

Policy Regarding the Closing of Churches

(Approved March 2004)

It is understood within The Fellowship that the regions are responsible for assisting churches, which are considering closing or have decided to close.

In the circumstance where a church determines to conclude its ministry, there are a number of considerations that need attention.

Debts: The local church must first ensure that all debts are paid. This could include utilities, salaries, and other outstanding debts that have actually occurred.

Severance: If the church still has a pastor or other staff, the church will be required to provide him with a reasonable severance package. Normally the amount of the severance package will depend on the length of time the pastor or other staff personnel has been employed by the church, the age of the individual, and any other factors that may be relevant. Each staff member should be assessed separately.

Constituting Documents: Once debts are paid and the staff looked after, the church members must determine how to deal with any remaining assets. The first step in determining how to deal with the assets is to review the constituting documents. In the case of an incorporated church, the constituting document will normally be the Letters Patent. In the case of an unincorporated church, the constituting document may be the constitution or the charitable status application. In both cases, there is an attempt to determine what the original documents directed in terms of the distribution of church assets in the event that the church ceases to operate.

Distribution of Assets: If the constituting document does not state where the remaining assets are to be distributed, the distribution of assets must be determined by the church's membership and must be to a charity of like faith and practice in keeping with the church's own purpose. It is commonly recommended and practiced that the distribution be to The Fellowship of Evangelical Baptist Churches in Canada – Central Region.

Marriage Register: The Marriage Register must be given to the FEB CENTRAL Ministry Centre for safekeeping.

Closing Incorporated Churches: Where churches have been incorporated, there is a process to be followed for the actual conclusion of the corporation. (Note the Appendix.) Legal counsel should be sought.

Closing Non-Incorporated Churches: Where churches have not been incorporated, the actual closing must be reported to Canada Customs and Revenue Agency and a completed T2046 form, which can be found on the Agency's website at www.ccra-adrc.gc.ca/menu, must be submitted.

Appendix

The following is taken directly from the website of the Public Trustee:

6.6.2 - Dissolution and surrender of charter

Letters Patent generally set out what will happen to the property of the corporation if the corporation ceases to exist. Usually, the Letters Patent state that upon dissolution, and after payment of all debts and liabilities, the charity's remaining property will go to charitable organizations in Ontario or Canada. This is referred to as a "dissolution clause".

If the Letters Patent have a dissolution clause, the directors should pass a resolution to name the charity they want to receive the charity's remaining assets upon dissolution. This resolution should be passed before the charity is dissolved.

If the Letters Patent do not have a dissolution clause, the directors will have to pass a by-law to distribute charity's remaining assets to other charitable organizations upon dissolution. This by-law should be passed before the charity is dissolved. After the directors have passed the by-law they should call a general meeting to confirm the by-law. The by-law must be confirmed by two thirds of the votes cast at the meeting.

If the directors do not distribute the charity's property, it will be forfeited to the Crown under section 322 of the **Corporations Act**. The Public Guardian and Trustee will hold the assets. The Public Guardian and Trustee will then apply for a court order to give the assets to a charity, which does charitable work similar to the work which was done by the dissolved corporation.

In the course of dissolution, the charity should not pay any salary, remuneration, or honorarium to its directors. Neither should a director purchase any property of the charity, without prior approval of the court.