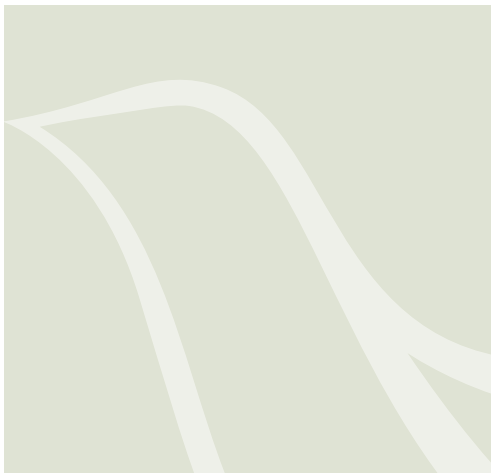
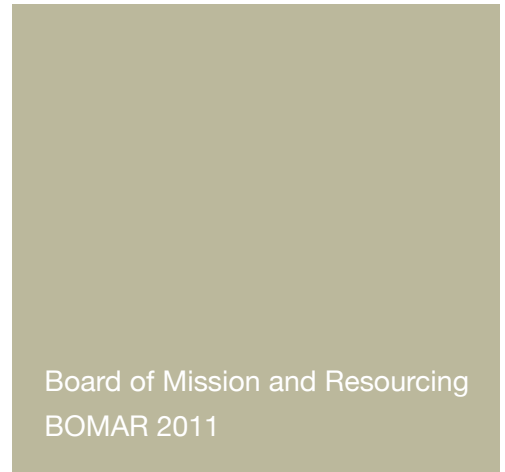
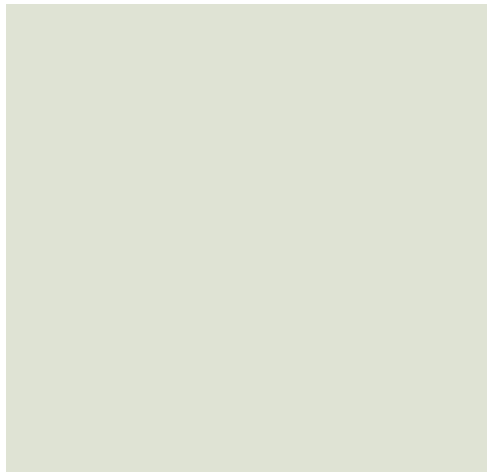





# Discerning Mission and the Use of Property

Property Sale Proceeds: understanding the new (2011) policy





## **Discerning Mission and the Use of Property**

Property Sale Proceeds

Understanding the new (2011) policy

Board of Mission and Resourcing

BOMAR 2011

This booklet was prepared for the Uniting Church in Australia Synod of Victoria and Tasmania, by the Board of Mission and Resourcing. The policy set out was adopted by the Synod Meeting of May 2010.

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# Selling Property for Mission

Synod is changing the policy about selling property.

The goal of the policy is to provide more creative options for using the proceeds of property sales. This will help the mission minded church.

The reason for a new policy lies in the changes that have taken place in Australian society which affect us all.

- No longer is the local church at the heart of the community for both social and spiritual activities.
- Gone are the days when young families would stream into church to ensure that their child learnt Christian values.
- Instead, institutional religion is eyed with suspicion and a generation has grown up that is unfamiliar with the story of Christ.
- Yet it is also a time of hope as many Australians actively yearn for spiritual connection.

The church has been slow to adapt and change to the new circumstances. We see the aging of many congregations, the absence of a younger generation to take up the mission and therefore an increase in the number of excess properties up for sale.

Nevertheless, churches are realising the need to change the way we 'do church' and live out mission. Presbyteries are working toward this with congregations. Congregations are trying out new things to respond to God's call to mission in this new setting.

The increasing numbers of properties up for sale brings fresh opportunities for mission. It can also bring problems. The new policy aims to encourage the opportunities.

Opportunities arise to fund new ways of being church at mission from the interest derived from proceeds of sales. The new policy allows this.

Opportunities arise from selling excess property to refurbish remaining properties to become places of hospitality for mission in the community.

Opportunities arise to help out other parts of the church that need funding for mission, or capital development for mission, by sharing what is not needed for the local church out of a property sale.

Problems may arise when congregations do not want to engage in adapting their life and mission to the world we now live in. In this case they may want to use proceeds of property sales to prevent change and prop up an approach that is not working. The new policy strongly discourages this short-sighted approach.

In selling property only three things matter; "mission, mission, mission"!



# Before you begin

## 1. Who owns the property?

All property in Victoria and Tasmania is held in trust for the whole church by the Synod's two property trusts: *The Uniting Church in Australia Property Trust (Victoria)* and *The Uniting Church in Australia Property Trust (Tasmania)*. All property is a 'common wealth' of the whole church. But the church has determined for each property the body who gains the *benefit* of the property to *use* for God's mission. This is called the "Beneficial User".

Many congregations assume that they own the property in the same way an individual may own a house. This is not so.

A congregation is the Beneficial User of the property they worship in and do mission in. As such they have a responsibility to use it only for God's mission. They are stewards of property in much the same way as the faithful stewards in Matthew 25:14-23.

The Presbytery and the Synod are also co-stewards with differing levels of responsibility for the property but the Beneficial User has prime responsibility.

Thus when a property is sold a certain percentage of the property sale proceeds is shared with the wider church according to mission priorities.

The current Beneficial User needs to take this sharing into account when planning what to do with the property sale proceeds.

## 2. Who needs to be involved from the outset? Discernment Partner

The Presbytery is not a level of government like a local council who makes you jump through the correct hoops. Instead, they are church members who are passionate about seeing God's mission flourish in local communities. They also bring a regional perspective on God's mission.

The sale of a property is never about property; it is about mission! The Presbytery is the "Discernment Partner" who helps a congregation work out what their mission is now in Australia in the Twenty-first Century.

