fix or prescribe a manner for determining the minimum number greater than 1. Directors are elected at the annual meeting by the members unless bylaws state differently. The term of an elected director may not exceed 5 years. Directors may serve successive terms.

Director Meetings

Quorums for director meetings may not be less than the greater of 1/3 of the number of directors or 2 directors.

Officers

A religious organization is not required to have officers. Unless otherwise specified in the articles or bylaws there will be a president, secretary, and treasurer. An individual may hold more than one office. The bylaws may specify different titles for officers.

The board of directors or bylaws may designate other officers.

Books and Records

State law speaks to the types of records a corporation must keep, as well as where they must keep them, for how long, and members' rights to inspect these records. In most of these things, the bylaws cannot change anything.

A corporation shall keep permanent records of minutes of all members, directors, and board committees meetings as well as actions by members and directors without a meeting; appropriate account records; and record of members with name, address, and class. At its principal office it shall keep articles of incorporation; bylaws; resolutions; minutes for the past 3 years; written communication to members within the past 7 years (including financial statements), a list of the names and addresses of directors and officers, and the most recent annual report for the state. Members may inspect at a reasonable time any records of the corporation with written 15-day notice unless bylaws limit or abolish this right.

Amendments

State law speaks to the procedures for amending bylaws. Bylaws may override state law, but if the bylaws make no provision for amendments, then the law is the guideline.

Sale, Lease, Exchange, Mortgage, or Other Disposition of Assets

A sale, lease, exchange, mortgage, pledge, or other disposition of all, or substantially all, the property and assets of a corporation with members entitled to vote must follow procedures set in law.

Loans to directors and officers

Loans cannot be made to directors and officers outside of a loan or guarantee program available to all members.