

Merging and taking over Churches

Over the past decade we have seen the number of Churches throughout Australia and New Zealand rapidly multiply. While some have developed into fully functioning healthy Churches, others have yet to fulfil the potential they contain. In more recent times we have seen the "merging" or taking over of some of these struggling Churches by stronger ones. This article identifies some of the key things to look out for during the process of merging and taking over

1. Before the merger

- **Financial Analysis of the Church** - Debtors, Creditors, Asset existence and contingent liabilities
- **Tax confirmation.** Confirm all GST, Fringe Benefit and employee Taxation group data filed
- **Tax Fund confirmation.** Identify any tax deductible funds that will be lost if you close the Church. In Australia tax deductibility is not readily transferable.
- **Annual Returns.** Confirm all Charity, and Government returns are up to date
- **Constitution Analysis,** check for meeting and voting procedures, dissolution clauses and restrictive closure clauses. (e.g. "after settlement of liabilities the net assets are to be distributed to a denomination or Church...")
- **Insurance exposure,** Investigate past, present and potential insurance Claims. Obtain letter of approval to discuss matters with the Insurer
- **SWOT Analysis of Management policies.** Identify strengths, weaknesses and of the new organisation
- **Land Ownership.** Check on the title deeds in case properties are held in trust by trustees, not the organisation.
- **Associated Organisations,** check for cross Board responsibilities to Schools or Care Arms
- **Denomination Affiliation Fees.** . Contact the State/National representatives to ensure it meets approval of the Executive.
- **Identify Government Taxes** that may be incurred in transferring property, eg Stamp Duty and Land Tax

2. During the Merger

- **Resolutions.** Ensure accurate and carefully worded resolutions are agreed upon.
- **Voting.** Preferable to have a show of hands for the vote to merge.
- **Cash Flow Management.** Change cheque signatories where possible to reflect the outgoing and incoming Boards appointees as soon as possible.
- **Appoint your Board representatives onto outgoing Board.** so they hold the balance of power as soon as agreement in principle is made

3. After the Merger

- **Winding up old organisations.** Ensure all the correct paperwork and closure information is completed to close the entity and lodged with the relevant legal bodies
- **Tax Office.** Contact Tax Office and file last returns and file closure documents
- **Charity Office,** Liaise to ensure legislation criteria are met
- **Leases** etc. Contact lessor for name changes, variations to lease
- **Vehicle Registration Authority.** Close account and advise motor vehicle suppliers
- **Denomination Affiliation.** Update National Offices with new contact points etc.

It is more important to spend time at the beginning and ensure all areas are covered , that to get half way through and have to backtrack. It is also important to protect at all costs the strength and structure of the stronger Church assisting to take over .

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