



**African Methodist Episcopal Church
First Episcopal District**

2017–2018

**PROPERTY and FINANCIAL
POLICIES and PROCEDURES HANDBOOK**

**For Presiding Elders, Pastors, Ministers,
and Local Congregations**

*1ST Edition, Commissioned October 2017, by
The Right-Reverend Gregory G. M. Ingram
Bishop and Presiding Prelate
First Episcopal District, AME Church
3801 Market Street, Philadelphia, PA*

Handbook Topics	page
Bishop’s Message	3
Statement of Purpose	4
Section 1: Local Church Loans, Debt, and Grants	5
Section 2: Oversight Process and Engaging Contractors	7
Section 3: 501(c)(3)s and Limited Liability Corporations	8
Section 4: Property Documents, Management, Maintenance	9
Section 5: Employment Liabilities for Former Pastors	10
Section 6: 2017-2018 NJAC Board of Trustees	11
APPENDIX A: Succession Exit Checklist for 501(c)(3)/LLCs	12
APPENDIX B: Local Church Pastor’s Transition Checklist	13
APPENDIX C: Property Improvements, Expansion, and Acquisition Instructions for Pastors and Local Churches	14
<ul style="list-style-type: none"> • C1: General Policies and Procedures 14 • C2: Signature Routing Form 16 • C3: Project General Information Form 17 • C4: Project Description Summary Form 18 	
APPENDIX D: Debt to Income (DTI) Method and Example	19
ACKNOWLEDGEMENTS	20

Bishop's Message

This policy and procedure handbook has long been needed and overdue. It answers, in a most effective way, some of the real questions and issues many of which our officers and members have limited knowledge, and with which many of our local churches are struggling. One of the fundamental purposes for creating this handbook was to uniquely put together a practical set of processes, policies and procedures for managing the church. In addition, it was designed to get churches to take a greater look at themselves administratively and theologically.

The wealth of information and references makes this handbook a ready resource that merits not only quick reading, but also use as a handy reference for trustees, stewards and leaders who are charged with specific duties and responsibilities of church management and administration.

Words of commendation are extended to the Board of Trustees of the New Jersey Annual Conference, led by the vice chairperson, Rev. Dr. W. Golden Carmon, who sacrificially gave of their time and energy to research and consult with legal and church officials on materials in this document.

Keep Making a Difference!

Bishop Gregory G. M. Ingram

Statement of Purpose

Bishop Gregory G. M. Ingram commissioned this handbook to provide policy and fiscal guidance on the responsibilities of Presiding Elders, Pastors, Ministers, and Local Churches, especially as it relates to loans, grants, debt, and property. This handbook is also intended to provide basic guidance on First District expectations as it relates to local church leadership acquiring grants, engaging with contractors, and establishing non-profit entities—such as 501(c)(3)s and Limited Liability Corporations (LLCs). This is a living document, which the New Jersey Annual Conference (NJAC) Board of Trustees plans to update and reissue periodically. Policies and procedures in this handbook are for clarification of, and consistency with, those in the latest version of The Doctrine and Discipline of the African Methodist Episcopal Church. Where there is conflict, the policies and procedures in The Discipline have precedence. The Board also plans to review the content of this handbook with First District members of the Judiciary Committee for their recommended revisions.

*The Board of Trustees
New Jersey Annual Conference*

1. Local Church Loans, Debt, and Grants

- 1.1. **PURPOSE.** When necessary and appropriate, debt should only be incurred for the purpose of acquiring or improving real property. This would include the acquisition of real estate for building sites or other church use, erection of new buildings, capital improvements of existing structures or equipment. New loans and refinancing of existing debt must be avoided for institutional programs or operation expenses (see **APPENDIX C** for Property Improvements, Expansion, and Acquisition Instructions for Pastors and Local Churches).
- 1.2. The local church should avoid loans and debt of any type* (grants also, if the church has major budget exposure without them). This includes debt such as:
 - 1.2.1. Mortgage (especially balloon payment type), vehicle, copier financing (i.e., leases or loans), or other short-term loans.
 - 1.2.2. Credit cards or personal loans (of any type, including from members, non-members, etc.).
- 1.3. Pursuant to biblical principles of Christian Stewardship, local church Official Boards should endeavor to exercise faith in God's bountiful resources to provide for the Great Commission ministry God envisions for the local church. However, crisis or unusual situations may arise that would cause local church Pastors and Trustees (as approved by Official Boards) to consider external financing. Examples of such situations are listed below.
 - 1.3.1. Major property repairs (e.g., sanctuary, parsonage);
 - 1.3.2. Purchase of new property to replace older property, where repairs may be unfeasible (e.g., sanctuary, parsonage);
 - 1.3.3. Purchase for expansion of property for the local church;
 - 1.3.4. Unexpected significant financial issues (e.g., law suits).

