

# EPP in the FMCUSA

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In October of 2002, the GC Board of Administration (GCBOA) approved a motion creating an Equal Participation Plan (EPP) to calculate a fair amount for each conference to contribute in funding the work of the Denomination in its work with Free Methodist ministries around the world.

In the motion and minutes, specific mention is made regarding some conferences seeing their contributions rise, while others contributed less under the new system. The goal in using a mathematical calculation to determine support was to ensure equal participation in the shared ministry of the Free Methodist Church.

This document is a record of our practice regarding EPP as of its publication in April of 2024 to help provide clarity, consistent process, and equal participation in the ministry.

## What is a Church?

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"Church" can be an ambiguous term, especially if you compare how the term is applied in theological, practical, legal, or procedural ways. For the purposes of the World Ministries Center processes, an FMCUSA church is one that is registered with the denomination as one of four statuses: Society, Fellowship, Church Planting Project or **Affiliate**. Any church of these statuses has a Church ID number. Affiliation is a temporary status that should be supported by an affiliation agreement.

Congregations might not be registered with the denomination as an FMCUSA church. One example of a congregation that is not an FMCUSA church would be an Emerging Ministry Point. Conferences are encouraged to use different classifications for their congregations, based on what makes most sense to further their local ministry.

## Data Collection

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Each year, every church in the FMCUSA is asked to submit an Annual Report. This Annual Report provides information on ministry metrics, contact information for the local church, and financial information. Much of the information in the finance section of the Annual Report is included to allow those reports to be used in calculating EPP if needed. This is the simplest and most straightforward way to calculate EPP. For example, the data collected about year 2000 of ministry is reported in year 2001 and is used to calculate the EPP for year 2002.

The information needed to calculate EPP as the GCBOA has directed is listed at the end of this document, with descriptions to help fully explain them.

Recently the GCBOA has offered an alternative for conferences that would prefer to calculate EPP based on current revenues reported by churches as opposed to prior year information. It is essential that each of those monthly reports reflect all the information that is required for each church in the conference - otherwise the reports will not be accurate.

The information provided monthly by the conference for those choosing to participate based upon current revenues will be compared with the Annual Report data collected early in the subsequent year. Reconciling those two sources of information is an important part of our process.

## Calculations

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EPP is not assessed to churches but is assessed by the denomination to the conference. How the conference decides to collect funds from local churches is entirely within their purview.

The current formula for calculating EPP is as follows:

**EPP = 3.2% \* Total Revenue - FMWM Giving - Revenue Exclusions - Passthrough Revenue**

**FMWM Giving** is determined by the funds received by FMWM during the reporting year.

**Revenue Exclusions** are income received by the local church during the reporting period that is designated for specific purposes at the time they are received. These include:

- ancillary revenue
- bequest revenue
- capital funds revenue
- church planting revenue
- rental revenue from other FM churches

**Passthrough Revenue** is income in one of four categories that is not received for the benefit of the local church and is instead collected and paid on others' behalf.

- annual conference passthrough revenue
- concert passthrough revenue
- mission trip passthrough revenue

- training, conference, or event passthrough revenue

EPP is calculated per church (to consider the caps on EPP implemented by the GCBOA in April 2013), then the EPP assessed based on each church's data is added together to give a conference EPP total.

Any exceptions to this formula are not in the purview of the WMC Finance Department or the Database Manager. As the formula is set by the GCBOA, they would need to authorize any changes or deviations.

## Appendix: Description of Data Needed

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### Revenue

**Total Church Revenue** - any amount of money that was received by a church throughout the year. Any funds entered for any other revenue category must also be included in this total. This "Total Church Revenue" is the sum of all tithes, offerings, donations, bequests, capital funds revenue, and all passthrough funds. Loans or sale of property would not be included in "Total Church Revenue".

### Deductions

**Gifts Given to Free Methodist World Missions** - include those funds forwarded to FMCUSA for the Missionary Support, Country Support, Extra Mile Projects, Impact Middle East, Bishops' Crisis Response Fund, or International Child Care Ministries.

**Conference Church Planting** – Conference funding of church planting is a deduction from revenue subject to EPP.

### Revenue Exclusions

**Capital Funds Revenue** - money received that is for the purchase of land, new church construction, major renovations, or insurance settlements. On this form, mortgage payments would not be included as Capital Funds Revenue. Any funds listed here should be included in Total Church Revenue at the beginning of this section.

**Church Planting Funds Revenue** - is not the same as funds given to church plants. It is the portion of money claimed as Total Church Revenue received this past year that is

restricted for use in supporting other FM Church Plants. Any funds listed here should be included in Total Church Revenue at the beginning of this section.

**Ancillary Revenue** - is operational income from a school, day care center, and/or other business that is run by the church. Any funds listed here should be included in Total Church Revenue at the beginning of this section.

**Bequest Revenue** - is a gift from an estate after someone has passed away that was received during the previous year. Any funds listed here should be included in Total Church Revenue at the beginning of this section.

**Rental Revenue from other Free Methodist Churches** is rental income from another FM church for use of your facility in this past year. It includes rent from other FM churches only. Do not include rent received from day cares, parachurch ministries, etc. Any funds listed here should be included in Total Church Revenue at the beginning of this section.

## Passthrough Revenue

**Passthrough Revenue used for training, conferences, and events** - includes any funds collected as revenue and included in Total Church Revenue that were used for training, conferences, or events attended by individuals in the church and that meet the below criteria. Revenue listed as passthrough funds should be funds where no charitable giving receipt was issued, and the church received funds for the purpose of consolidating a payment on behalf of others.

**Passthrough Revenue used for concerts outside the local church facility** - includes any funds collected as revenue and included in Total Church Revenue that were then paid on behalf of individuals who attended a concert that was not hosted at the local church facility. Revenue listed as passthrough funds should be funds where no charitable giving receipt was issued, and the church received funds for the purpose of consolidating a payment on behalf of others.

**Passthrough Revenue used for annual conference events** - includes any funds collected as revenue and included in Total Church Revenue that were then paid on behalf of non-clergy individuals who attended an annual conference event. Revenue listed as passthrough funds should be funds where no charitable giving receipt was issued, and the church received funds for the purpose of consolidating a payment on behalf of others.

**Passthrough Revenue for mission trips taken by church attendees** - includes any funds collected as revenue and included in Total Church Revenue that were then paid on behalf of individuals who participated in a mission trip. Revenue listed here should be funds the church received for the purpose of consolidating a payment on behalf of others.