

Criteria and Standards Applied By the General Assembly Council When it Considers Proposals for New Corporations

Preface

This document sets out the criteria and standards the General Assembly Council (GAC) will apply when it evaluates proposals for new corporations. In general, any proposal for a new corporation must bring a realistic assessment of both the positive and negative consequences of creating the new corporation. This document is comprised of four parts:

- Part I: Guiding Principles (pp. 1-10)
- Part II: Evaluation Criteria (pp. 10-12)
- Part III: Structures and Functions. Three key documents establish and define the proposed corporation: General Assembly Deliverance, Corporate Articles and Corporate Bylaws (pp. 12-18)
- Part IV: Processes for considering corporation proposals (p. 18)

Part I: Guiding Principles

Introduction

The purpose of Part I is to review the history of developing corporations as agents of mission in the life of the Presbyterian Church (U.S.A.) General Assembly (PC(USA)). A brief history is given that also shows some of the rationale for those corporations. The *Organization for Mission* and the *Book of Order* provide useful guidelines and requirements for establishment of corporations. Finally, set out is a summary of basic understandings of the commitments of corporations of the PC(USA).

History

Minutes before the establishment of the Presbyterian Church General Assembly show efforts to pool funds for the purpose of collective mission. The first corporation of the Presbyterian Church (U.S.A.) was formed by action of the General Assembly to manage and solicit funds for pious and charitable uses. (GA minutes 1789-1820 page 102). The fund was granted a charter by the State of Pennsylvania in 1799 and thus began a long PC(USA) history of establishing corporations to enable mission. Some examples of these corporations are The Board of the Church Erection Fund, The Board of Freedmen's Missions, The Trustees of the Presbyterian Board of Publication and Sabbath School Work, The Women's General Missionary Society, Board of National Missions and Presbyterian Life.

In 1971, the General Assembly of the United Presbyterian Church in the United States of America (UPCUSA) adopted the Report of the Special Committee on General Assembly

Agencies (GA minutes 1971 pages 442-506). The report's beginnings are found in the The Confession of 1967:

“Every church order must be open to such reformation as may be required to make it a more effective instrument of the mission of reconciliation”
(Part II, A, 2)

The rationale for the reorganization of the mission agencies as they then existed included such points as:

- A maze of interagency committees
- A lack of an effective coordinating unit
- A multiplicity of programs
- Duplication of programs and supporting services
- A perplexing variety of staff and promotional services
- A growing list of proposed new agencies
- A proliferation of General Assembly special committees and commissions
- Inadequate systems of accountability
- Less than optimum efficiency and economy in use of personnel and funds

The result was a major reorganization in 1972 in the UPCUSA. As a result, the many corporations were made constituent corporations and a single corporation--UPCUSA, A Corporation--was the central operative corporation. This unified the corporate model of the UPCUSA in a major way. The Presbyterian Church in the United States (PCUS) did not have as many corporations but it did undergo a partial corporate restructure that made the General Assembly Mission Board the main operating corporation for the PCUS.

In 1983, the Articles of Agreement for the Reunion of the UPCUSA and the PCUS gave to the new General Assembly Council specific instructions about the development of a mission structure:

5.4

The General Assembly Council shall develop and propose to subsequent General Assemblies a design for the work of the General Assembly which will effectively relate the functions, divisions, agencies, councils, commissions and institutions of the General Assemblies of the reuniting churches not otherwise provided for in these Articles of Agreement, except an agency for pensions which is hereinafter provided for in Article 11. Agencies whose functions will be served by other bodies or in other ways in the reunited church will not be continued.

5.5 The General Assembly Council shall carefully review the continuing mission directions and priorities approved by both General Assemblies prior to reuniting, and prepare means to harmonize the programmatic work of its agencies.

The General Assembly Council shall ensure the continuance of an organized approach in the areas of world mission, evangelism, education, church renewal, church extension and social-economic justice within the context of the unity of Christ's Church throughout the world.

The General Assembly Council shall take particular care to design agencies and to commit major resources, both human and financial, to put into action with other churches and agencies, in this land and other nations, ministries that serve the purpose of the Presbyterian Church (U.S.A.) to confront men and women, structures and principalities, with the claims of Jesus Christ.”

Articles of Agreement (1983, Appendix B to the *Book of Order*)

The results, of the study by the GAC, were three corporations. They are PC (USA), A Corporation, the Board of Pensions and the Foundation. Seventeen corporations from the two previous denominations were continued under PC(USA), A Corporation and the Foundation. The boards of directors of the seventeen constituent corporations were identical to the corporation under which they were placed. Since that time, two additional corporations, Presbyterian Publishing Corporation (PPC) and PCUSA Investment and Loan Program, Inc. (PILP) have been formed. In addition, several companies related to the Foundation have been authorized or formed: New Covenant Trust Company, N.A., New Covenant Funds, and New Covenant Annuity Insurance Company. Related to PILP, the PCUSA Mortgage Corporation was formed.