- 1.4. In ALL cases the items below must be adhered to (also see **APPENDIX C** for further details and important forms):
- 1.4.1. Loans, grants, and debt must go through a formal agreement process, consistent with the Discipline. These policies and procedures must be reflected in the local church's Quarterly Conference report.
 - 1.4.2. The local church Official Board and congregation must procedurally vote, with majority consent, for all loans or grants under consideration.
 - 1.4.3. The NJAC Trustee Board must be aware of, and in agreement with, loans and grants under consideration. Key factors must be evaluated such as the loan/grant amount and the local church's repayment ability based on metrics, e.g., percentage of the church's annual budget or debt to income (DTI) ratio (see **APPENDIX D** for DTI Method and Example).
 - 1.4.4. Prior to entering loans the local church's ability to repay them (or for grants, replace them) must be confirmed. Pastors, Trustees and Official Boards must formally do so by the local church's financial reserves, debt-to-income ratio, and by official signatures (see forms in **APPENDIX C**).
- 1.5. If for any reason, the NJAC Trustee Board must engage to provide assistance on such loans, or otherwise rescue property, it is understood that the local church is responsible for repaying the NJAC and/or First District—IN FULL—consistent with terms and conditions agreed-to by the local church and the NJAC Trustee Board. Each case will be considered individually however as a “rule of thumb,” the NJAC Trustee Board expects the repayment method not to exceed 30% of the local church's quarterly net income.

2. Oversight Process and Engaging Contractors

2.1. In general, the local church Official Board must use the Church and Quarterly and Annual Conference reporting process required by the Discipline to ensure that the First District is aware of any major fiscal and property issues. This includes accurate reporting of items below.

2.1.1. Local church tax exemption compliance status for all properties;

2.1.2. Existing loans and debts under consideration;

2.1.3. The local church Trustees and the NJAC Trustee Board direct communications, including a common understanding of roles, responsibilities, and expectations;

2.1.4. Consistently false or inaccurate reporting will result in a Pastor* being immediately referred to the Ministerial Efficiency Committee.

2.2. Engaging contractors for repairs and upgrades is more complex than a local church might expect. It is recommended that:

2.2.1. Three experienced contractors should be identified. They should be known locally for their integrity in completing jobs, doing quality work, and offering affordable pricing. Typically, these are firms with many satisfied customers, over several years. In most cases, avoid engaging relatives who fail to meet these criteria. Engaging unqualified family members too often results in cost overruns; unfinished projects; and, no recourse to reclaim church funds. Obtain three firm bids in writing, and require contractors to present their bids to local church Trustees (and Church Conference if necessary). Openly discuss and vote on a specific bid to gain approval to move forward.

2.2.2. When such projects require the local church to seek loans, mortgages, refinancing, etc., the local church should consult with the Conference Board by reviewing the items below (see **APPENDIX C** for forms, and the Discipline pages 211, 63-66).

2.2.2.1. project work plan and expected results under consideration;

- 2.2.2.2. project financials (costs, terms and conditions, local church debt-to-income ratio to demonstrate repayment ability);
- 2.2.2.3. local Trustee oversight plan to ensure on-time completion;
- 2.2.2.4. included contract penalties, if necessary, to protect against contractors falling short of expected results.

2.3. For a merger two or more churches to be considered recommended Quarterly Conference procedures should include the Presiding Elder, Pastors, Trustees, and Official Boards detailing and confirming that the dialog has been an ongoing process to address the items below (see the Discipline, pages 53-54, 79).

