

# EOORC / COF

## Disbanding: Steps for Closing Well

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### Regional Council

#### Eastern Ontario Outaouais Regional Council

A **Community of Faith** may experience one or more of the following changes during its lifetime:

Amalgamating with one or more other Communities of Faith;

Becoming a single-point pastoral charge, part of a multi-point pastoral charge,  
or part of a different multi-point pastoral charge;

Relocating; and

Concluding or disbanding its ministry.

All of these changes require the approval of the Regional Council and a change to the covenant between the congregation and the Regional Council.  
(The Manual G.1.3)

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## When is it Time?

Like all living things, congregations experience a life cycle, with a birth, a middle and an end. These changes may happen slowly over centuries or much faster. Sometimes it can be difficult to identify the reasons why a congregation may no longer be viable, but often it is due to changes in the surrounding area, such as shifting demographics, social trends, escalating maintenance costs, fewer volunteers and dwindling finances. The decision to disband is often difficult and emotional. It is important to remember that the work of closing well, is a special type of ministry. Those who find themselves carrying out this work are called to oversee the faithful “scattering of seeds” which will be the ongoing legacy of their community of faith. This is a special and very important aspect of congregational ministry.

Although no one wants to close pre-maturely, leaving the decision too late can lead to rushed decisions and missed opportunities. Regularly reviewing a congregation’s financial viability, volunteer strength, energy levels, and sense of purpose (living faith story) helps identify when it may be time to start preparing to disband, amalgamate with another congregation or exploring re-development options. Note that according to the Regional Council’s property policy, in the case of amalgamation, a congregation will normally take all of its asset into the newly formed congregation. The formula for distribution of assets following disbanding is also detailed in the policy.

## Deciding to Disband as a Congregation

1. The governing body makes a decision to call a congregational meeting to consider making a request to disband. Notice of the meeting, and its purpose, is read during public worship for two Sundays. The meeting may take place the next day (Monday) or any time after that.

### Quorum for the meeting:

A meeting of the congregation or pastoral charge may take place only if a minimum number of full members is present, as follows:

- a) for congregations or pastoral charges with 100 or more full members, at least 20 full members must be present;
  - b) for congregations or pastoral charges with between 30 and 99 full members, at least 10 full members must be present; and
  - c) for congregations or pastoral charges with fewer than 30 full members, at least 1/3 of the full membership must be present. (Manual 2021, B.5.5)
2. If the congregation decides to disband, a request is sent to the Pastoral Relations Minister and the Executive Minister of the Regional Council. The congregation may propose a date for the disbanding. It is important to leave enough time to complete the

work and to celebrate the ministry of the congregation. If possible, choose a date at the end of the calendar year rather than the beginning to avoid having to file a tax return for an extra year.

If the congregation does not select a date, the Executive may propose a future date for the disbanding to come into effect.

Consultation with the Regional Council through Pastoral Relations Commission and the Property Leadership Teams is encouraged throughout the disbanding process. The Pastoral Relations Minister and the Executive Minister are the staff who can assist you.

### Pastoral Charge Name:

In a multipoint pastoral charge, where one or more points are remaining open, consideration should be given, in conversation with the remaining points, to the name of the pastoral charge.

If the name of the disbanding Community of Faith is also the name of the pastoral charge, they may decide to change it, but there is no necessity to change the name of the pastoral charge. If the name of the pastoral charge is to be changed, then there are a number of things to be done by the remaining points.

- a) Send a copy of the motion for the name change to the Regional Council;
- b) After the Regional Council approves the change, contact Canada Revenue Agency to have the name change recognized;
- c) Change letterhead, website, etc.

## Things to do Before the Disbanding Date

### Honour Your History:

- Set the date for the last worship service and decommissioning of the building. Consider who you might invite.
- Plan a celebration honouring the years of faithful ministry, or hold a series of special events in the time leading up to the final service.
- Arrange for Registers (baptism, wedding, burial, historic roll), Minutes and other documents to be sent to the Archives. (see EOORC website for more information)

### Care for your Members:

- Arrange for each member to receive a certificate of membership for transferring to a new community of faith. Discuss where members will worship after disbanding. Will they go in a group or groups to nearby congregations? Will they each go their own way? Consider visiting other Community of Faith to explore options.
- Consult with members who are unable to make their own arrangements, or for those with diminished mental capacity, make arrangements with their decision makers (e.g.

Power of Attorney), to ensure their transfer is to a new community of faith for ongoing pastoral care and other aspects of congregational life.

### Care for your Staff:

- Arrange appropriate severance packages for all lay staff. Remember that 90 days notice is the standard used in The United Church.
- Have conversation with all ministry personnel, called or appointed, understanding that if the relationship is to end, they are entitled to proper notice (90 days).  
In a multi-point Pastoral Charge, ministry personnel are called to a Pastoral Charge, not to a specific congregation. Therefore, the future ministry within a multi-point pastoral charge needs full discussion, including compensation and whether there will be any change to the Call (and therefore salary) of the minister.
- Give proper notice to ADP
- Fill out Record of Employment forms, final tax documents etc.

