



# MONEY FOR MISSION PROGRAM

## ADVICE TO MFM COORDINATORS OR PRESBYTERY MINISTERS

### Some instructions for use of the MFM Program Calculators

Two calculators have been prepared to assist in discussions with Congregations that may be considering sale of “surplus to mission” property.

Hopefully, they will be useful for showing a Responsible Body what return they might get if sales proceeds were to be invested in the MFM Program.

Please call or email Peter Thomas with any queries: [peter.thomas@victas.uca.org.au](mailto:peter.thomas@victas.uca.org.au) or 0410 487 373.

### The first model is for Residential Rental Property Sales:

First, **select the tab in the workbook** for **metro** or **regional** as you need to. Inputs (green) are:

- ▶ Annual Net rent after all costs
- ▶ Gross Sale Price before any costs of sale
- ▶ Costs of sale – including agent commission rate, legals, any co-commission (0.5% if the sale price is over \$500K otherwise \$1,500)

Outputs are (shown across a sale price range above and below the nominated selling price):

- ▶ The Underwritten congregational/Responsible Body return
- ▶ The premium or additional return, which is subject to the metro or regional cap as appropriate, and is not underwritten
- ▶ The total estimated return to the investing Responsible Body
- ▶ The estimated wider church return after paying the Responsible Body based on two assumed (3% and 4%) total MFMF distribution rates.
- ▶ The allocation of the sales proceeds into two tranches – Responsible Body Units and Wider Church Units, calculated based on the Sale Price input to the model.

### Cautionary note:

Arithmetically the return to investing bodies calculates on the numbers entered, but **please be aware that**

**the key sensitivity in the residential rental property sale calculator** is the **net rent** that you input.

It is important to really work through what the true costs are against the gross rent received, including an allowance for maintenance if this is not actually being performed.

Steve Abonyi ([steve.abonyi@victas.uca.org.au](mailto:steve.abonyi@victas.uca.org.au)) should be contacted if there is any doubt in how to calculate this.

If this is not worked out correctly, the return shown will over-estimate what will be received/underwritten.

### The second model is for sale of non-residential properties:

This model works out the difference between investing net sales proceeds (after sharing) in an IOMF compared to investing net sales proceeds in the MFMF.

The model must not be used for residential rental property sales calculations. Inputs are:

- ▶ Sale Price
- ▶ Costs of sale – including agent commission rate, legals, any co-commission (0.5% if the sale price is over \$500K otherwise \$1,500)

Outputs are as noted in Column H, and include:

- ▶ Responsible Body share of investment income from the MFMF
- ▶ Wider Church Share of investment income from the MFMF
- ▶ The Responsible Body dollar return from an IOMF and also from the MFMF investment
- ▶ Incremental return (expressed in dollars and also as a % increase) to the Responsible Body from investing in the MFMF compared to an IOMF
- ▶ The capital \$ value of units to be issued at the time of investment to the Responsible Body and also to the wider church.

*Note that there is a table at the base of the worksheet that shows the relative shares, incremental benefits etc of MFMF investment vs IOMF in \$100K sales price increments.*

**Still unclear or have a question or suggestion? Peter Thomas and Steve Abonyi are happy to take questions.**