

A high-angle photograph of the Chicago skyline at sunset. The Willis Tower is the central focus, with its spire reaching into a sky of orange, pink, and blue. The city's other skyscrapers are visible, and the Lake Michigan water is in the background. A large blue triangle is overlaid on the left side of the image.

2024

MAXIMIZING YOUR CHURCH BOARD EFFECTIVENESS

*A non-denominational approach
Servant Leadership*

A close-up, high-angle view of several skyscrapers in the Chicago skyline, including the Willis Tower. The buildings are illuminated with warm lights, and the sky is a deep blue.

Prepared by:
Inspired to Write Ministries



PREFACE

It is our sincere pleasure to be able to share this pertinent information with our church community.

We are aware that not many church affiliates take the time to know about church corporation and board administration.

This information is unique to churches in the United States of America but the principles of board administration outlined here may be transferred to international locations.

We are acknowledging resources from:

- Church and Tax Law 2015
- *Church Growth* by Charles Mirolesque
- (Tax Exempt and Government Entities EXEMPT ORGANIZATIONS IRS Publication.....IRS.
- *Board Structure 2026 V 2.5*
- Church Board Structure podcast.org
- The Holy Bible (KJV)

Inspired to Write Ministries is an unregistered endeavor dedicated to support the Christian community in areas, including but not limited to publications.

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MYTHOLOGIES AND MISCONCEPTIONS

"Biblical board meetings? "No-way! There is nowhere in the Bible that I have ever seen the word "board" let alone board of directors for the church. This is a Holy Ghost-run church and not church board meetings. With all the power struggles and financial issues that boards experience today, God is not with it! As a matter to mention board meetings bring out the worst in people! There is always a struggle over one person wants one thing, the other person another and competing for first dibs agenda. This Board thing will mash-up the church!

These are a few of the myths and misconceptions that occupy the minds of the members of the body of Christ. The church board is another sophisticated way of saying "the team that directs the operational affairs of the Church." Although the term *Church Board* has never been mentioned in the Bible, the principle of council meetings was embraced during the early church operation. Acts chapter 6:3 presents a similar concept of a structure that would be in charge of the business of the church.

This manual is a guide to some, and gentle reminder to others about the real responsibilities of the church's Board of Directors. Apart from the criteria for the corporate establishment, the Board is ordained to:

- Pilot the church's business in a dignified way
- To clearly articulate the goal and mission of the church it serves
- To be the brace for the pastor and the core business structure that supports the ministries
- To present to the community, a Christian-entity that is devoid of malpractices
- to communicate to the community the power of an organization structure referenced by an effective church board..

THE CHURCH

The word Church is drawn from the description of the gathering of the people who are regenerated, by faith, in the Lord Jesus Christ. Those who are called by God to worship God, and serve in the various ministries of the assembly are called “members of the church.” The church, therefore is God’s business. God has sole ownership of this peculiar community of believers who choose to exist, by their faith and to attend to this communal process. The Church is not the building. It is the people in it.

The question still remains though, that if God is the head of this affairs why is it that it is necessary to provide guidance through a secondary headship within His community? As was indicated earlier, the Board provides leadership, accountability, and oversight for the church's operations. It sees that the Church remains aligned with its mission and values by making key decisions regarding finances, strategic planning, personnel, and overall church direction. Summarily the Board, safeguards the sustainability of the church by managing its resources and making informed choices to fulfill its spiritual purpose as outlined in *“Church Growth by Charles Mirrolosque.”*

The people who are members of the church are usually members of the Board. Although God is the Head of entire affairs and the people belong to Him, God needs human input to facilitate His moves within the body. Hence, God equips people to be servant leaders. Servant leaders listen to the Spirit of God and effect the goals and missions necessary to complete the purposes of the church in the community.

It is the people who must carry out the mission of the Gospel, and there are various tasks that should be undertaken by gospel-minded dignitaries. The Apostle Paul states in Acts 6:3 *Wherefore, brethren, look ye out among you seven men of honest report, full of the Holy Ghost and wisdom, whom we may appoint over this business.*

THE CHURCH-AN ORGANIZED BODY

By scientific definition, an organized body is a living, breathing organism that exists with categorized functions for life.