### Care for your Finances:

- Ensure there are sufficient funds for all closing costs, for example payroll, celebration, building costs including possible demolition, transfer of records to the archives etc.
- Arrange for the final charitable tax return to be filed.
- Arrange to have Canada Post forward all mail to a designated Trustee for one year to ensure nothing is missed.
- If the property sale cannot be completed prior to the date of disbanding, the existing Community of Faith trustees may, upon written request to the Regional Council, become the trustees of the property on behalf of the Regional Council to finalize the sale. The payables that are listed above and the matter of paying residual bills would be part of the role of said trustees, named by the Regional Council.

### Care for your Property:

- If the Community of Faith has a cemetery in Ontario, the trustees of a cemetery are ultimately accountable to the Bereavement Authority of Ontario and not the United Church. There are multiple options under Ontario law for any transfer of the management of a cemetery. The Community of Faith may have already ensured that there is a board of trustees of the cemetery that is independent of the Community of Faith that is managing the cemetery. Consult with the Bereavement Authority of Ontario about any changes that will be necessary in the management of the cemetery.
- Consult with the Regional Council about the future of the land and buildings. If the decision is to sell the building, follow the appropriate steps for this process which can be provided by the Property Team.
- Sort through all the furnishings and items belonging to the congregation. See if other United Churches have a need for anything, such as hymn books, laptops, chairs, banners etc. While remembering that trustees are responsible for ensuring fair market value is

received, you may choose to have a silent auction for items that do not have a high resale value. You may not simply return items to donor families as this is not permitted by Canada Revenue (see [Consequences of returning donated property](#)).

- For any item with a higher retail value, such as a grand piano, solid silver or brass items etc. it is best to seek an appraisal and consult with the Property Leadership Team before selling.

### Scatter Your Seeds:

- Prior to disbanding, a Community of Faith is encouraged to make a proposal for the dispersal of the total assets by directing them to specific ministries within The United Church of Canada. This includes, among other options: congregations, church camps, outreach ministries, and Mission and Service. Policy and Guidelines are attached below.
- Upon disbanding, the assets of the Community of Faith are disbursed according to the property Policy of the Regional Council (attached below). This policy ensures that the resources of the Community of Faith continue to benefit the ministries of The United Church of Canada.
- This can be a joyful experience, to see how the legacy of the Community of Faith will continue to live on in new ways. This can be part of the celebration as you give thanks to God for the years of faithful stewardship that make it possible for the congregation to strengthen a variety of ministries within the United Church.
- Once the Community of Faith has prepared its proposal regarding its assets, the request is sent to the Property Leadership Team for review, consideration and recommendation to the Regional Council Executive.
- (UCC Manual 2021, G.1.5.7) “If there is any remaining congregational property after the disbanding is effective, the Regional Council is responsible for this remaining property. It is up to the Regional Council to decide how to use that property for the benefit of the United Church. “ If it is possible, working with the local Community of Faith trustees, named by the Regional Council to continue its said role following the date of disbanding, helps to facilitate a smooth and transparent transition.

## Policy Regarding Proceeds from the Sale of Property

POLICY NAME: Policy regarding Proceeds from the Sale of Property	Date Approved: March 26 2019
	Review date:
Purpose: The purpose of this policy is to clarify expectations of Communities of Faith regarding the sale of Church Property. <b>The Manual C.2.6.</b>	

### Preamble

This document outlines the Eastern Ontario Outaouais Regional Council’s policy and best practices regarding the disposition of proceeds from the sale of congregational property.

### Policy

When Congregational property is being sold by a Community of Faith that is not disbanding, the following guidelines for the use of net proceeds from the sale

- a) 10% be remitted to the United Church of Canada for the on-going support of Indigenous Ministry.
- b) 90% be retained by the Community of Faith with an approved ministry plan for the use of the proceeds by the Regional Council that is financially sustainable. The Regional Council will normally require that the remaining capital from the sale be protected and invested and that the Community of Faith be limited to drawing up to 4% of the value of the invested capital in any given year to support its operating budget. If the Community of Faith puts before the Regional Council a ministry plan, the Regional Council may allow the Community of Faith to use some or all of the remaining capital from the sale to implement the ministry plan. This may include capital expenses.

When Congregational property is being sold by a Community of Faith that is disbanding, the following guidelines apply for the disposition of net proceeds from the sale

- c) 10% be remitted to the United Church of Canada for the on-going support of Indigenous Ministry.
- d) 10% be remitted to the Eastern Ontario Outaouais Regional Council to support the Mission Strategy of the Regional Council.
- e) 10% be remitted to the United Church of Canada Mission and Service for on-going support of the ministry of the wider church.
- f) 70% be directed for purposes within The United Church of Canada and which is approved by the Regional Council before the disbanding of the Community of Faith. If a Community of Faith disbands without such a plan, it becomes the responsibility of the Regional Council to determine the disposition of the remaining funds.

