



Guidelines for Ministry LLC's

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Typically, WOM missionaries receive their deposits into their personal bank accounts. Then, at the end of each year, every missionary receives a Form 1099 in their name to summarize their annual WOM income for the year. The Form 1099 is what they use to file their personal 1040 Tax return.

However, as your income continues to grow as a mission worker (and your expenses increase), **it may be beneficial for you to consider forming a ministry LLC.** Here are some guidelines that will help you determine if this step is right for you:

1. **Keep in mind that an LLC is not a tax-exempt entity.** In other words, you will still use the WOM “how-to-give” info in all your Newsletters, Prayer Cards, presentations, etc. *Nothing changes with regards to that area. Why? Because WOM is the non-profit entity.* Your supporters want to make donations through a recognized 501(c)(3) non-profit corporation and receive tax deductible receipts as allowed by law. Thus, you will not be listing your LLC in your Newsletters, website, blogs, Facebook, etc. **The main advantage of an LLC (Limited Liability Company) is that it offers you liability protection (explained in our audio interview) and will help you better organize your WOM income. Instead of deposits going to your personal account, they will start going to your LLC bank account.**
2. **As mentioned above, an LLC can help you better organize your WOM income and expenses.** There are some definite benefits in having an LLC – but, there are also ongoing costs and responsibilities with an LLC. Here’s a brief summary --

Some benefits briefly summarized –

- Liability for business (ministry) activities is limited to the LLC's assets; yours are protected (listen to our audio interview on LLC's).
- You can ask your Bank for a debit and credit card for your LLC.
- You can pay for airline tickets, ministry supplies, equipment, and other ministry related expenses directly from your LLC account.
- It will help you separate your ministry expenses from your personal income.
- You will start drawing your personal income from your LLC.
- This step may also help you reduce your personal tax liabilities.

Some responsibilities briefly summarized –

- There are costs and paperwork associated with forming and maintaining an LLC. It will be an ongoing, yearly responsibility.
- You will need to “maintain” your LLC annually with the proper paperwork, fees, etc. We are not accountants or CPA’s – but the accounting office shown below can discuss all this with you and handle things.
- Since WOM will start making your deposits to your LLC bank account, our annual Form 1099 will go to your LLC.
- Additionally, since you will start drawing your personal income from your LLC bank account, your LLC will issue you the appropriate tax forms to help you file your personal 1040 Tax return.
- There are no hard and fast rules on when you might take this step, but (due to the costs and yearly responsibilities) we suggest that mission workers who **consistently average** more than \$2,000 per month consider an LLC. *Again, the accounting firm we recommend (see contact below) can discuss this with you and guide you in the best decision for your situation and your budget-level.*

3. **Thompson-Price-Scott-Adams & Co. Accounting Firm** - We have a good working relationship with this group. As CPA’s and certified Tax Preparers, their office helps WOM missionaries file their personal taxes. They can also guide you in the decision about starting an LLC for your WOM funds – and they can do the legal work to form your LLC. **See Section 14 in our Resource Library for their contact info:** www.WorldOutreach.org/resources

4. **You will Start a New “ministry-only” LLC** – We do not want you to use an “old” LLC that you may have from past business ventures. For example, if you owned any type of business in the past (painting business, etc.), WOM will not send funds to your previous LLC. You should start a new **“ministry-only” LLC** that does not mix ministry funds with any other type of income. **The funds we send must be used for your Christian mission work, expenses, projects, and your personal income.**

5. **Name Selection** – WOM wants you to select a name for your new LLC that reflects ministry purposes. For example, try to include words like: mission, missionary, outreach, ministry, evangelism, etc. Here are some examples to help you select a name (this is important because **the name you choose will appear** on your LLC checks, deposit slips, debit and credit cards, etc.) – so choose wisely! Here are examples:

- Carl & Alice Jones Missionary Fund, LLC
- John & Betty Smith Missions, LLC
- L & B Mission Outreach, LLC
- Missionary Zachary Smith, LLC

- Feed the Children Mission Project, LLC
- Drilling Water for Missions, LLC
- Campaigns for Christ Missions, LLC
- Global Medical Missions, LLC
- National Pastor's Leadership Training, LLC
- Guatemala Missionary Outreach, LLC



It may be best to select a name that will be appropriate even if you change countries or ministry roles – so give some thought to the name you choose.

6. **To re-emphasize, World Outreach Ministries, Inc. is the 501(c)(3) non-profit Corporation that will continue serving as your home office.** WOM will continue to process your donations, credit card gifts, host your 24/7 login portal, upload reports, etc. just as we do now. The main difference is that we will start sending your WOM deposits to your LLC's bank account. Starting an LLC is about the simplest way for you to have a legal entity (Company) that makes it easier to separate your ministry expenses from your personal income -- and still not have to run an office. You will also be able to pay your ministry expenses and your personal income from your LLC account. Additionally, there may be other benefits as described above.

It is vital that you clearly understand that you **cannot** collect donations through your LLC and then ask WOM to send receipts. Your LLC will not be a tax-deductible company and cannot issue tax deductible receipts. All incoming donations for your mission work must continue to pass through the WOM office just as they do now. This means that you will not be advertising your LLC as it would only confuse people. You will continue using the WOM "how-to-give" info just as you do now.

7. **If you decide to take this step, then please notify WOM ASAP once your LLC is officially formed.** We will want a copy of your LLC paperwork for our files -- and your LLC Bank account information. Once received, we will start making your WOM deposits to your LLC bank account. As you consider this step, please do not send questions to WOM about this – we are not accountants.

- **FIRST:** Go to **Section 14** of our **Resource Library** and listen to the telephone interview **MI104-2 on "Missionaries & LLC's" & print the PDF:** www.WorldOutreach.org/resources

- **SECOND:** Once you listen to the audio interview, then contact the accounting office we recommend. Their contact information can be found in **Section 14 of our Resource Library --** www.WorldOutreach.org/resources