

Financial Decision Process:

Things to consider: What decisions can certain people make by themselves? What decisions require the consent from P and F/the Elders/Treasurer.

Constitution guidelines:

Elders

Pg. 3 G: “**The Board of Elders** shall be responsible for the custody and maintenance of the property of church and its financial operations” (In order to do that it can set up a p and f team).

-This indicates that the elders have the ultimate responsibility of financial decisions and there are some things that the p and F team should pass by the elders for awareness/permission

P and F

Pg. 3 G: “The **Property and Finance Committee** will prepare, post, and distribute to the church membership two weeks in advance of the Annual Meeting, an annual budget for the church”

-P and F is responsible to create a **workable budget** as a committee each year.

Pg 3 G: The P and F need to “assure that expenditures from the budget remain within available funds, and approved total budget of that year.”

-P and F is responsible to keep an eye on where we are financial to make sure that 1) any requested expenditures have **available funds**, and 2) that **budgets do not go over** what was established for the year. Therefore, they need access to and regular financial reports so as to have up to date information.

Pg 4. B: “Expenditures from this (General) fund shall be made at the direction of the Property and Finance Committee.”

-**All financial decisions** within the realm of the **general fund** are made by P and F. [No comment on restricted]

Treasurer

Pg. 4 A “The treasurer attends regular Property and Finance Committee Meetings as a **voting member** and is responsible for providing that committee quarterly financial status reports”

-The treasurer **votes along with the team** when making financial decisions.

Pg 4. D: “The treasurer shall verify all bills before payment.”

-The treasurer has authority to make payments.”

Brief Synopsis:

Elders should be aware of the finances and have a voice on important decisions.

The Treasurer should make the P and F team and Elders aware of where we are at financially and make sure that spending stays within budget (P and F team needs to assure that as well.) The treasurer also has a vote in financial decisions made by the P and F team.

P and F Team: Make financial decisions for the church while keeping in mind where the church is at financially. This team also is responsible to make sure that ministry spending stays within budget and amount available.

So what financial decisions need permission and by whom?

1: Restricted Funds: Since the money is set aside for a specific purpose it can be used without permission as long as it is used for that purpose and runs through the person/ministry team in charge of that fund (we should list who is in charge of which restricted fund). Before spending any money though, the person must make certain that the money is in the fund.

2. Redirecting money set for a restricted fund: P and F discusses the change and if in agreement the donors are made aware (if possible, and permission sought). If agreed, the switch is made. [Precedent: Ovid asked donors to the building fund if it could be redirected to cover the ceiling insulation purchased]

3. Seeking a service, i.e. electric, gas, lawn, snow, etc... This falls in the general fund and per the constitution the decision is made by a vote and agreement among the P and F team. [Pg. 4 B]

4. Timing of payment: The treasurer needs no permission on whether to hold off on a payment but needs to be cautious on creating late payment fees. [Pg 4. D gives the treasurer this authority]

5. Establish Yearly Budget: P and F discusses the proposed budget and comes to an agreement before it is brought to the congregation **(Should the Elders also go over it?)** [Pg 3. G]

6. Raising or Lowering of Salaries/Freeze or Unfreeze budgets/Adjust Budget: P and F team discusses the proposed change and presents it to the elder board. If done in time for the Annual Meeting the church will be made aware of it at that time, if something happens midyear and a proposed change is proposed, it must be announced to the congregation to allow for any feedback just as occurs during an annual meeting. [Pg 3. G P and F responsible for budget]

7. Usage of budget: Non-Frozen: During a regular budget year, ministries may make purchases under \$100 without permission. They, however, are responsible to make sure that they do not go beyond their budget limit. Any amount over \$100 needs permission from the treasurer to confirm that funds are available and to prevent numerous large amounts from possibly being spent at the same time. [Precedent established by Ovid. He also had a description of how receipts were to be submitted]

8. Usage of budget: Frozen: Most budgets are frozen while other essential budgets are not (i.e. cleaning and office supplies). Before a purchase is made for any amount, permission is required by the treasurer to confirm that funds are available. If a ministry (non-essential) is seeking permission to spend for a reason they believe is important, the P and F team will need to make that decision with the input of the treasurer to confirm that the church would be able to afford it in that season. No non-essential purchases are to be made without team consent [Pg 4. B-it is a general fund expense].

9. Creation of a new Restricted Fund Account: Approval for such a fund should be made to the P and F team along with an awareness/permission by the elders. **[There is no mention of this scenario in the constitution unless we consider the P and F responsible for the budget. We will just have to decide what process we will choose to go by]**

10. Emergency Fund Collection: I.e the boiler... An emergency meeting is to be called and a clear financial proposal drafted and presented to the elders for the approval on the amount sought for, and how or who is to make the announcement. **[Also no specific mention of this scenario]**

11. Close Out/Merge/Release Restricted Funds: Merging funds of similar accounts can be made at the decision of the P and F team, i.e. Youth Mission, Ywam, Church Mission, etc... When closing an account P and F discusses what to do with the remaining money, and is to seek permission from the person/ministry who created it/it was created for. **[Also no specific mention of this scenario]**

What we need to identify then:

- 1) Who/What ministry is responsible for which restricted fund/budget category?
- 2) During Frozen budget, which ones are determined to be essential?