

## **Evaluating Access to Restricted Funds**

This document is prepared for the Congregational Support Commission of Horseshoe Falls Regional Council to assist the Commission when considering whether to approve requests by Communities of Faith to access funds that have been restricted (i.e. most commonly, these funds are the proceeds of sale of real property).

### **Regional Council Policy and Principles Regarding Restricted Funds**

The trustees in Communities of Faith hold all property of the community “in trust for the use of the community of faith” in the first instance, and “in trust for the United Church of Canada” in the second instance.

The Congregational Support Commission is permitted to consider granting permission to a Community of Faith to access their restricted funds for capital and ministry projects.

Note that as of this writing, proceeds from the sale of a manse are no longer Restricted Funds.

### **General Availability Guidelines for Restricted Funds**

1. The CSC can approve up to 50% of a CoF's highest Restricted Fund balance for access over the history of a CoF. Once 50% of the highest Restricted Fund balance has been approved, the CSC can no longer approve access to Restricted Funds by the CoF.
2. The remaining 50% of Restricted Funds will remain restricted. In the event that a community of faith disbands or amalgamates, access to the Restricted Funds will be managed by HFRC according to HFRC's policies at the time of the community of faith disbanding or amalgamating.

### **Approved Terms of Use of Restricted Funds**

- A. Funds used for Growth Initiatives (including building improvements for the purpose of congregational growth)
  - Communities of Faith requesting Restricted Funds for use in growth initiatives must submit the following information to the CSC for consideration:
    - Updated CoF Statistics
    - Current Financial Statements (and Annual Report if it was produced)
    - A completed Restricted Funds – Growth Initiatives Application
  - The Growth Initiatives Application should show the planned expenditures over the planned timeframe, and the expected results.
  - The Commission must check in with this community at least twice/year and must review the results vs. the business plan annually.
- B. Funds used Post-Disbanding (Legacy Projects Continuing after Disbanding)
  - Communities of Faith requesting Restricted Funds for use in mission or ministry projects that will become legacies of the congregation within their community must submit the following information to the CSC for consideration:

- Updated CoF Statistics
- Current Financial Statements (and Annual Report if it was produced)
- A completed Restricted Funds – Legacy Mission and Ministry Projects Application
- A wind-down plan is required in lieu of a business plan if the community of faith is no longer considered viable within a five-year planning window.
- The Commission must check in with this community at least twice/year and must review the results vs. the business plan annually.

C. **Funds used for Building Maintenance and Upgrades**

- Communities of Faith requesting Restricted Funds for use in building maintenance and upgrade initiatives must submit the following information to the CSC for consideration:
  - Updated CoF Statistics
  - Current Financial Statements (and Annual Report if it was produced)
  - A completed CSC Property Questionnaire
- The Commission will consider whether the CoF making this request should be added to the Vulnerable Congregations list.
- The Commission will evaluate the ability of the CoF to support their building in the short and medium term. Where the property is found to be unsupportable, the CoF will be required to make other arrangements for space on a timetable agreed to with the CSC.
- The Commission may require that the Community of Faith make changes to its building in order that it be more sustainable for the community (i.e. if the community cannot support the building financially) or establish a sinking fund for the assets replaced/upgraded.
- If a request is made for any period beyond one year, the community of faith must submit a plan for the continued support of their property to the Commission or develop one together with the Commission and other UCC resources.

D. **Funds used for Operating Costs**

- Communities of Faith requesting Restricted Funds for the payment of general operating expenses must submit the following information to the CSC for consideration:
  - Updated CoF Statistics
  - Current Financial Statements (and Annual Report if it was produced)
  - A completed Financial Viability Worksheet
- Communities of Faith making these requests will be added to the Vulnerable Congregations list.
- The CSC should consider whether the CoF that is spending this capital to survive should be considered no longer financially viable.
  - The CSC should be entering into conversations with CoFs that are no longer financially viable as soon as possible and requesting that the CoF complete a Wind-down Questionnaire
  - The Commission should check in with this community at least twice/year and must review the results vs. the wind-down plan annually.