

ANGLICAN DIOCESE OF BUNBURY

POLICY: USE OF CAPITAL FUNDS

Date of Approval: 4th April 2019
Updated:

PURPOSE

This Policy provides a definition for capital funds, describes how capital funds will be used, and the decision making processes for their use and provides the parameters for such decisions. Capital funds arise from sales of Diocesan property, through bequests, grants, donations.

It is worth noting all properties are legally held in the name of The Bunbury Diocesan Trustees. Approval must be sought from the Trustees to sell any parish or diocesan property. All sales proceeds are considered 'capital funds' and are subject to this Policy.

Bequests and donations are recorded and managed by the Diocese and are held in the Diocesan reserves until the objectives are met for the bequest and in consultation with the parish.

POLICY

The Diocese of Bunbury, through its legal entity, The Bunbury Diocesan Trustees is responsible for all capital funds generated within the diocese by parishes and by individuals.

The Trustees determine the available capital funds in the Diocese, the decision making processes for the use of capital funds and how variations to this policy are agreed.

Capital funds are generated by sales of Diocesan property, and through donations, grants, bequests and sale of shares. Please see the Bequest Policy for additional information.

Capital funds can be used for buying land, buildings, equipment and resources needed to produce or deliver services.

Approval must be sought from the Trustees to sell any parish or diocesan property. All sales proceeds are considered 'capital funds' and are subject to this Policy.

All bequests, donations, grants and sales funds are managed by the Diocese and the Trustees and are reported to Trustees meetings.

All funds received from the sale of a property and not required for immediate capital use within the Parish, will be directed to the Foundation of Ministry Fund for capital use throughout the Diocese. Normally, these funds cannot be used for day-to-day expenses associated with a Parish.

Capital use includes major maintenance and extensive renovations to a property held by the Parish or the construction of a building within the Parish.

The Trustees will take into account the needs of the parish and the Diocese in the objectives outlined in the reasons provided for the bequest, donation, grant or sale of property.

PROCEDURES

Steps to take if generating capital through sale of property or asset:

1. Once the initial decision has been taken by a parish council to sell an asset, it must write to the Trustees seeking the permission of the Trustees to proceed with the sale, and the letter should include the following:
 - a. An explanation of the reasons for the decision to sell
 - b. An explanation of the desired outcomes from the sale
 - c. Any details of repairs required to bring the property to market and how this will be funded; and
 - d. Any details of funds required from the sale by the Parish. The latter may include costs involved in repairs to the property prior to sale.
2. Once the Trustees have approved the decision to sell a property, it will work with the parish during the sale process and afterwards, in ensuring the agreed use of the Capital Funds is finalised. (See the Sale of Assets Policy)
3. On completion of the sale, the Diocese will advise the Parish of the nett proceeds and unless a variation to the use of the funds has been requested, the funds will be treated as Capital Funds as defined in this Policy and invested on behalf of the parish for future capital use; or the capital will be directed to the Foundation of Ministry Fund.
4. A request to vary such use of capital funds can be made to the Trustees at any point during the process. A 'Request to Vary Use of Capital Funds' will be considered by the Trustees for the following reasons:
 - a. The variation to this Policy will enable the parish to continue to fund a sustainable Living for a Priest. It is not intended Parish funds should be kept in reserves and available as capital funds, and the Parish have to 'close' because it has insufficient revenue to fund a priest.
 - b. The interest from the capital kept in reserves on behalf of a parish could be used to fund a priest and keep the parish viable.
 - c. The replacement of the capital asset is not going to be a future consideration, due to a bequest or other source of funding, freeing up the capital for other significant purposes
 - d. Other examples?
5. If the capital funds arise from a bequest, donation, grant or sale of shares, the use of this capital will be determined by the Trustees in consultation with the parish where appropriate and relevant and in line with the wishes of the donor, or bequester and grantor.

Questions still for consideration:

1. Can funds from capital held be used for maintenance of Parish Buildings and should a minimum figure be considered with an increase each year according to CPI.

2. Could funds from capital held be used for payment of Insurance and items such as Termite Inspections – both are required for the maintenance of properties but Parishes sometimes have difficulty meeting these costs.
3. Is it now time to introduce a 1% management fee for funds held by individual Parishes and managed by the Diocese?