The Board of Mission and Resourcing (BOMAR)<sup>1</sup> is convinced that the most effective way for the local church to engage in creative mission is by forming a partnership with the local Presbytery to discern God's will together. The Presbytery will allocate a person to liaise with the congregation either from its Presbytery Ministers or its Property/Resourcing Committee as early on in the dreaming and planning process as possible.

The congregation needs to issue the invitation before ideas are 'set in concrete' to ensure a true partnership.

Proposals about property and missional use of property sales need to emerge out of this partnership that discerns God's will.

*BOMAR considers the relationship with the Discernment Partner is the key to understanding the new policy.*

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<sup>1</sup> The Board has responsibility for ensuring the resources of the Church in Victoria and Tasmania support mission at Synod, Presbytery, and Congregation. Its members are mainly Presbytery appointees together with representatives of each of the three Synod bodies.

# The Steps to Selling Property

## 1. Presenting issue and inviting Discernment Partner

As soon as an issue is identified, the congregation should invite the Presbytery Minister<sup>2</sup> to come from the Discernment Partner (Presbytery) and discern God's mission together. It will then follow which property may be needed for that mission and which is excess.

## 2. Applications:

If a property is excess to the congregation's mission then the congregation and the Discernment Partner (Presbytery) should lodge a joint application to sell.<sup>3</sup> This is lodged for approval at Synod's PART (Property Application Review Team) via the PAIS unit (Property and Insurance Services unit). Very big sales also require the approval of a Property Board meeting.

## 3. Sale Proceeds:

After the sale a proportion of the proceeds deemed "Shared Proceeds" are allocated to the wider church for mission.<sup>4</sup>

\$30,000 is then immediately placed in the congregations account for any local initiative that the congregation deems fit. This is called Local Initiative Proceeds (LIP).

The Remaining Proceeds are held awaiting a joint application<sup>5</sup> for use from the congregation and the Discernment Partner. There is a period of up to 3 years from the finalisation of the sale to discern missional use/s for the proceeds although congregations are encouraged to work on this aspect prior to the sale. Only joint applications will be successful.

If a joint application is not received by the end of the 3 years then the Remaining Proceeds become Shared Proceeds to be used by those with greater need.<sup>6</sup>

## 4. Options for Mission from Remaining Proceeds:

There are two main mission options: to use it on building projects or to form an Interest Only Mission Fund (IOMF).

There are two main mission locations to use the proceeds in: either locally or shared with another part of the Uniting Church<sup>7</sup>.

The Presbytery will consult with BOMAR to find out what officially endorsed mission needs there are in the wider Church and share this information with the congregation as part of the Discernment process.

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<sup>2</sup> The Presbytery may appoint someone else from their Property, Resourcing and Finance Committee

<sup>3</sup> <http://wr.victas.uca.org.au/property-and-insurance-services/property/property-forms>

<sup>4</sup> See Section 4 of the whole Property Sale Proceeds policy at the end of this book to see how this money is shared with the wider church's mission. Note there also the exemptions to distributing the Shared Proceeds.

<sup>5</sup> <http://wr.victas.uca.org.au/committees/bomar/b-o-m-a-r-finance-forms>

<sup>6</sup> It is possible to appeal this if the difficulty lies in an impasse between Discernment Partner and congregation. See Policy Section 5

<sup>7</sup> Under certain circumstances resources may be shared with recognised ecumenical partners of the Uniting Church.



- a. Income from IOMF applied
  - i. Locally and/or
  - ii. Shared with wider church
- b. Capital works developed
  - i. Locally and/or
  - ii. Shared with the wider church
- c. Any combination of the above
- d. Under exceptional circumstances, where an outstanding mission opportunity presents itself, and the congregation, the Discernment Partner and BOMAR are in agreement, a congregation may draw on the Remaining Proceeds to pay for staffing a mission project for a maximum of 5 years.

## 5. What if a building project needs more money than the remaining sale proceeds provides?

Sometimes there is not enough money for a project after the Shared Proceeds are taken out of a sale. The Shared Proceeds are never waived but the congregation and Discernment Partner are urged to jointly apply to BOMAR for a Capital Works Grant. The money for this originates in the Shared Proceeds from other congregations' property sales and is a way of ensuring there is enough capital where the mission need is greatest.

## What is an Interest Only Mission Fund?

This is a new option for congregations wanting to use funds from a property sale for something other than building projects.

Each Congregation, Parish, Cluster or Regional Group, and Presbytery may only have one “Interest Only Mission Fund” (IOMF) that generates income that they can use in any way they please provided they can convince their Discernment Partner that it is for a “missional purpose”. There are no ‘guidelines for valid use’ beyond “missional purposes” because the emphasis is on creative thinking and planning with the Discernment Partner. The concurrence of both the Beneficial User and Discernment Partner is essential.

The IOMF shall be **deposited** into UCA Funds Management accounts where it is managed by Synod Accounting Services. The blend of investments will produce an income roughly equivalent to interest rates but preserving the capital value of the investment against inflation at the same time.

The Beneficial User of this investment is encouraged to apply for use of the interest in blocks of 3 years up to 5 years.

The IOMF may be drawn upon for capital works projects. Any or all of the IOMF may be used. This can be done when there are no commitments on the income; between applications for use of interest.

In the same way any or all of an IOMF may be gifted to another Uniting Church body, but certain conditions apply when this is a Uniting Church Agency.<sup>8</sup>

## Where Do the Shared Proceeds Go?

BOMAR has determined several areas based upon justice, need or both.

- 1. The Uniting Aboriginal and Islander Congresses in Tasmania and Victoria** have minimal assets and resources because of the history of white settlement. The Uniting Church has recognised its complicity in this and recognises the need to rectify this over time.
- 2. Capital Works Fund** provides Capital Grants to strategic missional churches who need to rebuild but cannot fully afford to build or refurbish out of their own resources.
- 3. Heritage Building Fund** is similar to the Capital Works Fund but it is restricted to those who are unable to meet the occasional heavy demands of worshipping and living in a Heritage Building.
- 4. Rural Presbyteries IOMF.** Properties sell for less in the country and the inequity over time would have left city presbyteries with opportunities to fund initiatives through IOMFs that rural presbyteries would not have. This goes a small way to correct that.
- 5. Synod’s Mission Support Fund Capital Fund** is like an IOMF for the Synod budget. The Synod budget funds ministry in Synod bodies, Presbytery, Assembly, and congregational initiatives. This fund provides greater security of funding into the future.