Principles from the *Organization for Mission*

The *Organization for Mission of the Presbyterian Church (U.S.A.)* is a General Assembly document setting out key mission structures and directives. Some of its provisions are particularly instructive in regards to corporations:

The uniting General Assembly in 1983 directed that consultations be held to discern the church’s understanding of mission before preparing a mission design. “Today Into Tomorrow: A Year of Consultations” was the process followed, and it challenged all parts of the church to examine their understanding of what God required of the church. The result of this process was the “Life and Mission Statement,” which was adopted by the 197th General Assembly (1985).

The year 1992–93 was devoted to the theme: “Discerning the Spirit, Envisioning Our Future.” A convocation on this theme manifested a deep sense of the Spirit’s stirring among us, creating an excitement and passion for the future ministry of the church. One theme was the resounding emphasis on the importance of the ministries of congregations as they are resources for mission. Another was the yearning for churchwide organizational forms that are flexible and innovative, with the ability to let agreed-upon priorities lead our work and so restore confidence in our connectedness. The convocation contributed to a continuing process of discernment and envisioning that reflected a sense of the future mission direction of the denomination.

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The church's mission finds its center in the gospel of Jesus Christ and in witnessing to that gospel. Beneath the variety and complexity of its forms of witness, the church's mission is one—from the congregation to the General Assembly. To share fully in that mission is the task of every Presbyterian and every governing body. As the most inclusive governing body, the General Assembly represents the unity of the synods, presbyteries, sessions, and congregations of the Presbyterian Church (U.S.A.). Among its other responsibilities, the General Assembly has the power to set policies, objectives, and priorities for mission, to provide the agencies appropriate for that mission, and to superintend their work (*Book of Order*, G-13.0103).

According to the *Book of Order* (G-13.0201), the General Assembly Council, as agent of the General Assembly, implements policies established by the General Assembly; coordinates the work of the divisions and other General Assembly agencies in light of General Assembly mission directions, goals, objectives, and priorities; works in partnership with synods and presbyteries; and develops and proposes a comprehensive budget to the General Assembly. Members of the council are elected by the General Assembly and are representative of synods, presbyteries, and the church at large.

The General Assembly, the General Assembly Council, the synods, the presbyteries, and the sessions work together in partnership on behalf of the mission of the church. The *Organization for Mission* places emphasis on the congregation as an instrument of mission and on the governing bodies working together to provide resources and services to the congregations.

A. *The Unity of the Church*

The unity of the church, with Christ as the Head of the body, is a fundamental principle that affirms the church is called to demonstrate unity, both within a given denomination as well as ecumenically and internationally. Perhaps the strongest image of this unity is the apostolic vision of the body of Christ, in which the many members, though different, work together for mutual health and up building. Recognition of the unity of the whole church carries with it a series of implications for the internal structure of the Presbyterian Church (U.S.A.) and for the denomination's ecumenical commitment.

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While the Presbyterian Church (U.S.A.) is called to be the church in and of itself, there is an important sense in which this denomination recognizes that it is one part of the church of Christ. The Presbyterian Church (U.S.A.) undertakes its ministry with a full awareness of the global and ecumenical dimensions of Christ's call, and provides a means to share mutual mission, decision making, and resources with partner churches in this nation and around the world.

B. *Commitment to Mission*

The church, as the body of Christ, exists to share the love of Christ with the world. The *Book of Order* states the great ends of the church in terms of the call to mission through proclamation, nurture, worship, preservation of truth, promotion of social righteousness, and exhibition of the Kingdom of Heaven to the world (*Book of Order*, G-1.0200). The vitality of the life and mission of the congregation is central to the calling of the church as a whole.

As has been noted, the Presbyterian Church (U.S.A.) is called to be the church, yet is itself a member of the worldwide body of Christ. Each congregation, too, is called to be the church of Jesus Christ in its own time and place. Furthermore, the responsibilities of the session include: “to lead the congregation in participation in the mission of the whole church in the world, in accordance with G-3.0000” (*Book of Order*, G-10.0102b).

