

Archdiocese of Washington - Parish Incorporation *Frequently Asked Questions*

A. Background Information on Parish Incorporation

- 1) What changes have taken place in the legal status of Archdiocesan parishes?*
- 2) How were ADW parishes previously structured under civil laws?*
- 3) Why were the parishes incorporated?*
- 4) How will incorporation be helpful to parishes?*

B. Structure & Governance of Parish Corporations

- 1) How did the process of incorporation take place?*
- 2) What are corporate formation documents and why are they important?*
- 3) Who serves on the parish corporation's board of directors/corporators?*
- 4) Where can a parish find information about its corporation online?*
- 5) What happens when a pastor is assigned to another parish?*
- 6) If there is parish business that requires approval from the board, what process do I follow? May a pastor call a meeting?*
- 7) How should parishes respond to common questions about the parish structure?*
- 8) What changes will occur regarding parish property?*

C. Operations of Parish Corporations

- 1) Will incorporation change day-to-day parish operations?*
- 2) How should parishes handle contracts or leases that require ADW approval?*
- 3) What effect will incorporation have on parish/regional schools?*
- 4) Will incorporation affect the services provided to parishes by ADW?*
- 5) What is the purpose of the service agreement with ADW?*
- 6) May parishes continue to use their existing EINs?*

D. Parish Responsibilities After Incorporation

- 1) What additional responsibilities does a parish have after incorporation?*
- 2) What is the new corporate name and when should it be used?*
- 3) What should parishes do if they receive any government notices or communications related to incorporation?*
- 4) Will parishes need to apply for new tax exemptions?*
- 5) Whom should parishes notify about the new parish corporations?*

A. Background Information on Parish Incorporation

1) What changes have taken place in the legal status of Archdiocesan parishes?

Each parish has been incorporated as a separate non-profit religious corporation in Maryland or the District of Columbia, depending on the parish's location.

2) How were ADW parishes previously structured under civil laws?

Since its inception in 1948, the Archdiocese of Washington has operated as one corporation known as a “corporation sole,” that is, a corporation made up of the Archbishop and his successors in office. Although parishes have always been under the general stewardship of their pastor for their own day-to-day administration, Archdiocesan parishes were previously not formally registered as separate civil legal entities apart from the corporation sole.

3) Why were the parishes incorporated?

The incorporation of each parish better reflects the separate identity of parishes under both canon and civil laws. Under canon law, each parish is considered its own unique entity, known as a “public juridic person.” The incorporation of each parish as a separate non-profit corporation more closely aligns each parish’s civil law status with its canonical status.

4) How will incorporation be helpful to parishes?

Parishes have always had their own set of rights and responsibilities, but those rights and responsibilities have not been reflected in parishes’ civil legal identity. As a result, parishes have increasingly encountered administrative and legal complications when engaging with the secular world in matters such as banking, tax exemptions, donations, property ownership, corporate structure, and eligibility for government funding and programs. Establishing parishes as corporations provides them with a legal identity that more accurately reflects their structure. By aligning the parish structure under civil law with canon law, the structure and identity of each parish will be clearer to the public, thereby facilitating and simplifying parish operations.

B. Structure & Governance of Parish Corporations

1) How did the process of incorporation take place?

Incorporation takes place by filing a document called “articles of incorporation” with the State of Maryland or DC, depending on the location of the parish. Once the articles are filed, each parish corporation adopts a set of bylaws—guidelines that outline how parish operations are governed. Parish bylaws, which are virtually the same for all ADW parishes, are designed to be consistent with existing parish operations and canon law.

2) *What are corporate formation documents and why are they important?*

Corporate “formation documents” refer to a corporation’s articles of incorporation and bylaws—the documents that establish and reflect the structure and operations of a corporation. These documents may be requested by the government, financial institutions, or vendors in the ordinary course of business. Parishes should maintain physical and electronic copies of their formation documents, and ADW will also maintain copies.

3) *Who serves on the parish corporation’s board of directors/corporators?*

Each parish’s board includes the parish pastor, the Archbishop, the Vicar General serving as the Moderator of the Curia, and the Chancellor of the Archdiocese. This framework is consistent with the applicable legal requirements in the State of Maryland and the District of Columbia. The board members serve *ex officio*, meaning they serve as members by virtue of the (canonical) offices they hold.

For parishes in the District, board members are referred to as “directors;” for parishes in Maryland, board members are referred to as “corporators” or “trustees.”

4) *Where can a parish locate information about its corporation online?*

Parishes may go to Maryland’s Business Express Business Entity Search site (link: [MD](#)) or register free of charge for DC’s CorpOnline site (link: [DC](#)) to search for information on parish corporations and to view articles of incorporation, annual reports, and any tax filings, as well as to order documents such as certificates of good standing.

5) *What happens when a pastor is assigned to another parish?*

Each pastor serves his parish corporation as (1) a director/corporator; and (2) treasurer. When a pastor is reassigned, he serves in these capacities at his new parish, and the priest who replaces him will serve in those capacities at the pastor’s former parish.

6) *If there is parish business that requires approval from the board, what process do I follow? May a pastor call a meeting?*

Yes. To call a meeting, please contact the Office of the Moderator of the Curia or the Office of the General Counsel for guidance.