- 2.3.1. Ensure receptivity of local churches involved—including confirmation of factors such as local ministry conditions, opportunities, and financial realities.
- 2.3.2. Ensure joint development of a written justification narrative for the merger, to be confirmed by the local churches involved.
- 2.3.3. Funds from merger properties sells are to be placed into a developmental escrow account managed by NJAC Trustees (see the Discipline, page 54).

3. **501 (c)(3) and Limited Liability Corporations (LLCs)**

- 3.1. Local churches must NOT establish 501(c)(3)/LLCs without NJAC Trustee Board's approval. This does NOT apply when these entities have no affiliation or linkage to, nor liability for, the local church. However, local churches seeking to establish 501(c)(3)/LLCs must do so with The Board's knowledge.
- 3.2. Local church Trustees must ensure compliance with the items below.
 - 3.2.1. The Church Conference authorizes the Official Board to establish the 501(c)(3)/LLCs under consideration.
 - 3.2.2. When housed on local church property, 501(c)(3)/LLCs must be properly insured and managed. They must remit to the local

church fair-market value for rent or lease, unless otherwise agreed-to by The Board upon prior review.

- 3.3. No 501(c)(3)/LLC has the authority to alter, attach, or interfere with local church's property deeds, titles, etc.
- 3.4. All 501(c)(3)/LLCs affiliated with the church must engage their church attorney, or if appropriate request to engage NJAC attorney, to complete an attorney document review. The attorney's findings are to be provided to local Trustees, Presiding Elder, and the Board.
- 3.5. Failure to follow this policy* for 501(c)(3)/LLCs will result in a Pastor being immediately referred to the Ministerial Efficiency Committee.

4. **Property Documentation, Management, and Maintenance**

- 4.1. Local church Pastors, Trustees, Presiding Elders and the NJAC Trustee Board must be vigilante on the status of NJAC properties.
 - 4.1.1. All properties must be properly inventoried, with their current status noted. Special attention must be given to building properties not in use. The NJAC Trustee Board, working with the local church, must confirm the status of items below for all properties (also see the Discipline page 54).
 - 4.1.1.1. Are the church properties registered properly with the municipality where they are located? What are their tax assessed value and market value? Are the properties usable, and if so, what condition are they in? If not usable, are they officially condemned and/or abandoned?
 - 4.1.1.2. Also, if not useable they must be brought to the attention of the NJAC Trustee Board immediately. If there is liability associated with church properties, they should be fenced-in or boarded-up immediately.
 - 4.1.2. Based on the above assessment, the Board has the oversight responsibility for deciding the disposition of these properties, and to work with local churches to carry out such decisions.

- 4.2. Local church Trustees must ensure that copies of all local church property deeds, titles, mortgages, etc., are on record with the Presiding Elder, the NJAC Trustee Board, and the Abstracts and Deeds Committee (also see **APPENDIX B** for Transition Checklist).
- 4.3. Local church Pastors and Trustees must confirm that these vital documents are accurate and must validate the tax and municipal registry status of all church properties. Local church Pastors and Trustees must confirm to the Quarterly Conference the current local tax laws for all properties.
- 4.4. Local church Pastors and Official Boards must confirm to the Quarterly Conference that required tax filings have been completed, especially payroll taxes (also for affiliated 501(c)(3)/LLCs).
- 4.5. Ensuring the incorporation, management, and maintenance of all church properties is the responsibilities of local church Pastors and Trustees*—including for affiliated 501(c)(3)/LLCs.

5. **Local Church Employment Liabilities for Former Pastors**

- 5.1. The Discipline is the primary governing document on Church Law for any claims by a former Pastor (**note**: such situations may be as much about Civil Law, as about Church Law—both must be considered)
- 5.2. All Pastoral compensation packages (salary, housing, travel, etc.) cease and desist with a Pastor's departure from a local church.
- 5.3. Upon assignment to a local church the new Pastor should review church records, especially Quarterly Conference and Official Board reports, to establish all indebtedness. The local church Official Board must confirm the validity of cases where there are disputes or discrepancies over indebtedness owed.
- 5.4. Each local church must maintain a check writing policy and procedures process that includes considering three required signers on all checks. This policy must also include an "expiration date" policy for all church issued checks (e.g., 60 or 90 days from check issuance)

1st EDITION

date). In all cases, per the Discipline, local church indebtedness as confirmed in Quarterly Conference reports take precedence.

