

## Characteristics of a Local Church: Legal Entity (LE) and Employer (ER)

The following helps define what constitutes a nonprofit legal entity and employer of one or more employees. The entity/employer ordinarily fulfills all aspects but may possibly outsource and oversee some parts of some duties. ER? means LE may exist with or without formal employees. This chart should help determine how a church plant or a satellite site fits administratively relative to its parent, network, or presbytery in the process of particularization or localization.

1. <b>Legal.</b> Incorporated in the state as a separate and uniquely named corporate entity with identified directors and a registered agent.	LE	
2. <b>Governance.</b> Has a board of directors that appoints or endorses the member-elected chief executive, oversees the entity, and operates within member-approved bylaws.	LE	
3. <b>Tax-exempt.</b> Possess nonprofit status from a denomination or directly from the IRS.	LE	
4. <b>Taxpayer ID.</b> Assigned by the IRS a unique employer ID number (EIN) for federal and state payroll and income tax purposes.	LE	ER?
5. <b>Bank.</b> Establish and maintain a banking account as a legal entity.	LE	
6. <b>Budget.</b> Create and manage a board-approved annual plan for income and expenses.	LE	
7. <b>Income.</b> Receive and account for outside revenues into its bank account.	LE	
8. <b>Donation management.</b> Provide donors with required documentation for tax-exempt contributions and manages/utilizes funds according to donor restrictions (if any).	LE	
9. <b>Financial management.</b> Account for all funds, income, and expenses and produce periodic reports to the oversight body (board) and members of the organization.	LE	
10. <b>Property.</b> Lease property or own it with title held by the church as a corporation.	LE	
11. <b>Child/Youth Care.</b> Accountable to prevent misconduct in care of minors while under the entity's supervision and to properly report and manage accusations of misconduct.	LE	ER?
12. <b>Insurance.</b> Provide liability and property/casualty plus other commercial insurance to protect <u>employee</u> , management, entity, member, and board of directors' interests.	LE	ER?
13. <b>Human Resources.</b> Has authority and responsibility to legally recruit, recommend for (or actually) hire, assess, compensate, develop, and terminate <u>employees</u> . Ensure an equitable, compliant, ethical, and safe workplace.	LE	ER
14. <b>Management.</b> Establish and oversee <u>employee</u> or contractor duties, goals, processes, interrelationships, organization, and authority plus monitor/evaluate individual, group, and overall results.	LE	ER?
15. <b>Payroll.</b> Pay salary and benefits expenses of <u>employees</u> and file required taxes and reports to the IRS and its state agency.	LE	ER
16. <b>Benefits.</b> Define, provide, and administer personal insurance (health, life, disability, etc.) and a retirement plan for <u>employees</u> plus pay all or part of insurance premiums and 403b contributions.	LE	ER
17. <b>Enablement.</b> Provide tools, technology, equipment, materials, or furniture needed to ensure or enhance <u>employee</u> performance and the entity's operations.	LE	ER
18. <b>Records.</b> Collect and maintain official documents of <u>employee</u> and board actions in accordance with risk mitigation, law, and regulations.	LE	ER
19. <b>Contracts.</b> Engage, supervise, and pay other entities or persons as independent contractors to provide services that augment staff roles and/or perform specialized functions.	LE	ER?
20. <b>Events.</b> Provide or sponsor activities that are available for public participation or private invitation and is accountable for participant(s) safe/secure involvement.	LE	
21. <b>Membership.</b> Offer a means of becoming a member of the congregation/corporation.	LE	