



Dissolution Process

Church Venture Northwest recognizes how difficult and emotional deciding to dissolve a church can be. Our team is here to help ensure that you know and understand all the necessary steps and provide you with needed support throughout the process. As you work through this document and have any questions or discover any needs, please don't hesitate to contact us at info@churchventurenw.com or [503-669-1515](tel:503-669-1515).

Disclaimer: Dissolution is a change in the church's nonprofit status, which is governed by state law. Church Venture NW does not claim this article as legal advice. It is strongly recommended to seek guidance from an attorney, accountant or another qualified advisor who has experience in this field to help guide you through the dissolution process.

Important Things to Know Ahead of Time

- Dissolution is not a simple, quick process, and can likely take several months—even after operations have ceased.
- Sensitivity and transparency are key in communicating to the employees, volunteers, beneficiaries, congregation and community.
- The church isn't considered dissolved until dissolution papers are filed with the state, the final annual IRS 990 form is filed, and other important final steps are completed.
- It is helpful to have readily available: the church's federal and state tax identification numbers and documentation stating the church's nonprofit status.

Board of Trustees/Elder Board Roles & Responsibilities

After prayerful consideration, if it is determined that it is necessary to dissolve the church, the Board of Trustees/Elder Board must complete the following before the church is considered dissolved:

- Refer to the church's Bylaws/Articles of Incorporation to determine who is entitled to vote on dissolution (i.e., elder board only, congregation, etc.).
- Develop a written Dissolution Plan that includes a timeline of when and how the church will dissolve and how assets will be distributed¹.
- Plan to maintain at least the minimum board members (according to Bylaws) until the entire dissolution process is complete.

Drafting the Dissolution Plan

A Dissolution Plan is a written description stating the church's intent for distributing the remaining assets and address any remaining liabilities.

- Every state has specific instructions and required forms to file for dissolution. Select the state the church is located in for instructions. ([Alaska](#), [Idaho](#), [Oregon](#), [Washington](#)) **Do not submit Articles of Dissolution until voted upon.**

- According to federal law, all assets from a dissolving nonprofit must be distributed to another tax-exempt organization. [Schedule N](#) from the IRS 990 is required to report a description of the assets, fair market value of said assets, information about the recipients and date of distribution.
- Request a TRIO Report and title search from a title company.
- Identify any liabilities the church may have, including taxes and creditors. Draft a plan to pay off debts and cease any future or recurring liabilitiesⁱⁱ.
- Review all service contracts to determine how much notice is required to terminate any contracts or service, as well as any early termination fees the church may be responsible for. Develop a plan to notify vendors and to pay final bills/fees.
- Notify employees and volunteers of the intent to dissolve and be prepared to answer any questions pertaining to their last day of work, eligibility for unemployment, etc.

Dissolution Meeting

- In compliance with the Bylaws, notify the congregation of the meeting to address issue of dissolution. (Notification must include a copy or summary of dissolution plan.)
- Conduct meeting according to Bylawsⁱⁱⁱ and record minutes.
- If “yes”, notify any beneficiaries, such as other nonprofit groups that may use the facilities or mission agencies that the church has financially supported, providing them enough time to make alternative arrangements.

Filing for Dissolution

- If “yes”, execute a formal resolution. [A sample resolution is provided for your reference.](#)
- [Oregon](#) and [Washington](#) also require dissolving nonprofits to first seek permission from the Attorney General before filing for dissolution. [A sample letter is provided for your reference.](#)
- Once the preceding steps have been completed, Articles of Dissolution can be submitted to the Secretary of State for filing. Select the state the church is located in for instructions and the form to submit the Articles of Dissolution. ([Alaska](#), [Idaho](#), [Oregon](#), [Washington](#))
 - Once submitted, the state will return the official document to the address on record with a stamp of approval for dissolution.

Concluding Steps

- Any transfer of property should be executed through legal paperwork (a warranty deed) and recorded along with the copy of the resolution at the county records office.
- Relinquish keys to facility, alarm code information, etc.
- Notify utility companies of transfer of ownership.
- Transfer ownership of bank accounts or close all bank accounts and send a check with remaining monetary assets to nonprofit designated to receive assets.
- File final quarterly federal and state payroll reports.
- Following the [Records Retention Guidelines](#), box up church corporate, tax and accounting records, copies of reports, etc. and contact us to arrange for storage. (Email: info@churchventurenw.com or phone: [503-669-1515](tel:503-669-1515).)

ⁱ Federal law requires a dissolving tax-exempt charitable nonprofit to distribute any remaining assets to another tax-exempt organization. (See IRS 990 [Schedule N](#).)

ⁱⁱ NOTE: If the corporation/church dissolves and there is a dissatisfied creditor, or if assets are given to an entity that should not be receiving them and the Attorney General's office investigates, the Board may be held personally accountable.

ⁱⁱⁱ NOTE: Unless the Articles of Incorporation, Bylaws, Board of Directors or members require a greater vote, dissolution is authorized if it is approved by the members entitled to vote on dissolution at least two-thirds of the votes cast (AK, ID, OR), or a majority of the voting power, whichever is less, (ID, OR) or by a majority of the votes cast. (OR)