C. *Diversity and Inclusiveness*

Within the denomination, the Presbyterian Church (U.S.A.) has affirmed the strength of a unity characterized by mutual interdependence in which diversity contributes to wholeness. Various members of this body enrich the whole through the particular qualities they bring

- As racial ethnic people of multicultural constituencies that make visible our rich diversity and offer varied histories and traditions;
- as persons with a variety of physical and mental abilities and disabilities;
- from diverse geographical areas and socioeconomic backgrounds;
- as male and female of all ages;
- with a variety of theological perspectives within our Reformed tradition;
- with many differing gifts;
- with a long history and tradition within the Reformed family of churches.

Patterns are established to ensure that elected bodies represent the wealth of diverse gifts found in the church and to provide a means to share power and decision-making. Similarly, churchwide personnel procedures promote equal employment opportunity.

D. *Tradition and Flexibility*

The Presbyterian Church (U.S.A.) professes a Reformed theology that is solidly grounded in Scripture as the rule of faith and practice. The *Book of Order* affirms: “The Protestant watchwords—grace alone, faith alone, Scripture alone—embody principles of understanding which continue to guide and motivate the people of God in the life of faith” (*Book of Order*, G-2.0400). The church has also

inherited and continues to affirm a Reformed polity that is representative in nature.

Openness to renewal by God entails a flexibility of structure and openness to growth and change. The Presbyterian Church (U.S.A.) recognizes the need for growth and is open to it under the power of the Holy Spirit.

The Reformed tradition's awareness of the fallen nature of humanity and human institutions has led to the development of church government made up of a system of checks and balances. In recent years, these checks have included limited terms and rotation for elected officers, and plans to ensure fair representation of the diverse elements of the church on governing bodies.

The Presbyterian Church (U.S.A.) shares with all Reformed churches a belief in the priesthood of all believers. For this reason, persons called to leadership positions in the denomination are envisioned by this organizational plan as enabling the whole church to do the work of mission.

E. *Partnership*

The Presbyterian Church (U.S.A.) seeks to develop a system of relationships among governing bodies functioning through collaboration rather than competition. Partnership is characterized by enduring commitment, equality, humility, openness, sensitivity, flexibility, and love. More than an end to be attained, partnership is a process or journey that can be undertaken only under the guidance of the Holy Spirit. Consultation is highly valued as part of the process of decision-making.

Each governing body is a primary agent in mission and has two foci:

- its appropriate role in assisting congregations and other governing bodies in the mission of the whole church; and
- the performance of its own mission as a governing body in consultation with other governing bodies.

F. *Personnel and Compensation*

The General Assembly has approved a personnel, equal employment opportunity and affirmative action, and compensation system that is used by the council and the Ministries Divisions. This system provides guidance for the Worldwide Ministries Division regarding overseas personnel, and for General Assembly level entities, synods, presbyteries, sessions, congregations, and church-related institutions in their employment practices. In order to develop consistency and equity across the whole church, these governing bodies and institutions are urged to approve and implement these policies with such adaptations as may be necessary.

G. *Additional Factors*

Additional factors to guide the structure and style of mission are:

- the need to affirm the centrality of the mission of congregations, and their need and desire for resources from General Assembly entities, as well as from presbyteries and synods;
- the need to recognize demographic realities that bear on the life of the Presbyterian Church (U.S.A.);
- the need to be responsive to persons who identify themselves as Presbyterian without actually taking part in a particular congregation's life and ministry;
- the need for styles that support and enable the momentum of movements rather than styles that create or lead to institutional inertia;
- the need to reverse the trend toward reducing the church's function and style to that of a regulatory agency, creating instead a more responsive, less bureaucratic reality;
- the need to be more simple yet holistic;
- the need to build hope and trust within a now reunited denomination, while maintaining commitments to and safeguards for those historically ignored, excluded, or silenced; and
- the need for an evolutionary design that can be responsive to unfolding changes in the structure and work of the General Assembly, synods and presbyteries.

Organization for Mission (1994 GA Minutes pp. 253-256)

Additional Principles and Considerations

- A. If a primary reason for a ministry's request for a separate corporation pertains to challenges within the GAC operations that affect others within the existing corporation (e.g., inefficiencies, lack of flexibility, lack of capacity), preference should be given to addressing those challenges first before consideration is given to developing a separate corporation.
- B. The *Book of Order* establishes that corporations are created by the governing bodies:

Incorporation and Trustees

Whenever permitted by civil law, each presbytery, synod, and the General Assembly shall cause a corporation to be formed and maintained. The council of the governing body shall constitute the Board of Trustees of the corporation unless the governing body shall determine an alternative method to constitute the Board of Trustees. (*Book of Order* G-8.0202)
- C. In 1990, the General Assembly gave its opinion about the particular churches forming more than one civil corporation. This opinion is instructive to all

governing bodies. The GA adopted the recommendation of its Advisory Committee on the Constitution:

21.168

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There is no restriction in civil law on a group, e.g. church members, presbytery members, synod commissioners, forming more than one corporation, each having the same members or "shareholders." The question in the request is addressed to whether the *Book of Order* denies such dual organizations. The query has two concerns: (a) may such other corporation be formed, and (b) even if formed, where is the authority to control such second corporation.

