

Legal Counsel

for Churches

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Corporate Governance for Churches & Their Leaders

M SMITH | LAW PLLC



Does Your Church Have a Governance Roadmap?

Most churches have a spiritual roadmap: vision statements, mission declarations, and ministry plans that guide worship, outreach, and discipleship. Far fewer churches, however, have something just as critical to their long-term health: a corporate governance roadmap.

Without direction on governance, even vibrant, faith-filled congregations can drift into confusion, conflict, and risk. Good intentions alone do not protect a church from legal exposure, financial missteps, leadership breakdowns, or loss of public trust. Well intentioned faithfulness includes how we govern the resources, people, and institutions entrusted to us.

A corporate governance roadmap is a clear, written framework that defines how the church does business. Just as a GPS prevents wrong turns, a governance roadmap keeps the church aligned legally, financially, ethically, and spiritually.

Today, churches operate in a more complex environment than in generations past. They are not only houses of worship, but also nonprofit corporations, employers, property owners, childcare providers, counseling centers, and community hubs. Each role brings legal and fiduciary responsibilities. Strong governance is no longer optional; it is a part of faithful stewardship.

Some churches function with informal or outdated governance systems built on “how

we’ve always done it.” This often produces unclear authority, tension between pastors and boards, inconsistent financial controls, and weak accountability. When rules are unwritten or ignored, power fills the vacuum, and conflict multiplies.

At its core, a governance roadmap clarifies the church’s legal structure and authority. It defines the relationship between the congregation, the board, and pastoral leadership, and it aligns the church’s articles of incorporation, bylaws, and policies with current law and current practice. Outdated or inconsistent governing documents are one of the most common sources of church conflict and legal exposure.

A strong roadmap also clearly distinguishes between governance and management. Academically, boards provide oversight and accountability. Pastors and staff provide day-to-day leadership and ministry direction. Proper role definition strengthens leadership rather than weakening it and allows each officer to focus on the matters assigned to each under the church’s governance.

Financial stewardship is another central pillar of a governance roadmap. Churches handle sacred tithes, offerings, and donations given in faith. Wise governance requires transparent budgeting, independent financial oversight, segregation of duties, regular financial reporting, and periodic audits or reviews. These practices do not signal

distrust; they protect the integrity and reputation of the ministry.

Accountability and ethics must also be embedded into church governance. Conflict of interest policies, codes of ethics, whistleblower protections, and director attestation agreements establish a culture of integrity. They reinforce that church leaders are not above accountability, but are servants of the congregation and stewards before God.

Risk management is equally essential. A governance roadmap addresses safety policies, employment practices, data privacy, insurance coverage, and legal compliance. Churches that fail to anticipate risk often find themselves addressing crises that could have been prevented.

Finally, a governance roadmap prepares the church for leadership transitions. Too many churches flourish under one pastor and fracture under the next because no succession plan exists. A roadmap clarifies how leaders are selected, how transitions occur, and how institutional memory is preserved.

A church without a corporate governance roadmap is traveling blindfolded—faithful, but unnecessarily vulnerable. Strong governance preserves unity, builds donor confidence, protects volunteers and staff, and strengthens long-term ministry impact. The good news is that it is never too late to build one. A wise church plans not only for revival, but for resilience. ■

Estate Planning Encourages Legacy Giving at Churches



Estate planning is often viewed as a personal financial exercise—drafting a will, setting up trusts, and organizing assets for loved ones—but within faith communities it can also become a powerful expression of stewardship.

Legacy giving, sometimes referred to as planned giving, involves charitable contributions arranged during a person's lifetime and distributed after death.

Planned giving promotes intentional stewardship by inviting individuals to prayerfully consider how their resources reflect their beliefs. Many Christian traditions teach that financial resources are entrusted to believers for wise and faithful management. As a result, the estate planning process becomes more than a legal or financial task—it becomes a spiritual commitment.

Churches that emphasize stewardship often find that members are more open to considering legacy gifts because the conversation centers on mission rather than money. When congregants view their estate plans as an opportunity to extend their ministry impact, charitable giving becomes a meaningful and purposeful decision.

Structured opportunities also make planned giving more accessible. Some churches provide formal planned giving programs that help members incorporate charitable gifts into their wills, trusts, retirement accounts, or life insurance policies. By creating clear pathways and offering professional guidance,

ministries explore ways to expand ministry and empower members to take action confidently.

Estate planning education further normalizes conversations about generosity and end-of-life preparation. Discussions about death and finances can be uncomfortable, but when churches host workshops or provide informational materials, they create safe and constructive environments for these important topics.

Rather than appearing as a fundraising appeal, planned giving should encourage members to think comprehensively about their responsibilities to family, church, and community.