Typically, the church is an organized body. It is Christ breathing into it, for the purposes of spiritual reproduction. On the other hand, not all religious organizations are churches. Those that are not churches generally include nondenominational ministries, interdenominational and ecumenical organizations, and other entities whose principal purpose is the study or advancement of religion. The church by government standard is categorized for the purpose of organizational compliance and may be eligible for exemption from federal income tax under Section 501(c)(3). IRS laws and the church versus religious organizations can be complicated so, here are some basic points of relevance simply put:

- A church is considered to be a 501(c)(3) automatically
- A 501(c)(3) denotes an Internal Revenue Service (IRS) category of religious operation that allows the entity to operate as non-taxed.
- The church is a charitable entity because it is organized and operated for the benefit of the public interest.
- The church may file for and receive a letter of 501(c)(3) eligibility in order to provide donations deductibility protection to your members.
- A 501(c)(3) determination is good but the church can also operate as a 501(c)(3) without applying for a determination letter.
- Remember that the church is automatically 501(c)(3). However you may file for the determination status from the IRS. (*Tax Exempt and Government Entities EXEMPT ORGANIZATIONS IRS Publication.....IRS.Gov*)

IRS tax laws can be complicated for religious groups. If the church is engaged in para-ministries or other religious endeavors the board should engage a competent tax individual to provide the relevant guidance.

THE CHURCH-AN ORGANIZED BODY CONT'D

What counts as solicitation?

Virtually all forms of revenue generation is a form of solicitation.

These include:

- person-to-person solicitation
- fundraising events
- product sales, and
- participation fees

If you are formally categorized by the IRS as 501(c)(3), pay close attention to the compliance laws concerning tax-exempt and solicitations. Again, a certified tax advocate or counsellor can provide relevant information to your board.

Taxable deductions

Many churches believe that providing a formal summary of annual donation is not necessary. However, the IRS requires written receipt for single donations above \$250.00 or regular donation of \$75.00 or more in cash or kind. Additionally, this best practice allows donors to submit the total donation on their tax return, if they wish. The church can also use this opportunity to convey gratitude for donations received. The receipt letter can provide transparency of how the money is being used and promotes a better church-donor relationship.

The document should state the following:

- Purpose of the notice
- Description of the donation, including value, where applicable
- The name of the donee
- If the organization only provided intangible religious benefits in return for the contribution,
- a statement that no goods or services were provided by the organization in return for the contribution, if that was the case
- Signature by the church board official/designee

THE CHURCH-AN ORGANIZED BODY

Jeopardizing Tax-Exempt Status

All Internal Revenue Code (IRC) Section 501(c)(3) organizations, including churches and religious organizations, must abide by certain rules:

- net earnings may not inure to any private shareholder or individual
- they must not provide a substantial benefit to private interests
- they must not devote a substantial part of their activities to attempting to influence legislation
- they must not participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office
- The exempt status certification must not be used for personal purposes, such as obtaining items tax-free using the Tax-exempt certificate.
- the organization's purposes and activities may not be illegal or violate fundamental public policy. (*Tax Exempt and Government Entities EXEMPT ORGANIZATIONS IRS Publication.....IRS.Gov*)

Did you know that.....?

An IRC Section 501(c)(3) organization's activities must be directed exclusively toward charitable, educational, religious or other exempt purposes. The organization's activities may not serve the private interests of any individual or organization. Rather, beneficiaries of an organization's activities must be recognized objects of charity (such as the poor or the distressed) or the community at large (for example, through the conduct of religious services or the promotion of religion).

Churches and religious organizations, like all exempt organizations under IRC Section 501(c)(3), are prohibited from engaging in activities that result in adaption of the church's or organization's income or assets to insiders, such as persons having a personal and private interest in the activities of the organization). Insiders could include the minister, church board members, officers.

THE CHURCH BOARD STRUCTURE

Across different networks and denominations, church boards tend to vary in their exact form and specific function. They may be called boards, or trustees, or a council, or elders, or a number of other things. But ultimately they should serve a similar role.

A more personal perspective shows that churches should be elder-led rather than board-led. The spiritual affairs are elder-led (Ephesians 4:11-16) Therefore, this means that a board's role is supportive and serving, assisting the elders not by governing, but by ensuring their government is wise, legal and financially viable. A church board has responsibility for oversight of the financial matters of the church, stewardship, financial accountability and ongoing solvency. A healthy board collaborates with the pastor/elder. The board does not run interference, blocking and frustrating anything the pastor/elder believes God is leading the church to do.

The church board also has responsibility for oversight of the legal matters of the church. Practically, this would include adherence to legal requirements that apply to nonprofit or charitable organization. The board ensures legal obligations are fulfilled by protecting against any risk of such requirements being missed, ignored or violated. They would also propose or implement necessary procedures, policies or systems to protect the church.

The board will also need to keep accurate records including minutes, bylaws and any policy statements or documents that govern or shape the function of the board (*Church Board Structure podcast.org*)

THE BYLAWS

There is much talk around the description and benefits of the “by-laws of church or religious non-profit organizations. Whichever category of non-profit operation you fall the bylaws provides much of the following:

- The vision, mission, governance, and operational activities that are established in a church’s articles. Church bylaws also form an agreement among church members, acting as guardrails necessary for healthy church governance and action.
- They provide the qualifications for and manner of appointment/election of all church directors and officers. They detail the responsibilities of those directors and rules for handling director vacancies, removals, resignations, and board meetings.
- They encourage fair and transparent decision-making, holding leaders accountable for church procedures and decisions.

