USE OF CHURCH FACILITIES

The churches’ liability insurance provides the church facility with insurance protection, and extends to cover any church organization which is authorized by the Vestry or Bishop’s Committee. However, the policy does not afford coverage for outside groups which use the church facility.

It is strongly recommended that, before a church allows any “non-church” outside group to use the church facility, the outside group should provide to the church a “certificate of insurance” from their insurance company which indicates:

- The name of the insurance company;
- The type of coverage they carry;
- The dollar limits of their coverage;
- The period of their policy.

The reason for wishing to make sure that the outside group has coverage is that, in the event of a lawsuit against both your organization and the outside group, you may wish to have contribution from them for any liability. In addition, in the event they have no coverage or inadequate coverage and there is joint and several liability, your policy may end up paying it all. If your policy limits are exceeded by the judgment, the balance could be payable by your parish or the Diocese (for unincorporated missions).

The subject of the use of church facilities by outside organizations brings up a separate subject of “paying for use of the hall.” It is appropriate for outside organizations that appropriately use the church facilities to make a contribution to offset the additional cost of the use of the space. However, if this practice is regular and ongoing and particularly if it is used by the congregation to supplement its income, then the church runs a risk of

- Losing the tax exempt status of the real property;
- Having those revenues treated as taxable income;
- Possible payment of usage (sales) tax