

# Sydney Central Coast Presbytery Application of Sale Proceeds

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Our Mission:

To be a Catalyst for generous, inclusive and courageous congregations

Our Vision:

A world transformed by vibrant, Christ-centred communities



**uniting  
church**

Sydney Central Coast  
Presbytery

<b>Title</b>	Application of Sale Proceeds Policy
<b>Creation date</b>	02/12/2017
<b>Version</b>	Draft 0.4 The initial version of this policy will require review and amendment during and following its first few implementations, noting that some new ground is being established.
<b>Last Revised</b>	
<b>Approved by</b>	
<b>Approval Date</b>	

## Background

The Synod of NSW & ACT approved a new Proceeds of Sale Policy (PSP) at the 2016 Synod meeting. This Policy outlines the guiding principles in the use of proceeds from the sale of a church property within the Synod – and therefore within SCCP. The Synod's PSP is appended to this policy for reference.

Ideally the use of proceeds is discerned at, or before, a decision is made to sell a property, after due consideration of all relevant factors through a Consultation Team process.

## Purpose

The purpose of this policy is to establish guidelines for how SCCP will work with other councils of the church in establishing the most appropriate use of existing and future proceeds of sale working within and complementing the Synod PSP.

This policy applies in the following situations:

- Consideration of pre-2016 sale proceeds. Congregations are able to make application for the use of sale proceeds for capital works or Non Real Estate Missional Activities (NREMA). By the end of 2018 consultations will be completed on all sale proceeds account with balances over \$500,000 (in accordance with the Synod PSP). Sale proceeds balances less than \$500,000 may be subject to a similar consultation process following the larger accounts where appropriate.
- Applications for significant use of sale proceeds prior to the above consultation may require a similar assessment to ensure adequate rigour is applied.
- Consultations required under the Synod Proceeds of Sale Policy.
- Following a consultation process no further consultation may be required where the outcome is clear and circumstances do not change materially. Application will be required at this stage for the proposed drawdown – providing no material changes have occurred, prompt processing should to place.

## Assumptions

It is assumed that all congregations (and SCCP) will have in place a Mission (or Strategic) Plan which outlines how the body is at mission and its plans for the future. In the case of congregations, this plan should be approved by a Congregation meeting and endorsed by the Presbytery.

In the case of SCCP itself, the Mission (or Strategic) Plan should be approved by a Presbytery Council meeting.

It is not expected that Mission Plans will detail every transaction that is applied for. However, they should encompass the activity that the transaction supports. By the time an activity comes to implementation it is expected that actionable plans have been developed and individual activities will be supported by a Mission (Business) Case which provides detailed plans including: costs, benefits, resources, outcomes, etc both in missional and financial terms.

The consultation team process described in the PSP should typically be a once off event for any sale. There should be no need to (re)apply when a transaction is needed to implement an agreed plan. However, if circumstances change materially another consultation team process may be required to discern a new direction. An exception to this may be if a body sets up a process to discern future

use of proceeds (as compared to funding a new building project) where separate approvals may be required for each new 'use'. Further, if the plans have not been materially commenced, or there are significant remnant funds, after a period of five years, a fresh consultation may be required.

SCCP has established a Development Fund to support missional activities within the Presbytery. This fund is under the management of SCCP's Standing and Business Committees. The Development Fund is the preferred destination for any proceeds of sale that are allocated to SCCP. Physical and Ministry assets will be resourced from this fund in accordance with its policy.

It is expected that, over time, pre-2016 sale proceeds accounts will decrease in number and value.

### **Congregations Holding Large\* Sale Proceeds Accounts**

\* Large can mean different things to different people – assumed to be greater than \$1,000,000 in this context.

Several congregations hold significant amounts in sale proceeds and, historically, have committed themselves to funding NREMA across the wider church. Noting that these congregational sale proceeds accounts will be subject to the above consultation process, this situation is considered sustainable while:

- The capital value is preserved, or where this is not possible, SCCP has separately approved the capital reduction
- The congregation holds and maintains:
  - Sound processes for assessing utilisation of sale proceeds
  - Adequate depth and capacity of leadership
  - Endorsed relevant mission plans covering the utilisation of sale proceeds

If these conditions cannot be met or sustained, or at the initiation of the congregation, a new consultation may be initiated to consider the sale proceeds with a potential outcome of the funds being moved into the SCCP Development Fund or the Synod Growth Fund.

It is acknowledged that the holding of significant funds within a congregation may lead to diverse funding priorities. However, this may be of benefit to the overall mission of the wider church. The funding of activities of any Council of the church is considered acceptable. E.g. a missional activity which does not meet Synod criteria may be funded by a congregation, given adequate consideration has taken place. Such funding would generally only be made available following consultation with the normal approval channels such as UME.

The situation of potential fundees shopping around entities that hold significant funds should be avoided. It is acknowledged this may be a difficult area to monitor. As a minimum checks should be made with other potential funding sources to ascertain if applications have been made and, if so, why they have not been successful.

It is generally expected that large sale proceeds accounts will not be rapidly expended, rather drawdowns should principally come from interest received and small capital drawdowns when needed. This should not exclude projects which will deplete the sale proceeds account over a defined period, e.g. funding a new ministry initiative over a 10 year period which has the real potential to be self-sustaining after that.

