

**MEMORANDUM OF UNDERSTANDING
BETWEEN
First Assembly and
New City Church
Somewhere, North Dakota**

I. PURPOSE

This Memorandum of Understanding (MOU) provides a frame of reference within which First Assembly (FA) represented by Pastor John Doe and New City Church (NCC) represented by Pastor Fred Jones, seek to cooperate to enhance and accelerate their respective missions.

II. MISSION

First Assembly

First Assembly has been serving the spiritual needs of our community for over 50 years. Our philosophy of ministry hinges directly on the Great Commandment and Great Commission of Christ. "Love the Lord your God with all your heart and with all your soul and with all your mind and with all your strength [and] love your neighbor as yourself. There is no commandment greater than these." (Mark 12:30-31, NIV) He said to them, "Go into all the world and preach the good news to all creation." (Mark 16:15, NIV) Simply put, we are committed to:

LOVE the Lord (worship and discipleship)
SERVE His People (connect and serve)
SHARE (evangelism and missions)

Three steps every Christ-follower at FA needs to take:

- 1) GROW- attend one weekly worship service
- 2) KNOW- join a connect group
- 3) GO- use your gifts to serve God and others

New City Church

NCC is a missional community of disciples now forming in Somewhere, North Dakota.

III. Description of Partnership

FA and NCC have worked together to create this memorandum describing the terms of their mutual collaboration to begin a new church for the residents in the downtown community of Somewhere, North Dakota.

A. Origin of the coordinated effort

1. In 2007, Pastor Fred Jones and his wife Jane responded to a call of God to become directly involved in church planting. They sensed a specific calling toward Somewhere, North Dakota and prayerfully accepted the invitation of Jimmy Adams, founding pastor of Grace Church in Somewhere, North Dakota to join with him in his church planting efforts. They made a commitment of one year to Jimmy and Grace Church.
2. In July of 2009, they were released from their commitment and began actively working toward planting a church in the Downtown community of Center City Somewhere. In his efforts to ensure that he was maximizing his knowledge of leadership and church management, Fred sought out a mentoring relationship with Pastor John Doe of Somewhere First Assembly.
3. As the relationship has developed, Pastor Ross has concluded that Fred Jones is a good candidate to provide leadership for a Parent Affiliated Church connected to Somewhere First Assembly.
4. In discussions with Steve Pike, Director of the AG Church Multiplication Network, it was determined that a structured conversation to make clear the assumptions and expectations of both leaders would be a valuable addition to their partnership.
5. This document is the product of that conversation.

B. Primary outcomes of the meeting. The following categories were explored in a meeting facilitated by Presbyter Mark Smith of the North Somewhere Section. FA and NCC have agreed on the following assumptions and expectations.

1. Assumptions and expectations regarding ministry style.
 - a. FA places no restrictions or specific expectations on NCC regarding worship style and ministry methodology.
 - b. As long as NCC is focused on making disciples, they are free to worship and minister using the styles and methods they deem to be most effective for the making disciples in their ministry context.
2. Assumptions and expectations regarding finances and financial management.
 - a. FA will guarantee up to \$30,000 needed to qualify for the AG Perpetual Matching Fund amount of \$30,000. NCC is expected to raise as much of the \$30,000 as possible from sources other than FA.
 - b. Monies given from FA toward fulfilling this guarantee will be considered a gift and no pay back will be expected. The gift will be up to \$30,000 in the first year (2010).
 - c. Any additional finances invested by FA into NCC for capital expenses will be tracked by FA and may be required to be repaid by NCC (if not designated as a gift), should NCC desire to discontinue the Parent Affiliated relationship with FA.
 - d. NCC may present opportunities for investment to FA (such as purchasing property) etc., for their consideration. Should FA decide to purchase property on behalf of NCC it will be wholly owned by FA (if not designated as a gift). In the event that the Parent Affiliated relationship with NCC is discontinued, NCC may be required to purchase the property owned by FA at a fair market value.

