

Mr. Borchardt will notify Fort Street.
Above agreement approved by the Fort Street Presbytery Church session October 7, 2009

T-8. THEOLOGICAL EDUCATION FUND GRANTS. The Committee on Preparation for Ministry shall have complete control over and responsibility for providing funds through grants from the Theological Education Fund Program. *Amended 4/23/16*

T-9. GUIDELINES FOR RECEIVING DONATIONS OF REAL ESTATE.

- a. Overview. The Detroit Presbytery and its member congregations periodically receive offers of donated real estate. While support for the mission of the Presbytery and its congregations is always welcome and appreciated, the legal and financial burdens created by real estate can be substantial and should not be undertaken without careful consideration. It is our hope that these suggestions will help avoid potential problems in the future.
- b. Types of Real Estate and Relevant Considerations. Potential donated real estate can be divided into 3 general categories: Property that can be used for mission, income-producing property, and property that must be sold to benefit the recipient.
 - i. Property that could be used for mission activities include houses suitable for use as a manse, land or buildings that could be used for worship or education activities, and facilities that could be used for mission activities such as a warehouse for supplies. Prior to accepting property that fits this category a specific use for the building must be identified and a task force with adequate expertise must determine that the donated property would be the best solution to the space needs created by that activity. After the property has been identified as the best space solution, the building should be inspected by a qualified engineer, contractor, or architect (the appropriate specialty will vary with the property features and the proposed use). The purpose of the investigation is to determine what repairs or renovations are required to utilize the property for the intended use in compliance with current laws and regulations and functional requirements of that activity. It is important to be sure the program funding is adequate to cover the day-to-day operation costs of the program space. It is equally important to insure that the funds for any initial required renovations and expected future repairs are also in the budget.
 - ii. Income-Producing Property. Real estate is an excellent investment; it also requires careful management and the ability to fund unexpected repairs or vacancies. Thus rental real estate is not a good investment for not-for-profit corporations that lack capital reserves for non-program needs and lack real estate expertise. Income-producing real estate investments should be restricted to property under long-term fully net leases to major corporations. Prior to accepting such property an attorney should be retained to review the lease and an appraiser be retained to estimate the value of the property and the probable security of the lease. Multiple-tenant buildings, whether residential rentals, a shopping center, or an industrial complex are not recommended as appropriate investments.
 - iii. Property that must be sold to benefit the Recipient. There can be significant tax benefits (as of September 2000 law) to the donor of property that will be quickly resold by the recipient. However, such a donation can produce a risk to the intended beneficiary. There are expenses associated with owning real estate, even during the marketing period. Current law has significantly speeded the time in which property can be lost due to non-payment of taxes. Even

vacant land carries the requirement that property taxes be paid each year and liability insurance be carried. Other expenses for vacant land may include weed cutting, association dues, and special assessments. If a gift of property that will be sold is accepted, it is important the recipient have investigated the expected holding expenses and budgeted the funds that will be required. A marketing plan and expected listing price should be developed through use of an appraiser (preferably an MAI) and broker prior to accepting the property.

- c. General Considerations. The donor of any real estate must be required to provide adequate evidence at their sole expense that the property will not produce any environmental liability (generally a Phase I Audit will be sufficient). A legal description and a survey certified to the Presbytery shall be provided by the Donor, and title insurance equal to the estimated value of the property should be provided by the donor at its or their sole expense and insurable title conveyed with the proposed transfer. It is strongly recommended that the donor provide an appraisal prepared by an MAI providing a value estimate of the property to be donated. ***It is strongly recommended that an attorney be retained by Presbytery to review the proposed donation and that any donation be accepted in accordance with these guidelines.***

T-10. SIGNING CONTRACTS.

No money shall be paid on a contract unless the contract is signed by an authorized signer, with indication of the budgeted source of funds. Contracts can only be signed by the Executive Presbyter and his or her designee, or the President of the corporation and his or her designee, after obtaining approval as follows:

- a. Items under \$100 which are Covered by Budget. Items costing under \$100 for which money is appropriated in the operating budget are approvable by executive staff and paid for out of the operating budget.
- b. Items between \$100 and \$3,000 which are Covered by Budget. Items costing between \$100 and \$3,000 for which money is appropriated in the operating budget are approvable by the Executive Presbyter, paid for out of the operating budget and reported retroactively to the Board of Trustees.
- c. Items of \$3,000 or more which are Covered by Budget. Items costing over \$3,000 must be approved in advance by the Executive Presbyter and approved in advance by the Board of Trustees.
- d. Items which are not Covered by Budget. Any items, which are not included in the Budget (or for which funds do not remain in the Budget), must be approved in advance by: (a) the committee or subcommittee of Presbytery, which has authority for such item in budget authorizations, (b) the Executive Presbyter and (c) the Board of Trustees.

T-11. PRESBYTERY BUDGET PROCESS; USE OF CAPITAL OR ENDOWMENT FUNDS FOR OPERATING EXPENSES.

- a. General. As a general rule, the Board of Trustees recommends that the Presbytery operating budget be met from operating revenues and income from investments, rather than from the principal of restricted net assets and designated net assets.
- b. Budget Process. In preparing budget submissions, each council or subcommittee shall indicate the source of all funds, which it expects to spend in the next fiscal year. If funding of the subcommittee's activities is expected from a source other than general