7) *How should parishes respond to common questions about the parish structure?*

Below are some suggestions for responding to common inquiries:

a. *Why is the parish's corporate structure changing?*

The parish civil structure is changing to align more closely with how the parish has historically operated as well as to reflect its existing independence under canon law.

b. *Why is the change happening now?*

The decision to incorporate parishes has been studied for many years and this change is the result of a long process involving numerous collaborators. The Vatican favors the corporate structure because it best mirrors canon law. Ultimately, the timing of the change was predicated on the time needed to study the decision and plan for the transition.

c. *Will the parish have more autonomy?*

A parish's degree of autonomy will not increase or decrease. The corporate structure was chosen because it better supports existing canon law and the operations under which parishes already function.

8) *What changes will occur regarding parish property?*

Parish property has long been titled in the name of the Archdiocese corporation sole because of limitations under civil law; however, the parish has always been the beneficial owner of parish property and canon law has long recognized the parish as the owner of its property. Now that parishes are incorporated, parish property will be formally retitled in the name of the respective parishes. Property ownership rights under civil law will now be more consistent with canon law.

C. Operations of Parish Corporations

1) *Will incorporation change day-to-day parish operations?*

Because incorporation is intended to most accurately reflect how parishes already operate, changes to the day-to-day operations of parishes will be minimal. Pastors will continue to manage (a) daily parish operations and finances; and (b) parish parochial schools in conjunction with school principals. In accordance with canon law, pastors will also continue to consult with their parish finance council and remain accountable for good stewardship to the Archbishop of Washington. To the extent that there will be additional obligations assumed by parishes related to incorporation, the Archdiocese and its various departments will serve as resources to help parishes.

2) *How should parishes handle contracts or leases that require Archdiocesan approval?*

Parishes should continue to follow the ADW Contract Review Policy, which currently requires leases over one year and any contracts over \$25,000.00 to be submitted to the appropriate ADW office for review.

3) *What effect will incorporation have on parish/regional schools?*

Parish/regional schools are not separately incorporated—they are part of their respective parish corporations. Schools should continue to work closely with their pastor in the management of school operations and continue to follow all Catholic Schools Office policies and procedures.

4) *Will incorporation affect the services provided to parishes by the Archdiocese?*

No. The Archdiocese will continue to provide to parishes the same services (as well as business, legal, and administrative support) that it already provides. The only change is that the parishes and the Archdiocese will sign service agreements spelling out this arrangement.

5) *What is the purpose of the service agreement with the Archdiocese?*

Because the parishes have a separate civil legal status from the Archdiocese, the service agreement allows the Archdiocese to continue to support the essential functions of the parishes.

6) *May parishes continue to use their existing EINs?*

Yes, parishes should continue using already-existing EINs and should not apply for new EINs. If a parish school has an EIN that is separate from the parish, the school may continue to use it. However, if a parish school does not already have an EIN, it should use the parish's EIN.

D. Parish Responsibilities After Incorporation

1) *What additional responsibilities does a parish have after incorporation?*

Generally, parishes should continue to operate as usual and follow archdiocesan policies and procedures. The additional legal requirements for corporations to remain in good standing and operate appropriately are minimal, but important:

- Follow the bylaws: corporations must comply with the procedures set forth in their bylaws. These reflect the pastor's authority to administer the parish on a day-to-day basis in accordance with canon law and provide guidance on corporate actions.
- Hold annual meetings/formal voting: Corporations must have annual meetings of the board of directors/corporators and ensure certain decisions are brought to the board for consideration (mainly decisions that would require the Archbishop's approval under canon law, such as the sale/purchase of property). Meetings are scheduled through the Office of the Moderator of the Curia.
- File periodic reports: Maryland and DC require periodic corporate filings and administrative requirements; these are very simple and will be managed with the assistance of the Office of General Counsel.
- Contract in the name of the corporation: While parishes are free to continue to use their traditional parish names for most purposes, contracts and other legal documents should reflect a parish's formal corporate name.

2) What is the new corporate name and when should it be used?

Corporations generally need to be identified as such in their corporate names, so all parish corporate names include the designation "Inc." In Maryland, geographic locations were added to parish names to eliminate conflicts with other parishes in the State having the same or similar names.

Corporate names should be used on legal documents, contracts, government filings, etc.; however, there is no need to change the commonly used name of the parish on signage, bulletins, websites, etc.

Examples of corporate names in DC include:

"St. Thomas Apostle Catholic Church, Inc."

"Our Lady of Victory Catholic Church, Inc."

Examples of corporate names in Maryland include:

"St. John the Baptist Catholic Church, Silver Spring, Inc."

"Our Lady Star of the Sea Catholic Church, Solomons, Inc."

3) What should parishes do if they receive any government notices or communications related to incorporation?

Parishes should immediately contact the Office of General Counsel if they receive any communication from a government agency or representative related to incorporation or if they have any questions about the process.

4) *Will parishes need to apply for new tax exemptions?*

The federal 501(c)(3) income tax exemption will remain in effect through the USCCB Group Ruling.

There are local processes for sales and use tax exemptions and property tax exemptions that are already handled by parishes with the assistance of archdiocesan departments, including Finance, Facilities, and Legal. Parishes should continue to follow existing processes for these exemptions. Any new filings will be assisted through the Office of General Counsel.

5) *Whom should parishes notify about the new parish corporations?*

Pastors should notify their staff, parish and finance councils, and school administration, and may need to contact their bank. Most parish vendors/service providers do not need to be notified of the change in corporate structure, as most existing contracts will already treat the parish as a separate legal entity; however, when entering into any new contracts, parishes should use their formal corporate names.