

## Section 7

# MANAGEMENT STRUCTURE FOR BUILDING DEVELOPMENT PROJECTS

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Periodically in the life of every parish, there are special projects undertaken, which can include the building of a new facility, e.g. new church or hall, or purchase of an existing one, e.g. parsonage. Such events call for special administrative skills and abilities, some of which are just an extension of those normally undertaken by officers of the parish. Others are of a more specialised and demanding nature.

### **Raising Funds and the Handling of all Monies**

It is normal in these situations for the parish to be involved in special fundraising and also in the movement of larger amounts of funds than is usually the experience of parishes.

As soon as donations are received, receipts should be issued, and all monies should be immediately banked. Receipts should show the specific purpose for which the money was given, and the monies must only be used for that specified purpose. All receipts should have the following information included: the date, the name of the donor (unless they want to remain anonymous), the amount in both words and figures and specified purpose where appropriate. It is possible that the Inland Revenue Department will require this additional information in the future.

Proceeds from fairs and similar events should be counted by at least two people and totals verified, with adequate records kept to support the banking entries.

All offerings should be counted by at least two people, and again, adequate records should be kept of contributions for special efforts, whether for use within the parish, e.g. building fund etc., or for other special appeals.

### **When Building a new Facility under Contract**

It is important to have financial matters in hand before the contract is let, and even if all the funds are not held at the commencement date, to make sure that expectations are realistic and attainable.

### **When there is External Borrowing**

If any external borrowing is required, the approval of the Methodist Church through the Methodist Connexional Property Committee must be obtained before any agreement is entered into with the lender.

All projects with the following will be referred to the BOA by MCPC:

9. The project requires an external loan
10. The project will be subject to GST
11. The project requires a feasibility study over \$200,000 in value

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All external loans must have the following Limitation of Liability Clause included:

### Consent of Conference

“Notwithstanding anything expressed or implied in this agreement or in the Land Transfer Act 1952 or in the Property Law Act 1952, no monies hereby secured shall constitute a debt from or be recoverable against:

- a. The Methodist Church of New Zealand, or
- b. Any member or adherent of the Methodist Church of New Zealand, or
- c. Any Trust or Board (other than the Board of Administration of the Methodist Church of New Zealand) of or under the control, directly or indirectly of the Conference of the Methodist Church of New Zealand.

The liability of the Board of Administration of the Methodist Church of New Zealand or its successor or assigns shall be limited to the security specifically charged hereby.”

### When Progress Payments are Made

All payments made to contractors or individuals involved in a building project should be made through the parish account. There should be no payments by cash. For all developments, with the possible exception of parsonages, where an architect has not been employed, the architect's Certified Certificate should provide supporting authority for payment of the contractors' tax invoices which will be required for GST purposes. If Labour Only contracts are entered into or trade persons are employed to undertake work on behalf of the parish, tax considerations must be taken into account, including ACC contributions.

### Contractors' All Risk Insurance (CWI)

Most contractors arrange their own “Contractors All Risk Insurance” cover. When this is the case, it is important to determine that the cover provided is adequate for the parish's needs. The architect can assist with this assessment. If this cover is not included in the contract as negotiated, it can be arranged through the Methodist Insurance Fund for an additional special premium.

It is important that the parish advise the Insurance Fund of their requirements with a reasonable lead-in time, prior to the date when it should become effective.

**When the project has been completed, insurance cover needs to be arranged immediately for the full value of the property and its contents.**

A set of photographs of the buildings and significant contents of the completed building should be forwarded to the Connexional Office for insurance records.