

# PROTECTING PROPERTY AND PREPARING FOR PROPERTY NEEDS

Best Practices for Boards of  
Trustees

# Who Is Responsible?

- Who is responsible for church property?

The Board of Trustees

# Responsible For What?

Trustees are responsible for

- Maintaining church property
- Planned replacement and repair
- Managing endowment funds
- Receiving major gifts (esp. property)
- Appropriate Insurance
- Risk analysis and mitigation
- Leases and rentals

# Dividing The Work

- **MAINTAINING Church Property**
- **INSURING Church Property**
- **PLANNED REPLACEMENT of major systems/items**
- **LEASING and Renting Property**
- **Long-Range Funding**
- **Bequests & Endowments**

# Maintenance

## MAINTAINING Church Property

- At least an annual examination of all property
- Risk analysis – mitigate risks
  - Lighting – slippery spots – steps – cluttered exits – space heaters – bad carpet
- Annual HVAC checkup
- Who maintains church vehicles?

# Insurance

## INSURING Property AND RISK

- More than just building coverage
- Directors & Officers coverage
- Worker's Comp **REQUIRED**
- Employment Practices Liability
- Sexual Misconduct Liability
- Employee Dishonesty

# Insurance

## INSURING Property AND RISK

- Hired & Non-owned Auto Liability
- Travel – even foreign (mission trips)?

# Insurance

- The major church insurance companies offer all of these coverages in a package plan
- Brotherhood Mutual, Church Mutual, GuideOne, Southern Mutual Church, and UMI are all major companies with packages



# Planned Replacement

- Trustees should know the age of major systems/structures (HVAC, roof, carpet, etc.)
- Annually funds should be laid up for anticipated replacement (“sinking fund”)
- Do not allow routine repairs to drain these long-term funds

# Planned Replacement

- Keep a schedule of items, costs and funds needed for replacement.
- Plan for regular painting, window caulking, etc.
- Schedule risk assessment review of property by a professional

# Inventory

- Trustees maintain an inventory of church property – with a copy off-premises
- Video inventory can be VERY useful
- Checklists are available

# Leasing/Renting

Trustees should be **VERY CAREFUL** about leasing church property

- Do not over-obligate the church
- Do not risk tax status
- Factor increased utilities and repair costs into rent
- Will their use impact church events?

# Leasing/Renting

- Make sure lessee cannot obligate church (i.e. aggregate utility contract)
- Clarify what extra liability may exist
  - Are they properly licensed?
  - Do they have adequate insurance?
  - Do they represent themselves as part of the church?

# Leasing/Renting

- Clarify who maintains what
- Clarify if lessee can make structural changes
- Clarify liability for parking lot, walkways, etc.
- Insure they have own EIN
- Insure they carry worker's compensation insurance

# Leasing/Renting

- Will renter take public positions that embarrass or irritate the church?
- Talk to your insurance company before leasing (will they cover you?)
- Cell-tower leases – use Steeplecom!
  - Tom Moylan 978.386.2322
  - [tmoylan@steeplecom.com](mailto:tmoylan@steeplecom.com)

# Bequests/Endowments

- Trustees are responsible for bequests/endowments unless Charge Conf acts otherwise
- Bequests – be prepared to receive case and property bequests
- Examine every bequest before you accept it



# Bequests/Endowments

- Determine if you will maintain designated funds in an endowment
- Determine if endowment funds will be restricted to capital needs or not
- Publicize whatever decisions are made!

# Bequests/Endowments

- Publicize that people CAN and SHOULD remember their church in their estate planning ( a “final tithe”)
- Hold a “wills clinic” – get with other churches if necessary
- Call Georgia United Methodist Foundation for help

# Bequests/Endowments

- Consider Georgia United Methodist Foundation investment programs and certificate programs for your funds
- Rates beat local banks
- Funds are loaned to churches for building programs

# Cemeteries

- If church has a cemetery, you need a cemetery association
- Can be controlled by the church
- Should own cemetery property
- Should be able to survive the church closing
- Call GUMF for help

# Tough Decisions

# Tough Decisions

- When you cannot maintain the property .....
- When you cannot afford appropriate insurance .....
- When your members can no longer get into your building .....
- Time for tough conversations

# Tough Decisions

- It is best when the church family can have these tough conversations among themselves first.
- Don't forget that outside help can provide options you did not know you had.

# In The Dashboard?

**PLEASE** see that Trustee chair is entered into Leadership List in the church dashboard with current email

**We do not share contact info**

**I send out emails pertinent to the work of Trustees**



# Contact Info

## Georgia United Methodist Foundation

- [www.gumf.org](http://www.gumf.org)
- Dr. Rick Lanford, South Georgia
- 478-256-7130
- [rlanford@gumf.org](mailto:rlanford@gumf.org)



# Contact Info

## General Council on Finance & Administration (GCFA)

- [www.gcfa.org](http://www.gcfa.org)
- See legal manual
- Chapter 4 on Property
- Chapter 5 on Risk Management



**FINANCE & ADMINISTRATION**

General Council on Finance and Administration

THE UNITED METHODIST CHURCH

# Contact Info

## Steeplecom

- <http://www.steeplecom.com>
- SteepleCom, Inc.
- Tom Moylan, President  
70 Foster Road  
Ashby, MA 01431
- 978-386-2322
- [tmoylan@steeplecom.com](mailto:tmoylan@steeplecom.com)



# Contact Info



## Conference Website

- [www.sgaumc.org](http://www.sgaumc.org)
- Administrative Services Dept.
- Article on leasing property
- Proof of 501.c.3 status
- Chg Conf forms, accessibility audit, parsonage review, etc.

# Contact Info

**Derek W. McAleer**

- **Conference Treasurer/Director of Administrative Services**
- **800-535-4224 / 478-738-0048**
- **Derek @sgaumcadmin.com**
- **[www.sgaumc.com/administrativeservices](http://www.sgaumc.com/administrativeservices)**