

Investing in Ministry

Put your money to work...in mission



The Toronto United Church Council

Investing in Ministry

“Our congregation has funds to invest. Is there a way to invest this money so that the church as a whole can benefit?”

This is a great question – one that people within the church are asking more often. At Toronto United Church Council (Council), we receive regular requests for investment ideas and for the church’s guidelines for investment when a congregation has received a bequest, sold its manse or is considering the reinvestment of its historical funds.

But we get other questions too, like: **“Our congregation is ready to install an elevator and do other work on**

accessibility and we wonder if you could give us some direction on borrowing money for our project.”

Providing opportunities to help the ministry you believe in most.

Is there a way United Church congregations can invest in United Church ministries?

Council will reinvest your funds in the work of the United Church.

The partnership possibilities is ministry at its finest.

This is an opportunity to be a partner with other United Church congregations and mission units as together we reach out to our communities in the name of Jesus Christ.

Hearing similar questions regularly, it was not a great leap to see that these questions represent two facets of the same jewel. Some United Church congregations have funds from endowments and property sales to invest; other congregations have a need to borrow for capital upgrades and improvements to their buildings. The partnership possibilities represent our ministry at its finest.



“Our congregation is ready go get to work. We were wondering if you could give us some direction on borrowing money for the project.”

In the year 2000, Council asked itself if it could facilitate our church’s efforts in these matters. It spent a year working with congregations, trustees, lawyers and government regulators to seek answers to the basic questions:

- Is there a way United Church congregations can invest in United Church ministries?
- How can these investments provide a reasonable rate of return for the investor?
- What provisions must be made to ensure the investments are secure and guaranteed?

The exciting result was the establishment in 2001 of the **Investing in Ministry Fund**. Through the fund, both congregations and individuals can invest financial resources on a fixed, long-term basis for the purpose of funding development initiatives of other congregations and mission units of the church.

This report will introduce the **Investing in Ministry Fund** to you and address some of your important questions.

The Toronto United Church Council is ready to act!

“We believe that our United Church congregations want their investments not only to provide income but also to be used for support of the work of the church. The Investing in Ministry Fund will give congregations the opportunity to do both things.”

Charles Drury
Chair, TUCC Finance and Investment Committee

Council spent a year investigating the possibilities for establishing a fund through which the church could invest in its own ministries. By-laws and Supplementary Letters Patent were carefully reviewed. Legal opinions were sought and queries were made of the Ontario Securities Commission. The Provincial Securities Act, Loan and Trust Corporations Act were examined.



Whether a small or large congregation, the Investing In Ministry Fund is there to make the difference.

Council’s Board and its legal advisors completed their research and the Investing in Ministry Fund was established in 2001. Pursuant to the Securities Act (Ontario), and its regulations as amended in 2006, congregations or individuals can invest \$150,000 without restriction.

In order to invest amounts less than \$150,000 both congregations and individuals must certify that they are **Accredited Investors** as defined by Ontario provincial regulations. In the case of a congregation, this means that it simply attests that it has had the advice of a Financial Advisor. For an individual to be deemed an **Accredited Investor** however, the lender must, alone or with a spouse, have net financial assets of more than \$1,000,000 or have individual net income of \$ 200,000 in each of the two most recent calendar years. (\$300,000 if combined with a spouse)

The Church has a profoundly Christ centred attitude towards money and investment which is different from prevailing attitudes in our society.

How will the Investing in Ministry Fund be used?

Funds invested with the Investing in Ministry Fund are invested in the work of the United Church. Congregations requiring financing for capital improvements to church building and manses (such as new building construction, accessibility retrofits, fire and safety retrofits, roof and other structural repairs, additions and upgrades) are evaluated using Council’s well-developed and tested criteria. Mission units wanting to borrow funds to provide shelters, community kitchens and other facilities for outreach ministry are also eligible.

Loans under \$50,000 are secured with a promissory note; loans over that amount are secured with a first mortgage in favour of The Toronto United Church Council. The appropriate Presbytery must first approve all such financing. Since vacant church sites do not generate interest income, the Investing in Ministry Fund is not used for their purchase.

The Fund is structured in a way as to offer interest on loans at 80% (rounded up to the next ¼%) of The Bank of Nova Scotia (BNS)

mortgage rate for the term selected. This 20% subsidy provision means that both congregations investing in and congregations borrowing from the Fund will receive a benefit. This is why the Fund is a partnership and ministry at its best. [BNS is Council’s current banking institution. Lending rates are from the bank or credit union used by Council at the time the loan is made.]

Council has been making capital loans to congregations for more 115 years. Over that time, United Church people have diligently honoured their commitments, knowing that other

congregations require the funds for a similar purpose. On rare occasions, a congregation or mission unit has run into financial difficulty. When this happens, Council works closely with them to enhance stewardship and design a manageable repayment schedule. On no occasion has it been necessary to call a mortgage.



The purpose of our church buildings is to provide a welcoming space in which communities are created.

The nuts and bolts of the plan

Is there a minimum amount we need to invest?

Yes. Normally, the minimum new or additional investment loan will be in amounts of \$25,000 or greater. In cases where an investment is less than \$150,000, a Certificate of Accredited Investor provided by Council, must be completed.