21.169

G-8.0202 mandates that "a" corporation shall be formed and maintained by governing bodies of the church whenever permitted by civil law. G-7.0401 mandates that "a" corporation be formed and maintained by churches whenever permitted by civil law. These constitutional provisions do not contemplate numerous corporations, but neither do they prohibit them. The forming of a second (additional) corporation by a church does not appear to be of itself an unconstitutional act.

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The *Book of Order* is very specific, however, in confining all powers of any corporation to the control of the ecclesiastical body. In effect, a second corporation must be a duplicate, in most all respects, of the primary corporation. Thus, while the second corporation may have a different title and trustees that are different from the primary corporation, the restrictions of activities of such corporation must be the same as those of the primary corporation. The primary corporation might as well merely designate committees to operate stated programs, i.e. foundations, rather than establishing a separate legal entity for such purpose.

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A difficulty inherent in the corporate form of organization, even though session authority is carefully preserved in the corporate documents, is the trustees' fiduciary responsibility, which may influence actions contra to session directives. Problems which have arisen in governing bodies with more than one separate legal entity include the correlation of the various entities in their activities and in establishing lines of authority between the multiple corporations and the ecclesiastical body.

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It is the opinion of the advisory committee that a particular church establishing a second corporation must very carefully define every power and integrate such powers securely in the session. The second corporation must in every way be identical in session authority as is the primary corporation. In view of the difficulty in establishing and maintaining a second corporation in full accord with church law and civil liability, to which the church and participants in the second corporate activity may be exposed by reason of either not conforming to constitutional requirements of control in the organization, or the independent acts of the trustees via civil law, a particular church is well advised to avoid such a second corporation.

(1990 GA Minutes p. 243)

- D. The General Assembly The General Assembly has the responsibility and power “to establish and superintend the agencies and task forces necessary for its work, including a General Assembly Council, providing for the regular review of the functional relationship between the General Assembly's structure and its mission;” (*Book of Order* G-13.0103h.)
- Only the General Assembly can establish a new national corporation.
 - The General Assembly cannot establish a corporation it cannot supervise.

Conclusions

The principles outlined in the *Organization for Mission* and the citations from the *Book of Order* serve as basic guidelines for any corporation serving the mission interest of the Presbyterian Church (U.S.A.) General Assembly. Since their adoption, the General Assembly has been able to review its corporate mission structure, change to meet evolving needs and establish new corporations as needed. Any proposed changes in the mission structure of the PC (USA) should carefully be considered in light of:

1. The lessons of history of ministry and corporations in the PC(USA).
2. The requirements of the *Book of Order*.
3. A clear definition of the mission, the programs and the powers of the proposed corporation and existing corporations.
4. The commitment to ministry as partners between agencies and between governing bodies.
5. The commitment to diversity and inclusion in the mission and work of all corporations of the church.
6. The commitment to a just personnel and compensation policy by all corporations of the church.
7. If a primary reason for a separate corporation pertains to challenges within the GAC operations that affect others within the existing corporation (e.g., inefficiencies, lack of flexibility, lack of capacity), preference should be given to

addressing those challenges within existing structures before consideration is given to developing a separate corporation.

8. The independence of the new corporation should be in proportion to the need for independence in decision making by the new corporation.
9. The PC(USA) commitment: “to a new openness to the possibilities and perils of its institutional forms in order to insure the faithfulness and usefulness of these forms to God's activity in the world; (*Book of Order* G-3.0401c).

Part II: Evaluation Criteria

All corporation proposals will be subject to a two-step evaluation of the criteria below. As a first step, the proposal must meet the justification criteria (Sections A, B, and C). If responses to those questions are deemed appropriate, the proposal then proceeds to the second step, the viability criteria (Section D). In order to be approved, a proposal must respond satisfactorily to all criteria (Sections A-D).

Justification Criteria:

The proposal must make showings on the following points to justify the creation of a new corporation:

- A. Concerning the necessity of separate incorporation**
 1. What is the intended mission of the proposed corporation?
 2. How is separate incorporation required to accomplish that mission, or how necessary to accomplish it better?
 3. Are there ways to achieve this goal without separate incorporation? (The burden is on the proposal to show that, having explored the question, it finds that there are not; the evaluating agency should also explore the question independently.)
 4. If challenges within current GAC/PCUSA, A Corporation operations (e.g., inefficiencies, inflexibility, lack of capacity) are a primary reason to form the new corporation, show why those challenges cannot be remedied within the current operations.
 5. What specific advantages and disadvantages of incorporation do you foresee?

