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EVANGELICAL MISSIONARY  
CHURCH OF CANADA

## **EMCC CHURCH PLANTING INITIATIVES FUND POLICY**

[Approved by EMCC Board of Directions, April 1, 2007]

### **Definition:**

The Church Planting Initiatives Fund (CPIF) Fund advances the EMCC purposes by providing interest free loans to new EMCC church plants that have a strong planter, good partnership network and solid ministry plan. The loan will be paid back into the CPIF for reinvestment in further church plants.

### **Sources of Assets:**

The assets of the CPIF are received from the following sources:

1. donations from individuals, and congregations and corporations
2. by formula from bequests
3. by formula from EMCC surplus funds at year end
4. by resolution of the EMCC board

### **Administration of the CPIF Fund:**

#### **Fund Management**

1. The CPIF will be administered by the EMCC staff.
2. The CPIF will be subject to the same financial controls as all other Funds.
3. The CPIF will reimburse the EMCC Operations Funds for the administration of its funds.
4. The EMCC President is responsible for the ongoing viability of the CPIF Fund.

#### **Adjudication Process:**

1. The CPIF Adjudication Committee will adjudicate all applications for loans from the CPIF.
2. This committee shall be composed of two Regional Ministers, the President and two other EMCC individuals.
3. The President shall report the names of those appointed to the CPIF Adjudication Committee.
4. The proceedings of the CPIF adjudication meetings will be documented in minutes that will become part of EMCC records.
5. Upon thorough evaluation, the list of recommended loans will be submitted to the EMCC Cabinet for approval.

#### **Application Process:**

1. To be considered, applications must be complete. Only fully completed applications including all supporting documentation will be considered.
2. It is recommended that an applicant consult with a Regional Minister early in the development of the Ministry Plan and preparation of the application.
3. The applications must be submitted to the EMCC Kitchener Office marked CPIF Application.
4. All decisions are final, unless the applicant has been invited to resubmit when certain criteria have been strengthened.
5. All applicants will be notified within 30 days of the application being received.

#### **Amount of Loan:**

Depending on the availability of funds, the maximum amount of the CPIF loan will be up to \$100,000

over 3 years. Funds are disbursed in reducing amounts. For example, a \$100,000 loan would be disbursed at the rate of \$50,000 the first year, \$30,000 the second year, and \$20,000 the third year.

### **Loan Repayment:**

The loan shall be repaid over a period of 12 years. Calculations are made from the date of the first disbursement. On the first anniversary date 1% of the total amount granted shall be repaid. For example, on \$100,000 the repayment would be \$1000. The 1% repayment rate would also be due on the 2<sup>nd</sup> and 3<sup>rd</sup> anniversaries. Anniversary 4, the rate would move to 2% of the total amount, that is, \$2000. For simplicity a single loan of \$100,000 is used to illustrate.

Anniversary date	% repayment	Actual amount	Remaining loan
#1	1%	1,000	99,000
#2	1%	1,000	98,000
#3	1%	1,000	97,000
#4	2%	2,000	95,000
#5	4%	4,000	91,000
#6	6%	6,000	85,000
#7	10%	10,000	75,000
#8	15%	15,000	45,000
#9	15%	15,000	60,000
#10	15%	15,000	30,000
#11	15%	15,000	15,000
#12	15%	15,000	0

[The value of this loan at 0% interest is substantial. To borrow \$100,000 at 6% amortized over 12 years would cost 140954.40, with a monthly payment of 975.85. A single year's repayment at 6% would amount to 11710.2. Thus this loan amounts to a grant of nearly \$41,000.]

Here is an example on a total loan of \$50,000.

Anniversary date	% repayment	Actual amount	Remaining loan
#1	1%	500	49,500
#2	1%	500	49,000
#3	1%	500	48,500
#4	2%	1,000	47,500
#5	4%	2,000	45,500
#6	6%	3,000	42,500
#7	10%	5,000	37,500
#8	15%	7,500	30,000
#9	15%	7,500	22,500
#10	15%	7,500	15,000
#11	15%	7,500	7,500
#12	15%	7,500	0

On \$50,000 the value of such an interest free loan is 20,261 at 6%, and payments of 487.93/mo from the first month on.

Beneficiaries of the interest free loan are invited to contribute beyond the bare repayment, thereby investing in the future of the fund.

### **The Premise for the CPIF:**

The reason for a loan rather than an outright grant is several fold.

1. The new congregation benefits from funds that have been made available by others. It is fitting that the new congregation make good faith commitment to reinvest in the fund so that this assistance is available to others on the same basis.
2. This fund is not intended for the funding of outreach ministries that require long term infusion of capital. Those outreach ministries are best funded through the ongoing outreach of a congregation or a group of congregations. These works need to be viewed as 'mission' outreaches that depend on the funding from long term partners.
3. This fund is not a substitute for the church planting that is born out of existing congregations. It is an investment in select circumstances where the early infusion of funds allows a highly viable church planting proposal to advance. It is intended to fund church plants that will become self-supporting, self-governing and self-propagating in three years. The CPIF's insistence on a strong ministry plan intends to be a model of wise investment and good stewardship.
4. The loan model frees up more funds than simply expending the interest on capital. While the loan is repaid, the fund itself is not sustainable without the continuing contributions from other sources.
5. This fund will not be conducive to certain types of church planting. These are more organic and benefit significantly less from major cash infusions. The wave of the future is a return to a model that is less 'cash intensive' and depends more intentionally on the church planting team supporting itself. Such efforts will benefit more directly from two other sources:
  - Training and development grants for the development of select individuals in church planting and disciple-making available by contacting your Regional Minister.
  - Outreach or disciple-making of new and existing congregations may apply to the Ministry Seed Fund for grants. Applications are available by contacting the EMCC office.

### **Loan Criteria:**

The EMCC will consider loans in each application under the following criteria:

### **General Criteria**

The EMCC will consider loans each application under the following criteria:

- A strong ministry plan
- Church Planter Profile Assessment done on lead church planter with a 'yes' result and proven church planting experience
- A detailed budget and full financial disclosure
- Documented partnership network. The details of these partners will be part of the ministry plan submission. For example, a mother church guaranteeing the loan is a sign of the strength of the support.
- Agreement to ongoing monitoring of the progress of the church plant
- A clear commitment to partner in the purpose and mission of EMCC

### **Release of Funds:**

The EMCC Adjudication Committee will make a recommendation to the EMCC Cabinet, and supply all pertinent information. The Director of Operations will release the loan funds upon the signature of an authorized person signing the loan document outlining the terms.

### **Review of Loans:**

Successful applicants have agreed to ongoing monitoring of the progress of the church plant. The treasurer for the church plant will provide a copy of the monthly statements. The new work will provide a copy of the monthly report prepared for the church planting leadership team. These reports will be important for any further disbursements. The new congregation shall submit the annual report including

the annual financial statements.

Where the EMCC Directors have determined that the loan has been used for purposes other than the expressed purposes outlined in the loan application, further payments of the loan may be withheld, future applications may be denied and repayment of the disbursed funds will be required.

**CPIF APPLICATION FORM [Summary]**

- Basic information about the person submitting the request including name, contact information, date, etc
- The church planter EMCC must become EMCC credentialed
- Submit a clear description of the vision and ministry plan. [See Guide to Partnering]
- Prepare and submit a comprehensive, detailed budget, for each year for the first three years.
- Detail all sources of funding.
- Name the amount of loan being requested and when are the funds required.