

# MEMORANDUM

Date: September \_\_, 2018  
From: Ecumenical Ministries of Perinton, Inc. ("EMP")  
To: Leaders of EMP-sponsored ministries  
Re: GUIDANCE FOR MINISTRY OPERATIONS

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EMP is pleased to be the sponsoring not-for-profit corporation for several valuable ministries in our community. We appreciate the good work you do throughout the year through your committed leadership and program volunteers.

One of the known realities of volunteer organizations is the periodic changing of leadership. With leadership change comes a loss of institutional knowledge and memory. We therefore use this memorandum as a way to remind your current and future ministry leadership of the nature of the legal and functional relationship between EMP and your ministry, and the specific responsibilities that we each have in that relationship.

## **The Legal Structure of EMP**

EMP was incorporated in 1998 as a New York not-for-profit corporation by thirteen Perinton churches, which are its members. Each member church designates a representative to the EMP board of directors, which provides direction and control for all EMP operations. This includes oversight of all the EMP-sponsored ministries.

The EMP board of directors elects officers annually from among its directors, or in the case of the Treasurer and Secretary, may elect other qualified individuals. Both the directors and the officers are fiduciaries of EMP who are required to act in the best interest of the corporation.

In 1999 the Internal Revenue Service granted tax-exempt status to EMP as a qualified 501(c)(3) corporation. Therefore EMP does not pay taxes on funds it receives, and donations given to EMP are generally tax deductible as charitable contributions.

## **Ministry Sponsorship by EMP**

EMP exists to sponsor Christian faith-based ministries in our community. EMP provides an organizational umbrella under which these sponsored ministries can operate, without the necessity and expense of forming their own corporations, or obtained separate tax-exempt status.

What this means is that each sponsored ministry in legal reality *is really EMP*, which is “doing business as” Prison Ministries of Upstate New York, or Stop the Stigma - ROC, or Fairport Good Neighbor Fund, or Perinton Congregations for Flower City Habitat for Humanity. None of these sponsored ministries is a separate legal entity. Each ministry has been established by having EMP file a DBA certificate declaring that ministry to be an operating arm of EMP.

This has several key implications which must be understood, and acted upon:

- By operating as a “dba” of EMP, each ministry saves the considerable expense of separately incorporating, obtaining tax exempt status, and filing annual tax returns with the IRS and New York State. Each ministry also enjoys the protection of the general business liability insurance policy provided and paid for by EMP.
- All publications of each ministry, including brochures, newsletters, and websites, should list not only the name of the ministry, but specifically declare that the ministry is a sponsored ministry of EMP. (So, for example: *“Prison Ministry of Upstate New York is a sponsored ministry of Ecumenical Ministries of Perinton, Inc., a New York not-for-profit corporation with 501(c)(3) status.”*)
- The leaders of each ministry must provide a written report to the EMP board in advance of each quarterly meeting. A representative of the ministry should also attend each EMP board meeting to orally supplement the written report, and answer any questions. This allows the EMP board to exercise its supervisory role, and to provide support and encouragement to the ministries. EMP board members can also be a valuable conduit of information back to the member churches and their congregations about the programs and needs of each ministry.
- Because the sponsored ministries are not separate entities, but arms of EMP, the titles given to individual ministry leaders should avoid giving the impression that they are EMP officers. In other words, we request that instead of using traditional officer titles like “President” and “Vice-President”, the ministry leaders identify themselves with designations such as “Executive Director,” “Program Director,” “Ministry Leader” or the like. The person responsible for the funds of the ministry may, however, use the title “Ministry Treasurer.”
- Executive Directors and Ministry Treasurers must be approved by the EMP board. Changes in the leadership of each ministry should be communicated to the EMP board liaison member assigned to the ministry, and to the EMP President as soon as possible after such transitions.
- Each ministry must have a written governance policy. This document should be prepared by the ministry leadership, in collaboration with the EMP board member assigned as a liaison to the ministry. The governance policy will then be reviewed and must be approved by the EMP board.

- No loans may be obtained by a sponsored ministry without a specific authorization of the EMP board, as such loans would be obligations of EMP.
- Contracts in the ordinary course of ministry may be signed by an authorized ministry leader in accordance with each ministry's governance policy. No contracts or purchases exceeding \$5,000 may be made without written authorization from the EMP President and subsequent approval of the EMP board.

### **Ministry Funds**

Each of EMP's sponsored ministries sets up its own bank account in which to deposit donations and from which to pay its expenses. Although the funds of each ministry are segregated in this way, from a legal and tax perspective, all of these funds are really EMP funds.

This has several key implications which must be understood, and acted upon:

- The authorizing resolutions for each ministry's bank account must be signed by an officer of EMP.
- A quarterly financial report must be provided by each ministry's treasurer on a regular basis, typically quarterly in advance of the EMP board of director's meetings.
- Each ministry must submit a proposed annual operating budget to the EMP board for review and approval at the June quarterly meeting, for the following fiscal year which begins on July 1.
- The EMP treasurer annually files a tax return (Form 990) required from tax-exempt organizations in which the finances of all EMP ministries are aggregated and reported, along with a brief description of each ministry and its programs. Although no taxes are actually due, the tax return is required.
- Donations received by each ministry should be acknowledged in writing by the ministry. That acknowledgement, in addition to stating the date and amount of the donation received, should state:

*"[Name] is a sponsored ministry of Ecumenical Ministries of Perinton, Inc., a New York not-for-profit corporation with 501(c)(3) status. We gratefully acknowledge receipt of your gift, which is tax deductible to the extent permitted by federal and state tax law consistent with your personal tax situation. No goods or services were received in exchange for your donation."*

Thank you for being part of the EMP umbrella of Christian service to our community. Should you have any questions or need clarification or assistance at any time, please contact your ministry's EMP board member liaison, or an EMP officer.

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