

## Legal Procedures for Forming a New Church in Minnesota

### *I'm planting a church in Minnesota...what do I need to do in terms of legal processes?*

Ask 20 church planters and you'll get 20 different answers. Here is the real skinny on what you need to do, and the *most efficient order* in which to do it all. Here goes:

**1. Prepare your Articles of Incorporation.**

Locate the articles here: <https://www.sos.state.mn.us/business-liens/business-forms-fees/minnesota-non-profit-corporation-forms/?searchTerm=articles> . If that link is expired, just google MN Secretary of State, Minnesota Non-Profit Corporation Forms. Make sure you file NON-PROFIT articles.

**Do not** use the Secretary of State form IF you are getting your own 501(c)(3) exemption from the IRS. However, there's no reason for you to get your own 501(c)(3) exemption, since Converge can provide a 501(c)(3) status to you. If you are dying to pay an attorney \$3000 or more to get your own 501(c)(3) exemption, then see an attorney first to make sure that your Articles of Incorporation are done properly. For all sane planters (oxymoron??), use Secretary of State's non-profit Articles.

**Total Time Commitment: 30 minutes**

**Cost: \$0 if you use the Secretary of State's non-profit Articles  
OR  
\$300-500 if you have an attorney prepare the document**

**2. File the Articles of Incorporation.**

You can pay \$70 and do it by mail, or \$90 in person or online.  
Mail it to: Minnesota Secretary of State - Business Services  
Retirement Systems of Minnesota Building  
60 Empire Drive, Suite 100  
Saint Paul, MN 55103

You will get the Articles back, along with a Certificate of Incorporation.

**Total Time Commitment: 20 minutes**

**Cost: \$70 or \$90 depending**

**3. Start your Corporate Record Book by putting in the Articles and Certificate of Incorporation.**

**Total Time Commitment: 15 minutes**

**Cost: \$0**

**4. Get a Federal EIN for the church.** This is your taxpayer ID number. *It has nothing to do with tax exempt status*, but it will be the number under which your church will submit withholding taxes to the IRS that are withheld from salaried and hourly employees. It's also the number you will use with banks for your bank accounts, etc.

Go to [www.irs.gov](http://www.irs.gov) and follow the instructions for getting a FEIN.

If you can't figure the online application process out--or if they are having technical glitches (think...federal bureaucrats managing a huge website) --then fill out the SS4 and fax it in or mail it in.

**Total Time Commitment: 30 minutes**

**Cost: \$0**

5. **Get your Converge 501(c)(3) tax exempt status** OR hire an attorney and pay \$3000 or more to get your own 501(c)(3) tax exempt status.

*Background:* The IRS realized 40 or 50 years ago that it was burdensome for denominations to keep getting new tax-exempt statuses for each new church they planted. The more centrally governed denominations complained about this. So, the IRS adopted what is called a “group exemption letter” which allows a denomination to simply provide a list to the IRS of all churches that “belong” to the denomination. It’s a blanket 501(c)(3) exemption. So, for an individual church, the 501(c)(3) hassle is eliminated.

Here’s the template for the letter you need to write to get on to the Converge/BGC group exemption: (Please send to Mandy Johnson at the CNC at 2 Pine Tree Drive Suite 510, Arden Hills, MN 55112 or scan to [mjohnson@convergenorthcentral.org](mailto:mjohnson@convergenorthcentral.org)) **You also need to include a copy of the IRS letter with your FEIN number included.**

Church Name (church letterhead if available)

Address

City, State, Zip

Email

Phone

Current date

Baptist General Conference / Converge Worldwide

2002 S Arlington Heights Rd

Arlington Heights, IL 60005

Re: Inclusion in 501(c)(3) group exemption

Legal Church Name:

DBA (if you are using one):

District Affiliation: Converge North Central (Minnesota Iowa Baptist Conference)

FEIN:

Inclusion Date: (this is the date that your church or church plant officially became connected with the Baptist General Conference/Converge Worldwide directly or through one of our districts)

Legal Church Name located at (full mailing address including; number, street, city, state, zip) , wishes to be included in the group exemption ruling which the Baptist General Conference dba (doing business as) Converge Worldwide has received from the Internal Revenue Service.

We hereby authorize you to include us as an affiliate.

Sincerely,

(Current pastor or church official)

(Title of person signing)

Crazy Church Planter

NOTE: You will get a letter back from Converge/BGC with a copy of the group exemption letter, dated sometime back in 1972. Don't worry. That's what you need.

You will not get you an exemption "number." There is no such thing. If anyone asks you for your church's number, they are asking either for your Federal EIN (which has ZERO to do with tax-exempt status) or in Minnesota they are looking for the state sales tax exemption number which you get from the state.

**Total Time Commitment: 30 minutes if you use Converge exemption**

**Cost: \$0 if you use Converge exemption**

**OR**

**if you want your own 501(c)(3) status \$3000 for a lawyer plus \$800 filing cost for IRS**

- 6. File form ST-16 with the MN Department of Revenue.** Find it online and fill it out. Print it, sign it, include a copy of the IRS letter to you which verifies your EIN, and include a copy of the letter that you received from Converge Worldwide/BGC to be included in their group exemption blanket.

\*If you have chosen to spend lots of money and get your own 501(c)(3) exemption, then you need to wait until you get approved by the IRS. This can take 8 months.

**Total Time Commitment: 30 minutes**

**Cost: \$0**

- 7. When you have all of that in place, get a church insurance policy.** The biggest insurers are Church Mutual and Philadelphia Insurance. ALSO--you need to get work comp coverage for all employees except the lead pastor (his coverage is optional).
- 8. After all of this, you need to write Church By-laws and a Church Constitution.** And do a recognition council with the Converge North Central. Talk with your coach or parent churches to get help with this. CNC has an attorney available to help with this, if you want to retain counsel to help with it.