

## **About 501(c)(3) Ministry Organizations**

### **Incorporation**

We recommend that all prayer ministries in our Region incorporate once they are self-supporting and also file for their 501(c)(3) status with the IRS. The IRS has provided Publication 557 to assist you with your tax-exempt status.

The ministry can hire an attorney, incorporate themselves or contact another organization to assist them. We have negotiated a discounted fee with several parties for new ministries to use for taking care of incorporating, applying for their Federal ID number and filing as a 501(c)(3) organization.

### **IRS 501(c)(3) Definition**

What does 501(c)(3) mean? This is the section of the Internal Revenue Code that refers to your church. Section 501 refers to tax exempt organizations, sub-section (c) is a list of many different categories of exempt organizations, and sub-section (3) is the category of exempt organizations that includes churches and various other religious and charitable organizations.

### **501(c)(3) Qualifications**

The IRS requires that all nonprofit organizations file an exempt organization application (Form 1023) except churches and related religious organizations. Although your church is not required to file, we recommend you do so. If you do not file, you must still meet the qualifications regarding donations for them to be deductible. You may also wish to file Form 1023 for the benefit of large donors who often require proof that a church is an approved 501(c)(3) organization or to receive property tax exemptions. In order to be eligible for government grants for some of your community outreach programs it is recommended that you set up a separate 501(c)(3) organization for that purpose.

- Your church must be organized and operated exclusively for the religious purposes specified in its exempt organization application or articles of incorporation.
- No part of your church's net earnings will inure to the benefit of private individuals. This has been a problem with some churches that have closed or sold a large asset and distributed some of the assets to its members. It is required that your church have a clause in its articles of incorporation permanently dedicating its assets for exempt purposes and specifying the beneficiary in the event of dissolution.
- Your church cannot, as a substantial part of its activities, attempt to influence legislation.
- Your church cannot participate in, or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office. You can provide voting records of candidates, but be very careful not to endorse any particular candidate on voter guides.