Are there specific dates on which investments can be made?

Yes. Investment loans will be received on April 1st and October 1st of each year. Other dates during the year may be determined. Please consult with Council staff.

Can we add to an existing Investing in Ministry Fund investment?

Yes. You may add to an existing investment loan. A completed Certificate of Accredited Investor is required with each addition. See the two questions above.

Can we reinvest our earnings?

Lenders now have the option at the time the investment loan is made to elect to have earnings reinvested as part of the original investment. This election is irrevocable.

How is our share of the earnings determined?

The Ontario Securities Act requires Council to invest your money in a way:

- that does not result in Council receiving a commission or other remuneration, and
- that does not have Council's assets benefit any lender.

Your investment, therefore, earns its proportionate share of the total earnings of the Investing in Ministry Fund less Council's administrative costs. While we cannot tell you – or guarantee – what rate will be offered, we can tell you about Council's lending policy to congregations and mission units and our experience in making loans to them.

The earning you receive will come from two principle sources. The first source is the interest paid by borrowing congregations. As described above, this will be set using the 80% of the mortgage rate for the term selected. Any funds being held in anticipation of use within congregations will be invested using Council's well-tested investment strategies.

Audited financial statements of the Investing in Ministry Fund will be forwarded to you annually.

How are our earnings paid?

Your earnings are paid by cheque on your choice of an annual, semi-annual or quarterly basis.

Is there a service fee for administration?

No. As noted, Council is not entitled to receive a commission or other remuneration. Council is to be reimbursed for its "out-of-pocket" administrative costs including accounting, investing, auditing and banking charges. While this amount will vary each year, the experience is that the average will be around \$550 annually per each \$100,000 invested.



Church development requires skilled Christian leadership and a place to meet.

What is the term of our investment loan to Council?

Your investment loan to Council will be for a term of ten years or longer. You may call in your investment loan on the fifth anniversary and each anniversary date thereafter upon 180 days written notice to Council. The 180-days provides time to make appropriate plans to complete your request. At the end of the first full term, you may reinvest with Council for a further periods of no less than five years each.

How will our investment be secured?

The Investing in Ministry Fund is an asset of Council but is administered separately from the rest of Council's assets. Council will issue as security to each investing congregation and church related corporation a promissory note providing for the guarantee of the earnings payment schedule as chosen and for the repayment of the full investment loan amount at the maturity date of the contract term. The promissory note will be signed by the officers of Council and backed by the Council's assets and properties.

As added security, participants in the Investing in Ministry Fund will be given a General Security Agreement which is a floating charge against Council's personal property should Council be in default of its obligations to you.

What happens if our congregation requires its invested money during the term for an emergency capital need?

The investment with Council is for a 10-year term. Limited provisions have been made to allow participants to withdraw after five years. While Council is otherwise unable to prematurely end the contract, it can work closely with congregations to find acceptable ways to finance projects until the investment term is ended.

**FOR MORE INFORMATION
PLEASE CONTACT**

The Toronto United Church Council

Unit 24
30 Wertheim Court
Richmond Hill, ON
L4B 1B9

Phone: 905-771-5124
1-800-235-8822
Fax: 905-771-5159
E-mail: mail@tucc.ca
Website: www.tucc.ca

NEW GROWTH, NEW OPPORTUNITIES

THE TORONTO UNITED CHURCH COUNCIL'S
SUPPLEMENTARY LETTERS PATENT,
INVESTMENT POLICY, AND
AUDITED FINANCIAL STATEMENTS
ARE AVAILABLE UPON REQUEST.

Doing your homework

If we look hard, can we find better rates of return for our investment?

Yes, you probably can find interest rates that offer a better return. The Investing in Ministry Fund does not make a claim to have "the best rates in town". Rather, it offers:

- a reasonable rate of return on your investment;
- an assurance that your investment is secure and guaranteed by The Toronto United Church Council;
- an easy method to manage your investment portfolio;

and most important of all

- an opportunity to be a partner with other United Church congregations and mission units as together we reach out to our communities in the name of Jesus Christ.

What would be suitable funds for investment in the Investing in Ministry Fund?

Some examples may be helpful. Perhaps your congregation sold the manse and the Presbytery has directed that the interest income be used for a specific

We sometimes think of church redevelopment and new church development as bricks and mortar. It's partly true. The people who come to these churches have spiritual and material needs which can best be met by gathering to worship God, to learn the Christian life, and to organize themselves to care for others in Christ's name. This takes skilled Christian leadership and a place to meet.



Assisting congregations with construction and renovation projects is part of The Toronto United Church Council's mandate.

purpose. Using the Investing in Ministry Fund permits you to receive and apply the earned income for the intended purpose while investing the capital in United Church projects within your area. The same consideration would apply for bequests you have received where the will has directed only the interest income to be used. Imagine how the donor would feel if he or she knew both the capital and earnings of their gift were at work in their congregation and beyond.

Since the minimum term is 5-years, funds your congregation will need in short term cannot be considered. Endowments and reserves not immediately required can be invested to earn important income for you while the capital makes a great difference in a neighbouring congregation or mission.



New building construction, accessibility retrofits, fire and safety retrofits, roof and structural repairs, additions and upgrades can be funded to completion.