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<sup>8</sup> At the time of writing, those conditions are still being developed. Consult the BOMAR Secretary for more details.





# Three illustrations of the Policy at work

## Illustration 1 – St Caractacus Uniting: inner urban



### Presenting Issue

The congregation has a former manse that is beyond their capacity to repair.

### Discerning God's mission here with the Discernment Partner:

They invite the Presbytery Minister Administration to talk through possibilities with them as their Discernment Partner. Together they ask, "What is God's mission for the congregation in their inner urban setting and does it involve the former manse?" They discern that it does not involve the former manse because their ministry emerges out of close connections with community groups that meet in the main suite of buildings. They resolve to sell the former manse and use some of the proceeds to bring the main building up to contemporary standards of hospitality. Cost \$330,000. Sale price est. \$1,000,000.

### Applications:

The congregation and the Presbytery jointly send in the Application to Sell and the Application to Build to Synod's PART (Property Application Review Team) via the PAIS unit (Property and Insurance Services unit). It is within BOMAR's policy and has followed the process with the Discernment Partner and is therefore approved.

### Proceeds:

The sale after costs yielded \$1,000,000. The amount shared with the wider church is \$340,000. Local Initiative Proceeds of \$30,000 are immediately placed into the congregation's account to use as they wish. The Remaining Proceeds are \$630,000. They use \$330,000 in accordance with the Application to Build.

Discernment Phase: They don't know what to do with the \$300,000 that is now the Remaining Proceeds. They have up to 3 years from the date of sale to discern God's mission with their Discernment Partner at Presbytery.

### Discerning More Mission:

St Caractacus have heard from their Discernment Partner of a great mission to 'at risk youth' originating in a rural congregation that BOMAR would fund but does not have enough money to do so. The congregation and Presbytery put in a joint application to form an IOMF from the Remaining Proceeds to use the annual income of \$15,000 toward this project. Together with BOMAR's partial funding the position is now viable. All parties rejoice at what God is doing through partnership and sharing.



## Illustration 2 – Backaburk Uniting: small rural town

### **Presenting Issue:**

The congregation has a rundown worship centre and a spare empty block on the edge of town.

### **Discerning God's mission here with the Discernment Partner:**

Backaburk Uniting invites the Presbytery Minister Administration to talk through the options with them. A worshipping presence in the building is considered important to both the congregation and the isolated local community. Isolation means that joining with another congregation as a possible way forward is not viable. They jointly decide with their Discernment Partner to sell the spare block and use the proceeds to renovate and bring up to modern standards the small Church, kitchen and toilet complex. Cost around \$35,000

### **Applications:**

Applications to sell and to build are sent in to Synod's PART via PAIS from the congregation and Discernment Partner, Presbytery. They are approved by PART as being within BOMAR's policies.

### **Proceeds:**

The sale after costs yields \$50,000

Shared Proceeds of \$5000 are immediately distributed to the wider church.

Local Initiative Proceeds of \$30,000 are deposited in the Backaburk Uniting's account.

The Remaining Proceeds of \$15,000 are used to pay for the renovation project. Backaburk Uniting uses \$20,000 of the LIP to pay for the rest.

### **Discerning More Mission:**

The congregation still has \$10,000 of LIP for being creative about local mission. An open day with BBQ sees half the town turn up for a look. Some stay on to see a free movie on the new big screen and data projector. Some chat about the movie over coffee later ...



## Illustration 3 – Wesley and St Andrews Uniting: suburban

### Presenting Issue:

Two congregations have come together on one site after several years of discussion. They sold the second worship centre to refurbish the one they now meet in, but what should they do with an extra residence and some tennis courts?

### Discerning God's mission here with the Discernment Partner:

The new congregation invites the Presbytery to send a representative to help them discern God's mission.

They determine the properties have no connection with any mission that they are doing or planning, but they discern that there are possibilities if they were sold and turned into an IOMF to provide an income stream. They jointly decide to sell.

### Applications:

An application to sell and an application to form an IOMF from the proceeds are sent in to Synod's PART via PAIS from the congregation and Discernment Partner, Presbytery. They are approved by PART as being within BOMAR's policies.

### Proceeds:

The sales after costs yields \$1,800,000.

Shared Proceeds of \$660,000 are immediately distributed to the wider church.

Local Initiative Proceeds LIP of \$30,000 are deposited in the Wesley and St Andrews Uniting's account. The Remaining Proceeds of \$1,110,000. The new IOMF yields 5% or \$55,000pa.

### Discerning More Mission:

The congregation and Discernment Partner decide that if a half time pastoral worker were employed to look after the needs of the elderly part of the congregation then the Minister would be released to build up the faith and the participation of the families of the new congregation. The congregation and Discernment Partner send in the application for \$35,000pa for the 3 years. It is approved. As the IOMF is still accruing interest in the first year after the sale they decide to use the \$30,000 LIP to get started just 6 months after the sale.

Later, as the 3 years draw to a close and the mission goals have been achieved the congregation and Discernment Partner hear of a newly planted church in their Presbytery that is looking for funds to pay for a Deacon. The position is designed to help the congregation develop links that build up the local community. BOMAR affirmed the project but had no funds to support it. Another congregation had offered to part fund the Deacon for 5 years but the funding from the IOMF will allow the position to be full time and realistically able to call someone. They apply to use the IOMF income resources to aid the new congregation for 5 years. It is approved.