5.5. Pastors must have regular Official Board meetings and Church Conferences as the Discipline requires ensuring good local church governance. Presiding Elders must hold regular Quarterly Conference and ensure, as best they can, accurate NJAC reports from local churches (also see **APPENDIX B** for Transition Checklist).

6. 2017-2018 NJAC Board of Trustees		
BISHOP'S CABINET		
Bishop Gregory G.M. Ingram, Chairman	bishopgregory118@aol.com	215-662-0506
Presiding Elder Robert C. Wade	revdrrcwadepe24@verizon.com	609-540-1122
Presiding Elder Winton Hill	wintonhill@msn.com	302-233-4266
Presiding Elder Larry L. Dixon	pelderdixon@yahoo.com	908-247-8991
Presiding Elder Vernard Leak	manassehe@comcast.net	908-391-4220
Rev. Dr. Kenneth Saunders, Treasurer	ksaund10408@aol.com	908-208-8626
CLERGY		
Rev. Dr. W. Golden Carmon, Sr., Vice Chairman	leadership@yahoo.com	732-319-6696
Rev. Lynda Rassmann, Secretary	revltr@aol.com	609-335-7472
Rev. Myra Billips	thebillipsteam@hotmail.com	832-561-8787
Rev. George Britt	georgeericbritt@gmail.com	201-320-3721
Rev. Dr. James Coaxum	coaxum@rowan.edu	609-254-9643
Rev. Dr. Lanel Guyton	lguyton316@icloud.com	862-252-1472
Rev. Dr. Stanley Hearst, Sr.	drhearst1@gmail.com	717-712-4029
Rev. Dr. Joseph Hooper	jmatthew1son@aol.com	732-213-0669
Rev. Terrill Person	pastorperson@comcast.net	856-979-9200
Rev. Ronald Slaughter	ronaldslaughter@hotmail.com	
LAY		
Sister Valerie Chestnut	vlschestnut@verizon.net	
Sister Jackie James, Grant Chesilhurst	jamesbty5@aol.com	856-397-6790
Sister Karen Johnson, Bethel Moorestown	kej76@comcast.net	609-238-7349

APPENDIX A: Succession Exit Checklist for 501(c)(3)/LLCs (The Entity)

1. What is the 501(c)(3)/LLCs name, EIN, etc., and what are its by-laws, etc.?
 - 1.1. Is any portion of the local church's name included in The Entity's name?
 - 1.2. Are The Entity's by-laws and operating procedures consistent and compliant with the Discipline (if appropriate)?
 - 1.3. Who are The Entity's board members? What is the mix (local church members vs external)?
 - 1.4. Was there official local church and conference approval to establish The Entity, per the Discipline? If so, are there minutes available from these meetings?
2. Is the local church official board, especially the Trustee Board, fully aware of, and in agreement with the establishment of The Entity?
 - 2.1. What is the assessed liability that The Entity poses to the local church?
 - 2.2. What is the benefit or value of establishing The Entity to the local church?
3. What are The Entity's existing covenants and/or financial agreements?
 - 3.1. What are the financial linkages with the local church (e.g., rental agreements, etc.)?
 - 3.2. What are the financial linkages with external organizations?
 - 3.3. Who has fiduciary responsibility for tax compliance and filing appropriate tax returns?
4. Are the appropriate business certifications, insurance, auditing process, etc., in place (NOTE: Entity documents are public information, and the local churches have the right to have them)?
5. Have ALL The Entity's documents been through attorney review (name, findings report)?

APPENDIX B: Local Church Pastor's Transition Checklist.

Below are items on which local Stewards and Trustee Board Vice Chairpersons should work closely with exiting Pastors to complete in order to ensure as smooth a transition as possible for the incoming Pastor.

