



# LEGAL CHECKLIST for Church Mergers

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When two or more churches decide to merge, there are several legal issues that may arise. It's important to note that legal requirements can vary based on jurisdiction, so it's advisable to consult with legal professionals familiar with the specific laws in the relevant area. Here are some – but not all - common legal issues that may arise when churches merge:

### 1. CORPORATE STRUCTURE AND GOVERNANCE:

- Determine the legal structure of the merged entity. This could involve creating a new legal entity or merging into an existing one.
- Address issues related to governance, including the structure of the new board, decision-making processes, and leadership roles.

### 2. PROPERTY AND ASSETS:

- Clarify the ownership and transfer of assets, including real estate, equipment, and financial assets.
- Address any mortgages, liens, or other encumbrances on properties.

### 3. EMPLOYMENT ISSUES:

- Evaluate the employment status of staff members from both churches.
- Address issues related to salaries, benefits, and potential redundancies.

#### 4. DENOMINATIONAL AFFILIATION:

- If the merging churches are affiliated with a larger denomination, consider the impact of the merger on that affiliation and any denominational requirements or approvals needed.

#### 5. TAX EXEMPTION AND REPORTING:

- Ensure that the merged entity retains its tax-exempt status and update necessary filings with tax authorities.
- Address any changes in reporting requirements.

#### 6. CONTRACTS AND LIABILITIES:

- Review and address existing contracts, agreements, and liabilities of both churches.
- Determine how contractual obligations will be fulfilled or transferred.

#### 7. INTELLECTUAL PROPERTY:

- Address issues related to the use of trademarks, copyrights, and other intellectual property associated with each church.
- Consider if a new brand or name will be adopted.

## 8. LIABILITY PROTECTION:

- Ensure that the merged entity has appropriate liability protection for its activities and operations.

## 9. RELIGIOUS FREEDOM AND AUTONOMY:

- Address concerns related to the autonomy and religious freedom of the merged entity, especially if there are differences in religious doctrines or practices.

## 10. COMPLIANCE WITH LOCAL LAWS:

- Ensure compliance with local laws related to religious organizations, including any specific regulations governing church mergers.

## 11. COMMUNICATION AND CONGREGATIONAL APPROVAL:

- Communicate the merger plans to the congregations of both churches and obtain any required approvals or consents.

It is crucial for the churches involved to seek legal advice early in the process to navigate these issues effectively and ensure a smooth transition. Legal professionals with expertise in non-profit and religious organization law can provide guidance tailored to the specific circumstances of the merger.

*Contact one of the professionals at Dalton & Tomich PLC to assist you with analyzing the legal issues present with a church merger.*



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