# Four Steps to Selling a Church Property and using Property Sale Proceeds

## Step One – Discerning and Deciding

### Congregation

- Decide that it is time to consider the Spirit's calling to God's mission and our future
- Contact Presbytery – (Presbytery Minister Administration or Mission and Education)
- Request a mission discernment process
- Congregation – with the Discernment Partner - identifies preferred options for property and buildings in the light of awareness of the Spirit's call to God's mission locally and within the region. Options include:
  - sell
  - keep and develop
  - purchase new or additional
  - variations of the above

### Presbytery

- Appoints a Discernment Partner
- Engages the congregation in a mission discernment process
- Considers local and regional mission, resources and directions
- receives the Discernment Partner's advice in respect to the congregation's preferences for the property

### Outcomes

- Clarity about the Spirit's call to God's mission, locally and in the region, for congregation and presbytery
- Informed about next steps of the Selling and Property Sale Proceeds journey
- Ready to make decisions and action them



## Step Two – Being a Missional Community

### Congregation

- Options considered for property and buildings according to the Mission Discernment process

#### **IF the 'SELL' option is selected:**

- To activate, access the form: 'Application to Sell' from the Synod website
- Complete the 'Application to Sell', including the additional application within the form for access to up to \$30,000 'Local Initiative Proceeds' on Settlement of Sale, and submit the application to Presbytery



### Presbytery

- Considers the 'Application to Sell' from the congregation
- Requests all relevant and needed information from the congregation, and completes a covering letter indicating support for the 'Application to Sell'.
- Submits the 'Application to Sell' to Synod's PART (Property Application Review Team) via the PAIS unit (Property and Insurance Services unit).

### Outcomes

- Congregation and presbytery agree to the 'Application to Sell'
- Presbytery has lodged the 'Application to Sell' with the Synod on the congregation's behalf.

## Step Three – Selling the Property

### Synod

- PART (Property Application Review Team) considers the 'Application to Sell' and might:
  - request more details
  - consult with the congregation, presbytery or ecumenical neighbours, Church agencies, etc
  - seek a formal property valuation if this has not been included in the application
  - seek clarification about the purposes of the sale.

[NOTE: properties valued at less than \$2,000,000 may be approved for sale by PART. Properties of more than \$2,000,000 will require approval for sale by the Synod's Property Board.]

- PART or the Property Board approves the 'Application to Sell'
- The PAIS Unit (Property and Insurance Services Unit) advises the presbytery and congregation of approval, and of any requirements or specifications accompanying the approval.

### Congregation

- Commissions at least 2 Real Estate Agents to provide a Plan of Sale
- Selects and appoints the Real Estate Agent whose Plan of Sale best suits the property and sale process
- Advises the Synod Legal Unit and PAIS (Property and Insurance Services unit) of the Real Estate Agent and Plan of Sale, so that the Synod Legal Unit can act on the congregation's behalf with respect to the Contract of Sale, Title Search, etc...
- Proceeds through the sale process agreed in the Plan of Sale.
- On achieving the sale of the property, advises the Synod's Legal Unit.

### Outcomes

- Approval to sell granted.
- Congregation can now engage a Real Estate Agent.

[NOTE: PAIS can advise or offer assistance in negotiating this commercial relationship.]

- The Property can proceed through the process of selling as negotiated by the Congregation and Real Estate Agent.



## Step Four – Distributing the Property Sale Proceeds

### Synod – Part 1

#### On a successful property sale

- Contract of Sale and Settlement are processed by the Legal Unit
- Funds received on Settlement are handled by the Accounting Services Unit, according to BOMAR (Board of Mission and Resourcing) policies. Accounting Services Unit pays sale costs, and of the remaining net monies:
  - deducts the Shared Portion
  - allocates up to \$30,000 'Local Initiative Proceeds' to the congregation if applied for in the 'Application to Sell'
  - advises the congregation of the remaining PSP (Property Sale Proceeds) held in the Synod's Mission Support Trust Funds.

[NOTE: The Congregation, supported by its presbytery, has 36 months from Settlement date to submit an application for "Allocation of Property Sale Proceeds".]

### Synod – Part 3

- PART (Property Application Review Team) receives an 'Application for Allocation of Property Sale Proceeds' from the presbytery via PAIS (Property and Insurance Services Unit). This application has arisen from the congregation and presbytery's further mission discernment process.
- PART may request additional detail such as financial details or details about partnerships proposed or the scope of a particular project for which the funds are intended.
- PART advises BOMAR of action taken or required, according to the BOMAR Policy Section 6 – 'Requirements for the Use of Remaining Proceeds'.

[NOTE: a decision by BOMAR may be required to determine approval of the Application.]

- BOMAR approves the 'Application for Allocation of Property Sale Proceeds' according to its policies.
- PART advises Accounting Services Unit of appropriate action to distribute the Property Sale Proceeds, under the directions of the Application itself and BOMAR.

### Presbytery & Congregation – Part 2

- Continues the mission discernment process with the congregation through its Discernment Partner. See BOMAR Policy Section 5 – Discernment and the 'Discernment Phase of the Remaining Proceeds'.
- The congregation, with presbytery's agreement, selects an appropriate option for distributing the remaining Property Sale Proceeds in the light of the mission plan resulting from the mission discernment process. See BOMAR Policy, Section 6 – 'Requirements for Use of Remaining Proceeds'.

### Congregation – Part 4

- Can proceed with its plans to allocate or distribute Property Sale Proceeds according to its plans for advancing God's mission with people of the neighbouring communities or region

See p.18-19 for **Seven Options, or various combinations of them, for allocation and/or distribution of Property Sale Proceeds.**

### Outcomes

- Church property is sold
- 'Shared Portion' and 'Local Initiative Proceeds' are distributed.
- Property Sale Proceeds are allocated according to BOMAR (Board of Mission and Resourcing) Policy, and with the support of both the congregation and the presbytery.