\*Net proceeds means the amount left over after all expenses directly related to the sale of the property have been paid, e.g.: real estate fees, legal fees, cost of surveys and so on.

**Guidance for the Distribution of Assets for Communities of Faith at the Time of Closure**  
**Eastern Ontario Outaouais Regional Council**

General Principle Endorsed by Eastern Ontario Outaouais Regional Council

When a congregation/community of faith has prayerfully examined all of its options and has discerned that its only viable option is to disband, it has the responsibility to dispose of its assets as a final gift to the body of Christ.

The assets, in most circumstances, exist because of the faithfulness of generations that created the congregation/community of faith. As the congregation/community of faith comes to a time of closure, consideration of creating a lasting legacy is vitally important.

If the assets are greater than \$250,000 (two hundred and fifty thousand dollars), recognizing that this is not always the case, Eastern Ontario Outaouais Regional Council recommends, that consideration be given for long-term investment of the assets so that future generations can benefit. This is named as a preferred strategy over having the assets fully expended at the time of disbandment.

When assets are greater than \$250,000 (two hundred and fifty thousand dollars), it is noted that legacy investments have a greater impact if the assets are distributed in substantial amount to one or two beneficiaries rather than divided into smaller amounts with multiple beneficiaries.

Since these assets have been the work of United Church people, the plan for the distribution of the assets should be consistent with both the historic mission of the congregation/community of faith and its place as part of the wider United Church.

United Church of Canada Manual Guidance

G.1.5.4 Property: The congregation makes a proposal to the regional council for dealing with the congregation's property, which must be used for the mission of the congregation or the wider United Church. The regional council makes a decision on the proposal. Both must follow the requirements for dealing with congregational property.

Please note that

- a) the Manual indicates that G.1.5.4 applies before the disbanding comes into effect. The section applies if the Regional Council has not yet made the decision to approve the disbanding or if the Regional Council has made the decision and specified a future effective date for the disbanding of the congregation/community of faith.
- b) The Regional Council may decide to approve the congregation/community of faith's proposal as presented, it may approve the proposal with changes, or it may decide to deal with the congregation's property in some other way than as set out in the proposal.
- c) If the congregation/community of faith disbands without a dispersal plan for the distribution of its assets, the regional council will create a plan.

This clause recognizes that the mission of a congregation/community of faith does not have to be a United Church mission. The Regional Council requires that all donations from the remaining resources are given to registered charities. For charities outside of the United Church of Canada, the charities must have a long-standing relationship with the congregation. This can be demonstrated using the annual reports over the past five years and beyond.



### Eastern Ontario Outaouais Regional Council Policies.

The Eastern Ontario Outaouais Regional Council Policy for the sale of a church building at the time a congregation/community of faith is closing is:

- 10% Designated for on-going support of Indigenous Ministries at the General Council
- 10% Designated to the EOORC Mission Strategy Fund
- 10% Designated to the United Church of Canada Mission and Service Fund for on-going support of the ministry of the wider church
- 70% Distribution with consideration of the plan determined by the congregation/community of faith.

This policy impacts the sale of the building. Cash assets of the congregation/community of faith are not guided by the sale of church building policy; however, the disposition of cash assets do require the approval of the Regional Council within the guidelines outlined in this document.

### Further Specified Guidance on the 70% of proceeds from the sale of building and distribution of cash assets

Given the principles outlined in the introductory paragraph, Eastern Ontario Outaouais Regional Council suggests the following considerations

- a) United Church supported ministries within the Regional Council
  - a. outreach ministries,
  - b. other United Church congregations/communities of faith,
  - c. the Regional Council ministry itself or one of its already established funds.
- b) United Church Funds
  - a. General Council Funds,
  - b. Mission & Service Fund Investments,
  - c. United Church Foundation Funds.
- c) Creating a Legacy Fund for a specific purpose within the Regional Council or the United Church, and the Legacy Fund may continue the name of the congregation/community of faith.
- d) Local community missions and institutions that have been historically supported by the congregation/community of faith. This support may have been financial support from congregational/community of faith funds or, particularly if the congregation/community of faith has not had the funds to offer financial support, the volunteer investments of members in the work of that mission or institution.

All beneficiaries must be recognized by the Canada Revenue Agency as a charity or a charitable foundation.

## **Additional Resources**

The United Church Manual 2021 <https://united-church.ca/sites/default/files/2021-02/the-manual-2021.pdf>

Trustees Handbook 2021 <https://united-church.ca/sites/default/files/2021-04/trustees-handbook.pdf>

Archives – contact Larry Richardson

Service for Closing a Church