- e. All income received by NCC will flow through the FA accounting system. FA will provide all accounting services for NCC. NCC will not have its own separate bank account.
- f. FA will also provide printing services on an at-cost basis.
- g. Additionally, FA will allow NCC to utilize their office staff and support services.
- h. The NCC annual operating budget will be set up in cooperation with FA and must be approved by the FA board. NCC will manage the budget in a manner similar to any other ministry of FA.
- i. The finance team at FA will track the budget numbers and NCC will receive a monthly report and be held accountable for proper budget management.
- j. NCC will be responsible for working with the FA accounting team regarding the correct procedures for handling tithes and offerings.
- k. Personal gifts received directly from individuals by the NCC lead pastor or staff will be handled according to policies of FA.
- l. FA staff is available to NCC to help regarding equipment and financial decisions whenever requested. NCC may choose to benefit from the purchasing power and scale of FA, but is not required to make all purchases through the FA staff.
- m. The budget will be managed according to FA policies.
- n. All equipment and assets are the property of FA (if not designated as a gift.)

3. Assumptions and expectations regarding governance.

- a. The lead pastor of NCC will be managed in the same way as a staff pastor of FA. Pastor John Doe will provide mentoring, counsel and advice as requested and contingent on his availability.
- b. The main period of mentoring will be in 2010 and be evaluated at the annual review.
- c. NCC is welcome to stay connected with FA as long as they believe it is beneficial to them.
- d. This relationship will be reviewed annually and the NCC leadership will take the initiative to set up the annual review.
- e. NCC lead pastor is invited to the once a month FA staff meeting, but he is not required to attend.
- f. FA intends to have the following categories of PAC's.
 - 1. FA Satellite Campuses- never intend to go sovereign (but may)
 - 2. FA Satellite Churches- might go sovereign
 - 3. FA- Network Churches- already established AG churches that come under the wing of FA.
- g. NCC will be considered a FA Satellite Church for governance purposes, but will be known publicly as one of the FA locations.
- h. NCC staff and family members may join FA health insurance plan if it is advantageous for them. NCC will be responsible for the payment of insurance premiums.
 - i. General liability insurance will be covered under the insurance umbrella of FA.
 - j. FA will determine all salaries and all staffing decisions.
- k. NCC will not need a constitution and bylaws for the first year. NCC's constitution and bylaws will be FA's. The need for a separate constitution and bylaws will be considered at the yearend review.
 - l. NCC may consider starting other churches with permission and consultation with FA leadership.
- m. In the event that the NCC lead pastor is no longer able to lead, FA will meet with NCC and determine whether NCC should continue to exist as a PAC of FA.

- n. In the event of a senior leadership transition at FA, NCC may exercise its prerogative to discontinue the relationship, provided all financial obligations are settled.
4. Assumptions and expectations regarding ethics.
 - a. NCC has complete freedom to invite people from FA to join the mission of NCC.
 - b. NCC will be known to the FA community as a campus of FA.
 - c. NCC will communicate with FA when known FA member begins attending NCC.
 5. Assumptions and expectations regarding metrics-
 - a. No specific metrics will be expected.
 - b. FA does expect NCC to demonstrate intentional missional activity resulting in a healthy community of disciples.

IV. SUMMARY

NCC will be a Parent Affiliated satellite church under the legal and organizational umbrella of FA. The agreement between FA and NCC may be summarized as such: as long as FA is happy and NCC is happy, they will work together. When either is dissatisfied with the relationship, they will amicably go their separate ways. The relationship between FA and NCC will be reviewed annually based on the assumptions and expectations described in this memorandum.

V. EFFECTIVE DATE

This memorandum becomes effective on the date it is signed by Pastor John Doe and Pastor Fred Jones

 John Doe
 Lead Pastor
 First Assembly

 Fred Jones
 Lead Pastor
 City Center Church

Date _____
rross@FAconcord.com

Date _____
Fred@centercitychurch.net

MEMORANDUM OF UNDERSTANDING FOR PAC CHURCHES

Introduction

At the 2009 General Council in session in Orlando, Florida a resolution was approved creating Parent Affiliated Churches (PAC). A PAC is an outreach of an existing General Council Affiliated Church or duly authorized District Council Affiliated Church resulting in a worshipping community distinct from the Parent Church. A PAC is subject to the ecclesial supervision and authority of the Parent Church, in such a manner, and upon such terms and conditions as are determined by the Parent Church and approved by the District Council.

This agreement is under the direct oversight of the Illinois District Presbytery.

The Basic Presumption

PACs will be approved for the following reasons:

- New Church Plant
- The merger of two churches under the following conditions:
 - To restore health and return the church to General Council Status, or
 - For the church to remain a PAC in perpetuity.