Additionally the bylaws provide other specific details of church operation such as:

- The church’s core beliefs and values.
- Vision and mission
- Specifics about who is eligible for membership and how to become a member.
- Outlines the system of your church’s governance and leadership, including the roles and responsibilities of the board of directors, pastors, and other leaders.
- How decisions are made, what constituencies decide, and when and how meetings are held and minuted.
- Defines and protects significant and material matters (e.g., the sale of church assets, mergers, changes to the statement of faith) by requiring a supermajority, quorum, vote, or series of votes.
- Who owns and manages the church’s property and how it can be used.

THE BYLAWS

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- Confirms the legal dedication of all church assets in alignment with your church's nonprofit, tax-exempt status.
- Describes the process for handling decisions when one or more leaders have personal interests that might conflict with the church's interests.
- Defines the process for resolving disputes and conflicts among church leadership or members.
- Outlines key financial management policies and the preparation of financial statements and annual reports. It establishes how funds are collected, budgeted, disbursed, reported, and audited.
- Outlines other essential policies (e.g., record retention policies) that conform with your church's best practices.
- Outlines the process for dissolving the church, including resolving remaining liabilities and distribution of assets.
- Defines the process for amending bylaws, articles, and key documents and policies.

The bylaws are not a one-size fits all document. It is prepared by the individuals who initiates the incorporation process. These may be the incorporators or founders of the church.

INCORPORATION PROCEDURES

The Model Nonprofit Corporation Act, which has been adopted in whole or in part by several states, provides a uniform method of incorporation for nonprofit organizations, including religious, organizations.

The procedure consists of the following steps:

- preparation of articles of incorporation setting forth the corporation's name, period of duration, address of registered office within the state, name and address of a registered agent, purposes, and names and addresses of the initial board of directors and incorporators;
- notarized signature of the duplicate articles of incorporation by the incorporators

INCORPORATION PROCEDURES

- submission of the prescribed filing fee and duplicate articles of incorporation to the secretary of state.
- The secretary of state reviews the articles of incorporation to ensure compliance with the Act. If the articles of incorporation are satisfactory, the secretary of state endorses both duplicate copies, files one in his or her office, and returns the other along with a certificate of incorporation to the church.
- The church's corporate existence begins at the moment the certificate of incorporation is issued.
- After the certificate of incorporation has been issued, the Act specifies that an organizational meeting of the board of directors shall be held at the call of a majority of the incorporators for the purpose of adopting the initial bylaws of the corporation and for such other purposes as may come before the meeting

Each state including Florida provides guidance for this process. Contact your states website for business incorporation.

- Florida - <https://dos.fl.gov/sunbiz/start-business/>
- New York - <https://dos.ny.gov/form-corporation-or-business>
- Maryland - <https://businessexpress.maryland.gov/start/register-a-business-in-maryland>

Did you know

A church officer who incorporates as a sole corporation will not exempt his or her church from having to withhold taxes from employees' wages, issue Forms W-2 and Forms 1099- MISC, file quarterly Forms 941 with the IRS, or comply with any other law or regulation. Further, an officer who incorporates as a corporation sole will not insulate his or her church from legal liability.

*A sole corporation is a **single person** legal entity.*

(Church and Tax law 2015)

QUALITIES OF A CHURCH BOARD MEMBER

It is counter productive to have a group of persons documented as Board Members with appropriate titles and functions without the characteristics of Godly leadership. Apart from the biblical soundness, here are some must have qualities when selecting a board member:

- Have a solid commitment to the church - Board members are expected to spend their time and efforts supporting the church and its congregation. The best church board members have an active church life and are committed to the organization. The best choice is those with years of experience in church life, have formed relationships with other church members and can further unite the board with the congregation.
- Have expertise in financial oversight and strategic planning for church growth and development
- Demonstrate collaborative skills for record keeping
- Willing to learn and open to corrections

An "I-know-it-already" personality will incur liabilities for the board. The individual who is not ready to learn new methods and is not adaptable to change will impugn the integrity of the board. Additionally, an individual who is dishonest with a deceiving personality, should not be considered. Be reminded that the church should be a fine example of the finest characteristics of regenerated persona. Not all persons are mature for executive leadership. They may have professional prowess but lack the ability to represent the church for the benefit of the Gospel and its missions.

