

Charitable and Religious Organization Architecture Overview

A professional reference for private foundations, public charities, churches, integrated auxiliaries, and conventions or associations of churches.

PROFESSIONAL USE AND LEGAL NOTICE

Charitable and Religious Organization Architecture Overview

A practical comparison of private foundations, public charities, churches, integrated auxiliaries, and conventions or associations of churches, with a document and professional-role framework for formation and administration.

IMPORTANT

This guide is educational and is not legal, tax, accounting, investment, or financial advice. Pair Ai LLC is not a law firm. Classification depends on governing documents, actual activities, support, affiliations, compensation, transactions, state law, filings, and continuing administration.

This guide uses precise federal terminology. It does not market a separate product called a "508 church" or "508 organization." Section 508(c)(1)(A) is an exception from the federal application requirement for qualifying churches, integrated auxiliaries, and conventions or associations of churches; it is not a state-law entity form.

NAVIGATION

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01 - CLASSIFICATION MAP

The name of the organization does not determine its tax classification.

Category	What it generally means	Typical federal posture
Public charity	A Section 501(c)(3) organization excluded from private-foundation status under Section 509(a), often because of its institutional character, broad public support, or supporting relationship.	Form 1023 or eligible Form 1023-EZ unless an exception applies; annual Form 990-series filing generally applies.
Private foundation	A Section 501(c)(3) organization that does not establish a public-charity exception; commonly funded and controlled by one family or limited donor group.	Form 1023-series recognition; Form 990-PF; Section 508(e); Chapter 42 rules.
Church	A qualifying church described in the relevant federal provisions; the IRS evaluates facts and circumstances rather than a single statutory definition.	Generally excepted from the Form 1023 requirement and from Form 990, but must satisfy Section 501(c)(3).
Integrated auxiliary	A separate organization affiliated with a church or church association and satisfying the applicable public-charity, affiliation, and support framework.	Generally excepted from Form 1023; Form 990 treatment depends on the applicable exception and actual classification.
Convention or association of churches	An organization of churches fitting the federal category.	Generally excepted from Form 1023 and Form 990, subject to actual qualification.
Religious organization that is not a church	A Section 501(c)(3) organization with religious purposes but not qualifying as a church, integrated auxiliary, or church association.	Usually follows the ordinary exemption application and annual filing rules.

CLASSIFICATION DISCIPLINE

Do not assume that calling an organization a church, ministry, foundation, mission, fellowship, or association establishes its status. The governing instrument and actual operations must support the claimed classification.

02 - INTEGRATED ARCHITECTURE

Build the institution, not merely the filing.

Formation, exemption, classification, governance, funding, compensation, programs, recordkeeping, and recurring compliance should be developed as one coordinated professional file.

Layer	Question	Professional file
State-law form	Corporation, unincorporated nonprofit association, charitable trust, qualifying LLC, or another permitted form.	Formation evidence, authority, liability, property, governance, amendment, and dissolution.
Federal exemption	Section 501(c)(3) organizational and operational requirements.	Purpose, powers, private benefit, inurement, lobbying, campaign activity, and charitable dedication.
Federal classification	Public charity, private foundation, church, integrated auxiliary, church association, or another category.	Support, affiliation, activities, institutional character, and reporting consequences.
Operating system	Policies, accounts, compensation, grants, programs, records, tax filings, public disclosure, and annual review.	Evidence that actual administration matches the governing documents and claimed status.

Objective-first design

Start with the mission, proposed activities, beneficiaries, source of funding, public support, affiliated organizations, leadership, property, compensation, insider relationships, geographic footprint, and recurring administrative capacity. The legal form and federal classification should follow those facts.

03 - PUBLIC CHARITIES

Public-charity status is a classification, not a marketing label.

A public charity must be organized and operated for qualifying exempt purposes and fit a Section 509(a) exception to private-foundation status. Depending on the category, broad public support, institutional character, or a qualifying supporting relationship may be central.

Formation and application file

- ☐ State-law entity and governing instrument with compliant exempt-purpose and dissolution provisions.
- ☐ Bylaws or governance rules, initial governing action, fiduciary and officer roles, conflicts, compensation, and account authority.
- ☐ Specific narrative for every planned activity, fundraising method, fee, grant, program, and relationship.
- ☐ Financial history or projections and a support-classification analysis.
- ☐ Form 1023 or eligible Form 1023-EZ workflow, exact filed copy, receipt, correspondence, and determination letter.
- ☐ State tax, charitable solicitation, property, employment, licensing, and periodic-report review.

Public support

Organizations relying on public support should track support classification from inception. The treatment of contributions, program-service revenue, investment income, large donors, related organizations, unusual grants, and excluded support can determine whether the organization remains publicly supported.

DOCUMENT-SYSTEM PRINCIPLE

The governing instrument, application narrative, financial projections, fundraising materials, grant practices, compensation, and annual returns should tell the same factual story.

04 - PRIVATE FOUNDATIONS

Family control comes with a distinct compliance regime.

Private foundations generally file Form 990-PF annually, disclose extensive financial and governance information, pay the applicable net-investment-income excise tax, satisfy distribution requirements, and operate under the self-dealing, business-holdings, investment, and taxable-expenditure rules.