- **Document On-going Ministry Information:** a) Latest Church Calendar; b) Last 3-Annual Conference Reports; c) Average Sunday Worship, and mid-week Bible Study attendance; d) 1-year of weekly income reports; e) Last 3-Annual Church Budgets.
- **Document ALL Membership and Financial Information:** a) Active and inactive Church Membership Roll; b) Sick and Shut-In members; c) College Students; d) Official Board Members (i.e., names, office and contact numbers); e) Who has keys to the church? f) Names of employees and/or contractors, and their salaries; g) Name of Payroll Service; h) Bank accounts, account numbers, account signers; i) Existing creditors, contracts, bills, and leases; j) Safe Deposit Boxes info and content; k) List any van drivers.
- **Document ALL Church Property and Assets:** a) Church inventory; b) Parsonage inventory; c) Insurance agents for church properties and vehicles; d) All Property—including cemetery plots, vacant and abandoned property; e) Any lawsuits pending or possible litigation; f) List of tenants renting or leasing church properties, contracts, and rental/lease amounts (if applicable); g) Information on any 501(c)(3)/LLCs affiliated with the local church.
- **Acquire/Catalog ALL KEYS**—especially from exiting Pastor for: a) Church Doors; b) Desks, File Cabinets, Closets; c) Vehicles; d) Parsonage (within 30 days); e) Post Office Boxes.
- **Document ALL Passwords:** a) Online Accounts, including bank accounts; b) Phone/Voice mail; c) Website; d) Church email address; e) Social Media sites.
- **Document Parsonage History and Status:** a) Agreed-to exit date and conditions for former Pastor and family; b) Names and numbers of neighbors; c) Property and lawn condition, and general maintenance service providers.

APPENDIX C: Property Improvements, Expansion, and Acquisition Instructions for Pastors and Local Churches (courtesy of the Bermuda Annual Conference Trustee Board)

C1: General Policies and Procedures. From the publication entitled: First Episcopal District Procedures For New Construction, Renovation, Remodeling and Expansion in the Local Church, Chester, PA: Genesis Printing (3rd Printing 1999).

PROCEDURES

These procedures are written to support and clarify the section of our Discipline dealing with local church property. The sections are, Section II-General Church Property (pages 53-56) and order of improvement (page 65) in the Doctrine and Discipline of the African Methodist Episcopal Church 2012. These procedures also include items adopted by the 1998 First District Annual Conferences.

The following procedures are to be followed whenever a mortgage or loan is needed for new construction, renovation, remodeling or expansion in a local church. It has been adopted that the Pastor follow these procedures even when a mortgage or loan is not necessary.

1. Once a project has been clearly defined by the Pastor and discussed with the local Board of Trustees the project information sheets below should be completed by the Pastor. The completed forms should be sent to the Vice-Chairperson of the Conference Trustee Board.
2. Upon receipt of the packet for analysis and preliminary approval, the Vice-Chair of the Annual Conference Trustee Board will notify the Pastor in writing within 20 days with the preliminary decision of the Conference Trustee Board.
3. If preliminary approval is granted by the Annual Conference Trustee Board a Church Conference should be called in accordance with the Discipline.
4. If the preliminary approval is withheld, a Pastor may request a meeting with the Conference Trustee Board to clarify their decision or recommendation (see the 2016 Discipline, pages 206, 211, 63, and 64).

1st EDITION

5. Detailed minutes should be taken at Church Conferences and preserved for future reference (including an Attendance Sheet signed by attendees). A resolution should be prepared in advance detailing the scope and financing of the project. The resolution should contain wording that indicates the Church Conference approves the project and forwards the resolution to the next Quarterly Conference for its approval. Wording should be included that the pastor and congregation understand that the project cannot proceed without the approval of the Conference Trustees Board.
6. At the Quarterly Conference, the resolution of the Church Conference is presented for adoption. A resolution for the Quarterly Conference, which should be prepared in advance, and presented for the necessary action. The project cannot continue unless the Quarterly Conference approves the resolution. The resolution should contain wording that indicates the pastor and the Quarterly Conference cannot proceed without the approval of the Annual Conference Trustee Board.
7. Once the Quarterly Conference has approved the project, the completed packet will be submitted to the Conference Trustee Board for final approval.
8. The complete project packet should include copies of resolution from the Church and Quarterly Conference, complete financial statements, project financing arrangements and complete architecture and construction plans.

