

Decision Profile

Living Hope Church Loan Amortization

Decision Required:

Approval of an increase to the Living Hope Church loan amortization.

Why It's Coming to DEXCOM:

Per the *DEXCOM Policy Governance Manual*, 4.4.12 and the *Church Loan Policy*, any amortization above 15 years must be approved by DEXCOM.

Background:

DEXCOM approved a property purchase by Living Hope Church on November 16, 2022 with the following motion:

It was moved by Mark Peters and seconded by Mark Hutchinson that DEXCOM approve the following:

- **The purchase by Living Hope Church of the Little Red Church at \$1.5 million, provided the appraised value is no less than \$1.4 million.**
- **The granting of a loan by the District of \$1,125,000 to Living Hope Church with 15 years amortization, subject to the approval by a 2/3 or higher majority of Living Hope Church members prior to the subject removal date of November 17, 2022.**

CARRIED

In March, the church reached out to the District Office to request that the amortization be increased from 15 years to 25 years. They noted that they are not in as strong a financial position as expected and that to continue meeting the 15-year amortization payments would mean cuts to ministry programs or staffing.

There are three reasons for this change in the church's finances since the November projections:

1) Extra Unexpected Costs

The church's property tax for 2023 was slightly over \$8000. It was unable to get the 2023 exemption as the application had to be submitted by May 2022 to be considered and the BC Property Tax Assessment had to receive that approval by October 2022. The church expects to receive an exemption moving forward.



The original projections were made with the church not expecting to pay GST on the purchase based on advice from the seller's realtor, however, this was charged and there were an additional \$30,000 in closing costs for the property. The church is currently awaiting a \$17,000 GST rebate which will be used to assist with building costs and repairs.

2) Lower Rental Income

The church's financial calculations were based on the rental prices and the number of hours booked on the calendar, minus the renter they expected would not continue. In reality, the existing rentals were all slightly over half the rate that was posted for rental rates and key renters would book the hall for more hours than needed and only pay for the hours used, resulting in a lower number of charged hours at significantly lower rates than expected. Additionally, January was a slow rental month.

Over the past three months, the church has negotiated with renters up to the posted rates and is still working with rental clients to align bookings with rates. This adjustment has already brought in additional renters. The church now anticipates an average monthly rental income of \$3500.

3) Lower Giving

January and February giving were lower than expected, likely due to a typical January lull and the significant giving to the building purchase. The church also lost a few giving units with transitions of members in December and January that have not yet been replaced. The church intends to make it clear to the congregation that its financial obligations require regular and continued giving.

The church believes that giving will return to expected levels and increase from there, and the trend from January to March demonstrates it is almost complete. Growth in attendance and giving is anticipated to improve with stability in the new location. There is also room for growth in rental income, and with improved efficiency, facilities, and relationship with rental clients, the church believes it could continue to see increases.

The church believes it may be possible, with growth in rental income and giving income, to return to the 15-year amortization payment amount by August 2024.

Recommendation/Motion:

THAT DEXCOM approve an amortization increase to 25 years for the loan to Living Hope Church.