# Property Sale Proceeds Policy

## 1. Principles

- 1.1 Purpose.** All property of the Uniting Church in Australia either serves God's mission or is excess to its purpose. (BOMAR Theological Framework paragraph 4.1 – BTF 4.1)
- 1.2 Common Wealth.** *The Uniting Church in Australia Property Trust (Victoria)* and *The Uniting Church in Australia Property Trust (Tasmania)* hold all property in trust as a common wealth of the whole Uniting Church. (BTF 5.3) (UCA Constitution Div.5)
- 1.3 Beneficial User.** Western Culture often confines our thinking about property to 'ownership of private property', which encourages self-interest. In the Uniting Church, however, we follow Christ and see all inter-related councils as partners to furthering God's mission and all property as a means to that end. The body or council of the church that has been designated 'Beneficial User' has been entrusted by the whole church with the sole purpose of using these properties to further that mission. The 'Beneficial User' has the prime but not sole stewardship.
- 1.4 Partners in Mission and Stewardship.** Each inter-related council that shares oversight with the 'Beneficial User' is a partner with them in mission and stewardship of property. (e.g. A congregation as 'Beneficial User' shares the responsibility for missional thinking and project outcomes with Presbytery, Synod and, by delegation, BOMAR. BTF 2) Each council brings to bear a unique perspective on God's mission because of their differing areas of responsibility. We commend all Beneficial Users to develop their mission planning in partnership with the relevant councils of the church. (BTF 6)
- 1.5 Mission.** The mission of the Church was given when Jesus called us saying, "Follow me!" Jesus' Mission continues today in our current contexts. Therefore anything we designate as 'mission' must bear the character of Christ (grace) and the focus of Christ to 'the last, the least and the lost' (Lk 4:16-21, Mk 8:34-37) and the practice of Christ (Word and Deed). *Missional thinking* occurs when we and our partner councils ask, "What is God calling us to now? How can we use our resources, our time, and our talents to be Christ's Mission here?" Each council sees a different area of mission responsibility when they say "here" and therefore the partner councils must listen to one another carefully for a more complete sense of Christ's Mission "here".
- 1.6 Sharing.** BOMAR in its oversight of resourcing across the Synod of Victoria and Tasmania recognises that some parts of the church are richly blessed with assets and resources and that some parts have none; that some have access to income to maintain ministry while others have little or nothing. To ensure that vital ministries and missions are resourced *we affirm the need to share resources across the church*. The Synod has entrusted BOMAR with the responsibility for this task (BTF 2). It is to be undertaken in line within the priorities of BTF 4.3 and such other priorities that Synod may determine in the future. Sale of property provides a strategic opportunity for this intentional sharing. We encourage Beneficial Users to a generosity of spirit that goes beyond whatever minimum the church may set.
- 1.7 Policies.** BOMAR seeks to implement these principles in its policies.





## 2. Scope of Policy

This policy applies to:

- Congregations, Parishes, Clusters or Regional Groups and Presbyteries who are Beneficial Users of a property that, in consultation with Discernment Partner (see below) has been identified as excess to their mission property needs such that the property will be sold with a contract of sale.
- Property Sale Applications whose final approval was granted by the Property Board or its delegate, PART, on or after 1 January 2011

While acknowledging many of the principles above apply to Agencies, Parish Missions, Schools and Synod, the following policy does not apply to these parts of the church except in those instances where there is a transfer of beneficial use from a congregation or presbytery to one of these bodies.

## 3. Definitions

The following definitions apply to this policy:

TERM	DEFINITION
Beneficial Users	the body or council of the church that has been designated 'Beneficial User' and has been entrusted by the whole church with the sole purpose of using these properties to further Christ's mission. The 'Beneficial User' has the prime but not sole stewardship.
property	includes physical real estate (land) and improvements to that land (including buildings) and all attachments to that property that could reasonably be part of related contracts of sale.
gross proceeds	agreed contract of sale price between the Uniting Church in Australia and the purchaser.
net proceeds	are the gross proceeds less any reasonable costs of sale for the property.
Shared Proceeds	amounts of any Property Sale Proceeds that are shared with the whole church according to this policy.
Beneficial User Proceeds	the amount available to the Beneficial User for decision with the Discernment Partner until the end of the 3 year Discernment Phase. This is determined as net proceeds less initial Shared Proceeds.
Remaining Proceeds	Property Sale Proceeds remaining for discernment as to their use, after Shared Proceeds are deducted from total sale proceeds and less whatever amounts the Beneficial User has <i>already</i> used.
Discernment Phase	(is currently set at) three years.
Discernment Partner	the relevant associated oversight councils and their delegates. In the case of a congregation or faith community this would include the presbytery and/or relevant nominees and sub-committees. A presbytery would partner with BOMAR
missional	as per Preamble
Local Initiative Proceeds	an amount of Remaining Proceeds that is immediately available to the user on sale of property. It is currently set at \$30 000.
Interest Only Mission Fund (IOMF)	IOMF is a sum of money that a Beneficial User (Presbytery, Parish, Cluster, Regional Group or Congregation) has set aside that utilises only the interest/earnings for mission. Normally, the capital value of the IOMF shall be preserved.

**Gross Property Sales**

are made up of the following parts:

- Sale costs
- Shared Proceeds
- Beneficial User Proceeds

**Beneficial User Proceeds**

are made up of the following parts:

- Proceeds already successfully applied for, including \$30,000 Local Initiative Proceeds
- Remaining Proceeds

**4. Initial Distribution of Shared Property Sale Proceeds**

Upon sale of any property within the scope of this policy, there will be a sharing of the financial proceeds of sale (Shared Proceeds) with the wider Uniting Church in line with the following requirements.

**4.1** Contributions will be in line with the following table. (These Shared Proceeds are to be allocated in accordance with the allocations procedures of this policy in Section 4):

	NET PROCEEDS	SHARED PROCEEDS CONTRIBUTION
Tier 1	The portion of net proceeds between \$0 and \$200,000	10%
Tier 2	The portion of net proceeds between \$200,001 and \$2,000,000	40%
Tier 3	The portion of net proceeds exceeding \$2,000,000	55%

**4.2** Exemptions to this sharing apply when:

**a.** A Manse is sold in order to purchase another manse. However, any profit from the transaction shall be subject to Shared Proceeds.

