



The Presbyterian Church  
Property Trustees

**APPLICATION TO USE CAPITAL FUNDS FOR INCOME REPLACEMENT**

**Parish Name** \_\_\_\_\_

**Amount applied for** (*max \$50,000*) \$ \_\_\_\_\_

**Attachments**

	Date	Tick
• Financial Statements as at _____ <i>and</i>		<input type="checkbox"/>
• Other financial evidence (if any) _____ <i>and</i>		<input type="checkbox"/>
• Minutes of a congregation meeting approving the application _____		<input type="checkbox"/>
<i>or</i>		
• Minutes of a Church Council meeting approving the application and subsequent actions required _____		<input type="checkbox"/>

**We declare that:**

- Any funds received from this claim will be used for the purposes set out in the Book of Order 16.8 (4), and
- The Capital Funds requested are not ear-marked for any other purpose or project, and
- The application discloses the full extent of any funds received from the Government's wage subsidy scheme and other sources of available funds, and
- Any funds received in place of funds locked up in Term Deposits will be repaid
- If a congregational meeting has not been held:
  - The congregation has been advised of the decision to apply, and
  - We will hold a congregational meeting as soon as reasonably possible to approve the decision to apply, and
  - If the congregation does not ratify the decision, the funds will be repaid

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Position \_\_\_\_\_

Contact Name \_\_\_\_\_ Phone \_\_\_\_\_

*If different to above*

<b>Partner Church</b>	<b>Presbytery</b>
Signature _____	Signature _____
Name _____	Name _____
Position _____	Position _____
Date _____	Date _____

## CLAIM CALCULATION

Item		Amount \$
1. Total Income for the prior year		
<i>Less</i>		
2. Investment Income		
2. Extraordinary Income		
3. Total Excluded Income		
4. Total Eligible Income		
5. Proportion of Eligible Income @ 18.75% <sup>1</sup>		
<i>Less</i>		
6. Government Wage Subsidy received		
6. Other Available Investments		
7. Deduction Sub Total		
<i>Add Back</i>		
8. Funds locked up in Term Deposits <sup>2</sup>		
9. Total Deductions		
<b>10. Eligible Claim</b>		

1. 3 months of 75% = 18.75%

2. Any Capital Funds paid out under this application will need to be repaid once the Term Deposits mature (to the extent the Term Deposits exceed the funds paid out).

### COMMENTS

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## Instructions to complete the CLAIM CALCULATION on Page 2 above

Parishes should use financial statements as at 30 June 2019 to complete the application. These statements must be attached to the application. If the parish has a different end-of-financial-year date, the latest available financial statements should be used to complete the application and a copy supplied.

See the Example on Page 5.

### Income calculation

#### 1. Start by entering total income from last year. Round to the nearest dollar.

The aim of the formula is to 'replace' normal income lost as a result of the lock-down. To that end, extraordinary or one-off income is excluded, as is investment income. While earnings rates on income have fallen, this is a broader dynamic that we all must get used to.

#### 2. Enter last year's Extraordinary Income and Investment Income.

#### 3. Total to get Total Excluded Income.

#### 4. Subtract from Total Income to get Total Eligible Income.

Extraordinary income is income that is not part of a parish's normal income, such as charitable appeals, funds received for specific mission projects, funds received for capital works, grants, or a major bequest(s).

The formula also acknowledges that parishes are unlikely to have lost all their normal income, so the claim is capped at 75% of eligible income.

### Period of cover

The replacement period is for three months, to cover the period from 1 April to 30 June. As a result, the total eligible claim is one quarter of 75% of annual eligible income.

#### 5. Multiply Total Eligible Income by 18.75% to get Proportion of Eligible Income. Round to the nearest dollar.

The Property Trustees will review the position later in May to determine whether or not the replacement period should be extended. It is expected that they will be in a position to advise parishes of their decision by the middle of June.

### Other sources of support

Parishes will not be able to claim to use Capital Funds to the extent they have other investments available. That is, they should 'use up' other available investment assets before seeking to use Property Capital. Other investments include General investments in the PIF and other 'untagged' investments the parish may hold, such as Term Deposits. Nor will they be able to 'double dip'. As a result, the formula takes into account both any other sources of available investments and any funds received from the Government's wage subsidy scheme. These amounts will be deducted to determine the final eligible claim amount.

