



NATIONAL MINISTRY CENTRE

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Guide to Incorporating a Church

FMCIC has traditionally recommended that each of its member churches consider incorporation based on their own unique circumstances. Nonetheless, it is not mandatory for a church, typically operating either as a not-for-profit organization or a charitable organization, to incorporate (other than in Quebec) and incorporation is not a solution for every church as it takes time, money, and energy to get and keep corporate status. Therefore, it is strongly recommended that proper research in tandem with legal advice be undertaken before beginning the incorporation process.

This guide is not to be construed as providing legal advice, but instead, is intended to furnish essential information regarding incorporation, enabling each church in tandem with suitable legal advice to make a well-informed decision on whether to pursue corporate status. Please note that the act of incorporating a church is a distinct process from registering a church as a charity with the Canada Revenue Agency under the Income Tax Act (Canada).

Should Your Church Incorporate?

The act of incorporation provides legal advantages but, simultaneously, entails a new set of legal responsibilities. Accordingly, each church must make a well-informed decision on whether to incorporate, and, as such, we strongly recommended that each church consult with FMCIC's law firm, **GGFI LAW LLP**, who has experience in corporate matters and can advise on whether it would be advantageous to incorporate.

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Incorporated Church and Non-Incorporated Church

<h3><u>Non-Incorporated Church</u></h3> <p><i>A non-incorporated church is a voluntary association of individuals, that is, a group of people who have committed to work together towards a common cause.</i></p> <p><i>The following are some of the legal characteristics of a church association:</i></p>	<h3><u>Incorporated Church</u></h3> <p><i>An incorporated church is a separate legal entity distinct from its members.</i></p> <p><i>The following are some of the legal characteristics of an incorporated church:</i></p>
<p>A church association arises as soon as a group of people start doing things together and no government registration is required.</p>	<p>The incorporated church is a separate legal entity that exists separate and distinct from its membership.</p>
<p>A church association does not have a separate legal existence apart from its members which means that the members of the church association can be personally liable for the activities the church association participates in.</p>	<p>The incorporated church can hold property in its own name, acquires rights, obligations and liabilities, can enter into contracts and agreements, and has the capacity to sue and be sued.</p>
<p>As per the Religious Organizations' Lands Act, a church association cannot hold legal title to real property. Instead, a church association is required to appoint trustees, who can hold real property in their name on behalf of and for the benefit of the church association for a limited number of purposes.</p>	<p>The incorporated church is not affected by changes in its membership and exists in perpetuity unless its members or the government take steps to dissolve it.</p>
	<p>There is limited liability protection for members, that is, individual members are not personally liable in certain instances for the incorporated church's debts and obligations.</p>



Advantages of Incorporation

The following are some of the advantages of incorporating:

- ❑ **Separate Entity** - an incorporated church is a separate legal entity that exists distinct from its membership;
- ❑ **Limited Liability for Members** – individual members, in certain instances, are not personally liable for the corporation’s debts and obligations; and
- ❑ **Owning and Dealing with Real Property** – an incorporated church can hold legal title to real property in the name of the incorporated church.

Disadvantages of Incorporation

The following are some of the disadvantages of incorporating:

- ❑ **Cost** – the cost to incorporate may be onerous for some churches as it includes, among other things, legal fees and disbursements;
- ❑ **Time** – the timeline to incorporate can take several months, or even longer, to complete the entire process; and
- ❑ **Increased regulation/compliance** – a corporate entity must comply with the applicable legislation, which can include, among other things, statutory reporting requirements and on-going record keeping.

Types of Incorporation

There are two options for incorporation – federal and provincial. We require that churches incorporate federally.



Church Incorporation Process

STANDARD INCORPORATION PROCESS

1. Church sends letter of approved request to federally incorporate to the Operations Department of The Free Methodist Church in Canada (hereinafter referred to as “FMCIC”) at support@fmcic.ca. FMCIC will forward to your church a set of documents (the “Incorporation Package”) to process, which includes, among other things:
 - General Operating By-Law;
 - Articles of Incorporation;
 - Resolutions; and
 - Association Agreement.
2. Church reviews the documents contained within the Incorporate Package and provides feedback on said documents where, and if, necessary to FMCIC’s lawyer’s office.
3. Upon completion of the documents contained within the Incorporation Package, FMCIC’s lawyer’s office forwards all final documents to the church for signing.
4. The church signs all final documents and forwards said documents to FMCIC’s lawyer’s office, who proceeds with the filing of the articles of incorporation with the federal government.
5. Upon receiving confirmation that the church has been federally incorporated, all requisite documents are filed within the new minute book of the corporation.

PLEASE NOTE THAT FOR EACH CHURCH TO FEDERALLY INCORPORATE, EACH CHURCH MUST USE THE DOCUMENTS PROVIDED WITHIN THE INCORPORATION PACKAGE, WHICH DOCUMENTS CANNOT BE AMENDED OR REVISED WITHOUT FINAL APPROVAL FROM FMCIC

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For more information and assistance

Contact us at support@fmcic.ca or call either the Senior Director of Finance & Operations or the Director of Generosity and Support Services.



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