If more than one manse is sold to build or procure a new manse then only the highest value one can be used without sharing.

In the event that an IOMF is created in the short term or as a longer term arrangement in order to provide a manse allowance any excess interest can be added to the capital. However if the accrual is of a sufficient size that a new missional project is pursued in conjunction with the Discernment Partner, then such interest must be shared, as usable monies by the recipients, in the proportions of the equivalent capital.

**b.** A single congregation is replacing a worship complex (i.e. a suite of buildings that includes the worship centre) with a worship complex. Such is the variety of local situations that advice would need to be obtained from the Discernment Partner and BOMAR to see if this principle applies in a particular instance.

**c.** A property is not sold but beneficial use is transferred to another Uniting Church body that is not required to allocate Shared Proceeds when selling property. However the Shared Property Sale Proceeds will be distributed in the event of the new Beneficial User selling the property. This includes UnitingCare agencies, Uniting Housing, Uniting Church Schools, Parish Missions, Assembly, and Synod Bodies who have received transfer of beneficial use from congregations, or presbyteries, dating from the commencement of this policy.

**d.** Tier 3 shall normally apply except where all Discernment Partner including BOMAR are in agreement that an *extraordinary* situation exists. Then Tier 2 shall apply to the portion of net proceeds exceeding \$2,000,000.

**4.3** The set amounts and percentages shall be reviewed annually to maintain the intent of this policy.



#### 4.4 Allocation of Shared Proceeds

a. Shared Proceeds available for allocation from “Tier 1” are to be distributed thus:

##### ALLOCATION OF SHARED PROCEEDS FROM TIER 1

Uniting Aboriginal and Islander Christian Congress Vic & Tas	50%
Heritage Building Funds for Victoria and Tasmania	25%
Rural Presbyteries IOMF	25%

b. Proceeds available for allocation from the “Tier 2” and “Tier 3” are to be distributed thus:

##### ALLOCATION OF SHARED PROCEEDS FROM TIER 2 & 3

Mission Support Fund Capital Fund	45%
Capital Works Fund	15%
Rural Presbyteries IOMF	15%
Heritage Building Funds for Victoria and Tasmania	10%
Uniting Aboriginal and Islander Christian Congress Vic & Tas	15%

## 5. Discernment and the Discernment Phase for the Remaining Proceeds

Beneficial Users are encouraged to work out with their Discernment Partner the missional purposes of their Property Sale Proceeds long before a sale takes place. An application for missional use of Property Sale Proceeds may even accompany the ‘Application to Sell’. The missional options open to the Beneficial User are found within Section 6.

Upon finalisation of the sale and after the initial distribution of the Shared Proceeds the Beneficial User Proceeds are made up of three sums of money remaining for distribution or decision;

1. any amount already successfully applied for as a missional project/s.
2. “Local Initiative Proceeds”. The first \$30,000 may be used entirely at the discretion of the Beneficial User and will be automatically forwarded to the Beneficial User unless instructed otherwise by the Beneficial User
3. the Remaining Proceeds (the Beneficial User Proceeds less any amounts used at ‘1’ and ‘2’)

Upon finalisation of the sale, a defined Discernment Phase of up to 3 years begins. In this period, the Beneficial User undertakes collaborative discernment with Discernment Partner as to how to allocate the Remaining Proceeds.

**If no decisions have been reached within 3 years then the Remaining Proceeds shall be distributed as Shared Proceeds for the benefit of the wider church.** However, where this is due to an impasse between the Beneficial User and the Discernment Partner, either party may request BOMAR to convene a meeting of all relevant parties to determine the best course of action for the mission of the Uniting Church. A full meeting of BOMAR is required for a final determination of the matter.

Synod Accounting Services shall notify the Beneficial User, the Discernment Partner and BOMAR of any undecided Remaining Proceeds six months prior to the end of the 3 year Discernment Phase.

The Beneficial User with the Discernment Partner shall decide, within the requirements of this policy (Section 6):

- whether some or all of the Remaining Proceeds of sale might assist the user participate in Christ's mission locally or
- whether some or all of the Remaining Proceeds might be shared with other parties to further Christ's mission elsewhere.

During the Discernment Phase any interest earned shall be applied against the Remaining Proceeds until an allocation of Remaining Proceeds is made or the Discernment Phase of up to 3 years is completed.

The Discernment Phase shall not be extended unless there are exceptional circumstances as outlined in Section 7 and on the recommendation of the Discernment Partner and with the specific approval of BOMAR.

## 6. Requirements for Use of Remaining Proceeds

At any time before the end of the 3 year Discernment Phase, the Beneficial User and the Discernment Partner are required to ensure that all of the Remaining Proceeds have been allocated according to one or more of the following options (or applications are in process that do so). If a portion of funds are allocated within the Discernment Phase, all unused portions of the remaining funds continue to be subject to the original Discernment Phase.

The designated uses of remaining funds are:

### 6.1 Capital Works:

Where, in the opinion of the Beneficial User and Discernment Partner, the Beneficial User has sound missional reasons, they may access up to and including all the Remaining Proceeds for a capital works program/s.

In the event that the amount allocated or interest accrued during the building process is not needed for the completion of the project then the Beneficial Users and Discernment Partner can consider another use for the remaining funds as described in subsequent sections.

