Revised 1.5.23

Presbyterian Mission Agency Reserve Policy

1. Operating Guidelines
   1. Presbyterian Mission Program Fund

Definition: The funds composed of current or prior year unrestricted gifts, legacies, and bequests that equal or exceed $500,000 (five hundred thousand) and will be expended is over several operating periods or years. The use of these funds will be determined as part of the normal operating budget preparation cycle and processes.

* 1. Unrestricted Reserve Fund

Definition: The funds composed of all unrestricted receipts and prior year net assets intended for the support of the Presbyterian Mission Agency.

* + 1. Sources to maintain this fund shall include all unrestricted revenue available for the Presbyterian Mission Agency, including but not limited to
       1. income including receipts from congregations, presbyteries, or individuals;
       2. unrestricted gifts, legacies, bequests;
       3. unrestricted investment income;
       4. gift annuity excess reserves;
       5. such nonrecurring income as the Presbyterian Mission Agency Board shall direct by general or specific policy statement; and
       6. under expenditure portion of the Presbyterian Mission Agency annual operating budget.
    2. The Unrestricted Reserve Funds
       1. The unrestricted reserve fund will not be used to manage projected operating budget shortfalls;
       2. The Presbyterian Mission Agency shall maintain an unrestricted reserve fund that may be accessed with the approval of the Presbyterian Mission Agency Board;
       3. Use of the unrestricted reserve fund shall be limited to revenue shortfalls and expense overruns in the current budget cycle, emergency purposes, and new mission opportunities;
       4. The unrestricted reserve fund shall be held in a separate unrestricted net asset account;
       5. Reserves will be increased by allocating unrestricted gifts and budget accumulations;
       6. Mission areas that rely on unrestricted reserve funds will rely on an agency-wide emergency fund;
       7. The unrestricted fund reserve balance will be approved by the Executive Director of the Presbyterian Mission Agency with concurrence of the Chief Financial Officer.
    3. Any use of the unrestricted reserve fund for the purposes outlined in the above section must be based on a plan that takes into account income estimates and provisions for all the anticipated changes in the fund. Such plans will be approved by the Presbyterian Mission Agency Board Administrative Team and further approved annually by the Presbyterian Mission Agency Board.
    4. Ordinarily, the unrestricted reserve funds will not be used for capital expenditures, except in the event of an emergency and the capital replacement funds are fully expended or allocated for use within a three (3) year period. The Chief Financial Officer will report this emergency expenditure to the Board Administrative Team, and seek timely approval from the Coordinating Team of the Presbyterian Mission Agency Board, or its Chair.
    5. Presbyterian Mission Agency Board, upon recommendation of its Board Administrative Team, shall authorize all appropriations, expenditures, or transfers from these fund balances through established policies.
    6. Use of Restricted Funds: Availability of restricted funds shall be considered in conjunction with budgeting of unrestricted funds with restricted funds being depleted first. Information concerning restricted funds use and balances shall be provided by the Presbyterian Church (U.S.A.), A Corporation on a regular basis.
  1. Restricted Reserves Funds

Definition: The reserve funds are composed of restricted receipts with limited use and are subject to donor restrictions.

* + 1. Sources to maintain this fund shall include all restricted revenue available for the Presbyterian Mission Agency, including but not limited to:
       1. income including receipts from the Special Offerings;
       2. restricted gifts, legacies, bequests;
       3. restricted investment income; and
       4. such nonrecurring restricted income as the Presbyterian Mission Agency Board shall direct by general or specific policy statement.
    2. The Restricted Reserve Fund
       1. The restricted reserve fund will not be used to manage projected operating budget shortfalls;
       2. The Presbyterian Mission Agency shall maintain the restricted reserve fund that may be accessed with the approval of the Presbyterian Mission Agency Board;
       3. Use of the restricted reserve fund shall be limited to revenue shortfalls and expense overruns in the current budget cycle, emergency purposes, and new mission opportunities within the donor restrictions;
       4. The restricted reserve funds shall be held in a separate restricted net asset account;
       5. Reserves will be increased through the allocation of restricted gifts and budget accumulations;
       6. Mission areas that rely on restricted funds will rely on the restricted reserve fund for emergencies; and
       7. The restricted fund reserve balance will be approved by the Executive Director of the Presbyterian Mission Agency with concurrence of the Chief Financial Officer.
    3. Any use of the restricted reserve fund for the purposes outlined in the above section are based on a plan that takes into account income and expenditure estimates and provisions or all the anticipated changes in the fund. Such provisions will be approved by the Board Administrative Team of the Presbyterian Mission Agency and further approved annually by the Presbyterian Mission Agency Board.
    4. Ordinarily, the restricted reserve fund will not be used for capital expenditures.
    5. The Presbyterian Mission Agency, upon recommendation of its Board Administrative Team, shall authorize all appropriations, expenditures, or transfers from these fund balances through established policies.
  1. Use of Excess Income over Actual Expenditure
     1. Any excess unrestricted income over actual unrestricted expenditures realized at the end of a budget year shall be retained in the Unrestricted Reserve Fund.
     2. Budgeted amounts unexpended at the end of a budget process may be encumbered by those participating in the Presbyterian Mission Agency budget process in order to complete projects, upon approval of the Chief Financial Officer and provided as an information item to the Board Administrative Team.
        1. Unexpended project funds at the end of the budget year may be encumbered only when completion of a project (or the completion of an essential part of a project)
           1. is authorized as a part of a total approved program; and
           2. is not otherwise provided for in the succeeding year's budget.
        2. Unexpended project funds at year-end may not be encumbered when
           1. it serves to expand a general or ongoing budget, or part of a budget; and
           2. it serves to exempt the specific budget and program item from the usual review and the particular priority choices involved in building the succeeding year's budget.
  2. Contingencies

