

## Section 15

# USE OF CAPITAL FUNDS

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### Why are there restrictions on the use of money raised by selling property?

Your parish property is in the nature of a trust which you have received from past members of your congregation.

When a property is sold, the proceeds are deposited to your parish's Methodist Church of New Zealand CB&L Fund account and held in trust for property-related projects. These funds are referred to as Capital or Property funds and can only be used for small projects under \$50,000 in value. Projects over \$50,000 in value or requiring a resource or building consent will require the approval of Synod and MCPC.

Interest earned on property funds is credited quarterly. The parish may draw up to 80% of interest. The interest may be used to assist with the running costs of the parish – the capital may not be used for this purpose. Advise the Insurance and Property Manager that 80% of the interest is to be drawn down, which is paid quarterly.

### What can't capital funds be used for?

Capital funds cannot be used for the congregation's running costs, such as:

- minister's stipend or staff salaries
- administration costs
- power, phone, rates, insurance etc
- worship materials, e.g. hymn books
- vehicles
- office equipment, appliances
- routine maintenance.

### Capital funds can generally be used for:

- buying or building property
- buying land
- major renovations and alterations (including earthquake strengthening)
- repaying mortgages.

### What else might capital funds be used for?

With special approval, a parish may be allowed to use property money for major maintenance items or for adding to the value of an existing property, providing certain conditions are met. Such approval is at MCPC's discretion. The main criteria are:

- How necessary is the expenditure?
- Why is the parish unable to do this from its current income?

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- How will this expenditure benefit the mission of the congregation?

### **These types of expenditure might be approved:**

- major maintenance of buildings
- asbestos testing
- painting existing buildings
- major refurbishments of the interior, including carpeting
- purchase or repair of the principal musical instrument used in services
- costs associated with fulfilling legal requirements e.g. building warrant of fitness.

### **Any use of capital funds over \$50,000 in value or requiring a resource or building consent requires the approval of:**

- Synod
- MCPC

MCPC's approval must be obtained before there is a commitment to any spending.