- B. Concerning the impact on the remaining church structure as an institution**
 1. To what extent will the proposed corporation rely on its image and connections as a Presbyterian entity to attract support?
 2. Will the proposed corporation draw support away from other Presbyterian ministries and causes remaining within the GAC structure?
 3. Will the proposed corporation draw support away from other General Assembly agencies or entities?

4. How would the larger voice of the new corporation alter the relationship and voice of other (perhaps smaller and less popular or visible) parts of the GAC's mission?
 5. How will the mission of those GAC ministries related to the new corporation's ministry but not included in the new corporation continue, and what impact will the new corporation have on their funding streams?
 6. To what extent would the proposed corporation be independent of the GAC's overall coordination of communications, funds development, program implementation, and mission strategy?
- C. Concerning the impact on the church's integrity as a faithful, prophetic, and theologically sound part of the Body of Christ.**
1. How would the proposed corporation affect the theological and missiological understandings of how the church engages in these aspects of its mission?
 2. Would the proposed corporation in any way enhance the church's prophetic witness?
 3. Would the proposed corporation in any way threaten the church's prophetic witness or supplant it for either party with the logic of the marketplace?
 4. What impact would the proposed corporation have on partnership at all levels, including with other GA agencies, with middle governing bodies, with ecumenical partnerships, and with international partner churches?

Viability Criteria:

- D. Concerning the viability of the proposed new corporation**
1. What are the clearly defined objectives of the corporation?
 2. Will it require continued support from the denomination? Of what kind(s) and for how long?
 3. What are the corporation's short- and long-term funds development plans?
 4. What place would the corporation realistically expect to take among the other organizations in the field it has chosen?
 5. How would the experience of others in that field inform the plans of the proposed corporation?
 6. What are the implications of the proposed corporation for property ownership?
 7. What is the business plan for accomplishing those objectives? A business plan including at least the following elements must be submitted:
 - Mission statement
 - Start-up capital: amount needed, expected sources, and who will own the capital?
 - Staffing and support structure (including to what degree, if any, this would draw on GAC resources)
 - Diversity and inclusivity policies and plans
 - A projected five-year balance sheet

- Details of the proposed fiduciary relationship between the new corporation and the GAC and/or the PC(USA)
- Identify anticipated funding sources. Identify where these funding sources overlap with the donor bases of the GAC or other GA agencies. If overlaps do exist, describe the anticipated effects on the proposed corporation and other GA agencies, including the GAC.
- What, if any, additional governmental regulations will apply?
- What kinds and amounts of insurance coverages will be necessary? Will this insurance be adequate to protect the corporation and the General Assembly?
- Is the business cost clearly defined?

E. Considerations for the GAC and other bodies (e.g., GAC subcommittee) evaluating the proposal for the new corporation.

1. The evaluating body should carefully and independently evaluate all of the above criteria (Sections A-D).
2. The evaluating body should consider the experiences of at least two similar corporations in other denominations. This consideration should include the impact on both the new corporation and the related work left within the denominational structures.
3. The evaluating body should consider both the positive and negative consequences of past incorporations at the GA level.
4. Does the proposal seem driven more by mission priorities or by a desire for more funding?

Part III: Structures and Functions.

Three key documents establish and define the proposed corporation: General Assembly Deliverance, Corporate Articles and Corporate Bylaws

If the analyses of Parts I and II have led to the conclusion a new corporation should be formed, then Part III sets out the decisions that must be made to establish the structures and functions of the proposed corporation. Three key documents are the General Assembly Deliverance, the Corporate Articles, and the Corporate Bylaws. Proponents of a new corporation should produce and submit full and complete draft documents so the GAC has before it the specifics of the proposed corporation.

The General Assembly Deliverance is the ecclesial action of the General Assembly (GA) whereby it creates a corporation.* The Corporate Articles are the civil law document filed with the state. In our General Assembly practice, there is a good deal of overlap between the Deliverance and the Corporate Articles. The Corporate Bylaws set out more detail about the operations of the corporation.