THE BOARD AND CONFLICT MANAGEMENT

Participating as a member of a church board of directors is one of the most important roles a church member can play. However, whenever individuals with strong convictions work together there will be differences. How we engage and manage those differences determines whether such conflict will get in the way of our collective wisdom, or, enable it to emerge.

When conflict is managed well it helps change and conversion, a keen sense of self awareness others. Conflict can strengthen relationships elevate community morale. However, when conflict is poorly managed it is destructive to relationships and self. Board conflict can affect the morale of the entire church community as well. Unfortunately, church board members conflict is a real situation, whether out in the open or submerged. It is one of the leading reasons for the resignation of board members and executive director.

Many people believe that churches should not accommodate conflicting situations and are very careful not to allow resolution strategies. Forgive and forget is always the way to go, but be reminded that human emotions affect important conversations. Emotions they seep into language and cause unwanted outbursts. It is important to know that conflict has little to do with feelings but everything to do with admitting what is important. The Business of the board is crucial and burying conflicts is not always recommended. Here are some suggestions on how to handle board conflict with fellow members, pastors and church statekeholders:

- Rely on the involvement of a intermediary who has the respect of everyone to facilitate the resolution process.
- Arrange a special meeting or a series of private meetings, not a board meeting. Regular and official board meetings are not the best place to confront a serious conflict even if all members of the board are involved

THE BOARD AND CONFLICT MANAGEMENT

- Avoid secret meetings. Board meetings need to be transparent. The entire board and others concerned that a conflict resolution process is in place and on the way. Make the steps and who is involved and that the outcome will be reported to them.
- Ensure that everyone understands that the process is not one that will result in organizational decisions or commitments because the original matter still rests with the board.
- Ensure that the conflict management dialogue is treated as confidential. The outcome, if the parties agree, can be reported. A list of the participants and written statement or recommendation from the group is often useful in terms of moving ahead.

BEST PRACTICES

- Pay attention to good interpersonal communications
- Operate with a strategic plan
- Clarify roles and responsibilities
- Help develop a skilled chairperson
- Learn about conflict resolution processes
- Establish a code of conduct for directors
- Implement a grievance procedure

Above all else the church environment should be cognizant of the fact that forgiveness with reconciliation is the hallmark of a healthy church. According to biblical references the solution for reconciliation is outlined:

Galatians 6:1 "Brothers, if anyone is caught in any transgression, you who are spiritual should restore him in a spirit of gentleness. Keep watch on yourself, lest you too be tempted."

Ephesians 4: 31-32

31 Let all bitterness, and wrath, and anger, and clamour, and evil speaking, be put away from you, with all malice:

32 And be ye kind one to another, tenderhearted, forgiving one another, even as God for Christ's sake hath forgiven you.

DEVELOPING A COMPLAINT POLICY

When the congregants are disappointed or is dissatisfied with the performance of the pastor, a congregant might want to complain to the board. Nitpicking leads to complaining and complaining surrounds gossip. This is damaging to the morale of the board and the community it serves. Developing a complaint policy provides a procedure for the board to use to stem the extensive effect that the lashing tongue of a disgruntled congregant might have on the community.

An effective policy of this nature should be made available to the board members, and the community it serves. Posting it on a website, poster board, or in the church bulletin should provide enough awareness of the documented steps to follow when a congregant has a complain.

A documented complaints should include:

- Name and contact details of the reporter/complainant
- Name and contact details of the subject of the complaint
- A detailed description of the alleged misconduct and supporting documentation
- Names and contact details of others involved/can provide input

“Conflict of Interest” Defined

A conflict of interest occurs when a board member becomes unreliable because of a clash between personal interests and board responsibilities. When such a situation arises, the party with the conflict of interest is usually asked to remove themselves or can be legally required to recuse themselves.

A conflict of interest occurs when:

- a member's or entity's vested interests raise a question of whether their actions, judgment, and/or decision-making can be unbiased.
- The board member exploits their position for personal gain in some way.
- Conflicts of interest often have legal ramifications.

Board Training: - How to keep the board members abreast of the current strategies for effectiveness?

- Articles and books
- DVD segments with discussion questions
- Worksheets Activities

Guest Topics for Training might include:

- Life-Cycles
- Discipleship
- Purposes of the Church
- Self-Leadership
- Change Management
- Vision

How To Identify a Secure Leader

Who is a secure leader

- Encourages others' attempts
- Points out others' strong points
- Readily admits own mistakes
- Gives credit to others
- Rejoices when others succeed
- Is content to remain anonymous
- Is quick to build teams

The Importance of a Clergy Badge

A professional clergy badge helps to quickly and easily identify the minister. The content on the badge should be visible no matter where the clergy member is officiating. Wear it with pride while officiating ceremonies, visiting hospitals or correctional facilities, or wherever the calling takes you.

ILLUSTRATION

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