Administrative Guidelines for New UM Churches

1. EMPLOYER IDENTIFICATION NUMBER. Churches should get an Employer Identification Number (EIN) by filing form SS-4 with the IRS (use the link below for the online application and immediate IRS response). A church will need such a number when it opens a bank account or needs to file a Form 941 or has any paid employees. Churches typically pay federal withholding taxes for employees on a quarterly basis and pay state withholding taxes annually.


2. GCFA NUMBER. Churches will need to have a General Church Finance & Administration (GCFA) number created for their church. This number helps insure uniformity of statistical, financial, and pension information between the General Church and Annual Conference. The Church Development staff will initiate the paperwork for each new church project to receive a GCFA number. Once GCFA assigns that number, Conference staff will receive notification and can establish a Vital Signs account for the church to begin tracking its benchmark information weekly. Church Development staff will notify the new congregation about its GCFA number and vital signs account. Other helpful forms and financial information from GCFA can be downloaded here:

   http://www.gcfa.org/forms-and-resources

3. OPEN BANK ACCOUNT. Establishing a checking account will be possible after the church receives the EIN. We are partnering with the United Methodist Credit Union to help new churches establish checking accounts and credit cards for authorized users. Credit card policies are available from the conference.

4. TAX EXEMPT STATUS. United Methodist Churches fall under the Group Tax Exemption of The United Methodist Church. To obtain a copy of the UMC Group Exemption letter and a Letter of Inclusion under the group ruling, complete this online application:

   http://umgroupruling.org/(S(y1bitsd1zxcwnfptnowk5sba))/Default.aspx

   A copy of each will be sent to the local church. From time to time, the church may need this proof to apply for bulk mailing permits from the US Postal Service, grants, and to receive bequests.

5. INDIANA SALES TAX EXEMPTION. Churches can get an Indiana Taxpayer Identification Number and an exemption from state sales tax by filing form NP-
20A (see link below). A copy of the Group Exemption Letter and 501 may be needed for this application (see #4 above).

https://www.in.gov/dor/5234.htm

6. INSURANCE, CONTRACTS, & ASSETS. All non-chartered new church starts will be insured under the Indiana Conference Insurance. Please contact the Director of Administration and Financial Services to arrange the proper coverage. Any and all changes regarding property and/or liability issues should be reported promptly to the conference. Also, new church starts must have the Director of Administration and Financial Services review all contracts and agreements, such as building use agreements (see #7, below), leases, etc. Churches should have their steering teams or their bookkeepers keep a list of capital assets for insurance purposes.

7. FACILITY SHARING. United Methodist churches MAY NOT charge rent to any other UM congregation using their buildings. They can ask for the congregation to help pay for some related expenses (e.g., utilities) and specify an amount, not a percentage, of offering or income. Any facility-sharing agreements need to be reviewed by the Director of Administration and Financial Services. New congregations should be adequately insured for using that property. Contact the conference office for information about obtaining insurance coverage. Inviting persons into a building for ministry assumes that the sponsoring organization cares enough about the people that reasonable safety concerns have been addressed. Parking lots, sidewalks and buildings need to be cleared of hazards; fire protection and security need to be in place and an evacuation and safety plan need to be planned and communicated to leaders.

8. PROPERTY TAX. Churches are not required to pay property tax to the county for property used for religious purposes. Contact the Director of Administration and Financial Services for information on the proper filing of an exemption on such property.

9. EMPLOYEES. The leader planting a new church start that is not sponsored by an existing church will be an employee of the conference, and his/her salaries/benefits will be handled by the conference. Other employees can be hired by the new church’s steering committee and be paid by the project’s treasurer from funds handled by the steering committee.

The Associate Director of Support Services is the contact for all issues related to human resources. All staffing decisions are to be guided by INUMC Personnel Handbook; all policies outlined in that handbook govern over any and all new church start staff on the conference payroll.
10. CHILD PROTECTION POLICY. The Indiana Conference Abuse Protection Policy can be found on the Conference Website. This will be the policy under which the new church start will operate until chartered. 

Background checks and safety training are required of all persons, both paid employees and volunteers, who work with children, youth and vulnerable adults according to the Indiana Conference Child Protection Policy. These background checks should be done prior to any staff or volunteer commencing with their duties in that capacity. Contact the Associate Director of Support Services to provide information about the vendor for these background checks.

11. ELECTRONIC POLICIES. Churches would be wise to develop guidelines for the proper use of the internet, email, social media, and church computers by staff, volunteers, and members. A church’s steering team, leadership team or church council should adopt such a policy. Financial forms and resources are available through the Indiana Conference web site, here:
http://www.inumc.org/financialforms

12. FINANCES. The Associate Director of Financial Services is the current contact for all issues related to payment of bills, deposits of income to be made, and credit applications. The financial policies of the annual conference, as adopted by the annual conference (found here; http://www.inumc.org/financialforms) apply in full to new church starts. This includes approval requirements of accounts payable and maintenance of staff credit cards when applicable. As a function of the annual conference, new church starts will operate under the umbrella of the federal identification number, sales tax exemption and not-for-profit status of the Annual Conference. As such, the Director of Administration and Financial Services will manage who has access to that information and documentation. No credit accounts or banking accounts may be opened except at the direction and approval of the Director of Administration and Financial Services.

13. HANDLING MONEY. Good financial policies should be developed by a church’s Finance Committee and adopted by its Church Council. Refer to conference financial policies, guidelines and procedures online here:
http://www.inumc.org/financialforms

14. ANNUAL AUDIT OF ACCOUNTS. Every church is required to conduct an annual audit of its financial accounts. Use the link under #12 (above) for audit forms and resources.

15. RECEIVING MEMBERS PRIOR TO CHARTERING. Prior to chartering, a church plant may receive people into membership (¶259.3). The pastor sends the information to the annual conference secretary for recording on a general membership roll. These names are then transferred once the church is duly
constituted and organized. Members should be included in the conference’s total membership figures that are annually reported to GCFA. If the new church is sponsored by a district or by an established church, the members can be recorded on that membership roll and then transferred to the new church once it’s duly constituted and organized.

16. CHARTERING. Paragraph 259 of the Book of Discipline outlines the steps to organize and constitute (charter) a new United Methodist church. At present, the Indiana Conference requires congregations to be financially self-sustained for one year before chartering. Normally, a ceremony observing this milestone will take place at the church’s worshipping location, with Church Development staff and conference superintendents participating. During the Church Development report at Annual Conference, the bishop will formally recognize congregations being “chartered” will present certificates verifying that status.

17. INCORPORATION. To incorporate, a church needs to be recognized by the conference as duly organized and constituted (chartered). Once constituted, churches are encouraged to become incorporated entities in the State of Indiana. An incorporated church reduces the exposure of church leadership to damages from certain lawsuits. Following that recognition, the church will need to hire a lawyer to file the necessary documents with the State of Indiana. The lawyer may obtain copies of suggested Articles of Incorporation and By-laws from the Indiana Conference Director of Administration and Financial Services.

18. CONFERENCE TITHES. New congregations are encouraged to give a portion of tithes and offerings to the conference, when they begin worshiping and receiving financial gifts from participants. Upon being constituted, churches will be expected to begin paying apportioned conference tithes. Obtain information about the amounts and expectations of these tithes from the Associate Director of Financial Services.