

SUSTAINABILITY FUND (SF) - TERMS OF REFERENCE

Purpose

The purpose of the Sustainability Fund Policy for St. Andrew's Presbyterian Church, Calgary (the "Church") is to ensure the stability of its mission, programs, employment, and ongoing operations. The Sustainability Fund ("SF") is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The SF may also be used for one-time, nonrecurring expenses that will build long-term sustainability and capacity of the Church such as staffing, Christian development, community outreach, investment in infrastructure or unanticipated, material capital expenses. The SF is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of the Church for the SF to be used and replenished within a reasonably short period of time.

Definitions and Goals

The SF is defined as a designated fund set aside by action of the Session. The minimum amount to be designated as the SF will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The SF serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum SF is equal to **four (4)** months of average operating costs calculated annually. The amount of the SF target minimum will be calculated each year after approval of the annual budget by the Congregation and reported to the Session and Finance Committee. The ultimate goal is to have \$600,000 in the SF and this will be communicated to the Congregation.

Accounting for SF

The SF will be recorded in the financial records as the SF Internal Reserve and the funds will be commingled with the general cash and investment accounts of the Church.

Funding of the SF

The SF will be funded primarily with surplus unrestricted operating funds. The Session may from time to time direct that a specific source of revenue be set aside for the SF. Examples may include one-time gifts or bequests, special grants, or special appeals.

Use of the SF

Use of the SF requires three steps:

1. Identification of appropriate use of SF.

The Treasurer and Finance Committee will identify the need for access to the SF and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

2. Authority to use the SF

The Treasurer, upon recommendation of the Finance Committee, will submit any request to use the SF to the Session of the Church. The request will include the analysis and determination of the use of the fund. If, as a result of the request, the SF would be reduced below the target minimum, the request should also include plans for replenishment of the SF to at least the target minimum. Generally, the goal should be to replenish the funds used within twelve months to restore the SF to the target minimum amount. If the use

of the SF will take longer than 12 months to replenish, the request will be scrutinized more carefully. The Session will approve or modify the request and authorize transfer from the SF.

Authority for use of up to **\$3,000** of the SF is delegated to the Treasurer upon recommendation of the Finance Committee. The use of the SF will be reported to the Session at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and, if necessary, plans for replenishment to restore the SF to the target minimum amount.

3. Reporting and monitoring.

The Session is responsible for ensuring that the SF is maintained and used only as described in this Policy. The Treasurer will maintain records of the use of such funds and any plans for replenishment and will provide regular reports to the Finance Committee and Session of such use and of progress to restore the SF to the target minimum amount.

Review of Policy

This Policy will be reviewed every other year, at minimum, by the Session, or sooner if requested by the Finance Committee or warranted by internal or external events or changes. Changes to this Policy will be recorded by the Treasurer in a minute book.