FORMATION**Organizing instrument**

Section 501(c)(3) purpose and dissolution clauses plus the five Section 508(e) effects.

FUNDING**Asset acceptance**

Valuation, deduction, UBIT, debt, business holdings, self-dealing, liquidity, title, insurance, and disposition.

OPERATION**Chapter 42 controls**

Preclearance, grants, investments, distributions, public disclosure, Form 990-PF, and annual professional signoff.

For detailed treatment, use the Pair Ai LLC *Private Foundation Formation and Compliance Guide* and the *Texas Unincorporated Private Foundation Guide*.

05 - CHURCHES AND SECTION 508(C)(1)(A)

The provision is an application exception, not a separate entity or private tax arrangement.

PRECISION MATTERS

A qualifying church, integrated auxiliary, or convention or association of churches generally is not required to file Form 1023 to be treated as exempt under Section 501(c)(3). The exception does not eliminate the substantive Section 501(c)(3) requirements, state-law formation, banking and property rules, payroll, employment, recordkeeping, or every federal and state filing obligation.

What the exception does

- Permits a qualifying organization to be treated as exempt without first obtaining an IRS determination letter.
- Allows qualifying contributions to be deductible, subject to the ordinary donor rules and actual qualification.
- Creates a choice to seek voluntary recognition when a determination letter is useful.

What the exception does not do

- It does not create an entity under federal law.
- It does not make every religious organization a church.
- It does not eliminate private inurement, private benefit, political campaign, or lobbying restrictions.
- It does not guarantee exemption from state taxes, property tax, sales tax, employment taxes, charitable solicitation, licensing, or local regulation.
- It does not make books, governance, compensation, related-party transactions, or asset use irrelevant.

Church classification

The Internal Revenue Code does not provide one comprehensive definition of church. IRS guidance uses a facts-and-circumstances framework. The professional file should document genuine religious purpose and operations, governance, worship and ministry activities, congregational or associational character, leadership, membership or participants, records, facilities or regular meeting arrangements, and the organization's relationship to any broader denomination or church body.

06 - INTEGRATED AUXILIARIES AND CHURCH ASSOCIATIONS

Affiliation and support must be real and documented.

An integrated auxiliary is related to a church or convention or association of churches but is not itself the church. IRS guidance generally looks for Section 501(c)(3) and public-charity status, affiliation with the church body, and the applicable internal-support relationship, subject to special treatment for certain mission, seminary, youth, and men's or women's organizations.

Professional file

- ☐ Separate state-law existence, governing instrument, and governing body.
- ☐ Written affiliation, control, supervision, or relationship to a qualifying church or church association.
- ☐ Description of religious activities and how they support the church body.
- ☐ Support sources, budgets, shared employees, facilities, technology, insurance, and administrative services.
- ☐ Compensation, related-party, conflict, property, banking, payroll, and recordkeeping controls.
- ☐ Analysis of whether the organization is excepted from Form 1023 and Form 990 or should voluntarily seek recognition.

AUDIT-PROCEDURE DISTINCTION

Special church inquiry procedures under Section 7611 apply to churches and conventions or associations of churches, not automatically to every affiliated organization. Integrated auxiliaries and separately organized schools or ministries require their own analysis.

07 - DOCUMENT ARCHITECTURE

Governing documents should reflect the organization’s actual religious and charitable life.

Document layer	Subjects to coordinate
Formation and identity	Certificate, articles, constitution, declaration, or trust instrument; exact legal name; entity form; purpose; duration; principal office; service process; charitable dedication.
Ecclesiastical governance	Doctrine or statement of faith when appropriate; polity; membership; clergy and leadership qualifications; ordination or credentialing; discipline; internal dispute process; denominational affiliation; succession.
Board and officer governance	Authority, terms, vacancies, removal, meetings, written action, committees, conflicts, compensation, property, accounts, contracts, records, and amendment.
Financial and benevolence controls	Contributions, donor restrictions, offerings, designated funds, benevolence, accountable reimbursement, compensation, housing or benefits, purchasing, dual control, and records.
Programs and risk	Minors and vulnerable persons, counseling, schools, childcare, food, housing, missions, foreign activity, volunteers, transportation, events, licensing, insurance, data, and safeguarding.
Tax and compliance	EIN, voluntary recognition decision, annual filing classification, payroll, information returns, state exemptions, property tax, charitable solicitation, unrelated business income, and annual review.

CROSS-DOCUMENT REVIEW

A constitution, bylaws, exemption application, policy, website, compensation arrangement, property deed, bank resolution, and annual return should not describe different governance or activities.

08 - VOLUNTARY RECOGNITION

A qualifying church may choose to apply even when it is not required.

