

### **Release of funds to churches**

1. This note describes the extent to which moneys held by URC Thames North Trust ("TNT" or "the Trust") for the benefit of churches are available to the churches, the procedure for authorising the use of those moneys and payment arrangements

#### **What is available?**

2. The availability of moneys held by the Trust depends on the source of the money.

#### **3. Moneys held on the United Reformed Church property trusts**

When church premises and church workers' residences held on the trusts described in Guidance Note 3 are sold or leased, the proceeds have to be administered in accordance with those trusts, ie by decision of church meeting and approval of the Synod. In particular -

- the capital sum received from sales and the capital sum and/or rent received from leases for more than 28 years are available in principle for the church concerned. These disposals will often be made in order to pay for substantial building work to church premises or for an alternative dwelling, and expenditure authorised accordingly. Any remaining money may be invested for future use (see Guidance Note 9)
- the income from such invested capital may be put aside for future use in the same way or paid regularly to the church. In practice proceeds of sale of former Presbyterian and Congregational properties before the United Reformed Church was formed in 1972 are considered to be subject to the trust of the predecessor denomination.
- rents received from letting of all or part of the relevant properties for not more than 28 years are payable to the local church for its general funds. In practice many of these leases (such as manse lettings, play group and similar leases) are for much shorter periods and the church receives the rent direct.

#### **4. Moneys arising from other sources**

Some churches have the benefit of a legacy or other gift to be used in accordance with the founding document (a will, a formal declaration of trust or a letter from the donor). A copy of the founding document should always be provided to the Trust. It will show whether the capital as well as the income is expendable for the stated purposes (the general purposes of the church in the absence of anything specific). If the church benefits directly only from the income, the capital is known as "permanent endowment". For legal and accounting purposes these gifts are subsidiary charities of the local church.

#### **Who decides?**

#### **5. The first step**

A resolution of the church meeting is the usual starting point in authorising use of money held by the Trust, whether capital or income. The resolution should state -

- for projects, the purpose for which the money is required, whether capital or unexpended income, and how much is required (which may be all or up to a stated amount)
- for regular payment of income from investments or deposits, the reason for requiring it, whether all or part is required and the period of time for which it is

required

The income from permanent endowment is available automatically in accordance with the terms of the gift.

*Resolution* A copy of the resolution of the church meeting should be sent to the Trust, and, if Synod approval is required (see next paragraph), to the Synod and the Area Committee. The copy minute, even if incorporated in a letter, should be a direct quotation from the minutes, show the date of the meeting, and certified as a true extract by an officer of the church (ie the minister, secretary or treasurer) or the person chairing the meeting. A photocopy should be certified in a similar way.

## 6. Moneys arising under the URC trusts

When money arises from disposal of property within the URC property trusts, the use of capital and associated investment income requires the approval of Thames North Synod.

Typical uses are:

- of capital or previously unexpended income for a specific project
- of income on a regular basis towards the church's ordinary running costs

Synod approval is given through the Synod's Grants, Loans and Property Committee which always wishes to know whether the request for approval is supported by the Area Committee. Synod approval for the regular payment to churches by the Trust of income from investments is usually given for five years at a time. Churches should seek fresh approvals as occasion arises.

## 7. Moneys arising from other sources

*Expendable capital* If a church wishes to use capital which is not permanent endowment, the church meeting resolution must be in terms which allow the Trust to see that the purpose of the expenditure is within the terms of the governing document.

*Permanent endowment* If the capital is permanent endowment as described in paragraph 4, this capital may only be spent in limited circumstances. The Trust can advise on the procedures which apply in these situations, and information is also available from the Charity Commission.

- If the income from the capital is below £1,000 per year there is a procedure administered by the Charity Commission to allow expenditure of the capital as if it were income, and thus winding up the small charity
- If a church wishes to use all or some of the capital for a specified purpose (usually building-related) this may be authorised by the Charity Commission against repayment over an agreed number of years.

## Payments to churches

8. Payment arrangements vary between occasional (generally project-related) and regular payments, and whether the money is held on deposit or in a longer-term investment.

## 9. Project-related payments

Individual projects do not necessarily go ahead, or the amount needed may be less than the amount covered by the Synod's approval. Consequently payment by the Trust is not automatic following the Synod approval. Churches should request payment when required and provide supporting documentation (such as contractors' invoices). In some situations the Trust may be able to pay a third party direct on behalf of the church instead of reimbursing the church. Because the Trust's finance staff are part-time, and dealing in some investment funds is weekly rather than daily,

- if investments have to be sold, payment can usually be made within three weeks from receipt by the Trust of the payment request; and
- in any other case payment can usually be made within two weeks of receipt of the

request (plus any notice period for withdrawal from a deposit account).

**10. Regular remittance of income**

When the necessary approvals are in place for regular payment of investment income to a church, the church treasurer should contact the Trust to confirm contact details and payment arrangements. The Trust normally pays to churches investment and rental income received during each calendar quarter in the first month of the following quarter. If income due for remittance is less than £100, it is held over to a later date, but payment is made at least annually. Payments continue while the approval(s) are operative. Churches should seek fresh approvals (see particularly paragraph 6) as necessary.