PACs are not a “financial investment” on the part of the Parent Church. *The basic presumption for the PAC must be approved by the Illinois District Presbytery.*

Legal, Financial and Governance Considerations (for the merger of churches)

- Deeds and title to real property owned by the Affiliated Church will be in the names of the Parent Church and the Illinois District Council.
- The Affiliated Church’s financial report must be reviewed prior to the approval of the merger. The responsibility for the review rest with the Parent Church and the Illinois District Council.
- The Affiliated Church’s corporation will be kept current with the State of Illinois. The president of the corporation will be the lead pastor of the Parent Church.
- The PAC will operate under the bylaws of the Parent Church.
- The pastor of the Affiliated Church shall be the pastor of the Parent Church.
 - The Affiliated Church site pastor will be selected by the Parent Church and be accountable to the Parent Church.
- The board of the Parent Church Corporation shall be the official board of the Affiliated Church.
 - Membership requirements for the Affiliated Church will be determined by the Parent Church.
- The Parent Church will assume the following responsibilities for the PAC:
 - Insurance
 - Mortgages
 - Missions Commitments
 - Staffing

- Debts
- Other liabilities – including but not limited to utilities and services
- The Parent Church will be responsible for any and all renovations and repairs necessary to the building and grounds of the Affiliated Church.
- Financial accounting for the PAC is the responsibility of the Parent; separate accounts (departments) must be established for the Affiliated Church. The Parent Church accounting system must have the ability to clearly detail all income and expense relating to the Affiliated Church. The manner of payment of invoices, check requests and reimbursements of the Affiliated Church will be handled by the Parent Church's accounting department. While the integrity of financial accountability is important, the Parent Church may or may not choose to maintain separate checking accounts.
- Should a Parent Church choose to sell a building or asset for the purpose of moving a congregation, the Parent must reinvest no less than fifty (50%) of the appraised value of the asset.
- The PAC agreement shall be signed by the lead pastor and board of the Parent Church, the Affiliated Church and by the Superintendent and Secretary of the Illinois District Council.

Return of an Affiliated Church to General Council or District Council Status

The following shall be used as a guide:

- The Affiliated Church should demonstrate consistent growth using the measure of ten (10%) percent or more annual growth as measured by water baptisms for at least two (2) years;
- The pastoral leadership of the Affiliated Church must be strong enough to thrive on its own;
- The Affiliated Church advisory board must demonstrate leadership qualities consistent with that of a fully functioning church board of at least five people, and its members must meet the qualifications of a church board member as outlined in Scriptures and the Assemblies of God Constitution. There should be at least two (2) qualified and "electable" church members for each board position;
- The Affiliated Church must offer a full range of ministries appropriate to meet the needs of the existing church family and to reach the community. These ministries must be led by qualified lay leaders who demonstrate the appropriate qualities of over seeing their respective areas of ministry;
- The Affiliated Church must demonstrate financial soundness by being able to pay for all of its expenses on its own for more than a one (1) year period of time.
- If an Affiliated Church fails to meet the conditions listed above it will be returned as a District Affiliated Church.
- There must be a consensus of approval from the Parent Church; the Affiliated Church and the Illinois District Presbytery.

Dissolution of a PAC Agreement

In the event of the dissolution of a PAC agreement, whether initiated by the Parent Church, the Affiliated Church or should the Illinois District Council choose to void this agreement, the following will apply:

- When a PAC Agreement is dissolved, the Illinois District Council will assume the assets and liabilities as stated at the beginning of the PAC agreement. All new debt incurred during the course of the PAC agreement is the responsibility of the Parent Church.
- Should the assets of the Affiliated Church be liquidated, the distribution will be as follows:
 - The Parent Church may recoup up to ten (10%) per year up to fifty (50%) of funds expended on assets. The Parent Church will not recoup funds expended for operations, staff and ministry. All asset expenditures must be fully documented to qualify for reimbursement.
 - The Illinois District Council shall reinvest the remaining balance into church planting;
 - In that area if a congregation remains, or
 - If there is not a sufficient remnant for a new congregation the church plant will be elsewhere in the District.
- When a PAC Agreement is dissolved, all personnel shall be the responsibility of the Parent Church.

General

- In the case of conflict, the arbitration process provided for in the Illinois District Council Bylaws Article XVIII. Model Church Arbitration Procedure shall be followed. Their decision shall be final and binding.
- This is a living Document. These policies may be amended by the Illinois District Executive Presbytery. Any changes to these policies shall be retroactive to all previously existing agreements.