### 6.2 Interest Only Mission Fund (IOMF) for mission by the Beneficial User:

- a) where, in the opinion of the Beneficial User and Discernment Partner, the Beneficial User has sound missional reasons, they may access up to and including all the Remaining Proceeds to form an IOMF (i.e. invest the capital and use the interest/earnings as per the definition above. Cf IOMF Policy)
- b) the purpose of any IOMF stands for a maximum of 5 years and then access to the interest/earnings must be reapplied for.
- c) the IOMF may be used for a project or for recurrent costs provided all the Discernment Partner are in agreement that there are sound missional reasons



**6.3 IOMF where interest is gifted to another body's mission project approved by BOMAR:**

- a) on the recommendation of the Beneficial User and the Discernment Partner and with the specific approval of BOMAR a project by some other body of the Uniting Church or ecumenical partnership involving the Uniting Church may be gifted with the benefit of the interest/earnings from the IOMF
- b) the purpose of any IOMF stands for a maximum of 5 years and then access to the interest must be reapplied for. (See "Interest Only Mission Fund Policy")
- c) BOMAR shall seek to make available a list of bodies within the Uniting Church who it sees as having the highest priority for such support in line with the BOMAR Theological Statement and such other priorities as the Synod meeting shall lay upon it.

**6.4 Capital works funding for another body's capital project approved by BOMAR:**

- a) on the recommendation of the Beneficial User and the Discernment Partner and with the specific approval of BOMAR a capital project/s by some other body/bodies of the Uniting Church may be gifted with the benefit of a capital grant/s from the Remaining Proceeds
- b) BOMAR shall seek to make available a list of capital projects within the Uniting Church who it sees as having the highest priority for such support in line with the BOMAR Theological Statement and such other priorities as the Synod meeting shall lay upon it.

**6.5 Use a portion of capital for an exceptional mission project of a non-capital nature**

- a) Normally capital is not to be used for short term or long term staffing.
- b) However where a project with a term no longer than 5 years is considered by the Discernment Partner including BOMAR to have such outstanding merit approval may be given to use some of the capital.
- c) Under these exceptional circumstances it only may be applied for the duration of a missional project with the approval of the Beneficial User and the Discernment Partner including BOMAR.

**6.6 Sharing according to Shared Proceeds:**

- a) on the recommendation of the Beneficial User and the Discernment Partner all or some of the Remaining Proceeds may be given for allocation according the allocation of Shared Proceeds procedures of this policy (Section 4) at any time.

**6.7 Transfer beneficial use of the remaining funds to another congregation or body of the Uniting Church** who shall then complete a new Discernment Phase. As per UCA Regulation 4.1.1 "*Property*" here includes "*money, investments and rights relating to property*".

The transfer of beneficial use may only be undertaken with the approval of the Beneficial User and the Discernment Partner and with the specific approval of BOMAR subject to the conditions outlined in "Transfer of Beneficial Use Policy". (Conditions of transfer to a Uniting Church agency, school, Parish Mission, or Synod are in the process of being determined as of 1 January 2011. If considering this option, please check with BOMAR for current policy.)

NOTE: The Beneficial User and the Discernment Partner are all encouraged to consider the possibilities of sharing the benefits of a property sale with the mission needs of other parts of the Uniting Church as early as possible in the planning process. This is not an imposition or a requirement, but rather an opportunity to show love and support for one another as we all seek to follow Christ into mission.

## 7. Further Fund Requirements

As part of their collaborative discernment, the Beneficial User may identify that they require - for genuinely missional initiatives - more funds than are available under the above clauses of this policy. In accordance with the purpose of this policy, BOMAR regards the sharing components of this policy as highly important. However if a larger capital base is required for missional initiatives, this can be accomplished through:

1. capital works grants applied for through BOMAR
2. collaborative and creative coupling of those Beneficial Users with excess resources and those requiring capital, through policy clauses 6.3 6.4 and 6.7
3. an intentional capital campaign, in collaboration with the peak fund-raising body within the synod, in whatever form that exists at the time.

BOMAR may approve “in principle” an initiative that is not yet fully funded, as a basis for finding funds from these other sources. In these circumstances BOMAR may extend the Discernment Phase to allow for the raising of such funds.



# Interest Only Mission Fund Policy

Each Congregation, Parish, Cluster, Regional Group, and Presbytery may only have one “Interest Only Mission Fund” (IOMF) that generates income that they can use in any way they please provided they can convince their Discernment Partner that it is for a “missional purpose”. There are no ‘guidelines for valid use’ beyond “missional purposes” because the emphasis is on creative thinking and planning with the Discernment Partner. The concurrence of both the Beneficial User and Discernment Partner is essential.

It is intended that capital be retained as capital.

- 1. An “Interest Only Mission Fund”** is a sum of money that a Beneficial User (Presbytery, Congregation, Parish, Cluster or Regional Group) has set aside with the intent of preserving the capital and utilising only the available interest/earnings. It is set aside in consultation and with the agreement of the Discernment Partner (see “Definitions” in Section 2 of Property Sale Proceeds Policy)
- 2. One IOMF.** A Beneficial User normally shall only have one IOMF. The “Rural Presbyteries IOMF” and the “Presbytery Pooled Funds” shall not count as a particular Presbytery’s IOMF.
- 3. The same relationship of Beneficial User** to property shall apply to Beneficial User and the IOMF that is set aside in their name. (As per UCA Regulation 4.1.1 “*Property*” here includes “*money, investments and rights relating to property*”.)
- 4. An IOMF may be formed from:**
  - a. Property Sale Proceeds as outlined in Section 6 of Property Sale Proceeds Policy, and/or
  - b. gifts, and/or
  - c. the setting aside of monies that shall thereafter only be accessible as outlined below.“Rural Presbyteries IOMF” may also receive income from the distribution of Shared Proceeds (in Section 3 of Property Sale Proceeds Policy)
- 5. The IOMF shall be deposited** into UCA Funds Management accounts.
- 6. The IOMF shall be managed** by Synod Accounting Services who will operate financial control on behalf of the Beneficial User as follows.

The intention is to allow the earnings of capital to be used to support a missional project agreed by the Discernment Partner whilst maintaining the real value of the capital involved. Capital is invested in UCA Funds Management with a proportion invested in each of the UCA Cash Management Fund and the UCA Growth Fund. The historical performance of the UCA Growth Fund is such that over ten-year period the value of the Growth Fund units has appreciated at a rate significantly better than the Consumer Price Index (CPI). The intention of these controls is to use this historical performance to protect the real value of the capital, thus allowing the interest from the Cash Management Fund and the dividend from the Growth Fund units to be used for the missional project.

