

**Documentation for Institutions applying for a Religious Exemption**  
**(Reviewed by Soma Kedia, 11/17/23)**

There are three acceptable possibilities for an institution applying for a religious exemption.

1. The educational institution may be a separately established organization.
  - a. The Articles of Incorporation will be in the name of the educational institution and state that it is established for religious educational purposes.
  - b. The By-laws will be in the name of the educational institution and describe how it will operate.
  - c. The financial statements will be for the educational institution.
    - i. These must be reviewed by an independent CPA with review letter included.
    - ii. These must demonstrate that the educational institution possesses at least \$250,000 in assets in Maryland.
    - iii. These must demonstrate that the total assets of the educational institution exceed its liabilities.
  - d. Certificate of Good Standing from SDAT will be in the name of the educational institution.
  - e. Enrollment contracts, diplomas, transcripts, etc. will be in the name of the educational institution.
2. The church or parent organization may have a DBA (trade name) for the educational institution.
  - a. Articles of Incorporation will be in the church or parent organization's name.
    - i. These must contain an article stating that the Church (or parent organization) want to be a degree granting institution. The commitment to this ministry needs to be clearly stated in the article.

Example: "As an integral part of its religious ministry, [the organization] will operate as degree granting institution under the trade name [\_\_\_\_\_]. This institution is established for religious educational purposes and will provide educational programs only for religious vocations or purposes; offering only sectarian instruction designed for and aimed at individuals who hold or seek to learn the particular religious faiths or beliefs taught by the institution."

(If this doesn't exist, they should be able to amend these within 3 months.)

- b. By-laws will be in the name of the church or parent organization, but must include information on the how the educational part of the organization will operate.
    - c. Financial Statements will be in the name of the church.

- i. These must have separate line items for the educational institution's income and expenses, demonstrating what resources are dedicated to the educational institution.
    - ii. These must be reviewed by an independent CPA with review letter included.
    - iii. Notes to the consolidated financial statements should include a note on the educational institution describing the financial relationship and any payments or support between the educational institution and the church or parent organization.
    - iv. These must demonstrate that the church or parent organization has at least \$250,000 in assets in Maryland.
    - v. These must demonstrate that the total assets of the church or parent organization exceed its liabilities.
  - d. Certificate of Good Standing from SDAT will be in the name of the church or parent organization.
  - e. Enrollment contracts, diplomas, transcripts, etc. may be in the name of the educational institution.
3. Everything may be in the church or parent organization's name.
- a. Articles of Incorporation will be in the church or parent organization's name.
    - i. These must contain an article stating that the Church (or parent organization) wants to be a degree granting institution. The commitment to this ministry needs to be clearly stated in the article

Example: "As an integral part of its religious ministry, [the organization] will operate as degree granting institution. This institution is established for religious educational purposes and will provide educational programs only for religious vocations or purposes; offering only sectarian instruction designed for and aimed at individuals who hold or seek to learn the particular religious faiths or beliefs taught by the institution."

(If this doesn't exist, they should be able to amend these within 3 months.)

- b. By-laws will be in the name of the church or parent organization, but must include information on the how the educational part of the organization will operate.
- c. Financial Statements will be in the name of the church.
  - i. These must have separate line items for the educational institution's income and expenses, demonstrating what resources are dedicated to the education institution.
  - ii. These must be reviewed by an independent CPA with review letter included.
  - iii. Notes to the consolidated financial statements should include a note on the educational institution describing the financial relationship and any payments or support between the educational institution and the church or parent organization.

- iv. These must demonstrate that the church or parent organization has at least \$250,000 in assets in Maryland.
  - v. These must demonstrate that the total assets of the church or parent organization exceed its liabilities.
- d. Certificate of Good Standing from SDAT will be in the name of the church or parent organization.
- e. The diplomas and transcripts will be in the name of the church or parent organization.