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# SMALL CHURCH LEGAL & GOVERNANCE CHECKLIST

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*As a small church, you carry a big calling with limited time, staff, and resources. It's easy for legal and governance details to slide to the bottom of the list—until a crisis forces them to the top. This checklist is designed to help your pastor, board, and leaders quickly spot areas that may need attention. It combines biblical wisdom with legal clarity so you can shepherd your people with confidence and protect the ministry God has entrusted to you.*

- Set aside 20–30 minutes with at least one other leader (pastor + board member, or two board members).
- Answer each question Yes / No / Not Sure as honestly as you can.
- Circle or highlight any No or Not Sure responses.
- Use the notes after each section to discuss next steps.
- If you have 3 or more No/Not Sure answers in any section, consider scheduling a Church Health & Compliance Snapshot to go deeper.

## Section 1: Legal Status & Core Documents

### 1.1 Tax-Exempt Status

- Yes  No  Not Sure – Our church has a clear record of its tax-exempt status (e.g., 501(c)(3) recognition or covered under a group exemption), and at least two leaders know where that documentation is stored.
- Yes  No  Not Sure – We understand what activities could put our tax-exempt status at risk (e.g., certain business activities, political campaigning).

### Why this matters (biblically and legally):

*Scripture calls us to “provide things honest in the sight of all men” and to “be subject to the governing authorities” where it does not conflict with God’s commands. Maintaining clear tax-exempt status is part*

of stewarding the resources God's people entrust to the church and avoiding unnecessary reproach or financial penalties.

## 1.2 Articles of Incorporation / Organizational Documents

- Yes  No  Not Sure – Our church has Articles of Incorporation (or equivalent founding documents) that match how we actually operate today.
- Yes  No  Not Sure – At least two leaders (not just the pastor) know where these documents are and have reviewed them in the last 3 years.

### Why this matters:

*When your founding documents don't match your current reality, it can create confusion in court, with banks, or with government agencies. Clear, updated documents support the church's testimony of order and integrity (1 Corinthians 14:40).*

## 1.3 Employer Identification Number (EIN) and Banking

- Yes  No  Not Sure – Our church has an EIN in the church's name (not in an individual's name), and it is used for all church banking.
- Yes  No  Not Sure – All church bank accounts are in the church's legal name, not in an individual member's or pastor's name.

### Why this matters:

*Keeping church finances clearly separate from personal finances protects both the pastor and the congregation. It reduces the risk of accusations, IRS issues, and internal conflict over money.*

## Section 2: Governance & Decision-Making

### 2.1 Bylaws and Policies

- Yes  No  Not Sure – Our church has written bylaws that describe how decisions are made, how leaders are chosen, and how membership works.
- Yes  No  Not Sure – Our bylaws have been reviewed or updated in the last 5 years.
- Yes  No  Not Sure – Our leaders actually follow the bylaws in practice (for example, in how we call a pastor, add board members, or approve major decisions).

### Why this matters:

*Bylaws are not just paperwork—they are an agreement about how we will walk together in unity. When bylaws are ignored or outdated, it can lead to confusion, conflict, and even legal disputes that distract from ministry.*



## 2.2 Board/Leadership Structure



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- Yes  No  Not Sure – We have a clearly defined leadership or board structure (elders, deacons, trustees, council, etc.) with written roles and responsibilities.
- Yes  No  Not Sure – Our board or leadership team meets regularly and keeps basic minutes of major decisions.
- Yes  No  Not Sure – No single individual (including the pastor) can unilaterally make major financial or property decisions without appropriate approval.

### Why this matters:

*In the New Testament, leadership was shared and accountable. A healthy governance structure protects the pastor from unfair pressure, protects the church from misuse of authority, and provides clarity when hard decisions must be made.*

## 2.3 Conflict of Interest and Financial Oversight

- Yes  No  Not Sure – We have a simple conflict-of-interest policy (even if it's just 1–2 pages) that leaders understand and follow.
- Yes  No  Not Sure – At least two unrelated people are involved in counting and depositing offerings, and there is some form of regular financial reporting to the church or board.

### Why this matters:

*Money is one of the most common sources of division in churches. Clear policies and shared oversight build trust, reduce temptation, and help ensure that accusations can be answered with integrity and documentation.*

## Section 3: Church-Owned Activities & Risk Areas

### 3.1 Church-Owned Businesses or Side Activities

- Yes  No  Not Sure – If our church operates a business (e.g., daycare, thrift store, event rental, café), we understand how it relates to our tax-exempt status and have received appropriate guidance.
- Yes  No  Not Sure – We have written agreements or policies for any individuals using church property for business or outside events.

### Why this matters:

*Well-intentioned activities can create unexpected tax and liability issues. Clarity around church-owned businesses and property use helps you remain compliant while still serving your community creatively.*

### **3.2 Insurance and Risk Management**

- Yes  No  Not Sure – We have current liability insurance that covers our services, events, and use of facilities.
- Yes  No  Not Sure – We have basic written procedures for children’s ministry safety (check-in/check-out, background checks, two-adult rule, etc.).

#### **Why this matters:**

*Caring for the flock includes protecting them from preventable harm. Thoughtful risk management reflects love for people and wisdom in anticipating potential issues.*

#### **What Did You Discover?**

*If you answered “No” or “Not Sure” to 3 or more questions in any section, your church may be carrying more legal and governance risk than you realize. The good news is: you don’t have to figure it out alone.*

#### **Next Faithful Step: Church Health & Compliance Snapshot**

*We offer a focused 45–60 minute session for pastors and church leaders where we:*

- *Review your checklist responses*
- *Identify your top 2–3 areas of risk or opportunity*
- *Outline practical next steps you can start right away*

*My goal is to help your church stay legally sound, biblically faithful, and strategically positioned for multi-generational ministry.*

#### **To schedule your Snapshot, visit:**

<https://1618consulting.com/contact>

*or email: [lawrence@1618consulting.com](mailto:lawrence@1618consulting.com)*