

## **The Purpose of the Asset Sale Policy**

The church is entrusted assets, some which become under-utilized or obsolete prior to reaching full depreciation. When this occurs, it is often in the interest of the church to sell this asset to recover and repurpose it's value.

All assets belong to the church, which has a legal and spiritual obligation to steward them as best serves the interests of the church.

## **Determining the Arrangements of a Sale**

Since the Board of Directors is responsible for the sale of all church assets, it must demonstrate that all sales are reasonable by outlining a policy that ensures staff and volunteers determine a fair market value:

1. The arrangements of the sale will be approved by the Board of Directors prior to the sale if the asset's value is \$500 or more.
2. The staff or volunteer managing the sale will rely upon appropriate "comparable data" prior to making it's determination of fair market value.
3. The staff or volunteer will adequately document the basis for its fair market value determination.

## **Asset Sales to Insiders**

When arrangements for the sale of an asset are made with an insider (ex. employee, church member), extra precaution should be taken to ensure the arrangements preserve the church's interests and comply with tax regulations.

1. If the purchaser is a Board Member, he must recuse himself from determining and approving the arrangements of a sale.
2. If the purchase price is less than fair market value, an excess benefit should be recorded. All applicable tax regulations apply.