C.2: Signature Routing Form

LOCAL CHURCH NAME: _____

Date sent to Conference Trustee Board _____

Pastor's signature: _____

LOCAL CHURCH CONFERENCE. Common Consent: YES NO

Date received from Conference Trustees Board: _____

Date of church conference: _____

QUARTERLY CONFERENCE. Reviewed and Accepted: YES NO

Date of Quarterly Conference: _____

Presiding Elder's Signature: _____

ANNUAL CONFERENCE TRUSTEE BOARD. Preliminary Review: YES NO

Date received from the Local Church: _____

Vice Chairman's Signature: _____

ANNUAL CONFERENCE TRUSTEE BOARD. Common Consent: YES NO

Vice Chairperson's signature: _____

Date sent to the local church: _____

C.3: Project General Information Form

DATE: _____

CHURCH NAME: _____

ADDRESS: _____

COUNTY/PARISH: _____ POST CODE: _____

PHONE: _____ FAX _____ E-MAIL _____

PASTOR'S NAME: _____

ADDRESS: _____

COUNTY/PARISH: _____ POST CODE _____

PHONE _____ FAX _____ E-MAIL _____

PRESIDING ELDER NAME: _____

PRESIDING ELDER DISTRICT: _____

ADDRESS: _____

COUNTY/PARISH: _____ POST CODE: _____

PHONE _____ FAX _____ E-MAIL _____

C.4: Project Description Summary Form

CHURCH NAME: _____

PASTOR'S NAME: _____

New Construction

Revenue Generating

Expansion

Remodeling

Renovation

Summary Description, (e.g., Property Type: Church, Parsonage, Apartments, Single Family, etc.)

Estimated Project Start / Completion Dates:

LOCAL CHURCH SIGN-OFF'S

Pastor's Signature: _____ Date: _____

Trustee Board, Vice Chair. Signature: _____ Date: _____

APPENDIX D: Local Church Debt-to-Income (DTI) Method and Sample

Calculating the church’s debt-to-income (DTI) ratio is easy. Just sum-up all of the church’s bank or financial debts in one column, then sum-up all of the church’s income in another column, and divide the sum of the church’s debt to the sum of your income. For example, if the church pays \$1500 in utilities, \$1,600 a month for a musician salary, and \$2,000 a month for the Pastor’s salary, the church’s expenses are \$4,700 per month. If the church’s monthly income is \$10,000 per month, then its DTI ratio is 47 percent. (i.e., \$4,700 is 47% of \$10,000.)

Expenditures	Cost	Income Source	Amount
Utilities	\$1,500	Tithes/Offerings:	\$10,000
Musician Salary	\$1,200		
Pastor’s Salary	\$2,000		
Total Expenditures	\$4,700	Total Income:	\$10,000

A low **DTI** shows that the local church has a good balance between debt and income. When the church applies for credit, lenders evaluate your **DTI** to help determine whether the church can afford to take on another payment.

- **35% or less means Manageable Debt!** The local church most likely has money left over for saving or spending after you have paid your bills. Lenders generally view a lower DTI as favorable.
- **36% to 49% means Seek To Lower Debt!** The local church is managing debt adequately, but you may want to consider lowering your DTI. This could put the church in a better position to handle unforeseen expenses.
- **50% or more means Must Reduce Debt!** The local church likely has limited funds to save or spend. More than half your income is goes to pay debt. Little or no funds remain to save, spend, or handle unforeseen expenses. With this DTI ratio, lenders will likely limit the church’s borrowing options.

Mortgage firms typically look for a 35% or less **DTI**. Calculate “**M**” monthly payment with this formula (“**P**”=principal; “**n**”=total number of payments over the loan’s life; “**r**”=annual interest rate divided by 12).

$$M = P \frac{r(1 + r)^n}{(1 + r)^n - 1}$$

Compliments to the Creators

The New Jersey Annual Conference Board of Trustee is commended for their candid discussions and active participation in this effort.

Special thanks and commendation are extended however to the board members below for their research, insights and persistent efforts ensuring that the 1st Edition of this Handbook was completed in a quality and timely manner.

Rev. Dr. W. Golden Carmon, Sr.

Rev. Dr. Erica Crawford

Rev. Dr. Joseph Hooper

Rev. Dr. Lanel Guyton

Keep Making A Difference!

Bishop Gregory G. M. Ingram