### **Applications**

All applications should be made using the relevant application form provided by the Synod. SCCP can assist in determining the appropriate form.

Applications should be made to the Presbytery Business Committee in the first instance. The Business Committee will act as the primary interface with Congregations regarding use of sale proceeds and will act with, and engage the support of other Presbytery committees and officers as required e.g. Life & Witness Committee will have primary responsibility the Mission Plan process.

### **Endorsed Mission Plans**

Presbytery has a valid role in reviewing and evaluating Congregational Mission Plans, particularly when they have direct impact on use of sale proceeds.

Presbytery does not have the right to approve (or not) a Congregational mission plan, but it should be validated against a number of areas. Endorsement of Mission Plans by Presbytery is required as part of accessing funds from Sale Proceeds accounts. Endorsed Mission Plans are relevant to use of funds for both real estate purchases and NREMA applications.

In assessing congregational Mission Plans a number of thresholds will need to be met. The list provided is not exhaustive, nor will each item be considered for each case, as each proposal will be treated on its own merits. Thresholds that may be considered include:

- The Presbytery's own mission plan – does the proposal align with the Presbytery's goals?
- How the proposed activity and the Congregation relates to its zone. Is the proposal supported by the zone? Does it involve multiple congregations in its implementation?
- Level of Congregational engagement. Is the Congregation on board with the proposal?
- Is there a defined missional outcome? Is it time limited?
- What financial accountability is being established? Are there adequate resources available?
- Is the proposal sustainable? Will it become self-funding over time?
- What is the Leadership and support structures that are being established for the proposal? Are they adequate to cover contingencies?
- What training is required or will be undertaken? What increased level of skills and equipping will be measured as outcomes?

The endorsement of Mission Plans will generally be undertaken by the Life & Witness Committee using a form of L&W Consultation suited to this task.

### **Consultations**

The Synod PSP establishes a Consultation Team process to determine allocations from sale proceeds. Consultations are generally required where the sale value exceeds \$500,000 or where there is no specific use for the funds.

Normally, Presbytery will be represented on any consultation team by a representative of Business Committee and Life & Witness Committee providing financial and missional perspectives respectively. PRC can be involved as required.

Where time permits, Standing Committee will be informed of the proposed consultation prior to its meeting and has the opportunity to provide input, if considered appropriate.

### **Ongoing Support and Review**

Presbytery will have an ongoing role to monitor and review the activity being funded. Typically, this will involve the team which undertook the Mission Plan review, leading to its endorsement.

### **Funding of Maintenance Activities**

The Synod PSP excludes the funding of maintenance works. Maintenance must be funded from general operating funds. It is preferable this be achieved through the regular diversion of funds into a sinking fund which can be drawn upon as needed. This avoids problems when needing to fund irregular and lumpy maintenance expenditure.

Many works will have both a capital and maintenance components. For example, a manse refurbishment on change of a minister may involve:

- Replacing an asbestos garage (capital improvement)
- Upgrading stormwater drainage (capital improvement)
- Replacing guttering (maintenance)
- External painting (maintenance)

The proportions will vary greatly from case to case. Approval to fund maintenance work from sale proceeds will not normally be given. Responsible bodies are encouraged to fund maintenance works from their sinking funds while, if necessary, requesting use of sale proceeds for the capital component only.

Some cases will not be clear and approvals will be considered based on a case by case assessment. There are situations where a pragmatic approach may be of benefit.

In unusual cases, endorsement of maintenance works may occur during the consultation process. In this case access to fund will be available.

### **Setting Priorities**

The Church is faced with many and diverse mission funding priorities. An individual congregation, or even a Presbytery cannot be aware or even be able to compare and contrast such possibilities. We will work with incomplete information and discern the best decision that can be made at a point in time regarding funding opportunities.

It is somewhat predictable that congregations will predominantly focus on funding opportunities within their own bounds. A significant part of the consultation process is to ensure that missional opportunities both within the outside the congregational context are considered. Innovation in mission is encouraged while any funding of business as usual activities will not generally be funded.

Congregations which are supportive of the wider work of the church through payment of Presbytery levies and Synod stewardship contributions will be viewed more favourably.

Opportunities for use of sale proceeds to fund missional opportunities may include, but are not limited to:

- Development of new missional activities by the responsible congregation. This may include:
  - Funding of direct new ministry costs e.g. staffing
  - Building works to support the activity
- Assistance with missional activities within the zone, or elsewhere in the Presbytery. If any aggregation of funds is required for a new opportunity, funds should be channelled through the Presbytery Development Fund.
- Assistance with missional activities within, or coordinated by, the Synod or Assembly
- Repurposed for use by or within the Presbytery, generally by placing in the Presbytery Development Fund. The Presbytery Development Fund has its own allocation processes overseen by the Standing Committee.

- Repurposed to the Synod Growth Fund (once established) to enable funding of missional activities within the Synod and beyond.
- Repurposed to strengthen the Synod balance sheet. It is expected that this will only occur from windfall gains from property sales.

## **Appendices**

NSW-ACT Synod – Proceeds of Sale Policy

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