

Presbyterian Church (U.S.A.) mission or such church shall provide for raising its giving to Presbyterian Church (U.S.A.) mission by 2 percent per year to a minimum of 10 percent of current operating budget” (p. 10, *G.A. Church Loan Funds – Policies and Guidelines*).

## ADDITIONS/IMPROVEMENTS/NEW BUILDINGS

- Employ an architect for a preliminary study of proposed remodeling or new additions in order to establish sound cost estimates. In many cases Presbytery will be able to provide the names of competent people who are reliable and reasonable.
- In new building or remodeling, every consideration should be given to energy efficiency as well as barrier-free premises. Some low-interest loans are available from the denomination for further assistance in these areas.
- Along with capital costs consider future maintenance and utility and insurance factors on any projected building additions/remodeling. Careful analysis of operational costs may modify the scope of improvements. Begin early to phase anticipated operating costs into the regular church budget.
- Plan for and include in the financial plan all costs, including legal fees, mortgage recording fees, title insurance premiums. etc.,.
- Plan for adequate contingency within the financial plan—15 percent of the estimated construction contract is recommended.
- Establish a building fund account that is separate from the other accounts of the congregation. This account will be credited with income from building fund pledges and will be debited by capital expenditures.

NOTE: The Presbytery of Lake Michigan is a co-signer of all church loans as it is responsible if a church should default.

*Thinking about borrowing money?*

*Thinking about selling property?*

*Thinking about a capital funds campaign?*

*Thinking about building improvements?*

*Thinking about building an addition?*

*Thinking about acquiring property?*

**Where to begin? When to begin? How to begin?**

**To:** Churches of the Presbytery of Lake Michigan

**From:** Budget and Finance Committee

**Re:** Requirements, Guidelines, Necessary Procedures and Sources of Help

**Presbytery of Lake Michigan**

1511 Helen Avenue

Portage, MI 49002

269.381.6337 or 888.271.6567



## WHERE TO BEGIN?

### WHEN TO BEGIN?

### HOW TO BEGIN?

- The first step in the initial stage is to contact the Moderator of the Budget and Finance Committee before any official board or congregational action is taken.
- According to the *Manual for Administrative Operations of the Presbytery of Lake Michigan*, the Budget and Finance Committee must be consulted and be part of the initial planning of any congregation considering building, borrowing, remodeling, selling or buying property, or raising capital funds.
- The Presbytery of Lake Michigan, through the Budget and Finance Committee, stands ready to give assistance in the process of planning, funding, building, remodeling, borrowing and repayment.
- Before recommending approval of plans for building, improving, selling, borrowing or raising capital funds, the Committee requires a meeting with representatives from the congregation. Requests should be in writing. Please refer to the insert for specific instructions. Requests should be submitted to the Committee Moderator ten days prior to a Committee meeting. The Committee meets the first Tuesday of each month except January and July.
- Presbytery will take action on the request following approval by the Budget and Finance Committee.

## CAPITAL FUNDS CAMPAIGNS

- In considering a capital funds campaign, request data regarding capital loan policies and guidelines from commercial lenders, the Synod of the Covenant, and General Assembly. Know what funds are available and how to apply for them.
- For any capital funds campaign the Presbytery of Lake Michigan recommends the Church Financial Campaign Service of the Presbyterian Church (U.S.A.). The service is reasonable in cost, and staff members are trained Presbyterian leaders.
- A CFCS capital funds campaign uses tested fund-raising methods in a theological context. The CFCS director trains members of the congregation in a program that is biblically based on principles of good stewardship. Local church members participate in the campaign under the guidance of the director. For further information contact the Church Financial Campaign Service, 100 Witherspoon Street, Louisville, KY 40202, 888. 728.7228.
- In the spirit of continuing support to future generations, congregations are encouraged to include a benevolence component in their capital funds campaign goal. The Presbytery of Lake Michigan Foundation exists as a practical vehicle to receive and direct such gifts. The foundation's Board of Directors and Presbytery Trustees will discuss this with each church considering a capital funds campaign.
- In setting campaign goals, the Budget and Finance Committee encourages/urges designation of at least 10 percent of all campaign receipts for mission giving to denominational causes, over and above the church's regular mission budget.
- Churches receiving Presbytery, Synod, or General Assembly loans (as a condition for receiving a loan) "shall budget a minimum of 10 percent of current budget for

Form IV

**FINANCIAL BACKGROUND  
AND INFORMATION**

**Presbytery of Lake Michigan**

- 1) How many active members are in the congregation?
- 2) What is the total value of the present property that is free of financial obligation?
- 3) What is the total value of the present indebtedness?
- 4) What is the projected total cost of this project?
- 5) What funds are presently available?
- 6) What is the anticipated amount to be borrowed?
- 7) What is the proposed interest rate being negotiated?
- 8) What is the scheduled pay-off rate?
- 9) What is the name of the lending institution(s)?
- 10) How will funds be raised to pay off the indebtedness?

Form I

**Request for Permission to  
OBTAIN A LOAN**

**Presbytery of Lake Michigan**

Please respond to the following questions in submitting your request to the Budget and Finance Committee. Answers may be on additional sheets as necessary.

- 1) For what purpose will these funds be used?
- 2) How does the proposed request reflect the mission and ministry plans of the congregation?
- 3) Financial background and information (see Form IV)
- 4) Notification by the Clerk of Session of the date, time and vote of the congregation authorizing the indebtedness.
- 5) Please include a copy of a financial statement (including all income and expenses and balance sheet) for the previous fiscal year and the current operating budget including projected income.

## Form II

### Request for Permission to **PURCHASE OR SELL PROPERTY**

#### Presbytery of Lake Michigan

Please respond to the following questions in submitting your request to the Budget and Finance Committee. Answers may be on additional sheets as necessary.

- 1) Briefly describe the mission and ministry plans for the purchase or sale of the property.
- 2) Describe the property to be purchased or sold along with the legal description.
- 3) If you are selling property, how will the proceeds be used? If you are purchasing property, how will this purchase be funded?
- 4) If you desire a loan in the case of a purchase, please provide the information requested in Form IV.
- 5) Notification by the Clerk of Session of the date, time and vote of the congregation authorizing the purchase or sale of property.
- 6) Please include a copy of a financial statement (including all income and expenses and balance sheet) for the previous fiscal year and the current operating budget including projected income.

## Form III

### Request for Permission to **BUILD, ADD TO, OR RENOVATE YOUR PRESENT BUILDING**

#### Presbytery of Lake Michigan

Please respond to the following questions in submitting your request to the Budget and Finance Committee. Answers may be on additional sheets as necessary.

- 1) Briefly describe the mission and ministry plans for the addition, remodeling, or building that you are proposing.
- 2) What is the year of construction, last remodeling, and current value of your building?
- 3) Financial background and information (see Form IV)
- 4) Notification by the Clerk of Session of the date, time and vote of the congregation authorizing the project.
- 5) Please include a copy of a financial statement (including all income and expenses and balance sheet) for the previous fiscal year and the current operating budget including projected income.