A. What are the functions of the proposed corporation?

1. The functions are set out in both the Deliverance and the Corporate Articles.
2. The functions set out with specificity what the proposed corporation will do. This allows all to understand what the limited functions of the corporation will be. The 1990 General Assembly approved an opinion by its Advisory Committee on the Constitution (ACC) that stated when a second corporation is formed, the governing body “must very carefully define every power ...” (1990 GA Minutes p. 243) This is wise and necessary for two reasons. First, it should ensure the corporation does not engage in work the GA did not intend it to perform. Second, it makes it much less likely for GA-level corporations to impose upon one another’s functions and create disputes between them. Unlike standard nonprofit corporations, a GA corporation should not have as one of its functions “all other business as permitted by state or federal law.” Such an open-ended function does not adequately reflect the necessary GA control and it sets the stage for conflict with sister GA corporations or agencies.
3. The functions provision should include the standard opening language that notes the corporation is subject to the Form of Government, lawful directions of the GA, in some cases the directions of the GAC, and of any officer or agency duly authorized.

B. The board of directors: How is it nominated and elected? What is the size of the board? What are the terms? Will the board of directors have seats for elected members or officers from other GA agencies (e.g., GAC officers, elected members, others)?

1. The provisions defining the board of directors are set out in the Deliverance. These provisions may appear in the Corporate Bylaws as well.
2. The method of board nomination and election is established. The standard mechanism is for the General Assembly Nominating Committee (GANC) to nominate board members and the GA elects. This standard should be used unless compelling reasons are demonstrated to use another model. One alternative is the PILP model. The PILP board is elected by the GAC, subject to confirmation by the GA.
3. If the GA does not specify a particular method to constitute the board of directors, then the GAC serves as the board of directors. (*Book of Order G-8.0202*)
4. The number of directors is established. In 2007, the number of voting directors of the major GA corporate boards is as follows: Pensions: 31, PCUSA, A Corp.: 48, Foundation: 21, PPC: 9, and PILP: 15.
5. Whether or not the board will include elected members or officers from other GA agencies is set out. For example, the Foundation board includes both the Stated Clerk and the GAC Executive Director as board members. PPC includes the Stated Clerk and the GAC Executive Director as

nonvoting members. PILP has board members who are GAC members and board members nominated by the Foundation.

6. The terms of board members are established. The standard term for GA agencies and corporations is now a four-year term. A director is limited to two terms, full or partial.

C. Subordination to the authority of the General Assembly and, in some cases, the General Assembly Council.

1. The subordination language is set out in both the Deliverance and the Corporate Articles.
2. The subordination language ensures that the corporation created by the GA follows the GA's directives. This language varies only slightly among the various GA corporations with Deliverances:

The management and disposition of the affairs and property of the Corporation shall be vested in directors, who shall be selected from time to time in such number and manner and for such terms as the General Assembly of the Presbyterian Church (U.S.A.) (the "General Assembly") may determine. Any or all such directors may be removed or the number of such directors may be increased or decreased at any time by the General Assembly or by any officer or agency thereof duly authorized, and successor or additional directors shall be selected in the manner determined by the General Assembly. All the business and affairs of the said corporation shall be conducted by the directors under and subject to the direction of the General Assembly or any agency thereof thereunto duly authorized, so far as such direction shall be lawful and in accordance with the *Constitution of the Presbyterian Church (U.S.A.)* and the laws of the Commonwealth of Pennsylvania and of the United States of America. No material change shall be made in these articles of incorporation without the prior approval of the General Assembly.

3. In PILP's documents, the GAC is also listed as being able to direct the corporation's business and affairs, if necessary.

D. Establishment of the corporation

1. These provisions often appear in both the Deliverance and the Corporate Articles.
2. The GA establishes the corporation by approving both the Deliverance and the Corporate Articles.
3. The exact name of the corporation is set out. It is wise to check if the proposed name (or a very similar name) has already been used or reserved by another corporation.
4. The state of incorporation is set out. Pennsylvania is the state of choice for GA corporations. Pennsylvania non-profit corporation law has some

advantages that work well within our interconnected ecclesial and corporate system.

5. The date the corporation will be established is set out.
6. The registered address of the corporation in the state of incorporation is set out.
7. The corporation will exist perpetually under state law.
8. The IRS provision that the corporation will not engage in political activity should be included in the Corporate Articles.
9. Also set out is whether the corporation is a non-membership corporation (e.g., PCUSA, A Corp. and PPC) or if it is a membership corporation. In the two membership corporations (Foundation and PILP), PCUSA, A Corp. is the sole member and is a nonvoting member. This status gives PCUSA, A Corp. standing in Pennsylvania courts regarding certain corporate matters. GA corporations have not been and should not be formed as membership corporations with a group of voting members.
10. Upon dissolution of the corporation, the GA will determine the disposition of its assets. This provision should be in the Deliverance and the Corporate Articles.

E. Connections to the GAC. Is it desired for the proposed corporation to be under some degree of influence by the GAC? If not, then the following points need not be addressed. If so, then the following points are examples of how the GAC can exercise some degree of influence. These examples are listed in order from least influence to most.

