



Equipping for Eldership: Charging for Church Facilities

Part 1

Can we charge members less than the public for use of church facilities?

Jean Poole has been a member of St. Andrew's for her whole life. When she was engaged to be married, she was excited to hold the ceremony in the same sanctuary used by her parents and grandparents.

Bill Folds passed St. Andrew's every day of his life. He had never been inside but always admired the stately architecture. Now that he and his girlfriend have exchanged rings he decided to find out how much it would cost to be married there.

To deal with such wedding requests, churches often draw up a fee schedule that describes the cost of using the facility. It would typically list a fee for using the sanctuary, the honorarium to be paid the minister, musician, caretaker and so on. The fee schedule is given to brides and grooms for their information.

Some churches charge one fee for non-members and a lower fee, or none at all, for members of the congregation. Is this permissible?

On the surface, it can seem like it should be. It seems that members who contribute to church upkeep and the support of ministry staff should get a financial break when using the church building.

According to the Canadian Council of Christian Charities, congregations are not to charge different fees for members and non-members. The council notes, as far as the Canada Revenue Agency is concerned, this creates an implied tax benefit for members of, or donors to, a congregation.

The CCCC handbook states, "Members of charities, and particularly of churches, are often very loyal and committed to that charity and its work. It is recognized that in many cases without the contributions of such members, whether financial or otherwise, the charity would not exist. The fact that members have made financial and other contributions, however, does not create any legal rights of ownership or entitlement to the charity's property.

Charities exist for the public benefit and are owned by the public at large. This means, for example, if the charity decided to close its doors, it could not divide and distribute the assets to its members, as if it were a for-profit business. The assets would have to be distributed to another charity so the public could continue to be benefited. (In the case of dissolved Presbyterian congregations, the assets vest with the Trustee Board of the PCC.) An understanding of this principle is particularly important when it comes to members' use of facilities for their own personal purposes (i.e. not for any activity of the charity).

Charities that make their facilities available to the community for private events such as weddings and anniversaries should charge identical rental fees to everyone, regardless of membership or gifts made. If members and donors receive preferential treatment, such as a lesser charge or no charge at all, the charity would be providing an advantage to them because they are members or donors of the charity. Not only could the charity's registration status be jeopardized, but the implication is that every member and donor would be in receipt of an advantage which would reduce the eligible amount of their respective charitable tax receipts.

This caution might also serve as a reminder that the church is called to serve the larger community.

Part 2

The previous page explored the question of whether or not congregations can charge one fee for non-members and a lower fee, or no fee at all, for members for the use of church facilities. According to the Canadian Council of Christian Charities, congregations are not to charge different fees for members and non-members. The council notes, as far as the Canada Revenue Agency is concerned, this creates an implied tax benefit for members of, or donors to, a congregation.

This sparked the following questions. The answers were arrived at in consultation with the National Office Financial Services.

If a congregation does not charge for the use of its facilities, is there any harm in suggesting a “donation” that would be geared to cover costs?

Congregations cannot suggest a donation for the use of the church. A donation made because a person or group uses the church means it is not a true gift. No tax receipt is to be issued in this case.

It is possible for a congregation to provide free use of its facilities for individuals and groups, approved by session, while extending an invitation, without any obligation, for those individuals or groups to make a donation to the general ministry of the congregation.

If the congregation suggests a “donation” to an individual or group that is using the church facilities, may a receipt be issued?

Since, as stated in the previous answer, a congregation cannot suggest donations for the use of the church no receipt could be given in this situation. Of course, receipts may be given to those who freely donate to the general ministry of the congregation.

If a group using the church, such as Alcoholics Anonymous, for example, offers an uninvited donation, may a receipt be given?

A receipt may be issued for an uninvited donation to the general ministry of the church.

What percentage of overall receipts may a congregation receive by way of church use fees without jeopardizing its charitable status?

There is no simple answer to this question. The source of receipts is as important as the amount of receipts.

It is essential for churches to remain true to their mission and purpose in all they do, including the use of their facilities.

The session is responsible for how the church buildings are used. (Book of Forms 109.2)

Churches may engage financially with “related businesses”. A related business is one linked to the church’s purpose and subordinate to that purpose – or is a business operated substantially by volunteers. According to these regulations, a church may rent out its parking lot as “excess capacity” as a “related business”, for example, but if the church housed a Tim Horton’s outlet, that would be considered an unrelated business.

Sessions should visit the following Canada Revenue Agency website for more information on this: cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-019-eng.html