

Process for a Church-Wide Pause on Capital Projects

Philosophical Need for the “Pause”

The purpose of the pause is both missional and fiscal. As we continue to envision where God is leading us in the future, we must consider hard questions such as the function and value of buildings and properties as part of mission. Taking a pause in capital projects allows more intentional conversation to be had about the role of our buildings and properties in our faithful response to live Christ’s mission. Additionally, we have a significant retirement responsibility that must be funded and we need to stabilize the annual support of worldwide mission. Pausing on capital projects allows us time to assess our financial needs and make sure we are able to navigate the most prudent way forward.

Timeline

This “pause” is not a short term pause. It will likely take us several years to work through the missional and fiscal conversations the church needs to have. The status of the process will be reviewed annually, at a minimum, at the September World Church Leadership Council meeting and any changes in the process announced to the church during the November financial update each year.

Definition and Examples

What is a capital project? A capital asset is one that will have value in years beyond the year of expenditure. Capital assets include land, buildings, machinery, equipment, furniture and fixtures, land improvements, and vehicles. Some capital projects are easy to identify: purchasing a piece of land or constructing a building is clearly a capital project. Other expenditures are harder to classify. If an expenditure is the equivalent of \$5,000 USD or \$6,500 CDN or more and either extends the life or improves the value of a capital asset, it is considered a capital project. Regular repairs and maintenance are not capital projects.

Example #1: Main Street Congregation’s boiler goes out. If they purchase a new boiler for \$7,500, this is a capital project and is subject to the process below. If they repair the old boiler for \$2,800 and the boiler is essentially returned to its original state of functionality, this is regular repairs and maintenance, and not a capital project.

Example #2: Peaceful Forest Campground needs to do the following in the coming year: replace their commercial dishwasher, golf cart, table saw, and pickup truck, rewire five cabins, and repave a concrete pathway. The board of directors has approved these actions as a part of the capital budget for the coming year, subject to cash availability. These items are all capital assets, and the entire list can be evaluated annually via the process below.

STEP 1

Congregation/Mission Center/Campground (“Local Jurisdiction”) requests to engage in a capital project (“Project”).

STEP 2

2(a) If the Project's **total cost is less than the equivalent of \$5,000 USD** or \$6,500 CDN, Local Jurisdiction may proceed with Project in accordance with current building project procedures. No approval from Field Leadership is required to proceed. The Field Leadership is represented by the Field Support Minister (FSM) and Field Apostle in the USA and by the Bishop of Canada and Field Apostle in Canada and by the Field Bishop or other staff member as designated by the Field Apostle and the Field Apostle in other countries.

2(b) If the Project's **total cost is equal to or exceeds the equivalent of \$5,000 USD** or \$6,500 CDN, Local Jurisdiction contacts the Field Leadership to determine if the Project should be permitted to proceed based on one of the following exceptions:

- (1) **Safety (a clear hazard exists that requires immediate attention)**
- (2) **Building Code Compliance (a warning has been issued or a code has changed that applies to the church's property),**
- (3) **Essential Expenditure (non-regular repairs, maintenance, or basic upgrades are required on equipment or property that previously existed), and/or**
- (4) **Missional Imperative**

STEP 3

3(a) If the Field Leadership determines the Project should be permitted to proceed for **Safety** and/or **Building Code Compliance** and/or **Essential Expenditure**, the Field Leadership will notify the Local Jurisdiction and the Project may proceed in accordance with current building project procedures. If Office of General Counsel (OGC) is involved in supporting the project, they will request confirmation and/or documentation identifying which of the exceptions applies for proceeding. If there is a question about the "essential" nature of a capital project, the Presiding Bishopric (PB) will be consulted to determine if the Project qualifies as an **Essential Expenditure**. No new construction or installations of new equipment not previously part of the building will be considered "essential." If an **Essential Expenditure** exception is determined to not apply by the PB, then the Field Apostle can take the Project to the Director of Field Ministries for consideration as a **Missional Imperative** if applicable.

3(b) If the Field Leadership determines the Project should be permitted to proceed as a **Missional Imperative**, the Field Apostle will discuss the Project with the Director of Field Ministries (DFM). If the DFM is in agreement that the Project should proceed, then the DFM will discuss the Project with the PB. If the PB determines there are no fiduciary concerns then the Project can proceed. The PB will notify the DFM and the Field Leadership of their final answer. The Field Leadership will notify the Local Jurisdiction and the Project may proceed in accordance with current building project procedures.

3(c) If at any time during the process above, the Field Leadership, DFM and/or PB determine that the Project does not qualify for any of the four exceptions listed above, they will notify the Field Leadership who will notify the local jurisdiction that the Project will be paused.

3(d) Decisions made by the DFM and/or PB are final. No appeal process is available.

Questions for Consideration in Decision-Making Process

Safety:

- Will failure to proceed with the Project at this time increase the possibility of injury, damage or harm to individuals or property?

Building Code Compliance:

- Has the Local Jurisdiction received a notice of non-compliance from a governmental body and will the Project bring the Local Jurisdiction into compliance?
- Will failure to proceed with the Project at this time result in the Local Jurisdiction being subject to penalties or fines?

Essential Expenditure:

- Will failure to proceed with the Project at this time increase the risk of future damage to the property or injury or harm to individuals?
- Will the Local Jurisdiction be unable to continue its normal operations if the Project does not proceed at this time?

Missional Imperative:

- Is there a mission imperative supported by the Project?
- Will there be a major missional setback if the Project does not proceed at this time?
- Does the DFM support the Field Leadership's conclusions and believe that the Field Leadership is objectively evaluating the project not in isolation but as part of the whole church's missional opportunities?
- Is there a fiduciary reason that the Project should not proceed?