

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 name of the Illinois District Council. The Illinois District Council will lease the property to the Parent Church for an amount equal to the mortgage payment and insurance premium. In the event no mortgage exists the property will be leased to the Parent Church for an amount equal to the cost of the insurance premiums.
- This lease will remain in effect as long as the PAC arraignment remains in effect and the Affiliated church remains open.
- 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 Parent Church shall be the pastor of the Affiliated 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.
- The PAC agreement shall be signed by the lead pastor and board of the Parent Church, the Affiliated Church board 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 attendance and 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 healthy pastors and healthy churches.
- 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.