**The controls are:**

- a. Financial control will be exercised by Accounting Services for projects approved by BOMAR directly or by PART through delegated authority.
- b. The long term value of IOMF's protected by:
  - i. investing a set % of the capital in the UCA Growth Fund and the balance in the UCA Cash Management Fund.
  - ii. that the set % be advised by UCA Funds Management and appropriate adjustments made on an annual basis.
- c. The total value of the IOMF's and their growth in relation to CPI will be monitored and reported to BOMAR at least every five years.
- d. The start date of any project being funded by an IOMF will be dependent on sufficient interest/earnings accruing from any of the investment streams
- e. The maximum size of a project funded by an IOMF will be less than the projected income advised by UCA Funds Management. It is acknowledged that the IOMF may not be able to entirely fund the project; in such cases there needs to be agreed funding from another source to enable total funding before the IOMF can be approved.
- f. In the event of a significant downturn of projected income then the Discernment Partner of the project will need to implement a strategy to bring the project within the funds available. During the transition period BOMAR may approve the use of some capital.
- g. The need for the development of a new strategy, as described in (f) above, will be advised by Accounting Services and its implementation monitored by BOMAR.
- h. Accounting Services will report annually on the status of each IOMF advising the interest/earnings earned and the funds withdrawn. The report will also flag each project of the need for a detailed review every five years.

**7. Accessing interest/earnings for missional purposes** for a set period with a joint application from Beneficial User and Discernment Partner.

- a. As the precise amount of interest/earnings available varies with economic conditions, the Beneficial User needs to consult early in the planning process with Accounting Services to determine how much will be reliably available over the first 3 to 5 years being considered.
- b. Synod Accounting Services shall release the interest/earnings to the Beneficial User when they have received in writing a *joint* application from the Beneficial User and their Discernment Partner and subject to sufficient funds for the project being available as per "6.d" above. The application is valid up to 5 years depending on how many years have been applied for.
- c. Use of capital for a mission project of a non-capital nature. Normally IOMF capital is not to be used for short term or long term staffing. However where a project with a term no longer than 5 years is considered by the Discernment Partner including BOMAR to have such outstanding merit, approval may be given to use some of the capital.
- d. Near the completion of the allotted time, the Beneficial User must then gain the agreement of the Discernment Partner for a further term. Detailed reviews of the project nearing completion are required. cf "5h"
- e. The interest/earnings, if unused, will accrue and still be available for use with the concurrence of the Discernment Partner for a period of up to 3 years. Any interest/earnings derived earlier than this shall become part of the preserved capital investment of the IOMF.





**8. Giving away an IOMF or a portion thereof.** A Beneficial User in consultation and with the agreement of the Discernment Partner and specific approval of BOMAR may give away a portion or all of the IOMF to another body of the Uniting Church that is perceived to have a greater missional need for it. Such donation may only be given and received as:

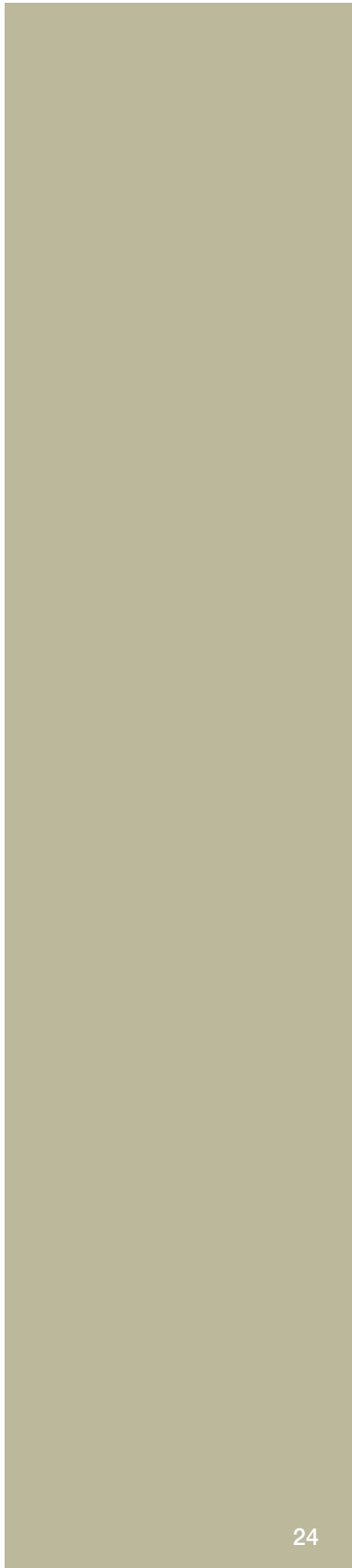
- a. an IOMF, or
- b. an addition to an existing IOMF, or
- c. a contribution to a capital works project.

Particular issues may apply to giving an IOMF to a Uniting Church Agency, School, Parish Mission or Synod. If considering this option, please check with BOMAR for current policy.

**9. The capital portion of an IOMF** may be accessed for use on a **capital works project** where a joint application is received from the Beneficial User and the Discernment Partner.

**10. Where the Beneficial User and the Discernment Partner decide to finalise an IOMF:**

- a. a three year discernment period begins and
- b. the same options apply as outlined in Section 6 of Property Sale Proceeds Policy "Requirements for use of Remaining Proceeds".



**Other publications about Church Property available  
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*Thinking through a Theology of Property* 2010

An analysis of the responses to a Theology of Property for a pilgrim people



**Uniting Church in Australia**  
SYNOD OF VICTORIA AND TASMANIA

**Uniting Church of Australia  
Synod of Victoria & Tasmania**

130 Little Collins Street Melbourne Vic 3000  
Phone: (03) 9251 5200 <http://victas.uca.org.au>

