

COMMUNITIES OF FAITH: FINANCE AND PROPERTY POLICY

This policy outlines the responsibilities of the Communities of Faith Commission with respect to property transactions.

Date Approved: June 18, 2019 Revised: February 17, 2021	Review date by the Communities of Faith Commission: by end of 2021
--	---

BACKGROUND AND CONTEXT:

All property of communities of faith are held by its Board of Trustees. This includes land, buildings, funds and investments and any other kind of property. The Trustees must comply with the United Church of Canada's requirements for Boards of Trustees in matters related to communities of faith property. The Region is responsible for making decisions on requests from communities of faith in buying, selling, leasing, and renovating community of faith property, and developing a plan to distribute any proceeds within denominational policies and guidelines.

SELLING CHURCH PROPERTY

When a community of faith that is not closing or amalgamating wishes to sell property, approval from the Communities of Faith Commission is required at each of these stages (*The Manual C.2.6.a*):

- a. Approval to sell the property;
- b. Approval of the realtor chosen;
- c. Approval of the listing agreement; with proof of legal review
- d. Approval of the Offer for Purchase and Sale; with proof of legal review
- e. Approval of the plan for disbursement of funds generated from the sale.

The Communities of Faith Commission will make recommendations to the Regional Council Executive with respect to plans of disposition of property and assets when a community of faith closes or ceases to exist (*The Manual C.2.6.b*) and if there is surplus property following an amalgamation (*The Manual G.1.4.5.a*). The commission is committed to maintaining buildings that are strategically important. Resources embedded in buildings are critical to our future as a region and as a church and we have a fiduciary responsibility to manage this. The Communities of Faith Commission may consult with the United Property Resource Corporation and/or Toronto United Church Council before making any recommendations regarding property.

USE OF FUNDS FROM THE SALE OF A BUILDING

The funds generated from the sale of a church property are held in trust and require the approval of the region, through the Communities of Faith Commission, for any expenditure of those funds (including both the capital and any earned interest).

USE OF RESTRICTED FUNDS

Where funds have been restricted by the region or by one of the former presbyteries of Toronto Conference, approval is required from Communities of Faith Commission for any expenditure of those funds (including both the capital and any earned interest).

Requests to use funds held from the sale of a church property will follow the general plan for use of those funds that had been approved earlier either by the region or one of the presbyteries of the former Toronto Conference.

The Staff Lead will be able to approve a one-time use of income from restricted funds to a maximum of \$25,000 provided the request fits within the general plan previously approved. Requests above that amount or that deviate from the approved plan will be brought to the commission for consideration. If a community of faith returns with a second request for use of income, this will come to the commission for consideration.

USE OF MANSE FUNDS

1. Manse Capital Funds and Use of Income

The capital of manse funds shall be invested by the Board of Trustees and the income may be used by communities of faith to fund ministerial compensation. The Staff Lead will be able to approve a one-time use of income from manse funds to a maximum of \$25,000 provided all other criteria within this policy are met. Requests over \$25,000 will come to the commission for consideration. If a community of faith returns with a second request for use of income, this will come to the commission for consideration.

2. Other Permitted Uses of Manse Capital Funds & Region Mandated \$150,000 Manse Reserve Fund

The Region will allow greater flexibility with respect to usage of manse capital, subject to the approval of the Communities of Faith Commission, some or all of the manse capital funds held by the Trustees that are in excess of the mandated \$150,000 manse reserve fund, may be used for the following purposes:

- i. To fund the purchase of ministerial housing,
- ii. For a mortgage for ministerial housing,
- iii. Bridge financing to facilitate the sale of church property, if needed during an amalgamation,
- iv. Capital renovation projects within the community of faith's property, and
- v. Other major capital projects that may be needed by a community of faith within the community of faith's property.

Caution: If any capital funds are expended for the purposes as noted in Items i) to v) above, the income from that capital will no longer be available to offset ministerial compensation and the income must then be derived from other sources.

3. Minimum Manse Fund Reserve, \$150,000

The minimum value of the unencumbered manse fund reserve to be held by the Board of Trustees shall not be less than \$150,000. Where manse fund capital values are currently less than \$150,000, this change in policy will have no effect.

4. Uses of the Mandated \$150,000 Manse Fund Reserve

The manse reserve fund shall be retained by the Board of Trustees for potential use, with prior Region approval, for ministerial compensation where a community of faith is not able to fulfill its financial obligations to a minister or for other uses related to the closing/ disbandment of a community of faith, as approved by the Region.

LEASES

Leasing of church space to outside groups requires approval from the Communities of Faith Commission. The Staff Lead is the first point of contact for a congregation that is considering a lease of church space.

One-time, occasional or semi-regular rentals of church space do not require approval. Operating leases for equipment such as copiers or computers do not require regional approval.

Along with the motion from the Trustees to execute the lease agreement, please provide proof of legal review. Other terms to be communicated to the region would include premises and exclusive use premises, fixtures and chattels, rental, commencement date, term, responsibility for taxes, insurance, repairs, rights to assign or sublet, dispute resolution and arbitration, early termination, renewals, and options.

MORTGAGES AND LOANS

Applications for mortgages and other loans require the approval of the Communities of Faith Commission. The Staff Lead is the first point of contact on these matters.

The terms to be communicated to the commission would include the principal, the interest rate, the term, payments and prepayment privileges. The commission will want to know the intended use of the funds, how this use supports the ministry and mission of the congregation and the capacity of the congregation to repay the amount being borrowed.