

Legal Requirements for Washington

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

Washington Nonprofit Corporation Act (Revised Code of Washington (RCW) Chapter 24.03):

<http://apps.leg.wa.gov/rcw/default.aspx?cite=24.03&full=true>

State of Washington Nonprofit Corporations page:

<http://www.sos.wa.gov/corps/NonprofitCorporations.aspx>

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 the initial board of directors 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.

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
- Period/Tenure (Perpetual is an option here)
- 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.
- 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.

Amendments & Restatements of the Articles

Detailed instructions are set in state law for amending and restating the Articles.

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 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.

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.

The election or appointment, qualifications, and rights of members must be stated in the bylaws.

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.

Notice of Meetings

Notice of the annual meeting and special meetings must include place, date, and time and be delivered not less than 10 days and not more than 50 days before the date of the meeting. Notice of Special Meetings must include the purpose or purposes of the meeting. Notice must be by tangible means or electronic delivery. If mailed, the notice is considered delivered when deposited with USPS, addresses with postage paid. Notice of regular meetings other than the annual meeting shall be made by providing each member with the adopted schedule of regular meetings for the ensuing year at any time after the annual meeting and 10 days prior to the next regular meeting and at any time when requested by a member. *The bylaws may add further requirements of notice for regular meetings.*

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.

Director Meetings

Officers

Required Officers of the corporation are President, one or more Vice Presidents, Secretary, and Treasurer. An individual may hold more than one office, except that the office of President and Secretary cannot be held by the same person. 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.

Each corporation shall keep at its registered, principal, or secretary's office: current articles and bylaws; a list of members including names, addresses, and classes; correct and adequate statements of accounts and finances; a list of officers' and directors' names and addresses; minutes of member meetings, board meetings and meetings of board committees. Corporate records are open to any member of more than 3 months or a representative of more than 5% of the membership, with a purpose for inspection reasonably related to membership interests.

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. *All directors who vote or assent to make a loan to a director or officers and any officers participating in such action are jointly liable to the corporation for the amount of the loan until repayment.*