In calculating other sources of investment available, parishes need only include principal amounts, not interest or income earned on those investments. Use the amounts as per the Balance Sheet of your 2019 Financial Statements. This amount should be total financial assets excluding Capital Funds. If the position has changed materially, e.g. you have already used these assets prior to 31 March 2020, please provide evidence of this.

#### 6. Enter the amount received under the Government's Wage Subsidy Covid-19 Scheme and Other Available Investments, if any.

#### 7. Add together to get Deduction Sub Total.

In the event that a parish has Term Deposits that will mature at a later date, they will be able to claim to use Property Capital on the basis that these funds are repaid once the Term Deposit(s) matures (to the extent they are covered by the Term Deposits). Any Term

*Deposits will be part of the Other Available Investments amount as above. Please provide evidence of the Term Deposits.*

- 8. Enter the amount of any Term Deposits that are due to mature later in the year.**
- 9. Add back to the Deduction Sub Total to get Total Deductions.**
- 10. Subtract Total Deductions from the Proportion of Eligible Income to get the Eligible Claim amount.**

**Enter this at the top of page 1 of the application form, unless the amount is more than \$50,000, in which case, please enter \$50,000.**

#### **COMPLETING PAGE 1**

##### **Congregation or Church Council approval**

- 11. Enter your parish name at the top of the form.**
- 12. Enter the date of the attached Financial Statements**

*Ideally, applications will be accompanied by a record of a congregational meeting approving the application, either in the normal fashion, or via electronic means as set out by the Book of Order Advisory Committee. Where this is not possible in sufficient time, there must be a record of Church Council approval, and confirmation that the congregation has been notified and that a congregational meeting will be held as soon as is reasonably possible to approve the decision. Failure to secure congregational approval will require repayment of any funds paid under the claim.*

- 13. Insert the date of the relevant meeting on page 1 of the application form.**

*You may need to attach additional Financial Evidence. For example, evidence that financial assets as at 1 July 2019 were used up by 31 March 2020, or evidence of Term Deposits due to mature later in the year.*

- 14. Attach your Financial Statements, other Financial Evidence (if any), and Minutes from the relevant meeting, and tick as appropriate.**
- 15. Read the Declarations and sign the form.**

##### **Presbytery and Partner Church approval**

*Co-operative Ventures must also have the approval of Partner Churches.*

- 16. If your parish is a Co-operative venture, you will need approval from the Partner Church.**

*The application must be approved by Presbytery before being forwarded to the Trustees. Presbyteries are expected to use their discretion to ensure capital funds are used to support viable parishes.*

- 17. Forward to your Presbytery. They will inform you who to send it to.**

*If the Presbytery approves the application, they will forward it directly to the Trustees.*

#### **WHAT HAPPENS NEXT?**

Even where applications have been approved by Presbytery, the Trustees retain the final discretion as to whether or not capital funds can be used.

Where applications are in order, the Trustees expect to be able to approve (or otherwise) and process payments within 5 business days.

Payment will be made by transferring the agreed amount from the parish's Property Capital Account to its General Account within the Presbyterian Investment Fund. Parishes can then draw down those funds as required using their online access.

## Example

Parish A recorded total income last year of \$200,000, including investment income of \$15,000 and extraordinary income of \$5,000 (fundraising for a special mission project).

A Government wage subsidy of \$3,510 has been received. The parish has a total of \$18,000 in other available investments held in the General PIF account and the bank. It has no Term Deposits.

Item		Amount \$
Total Income for the year ended 30 June 2019		200,000
Less		
Investment Income	15,000	
Extraordinary Income	5,000	
		<u>20,000</u>
Sub Total		<u>180,000</u>
@ 18.75% (being 75% of eligible income for 3 months)		<b>33,750</b>
Less		
Government Wage Subsidy received	3,510	
Other available investments	18,000	
Deduction Sub Total	21,510	
Add Bank		
Funds locked up in Term Deposits	0	
Total Deductions		<u>21,510</u>
<b>Eligible Claim amount</b>		<b><u>12,240</u></b>

As the Eligible Claim amount is less than \$50,000, Parish A can forward a request for use of \$12,240 from Capital funds to Presbytery for approval, before being forwarded to the Trustees. If the Eligible Claim amount exceeded \$50,000, Parish A would only be able to request use of \$50,000.