The Board Administrative Team shall recommend to the Presbyterian Mission Agency Board an annual Contingency expenditure line within the Presbyterian Mission Agency budget for possible allocation by the Presbyterian Mission Agency Board upon recommendation from the Board Administrative Team.

1. Administrative Procedures
   1. Budget submissions
      1. The Presbyterian Mission Agency staff will provide annually for the approval by the Board Administrative Team and for review quarterly by the Board Administrative Team;
         1. guidelines for preparing budget requests;
         2. proposals for common expenses, including:
            1. building operations;
            2. audit costs; and
            3. reserve fund;
         3. projections of income from all sources available in support of a Presbyterian Mission Agency Budget and Program; and
         4. format for Presbyterian Mission Agency budget to be presented to the Presbyterian Mission Agency Board and to the General Assembly.
      2. The following shall be funded by the Presbyterian Mission Agency
         1. all ministry units;
         2. all related bodies except the Board of Pensions and the Presbyterian Foundation (U.S.A.) Inc. which may, however, receive specific program grants; and
         3. Common and Shared Services of the Presbyterian Mission Agency; and the Presbyterian Church (U.S.A.), A Corporation.
      3. Capital Projects submissions
         1. 100 Witherspoon Street
            1. Shared Services will submit to the Board Administrative Team a total budget for all costs related to maintenance, repair, upgrading, updating, managing, and otherwise carrying out the functions related to the building which have been assigned to Shared Services.
            2. The mission operating budget will contain a single line titled "Building Operations" that will fund a proportionate share of the total building operations and contribute to the capital reserve fund.
         2. Rent and Lease Charges at Locations Other than 100 Witherspoon Street
            1. Permission to rent or lease office or other space outside 100 Witherspoon Street shall require prior approval of the

Presbyterian Mission Agency Board upon recommendation of the supervising entity or ministry area with the concurrence of the Deputy Executive Director Shared Services;

* + - * 1. After Presbyterian Mission Agency Board approval, all rental agreements and leases must be negotiated by the entity mission area or shared services and reduced to writing by the General Counsel Office of the Presbyterian Church (U.S.A.), A Corporation at the request of the supervising entity;
        2. Supervising entity will be solely responsible for making budget provision for any rent or lease charges incurred;
      1. The definition of capital projects shall also include the acquisition or development of any new system, including technology, telecommunications or other similar property and equipment on behalf of the Presbyterian Mission Agency, or major upgrades or modifications to same.
  1. Budget Adjustments
     1. Items of business the General Assembly approves, the Presbyterian Mission Agency budgets may be adjusted to include financial implications by:
        1. Stopping program(s) or initiative(s); and/or
        2. Identifying alternative revenue sources.
  2. Budget Control and Reporting
     1. Presbyterian Mission Agency Board, through the Board Administrative Team shall act in a fiduciary role by maintaining oversight of the finances. The Board Administrative Team will review periodic financial reports to ensure Presbyterian Church (U.S.A.), A Corporation has the necessary resources to carry out its mission.
     2. All financial reports for Presbyterian Church (U.S.A.), A Corporation shall be provided to the General Assembly annually through independent audited financial statements prepared in accordance to the manual of operations.

Approved by the 222nd General Assembly