1. The following provisions would appear in the Deliverance and might appear in the Corporate Articles and/or Bylaws.
2. Provide that the president of the corporation (and other officers if desired) will maintain an effective and cooperative relationship with certain officers or offices of the GAC (e.g., PILP). A stronger version would be if the president of the corporation in some manner reports to a GAC officer.
3. Name the GAC Executive Director (or designee) as a nonvoting board member (e.g., PPC). This can be increased if this position is a voting board member (e.g., Foundation).
4. Provide that a substantial number of board members will be from the GAC elected body (e.g., PILP). This option seems unlikely in the current (2007) context where the GAC has decided to reduce the number of GAC elected members serving on boards other than the GAC itself. Another option is to have the GAC nominate a substantial number of individuals as board members but not require those nominees to be elected GAC members.
5. The president of the corporation is identical to a GAC officer. For example, the president of the corporation could be designated as the GAC Executive Director, the Deputy Executive Director for Program, or another GAC staff position.
6. The board of directors for the corporation is identical to the GAC or a subpart of the GAC.

- F. Other provisions. These provisions must also be addressed. Some are mandatory; others are optional.**
1. Most of the following provisions would appear in the Deliverance and might appear in the Corporate Articles and/or Bylaws.
 2. Amendments. Amendments to the Deliverance and the Corporate Articles cannot be made without the prior approval of the GA. This provision is mandatory. In regards to the Bylaws, now that the GA meets biennially, the best course is to provide that Bylaw amendments cannot be made without the prior approval of the GAC. If necessary, changes to certain seminal provisions in the Bylaws could be reserved solely for approval by the GA. This provision is advisable.
 3. When the corporation is proposed to the GA, both the Deliverance and the Corporate Articles are submitted to the GA for its approval. This practice is mandatory. Generally, the Bylaws need not be submitted to the GA. If there are particularly important provisions in the Bylaws, it would be wise to submit those to the GA for its review.
 4. Bylaws. The Deliverance should affirmatively state that the Corporate Bylaws must be consistent with the PCUSA Form of Government and with the directions of the GA.
 5. GA corporations must report to the GA. This is mandatory. In some instances, the GAC has involvement in the reports to the GA. For example, the Foundation must provide its report to the GAC in time for the GAC to submit its comments on that report to the same GA. PILP reports to the GA through the GAC.
 6. The corporation shall be subject to the Standards of Review for General Assembly agencies. This is mandatory.
 7. Cooperation with other parts of the church. The corporation shall evidence appropriate cooperation with other parts of the church. Within the U.S., this cooperation will include but is not limited to other GA agencies, synods, presbyteries, sessions, congregations, and ecumenical bodies. Outside of the U.S., this cooperation will include but is not limited to the GAC, the World Mission Program Area, partner churches as identified by the World Mission Program Area, and ecumenical bodies.
 8. Insurance. The corporation shall obtain adequate amounts of insurance. This is mandatory. Insurance coverage will include but is not limited to Director's and Officer's coverage, general liability, property, and worker's compensation. The types and amounts of coverage will be based upon the corporation's operations. The corporation shall name the General Assembly as an additional insured on all policies. Where the GAC has a significant involvement with the corporation, both the GAC and Presbyterian Church (U.S.A.), A Corporation will be named as additional insureds as well.
 9. Property. What real property and personal property (including intellectual property), if any, will be transferred to the corporation? Is the corporation

- prohibited from holding any type of property? Will any express limitations (e.g., reverter deeds) be placed on the property?
10. Use of the PCUSA Seal. Will this corporation be permitted the use of the PCUSA seal in its work? Will any limitations be placed upon this use?
 11. Offices at the Presbyterian Center. The corporation shall maintain its main offices at the Presbyterian Center in Louisville, Kentucky unless compelling reasons are demonstrated to use another location.
 12. Finances. It should be clearly set out whether or not the corporation will have access to unified mission funds, per capita funds, special offering funds, and existing endowment funds. If so, what limitations might the GAC consider on those funds (which funds, time periods)?
 13. Start-up costs. Will the GAC or any other GA agency supply start-up funds to the corporation? If so, how much and what time period?
 14. Investments. As to its ongoing finances, will the corporation be required to use the services of the Foundation and PILP as its sole options for longterm investments? Or, does it have the authority to place its investments as it sees fit? What about short term investments? Will future endowments created to fund the corporation be held and administered by the Foundation?
 15. Board of Pensions. Employees of the corporation shall participate in the pension and health benefits plans provided by the Board of Pensions of the PCUSA unless compelling reasons are demonstrated to allow the corporation to consider the use of other plans.
 16. Services from other GA agencies and corporations. In order to avoid the duplication of services, the corporation will, where possible, contract with existing PCUSA agencies and corporations for various services. These services include but are not limited to—investments, asset management, record keeping, finance, accounting, personnel, insurance, and legal services. After careful consideration, the corporation may decide to secure such services from parties outside the PCUSA. If the services are provided by a GA agency or corporation, that entity shall ensure it is charging a realistic amount for its services.
 17. It is possible the operations of the corporation may conflict with the mission work of GAC offices. If such a conflict arises between meetings of the GA and such conflict is presented to the GAC, the GAC is empowered, with binding effect, to resolve such conflicts by directing which entity shall and shall not perform the particular mission work. Any such determination by the GAC is subject to review and change by the next meeting of the GA.
 18. G-9.0703. In pertinent part, this provision requires GA agencies (corporations) to submit the names of their executives to the GAC for a concurrence vote. The 2006 GA voted to remove this part from G-9.0703 and that proposal is now (early 2007) under consideration by the presbyteries. If this change is made, then the GAC no longer will make such concurrence decisions. If this change is not made, then this provision should appear in the Deliverance, noting the GAC concurrence