Decision factor	Analysis	Control
Reasons to seek recognition	Formal IRS determination; inclusion in IRS exempt-organization records; external diligence for banks, donors, grants, property, vendors, payroll, group relationships, or transactions; documented classification.	Full Form 1023 generally is used when applying for recognition as a church; churches are not eligible for Form 1023-EZ when seeking church classification.
Reasons not to apply	The organization clearly qualifies; the determination letter is not necessary to operations; leadership accepts the application burden and public disclosure; counsel documents the classification and supporting facts.	Nonfiling is not a substitute for compliant formation, governance, payroll, records, and actual Section 501(c)(3) operation.
Decision file	Mission, entity, governing documents, church or auxiliary facts, support, affiliation, activities, compensation, related parties, property, finances, and anticipated counterparties.	Board or governing-body resolution and written professional recommendation.

Application record

When a church voluntarily applies, the submission should accurately describe its religious purposes, history, regular activities, worship or ministry practices, governance, membership or participants, clergy, facilities or meeting arrangements, finances, affiliations, compensation, and any related organizations. The filed package generally becomes part of the public exemption record.

09 - GOVERNANCE AND RESTRICTIONS

Religious autonomy does not eliminate fiduciary and tax discipline.

Private inurement and private benefit

Net earnings may not inure to insiders. Compensation, housing, benefits, reimbursements, property use, loans, leases, shared services, and related-party vendor arrangements should be reasonable, documented, approved by disinterested decision-makers, and consistent with the organization's exempt purposes and applicable law.

Political campaign activity

Section 501(c)(3) organizations may not participate or intervene in a political campaign on behalf of or in opposition to a candidate for public office. Issue education, lobbying, voter activity, candidate appearances, communications, and use of facilities require careful factual analysis.

Lobbying

No substantial part of a Section 501(c)(3) organization's activities may consist of attempting to influence legislation. Churches cannot use the Section 501(h) expenditure election. The organization should distinguish worship, teaching, issue education, lobbying, and campaign activity in policies and records.

Annual filing

Churches, integrated auxiliaries, and conventions or associations of churches generally are excepted from Form 990 filing, but separately organized religious organizations may not be. Payroll, information returns, unrelated-business-income filings, state filings, and activity-specific reports can still apply.

10 - PROFESSIONAL PARTNERSHIPS

Counsel leads. Pair Ai builds. The client receives a coordinated professional file.

Professional participant	Responsibility
Pair Ai LLC	Research, issue matrices, document architecture, coordinated first drafts, cross-reference review, version control, implementation schedules, closing materials, compliance calendars, and professional publications.
Engaged law firm	Client relationship, privilege, conflicts, governing-law analysis, legal strategy, material legal determinations, advice, final approval, filings, negotiations, and representation.
Tax and accounting professionals	Classification, projections, support calculations, books, payroll, unrelated business income, Forms 990 or 990-PF, state returns, and recurring financial administration.
Organization leadership	Truthful facts, mission and activities, appointments, approvals, funding, implementation, records, disclosures, and timely escalation before high-risk action.

Integrated work product

Formation and governance

Entity selection, organizing documents, bylaws or constitution, initial action, authority, succession, property, amendment, dissolution, and recordkeeping.

Exemption and classification

Section 501(c)(3), Section 509, church and auxiliary analysis, Form 1023 workflow, activity narratives, financial projections, and filing record.

Policies and controls

Conflicts, compensation, expenses, grants, benevolence, donor restrictions, investment, records, whistleblower, data, safeguarding, and related-party review.

Implementation and administration

EIN, accounts, filings, exemptions, payroll, insurance, annual calendar, public disclosure, minutes, records, and periodic professional review.

11 - PLANNING CHECKLIST AND AUTHORITIES

Document the classification before relying on it.

Planning checklist

- ☐ Define the mission, beliefs or charitable purposes, programs, beneficiaries, geography, funding, fees, property, employees, volunteers, and related organizations.
- ☐ Select and validly form the state-law entity; use one exact legal name and a compliant governing instrument.
- ☐ Determine whether the organization is a public charity, private foundation, church, integrated auxiliary, convention or association of churches, or another religious organization.
- ☐ Document whether Form 1023 is required, optional, or strategically advisable; determine the correct form and public-disclosure consequences.
- ☐ Adopt governance, ecclesiastical, compensation, conflict, financial, benevolence, safeguarding, record, data, and annual review controls suited to actual operations.
- ☐ Complete federal, state, local, property, sales, payroll, employment, solicitation, foreign-activity, and licensing review.
- ☐ Assign legal, tax, accounting, insurance, banking, custody, records, and compliance responsibilities and maintain a backup calendar owner.

Selected authorities

- IRC Sections 501(c)(3), 508(c)(1)(A), 509(a), 6033, 7611, and related Treasury Regulations.
- IRS Publication 557 and Publication 1828.
- Current Instructions for Forms 1023, 1023-EZ, and 990.
- IRS guidance on churches, religious organizations, integrated auxiliaries, organizations not required to file Form 1023, and church inquiries and examinations.
- Applicable state nonprofit, unincorporated-association, trust, charitable-asset, property, tax, employment, solicitation, and licensing law.

Research note: this overview was developed by Pair Ai LLC from the approved website content, the attached Pair Ai-authored private-foundation materials, and current official IRS guidance available on September 1, 2026.

PAIR AI LLC

Structure should follow mission, facts, and governing law.

A durable charitable or religious organization aligns its state-law form, federal classification, governing documents, leadership, finances, activities, and recurring administration.