Legacy gifts also contribute significantly to a church's long-term financial stability. While weekly tithes and offerings remain essential, planned gifts can establish endowments, fund capital improvements, eliminate debt, and support future ministry initiatives. Such financial foresight allows churches to move beyond short-term budgeting and develop a generational vision.

Importantly, effective encouragement of legacy giving relies on education rather than pressure. Churches that provide sample bequest language, recommend qualified estate planning professionals, and share testimonies of impact tend to see greater participation.

While churches benefit from a focus on estate and legacy planning, there are legal implications to consider. First, churches should be careful not to give legal advice

to members. Only lawyers are allowed to practice law. Churches should consider using a law firm to provide and prepare legal documents.

Secondly, churches should resist a temptation to promise certain results. Estate planning, like most financial and legal transactions, can be complex. The results a family experiences can vary.

Thirdly, church leaders should be aware that some legacy donations may have strings attached. These conditions are called restrictive gifts. The church should understand and comply with gifts that have certain specifications.

Finally, churches as 501(c)(3) institutions, must ensure gifts are voluntary. Church leaders may not apply pressure to members to give. Estate donations should be reciprocated with a written acknowledgment.

Ultimately, estate planning invites individuals to consider personal questions about purpose and impact: What values will outlive me? How will my faith continue shaping the world after I am gone? Including a church in an estate plan offers one meaningful answer.

In conclusion, estate planning encourages legacy giving at churches because it integrates financial responsibility with spiritual intentionality. By fostering open conversations, offering structured opportunities, and emphasizing stewardship over obligation, churches can cultivate a culture in which legacy giving feels natural and deeply rooted in faith. ■

The Feeling

of achieving a successful legal result.

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Negotiating Tips For Churches

Church leaders often find themselves navigating complex negotiations—from leasing property and purchasing equipment to partnering with vendors and service providers. Negotiating can feel daunting.

When a church enters into a business deal with another party, one of two outcomes will occur. Hopefully, all parties perform as expected and the deal goes as planned. In some instances, one or both parties are disappointed with the outcome. Avoiding disappointments is an important goal in all negotiations.

Here, we share some tips and suggestions on how successful negotiations can help church leadership accomplish its mission.

1. Start with Clarity of Purpose

Before entering any negotiation, seek wisdom and clarity. Ensure that the church's mission, values, and practical needs are clearly defined. Know what you're trying to achieve, what you can compromise on, and what is non-negotiable.

2. Do Your Homework

Gather information before entering a discussion. Research market rates and competitive prices. Understand what other organizations are paying for the same product. Ask questions to understand the

other party's goals and constraints. Being informed gives you a stronger position and fosters mutual respect.

3. Build Relationships, Not Transactions

Negotiation is not just about "getting the best deal"—it's about building lasting, trust-based relationships. Treat vendors, contractors, and partners as collaborators in your mission, not just service providers. People are more likely to offer better terms when they feel respected and valued.

Relationships help when the inevitable mishaps happen. Having a relationship with a vendor makes repairing missteps easier. This can help avoid litigation.

4. Be Transparent About Limitations

Churches often operate on tight budgets. Don't be afraid to share this honestly. Many vendors are willing to offer discounts, in-kind donations, or payment plans when they understand your purpose and constraints. Provide documentation or a budget summary if needed to reinforce transparency.

5. Aim for Win-Win Outcomes

A good negotiation seeks a solution that is mutually beneficial. Try to understand the other party's needs and look for ways to meet them without sacrificing your own. If you

can't meet a contractor's full fee, can you offer public acknowledgment, referrals, or a longer-term agreement instead?

6. Stay Calm and Patient

Negotiation often involve delays, counteroffers, and tense moments. Stay calm, don't rush decisions, and be willing to walk away if the terms don't serve the church's best interest. A respectful "no" is sometimes the most faithful response.

7. Seek Wise Counsel

Be willing to bring in technical, finance and legal advisors when necessary. Some deals are highly specialized. Shared wisdom often leads to better outcomes.

8. Put Agreements in Writing

Always document the terms in writing. This protects both parties and minimizes confusion down the road. Written agreements should include the scope of services or deliverables, timeline for when the products or services will be delivered, payment terms, cancellation clauses, and property rights.

9. Honor the Outcome

Whether the negotiation ends in agreement or not, keep your integrity. Be gracious in all communications and thank the other party for their time. Your conduct represents the church and its mission.

Negotiation is not just about the deal—it's an opportunity to witness through wisdom and fairness. By approaching each negotiation with intention and practical preparation, churches can steward their resources effectively while building positive relationships in their communities. ■

Legal Counsel for Churches is a service provided by M Smith Law, PLLC for members of the religious community. This periodical is intended to help churches and their officials become better prepared to address important legal and governance issues. We hope you find *Legal Counsel for Churches* a valuable resource. For each issue, we try to raise relevant issues and offer some practical alternatives. We welcome your comments and input.

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