- requirement. Regardless of this change, the GA votes whether or not to confirm the executives of GA agencies.
19. Will the corporation develop its own various policies or will it be directed to follow some GAC policies? (e.g., PILP is directed to follow the GA's Churchwide Compensation Policies and Personnel Policies).
 20. Integrated Auxiliary. This is an IRS term that shows a level of connection between the corporation and the church body. All GA corporations should be affirmatively declared as "an integrated auxiliary and part of the Presbyterian Church (U.S.A.)" unless very compelling reasons not to do so are demonstrated.

Part IV: Processes for considering corporation proposals

- A. Because a General Assembly action is necessary to form a corporation at the General Assembly level, the timing for the GAC to consider proposals can be challenging. Ideally, the GAC should be able to consider a proposal at least twice before a vote is necessary to forward (or not) a proposal to the General Assembly.
- B. Proposals can come to the GAC through a variety of sources (e.g., Committees of the GAC; GAC members; advisory committees; mission work areas; other agencies or corporations; middle governing bodies).
- C. Proponents should use this Criteria and Standards document in making their proposals for new corporations.
- D. In most instances, the GAC should authorize a subcommittee to consider the proposal. This allows a smaller group representative of the GAC to pursue the substantial work required in evaluating a proposal. At least a majority of this subcommittee should be comprised of GAC elected members. It may be appropriate in some instances to appoint non-GAC members because of particular expertise or the like.
- E. Both the proposal and evaluation processes are in depth and time-consuming. Proponents should allow enough time to perform their necessary work and enough time subsequent for the GAC to perform its evaluation work. For its evaluation work, the GAC should set timelines to ensure it has adequate time to fully consider the proposal and vote upon it before the deadline for sending items to the General Assembly.

*Deliverances for most GA corporations and companies are set out as appendices to the *Organization for Mission*. To see detailed documents, the General Assembly minutes should be reviewed:

- Presbyterian Church (U.S.A.), A Corporation: Deliverance: 1986 GA Minutes pp. 400-405; 1987 GA Minutes 214-215; 1994 GA Minutes 266. Corporate Articles and Bylaws: 1986 GA Minutes 341-350.
- Presbyterian Church (U.S.A.) Foundation: Deliverance: 1986 GA Minutes pp. 400-405; 1987 GA Minutes 214-215; 2002 GA Minutes 749-750. Corporate Articles and Bylaws: 1986 GA Minutes 361; 1999 GA Minutes 491-492.
- Presbyterian Publishing Corporation: Deliverance: 1994 GA Minutes pp. 266-267.
- Presbyterian Church (U.S.A.) Investment and Loan Program, Inc. Deliverance: 1995 GA Minutes pp. 364-366. Corporate Articles: 1995 GA Minutes p. 367.
- New Covenant Trust Company, N.A. Deliverance: 1999 GA Minutes pp. 492-494; 2000 GA Minutes p. 339. Articles of Association: 1999 GA Minutes 497-500.
- New Covenant Annuity Insurance Company: Deliverance: 1999 GA Minutes pp. 500-502. Corporate Articles: 1999 GA Minutes 503-504.
- New Covenant Funds: Deliverance: 1999 GA Minutes p. 505. Trust Investment: 1999 GA Minutes pp. 506-518.
- Presbyterian Church (U.S.A.) Mortgage Corporation: Deliverance: 2001 GA Minutes pp. 173-175. Corporate Articles: 2001 GA Minutes pp. 175-178.