



PILGRIM UNITING CHURCH

We are called by God to be a prophetic witness in the city of Adelaide so that new life and vitality will be generated in our city and its people. We celebrate in our unity and diversity, our shared beliefs and past experiences, and value worship, teaching, creativity and justice.

FIN-10

RESERVES POLICY

1. Introduction

Reserves are liquid, unrestricted assets held as either cash or investments that can be quickly converted to cash that Pilgrim can use to support its operations in the event of an unanticipated loss of revenue or increase in expenses. In line with good governance and proper risk management Pilgrim needs to maintain an appropriate level of Reserves and have a policy for both building up and spending from the Reserves that is consistent with the mission and vision of Pilgrim and the Australian Accounting Standards.

2. Purpose

The purpose of this policy is to explain why Pilgrim has been accumulating Reserves, indicate the conditions under which the existing Reserves can be added to and provide principles under which Reserves can be drawn on. The associated procedures ensure that the Reserves will be used appropriately.

3. Policy

- 3.1 Church Council will ensure that Pilgrim always has enough equity in the Reserves to cover anticipated large expenses and other unanticipated expenses as they arise.
- 3.2 Accumulating a high level of Reserves without a clear explanation or justification may give the Congregation the perception that we are accumulating funds at the expense of addressing current needs.
- 3.3 Reserves can only be added to when, at the end of the financial year, a surplus has been achieved as a result of Pilgrim's income exceeding expenditure. This will only occur when we have not needed to spend everything budgeted for or there have been significant donations.
- 3.4 Reserves are available to be spent only at the discretion of Church Council.
- 3.5 Drawing down from the Reserves to alleviate over expenditure in the budget should only occur after advice has been sought (e.g. from Finance Committee and the Business Manager) and there appears to be no other funds available to meet a particular need.

Authorisation

Church Council Chair

Reviewed: 12 February 2020

Next review date: February 2022

RESERVES PROCEDURES

1. Responsibilities

1.1 Church Council is responsible for:

- ensuring that Pilgrim will always have an adequate level of Reserves to cover anticipated large expenses and other unanticipated expenses as they arise
- all decision making related to the accumulation and spending of Reserves.

1.2 The Business Manager is responsible for:

- providing advice to Church Council on issues relating to Reserves
- maintaining a 10-year cash flow spreadsheet of anticipated large expenditures based on Pilgrim's Asset Management Plan
- ensuring that changes in equity are appropriately recorded in financial reports.

2. Procedures

2.1 To determine an appropriate level of Reserves, Church Council will consider Pilgrim's Mission and Ministry as expressed in the Strategic Plan and recommendations from the Operations Committee and Business Manager related to:

- the liabilities Pilgrim has
- any changes that may affect income streams
- compliance issues that need to be addressed (e.g. WHS issues)

2.2 With the assistance of the Operations Committee and its sub-committees (Property and WHS) the Business Manager will create and maintain a 10-year cash flow spreadsheet of anticipated large expenditures based on the Asset Management Plan. This will assist Church Council in its decision making related to the accumulation or spending of Reserves.

2.3 Any addition to the Reserves or a transfer of funds from the Reserves to alleviate over expenditure in the budget will be reflected in the Statement of Changes in Equity.

2.4 Proposals to draw on Reserves will be considered by Council on an individual case by case basis taking into account:

- how the proposal advances Pilgrim's Ministry and Mission
- commitments to current liabilities
- future income streams (so payback can occur from grants, etc., if applicable)
- future benefit (i.e. spending now that will save money or advance Pilgrim's Ministry and Mission in the long run)
- urgency of the proposed expenditure
- special needs (e.g. WHS compliance).

2.5 It is expected that project proposers will:

- use the Project Proposal form to explain how a proposed project addresses the criteria in 2.4 above (this form is available from the Church Office or on the Pilgrim website under Office/Downloads);
- consult with the Business Manager as to possible sources of funding for the proposed project as some projects may be able to be funded out of the budget rather than drawing on Reserves;
- for large projects that cannot be funded out of the budget, ask the Business Manager to prepare a Business Case for funding the project by drawing on Reserves (to be attached to the Project Proposal form that goes to Council).

Authorisation



Chair of Operations Committee

Reviewed: 11 February 2020

Next review date: February 2020

