

**SUMMARY AND GUIDANCE FOR THE USE OF  
AGREEMENTS FOR USE OF CHURCH FACILITIES (“Agreements”)**

**BACKGROUND:**

During 2009 the Presbytery developed and furnished to our churches a revised policy and form of agreement for a Church desiring to share its facilities with other appropriate Programs in order to increase the use of the facilities and share the cost of maintenance on an equitable basis as allowed by the Illinois Department of Revenue for property exempt from Illinois real estate taxes.

In response to requests for explanation and guidance, this memorandum seeks to summarize the policy and provide additional guidance for the use of the Agreements.

SUMMARY (refer to Agreements and Policies at [www.chicagopresbytery.org/resources/resources-for/leaders/property-ministries-team](http://www.chicagopresbytery.org/resources/resources-for/leaders/property-ministries-team)):

An agreement between a Church and a Program should follow the formats provided by the Presbytery.

Programs allowable as users must be Illinois Not-for-Profit or Religious Corporations or government entities with commercial liability insurance as described in the Agreement. Under these categories, religious purposes, schools and charitable purposes are specifically included as Exempt Uses.

If the Church intends to retain 100% exemption from real estate taxes, neither the Church nor the Program may use the Facilities “with a view to profit”, meaning that neither a) may a church receive cost-sharing payments from an allowable Program exceeding an equitable share of the total maintenance cost of the facilities nor b) may a Program (or the Church) use any part of the facilities commercially (e.g. cellular phone antennae, rental of a manse).

Equitable share per month means the amount most simply calculated by the following formula:

$$A \times H \times C / 12 = ES,$$

Where A equals the percentage of total usable church area used by the Program

H equals the percentage of total available weekly hours used by the Program

C equals the annual total cost of facility maintenance and operation shown on the church’s financial statements including custodial expenses, repairs, insurance, utilities, pro-rated capital expenditures (see next paragraph) etc.

ES equals the equitable share of maintenance cost that may be borne by the Program.

Capital expenditures may be included in maintenance costs pro-rated based on annualized value calculated by dividing the total cost by the number of years of life anticipated for the particular item (e.g. roof, boiler, masonry repair).

Payments received as cost-sharing are not eligible for Unrelated Business Income Tax (IRS) so long as they are fully expended annually to support the mission of the Church.

**ONE-TIME USES:**

With regard to Agreements for one-time use (e.g. workshop, wedding, funeral), the general principles remain as above. The user (rather than a Program that uses on a repeating schedule) should be or support not-for-profit religious or charitable activities. However, inasmuch as any particular one-time use will have by itself a relatively insignificant impact on the church's bottom line, the usual equitable-share calculation may be bypassed in exchange for a reasonable "common-practice" guideline appropriate to the community at large.

**PRESBYTERY REVIEW OF AGREEMENTS FOR USE OF CHURCH FACILITIES**

The decision to enter and the responsibility to execute appropriate Agreements for the Use of Church Facilities rests with the Session or Trustees of the Church.

However, the Presbytery, through its Business Affairs Workgroup and Director of Business Affairs, offers to assist churches by reviewing (and/or discussing) prior to signature any Agreements being entered for the first time or being renewed assuming that all such agreements shall hereafter be in the revised form.

**EXCEPTION: Agreements MUST be reviewed by the Presbytery IF they cover a) a period of five years or more (whether initially or with specified renewals) OR b) the use by a Program of "the real property used for worship" (Book of Order G-8.0502) in the church, e.g. the sanctuary.**

Agreements for review should be submitted in final draft prior to signature to the attention of the Director of Business Affairs, Eric Heinekamp, at the Presbytery (tel: 312-243-8300 x 1322; fax: 312-243-8409, email: [eheinekamp@chicagopresbytery.org](mailto:eheinekamp@chicagopresbytery.org))

Prepared by Eric Heinekamp and Bob Hutchins  
September 30, 2009