



PRESBYTERY OF GIDDINGS-LOVEJOY MANUAL OF FINANCIAL OPERATIONS

FOREWARD

The substantial task of providing guidance for the financial operations of the Presbytery of Giddings-Lovejoy has been subdivided into three policies and a procedures manual, with appendices. Together, these provide a manual which the Financial Management Committee will use to accomplish its goal of prudent financial management for the Presbytery.

The following structure has been used to organize this manual:

Operating Policy

Investment Policy

Conflict of Interest Statement

Guidelines on Sale of Church Property

Operating Procedures

Operating Appendices

If in the future there were to be any procedures to support either the Investment Policy or the Conflict of Interest Policy, additional procedures sections would be created. The same principle would apply to appendices.

Various portions of policy have been approved by the Mission Council or have been in place for some time as an operating procedure of the Presbytery. Where the date of this action is known, the date has been added to the end of the section to which the action date applies. Similarly, job and committee descriptions are dated the last time they were reviewed and updated. This date is designed to serve as a guide to help future committees determine when timely updates are needed.



PRESBYTERY OF GIDDINGS-LOVEJOY MANUAL OF FINANCIAL OPERATIONS

Table of Contents

OPERATING POLICY

I Personnel Involved

Financial Management Committee
Financial Manager
Treasurer

II Financial Operations Policies

Principle of Stewardship
Principle of Fiduciary Responsibility
Principle of Fairness and Equity

III Operating Procedures

A. Presbytery Income

1. Per Capita Apportionment
 - a. Determination
 - b. Collection
 - c. Payment to Synod and General Assembly
2. General Mission

B. Presbytery Expenses

1. Presbytery Operating Expenses
2. Administrative Expenses
3. Committee Disbursements
4. Expense Reimbursement
5. Reimbursable Expenses of the Presbytery
 - a. Travel Expenses
 - b. Automobile Expenses
 - c. Airline Ticketing
 - d. Meals Expenses



C. Accounting for Cash and Other Valuable Items

1. Cash
2. Other Valuable Items

D. Disbursements

E. Authorized Account Signatories

F. Voucher Procedures

G. Analysis and Comparison of Budget and Actual Expenditures

1. Reporting to Presbytery
2. Recommendations for Expenditure Adjustments
3. Carryover of Unused Budget Amounts

H. Analysis of Special Fund Appeals within the Presbytery

I. Review and Certification of Annual Audit

J. Review of Requests for Loans, Guarantees or Co-signed Notes from The Presbytery

K. Review Repayment Status and Recommendation for Collection Status and Fund Distribution

L. Determination of Service Providers

M. Bonding

INVESTMENT POLICY

CONFLICT OF INTEREST POLICY



OPERATING APPENDICES

O-I Fund Accounting – Definition of Fund Accounting Procedures

O-II Chart of Accounts

O-III Funds – Description of Presbytery Funds Chart Showing

Name

Date established

Amount of initial funding (Corpus to be maintained)

Characterization as to type, purpose (i.e. unrestricted, donor restricted, Presbytery restricted)

Purpose (i.e. what can funds be used for? Is it a grant, gift or loan (i.e. to be repaid or not, etc)

Expiration date (if specified).

Current balance

O-IV Monthly Closing Procedures

Monthly closing procedures checklist

O-V Annual Closing Procedures

Annual closing checklist

Exhibit A:

In order to inform Presbytery Committees of expected modes of operation, the Chairperson of the Financial Management Committee will prepare an outline of Presbytery procedures annually and share that information with all Committee Chairpersons before the year gets underway.



Current Review Dates **Dated**

Financial Management Committee 9/21/96
Revised Jan, 2000

Job Descriptions

Financial Manager 7/1/1998
Treasurer Revised Jan, 2000

Reimbursement Levels

Travel Expenses 1/27/2001
Airline Travel Draft
Meal Expenses 3/26/1987

Use of Funds From Sale of Church Property 4/19/2001

Investment Policy Draft 7/21/2000

Conflict of Interest Policy Draft _____

Service Providers **Last Reviewed**

Auditor	Brown Smith Wallace	03/2000
Bank	Commerce Bank	6/3/1997
Investment Custodian	New Covenant	
Payroll Service Provider	ADP	_____
Insurance Agent	CPI	_____
Software Support Firm	P C Innovators	_____
Off Site Storage	None	_____



OPERATING POLICY

I. PERSONNEL INVOLVED

FINANCIAL MANAGEMENT COMMITTEE

Purpose: The purpose of this committee shall be to monitor the administration of the current year's Presbytery budget and present a report of finances to the Presbytery at each stated meeting. The committee shall make appropriate recommendations to the Presbytery Mission Council concerning administration of the income and expenditures budget in the current year. If budget adjustments are necessary, the committee shall negotiate adjustments with the units of Presbytery involved before recommendations are made. The Committee shall make recommendations regarding the revolving loan funds of the Presbytery.

Membership: Membership appointed by the Mission Council, the number sufficient to accomplish the committee's purpose. Presbytery Treasurer shall be a standing member with vote. The Moderator of Council, with Council approval, shall name the chairperson.

Meetings: The Committee shall ordinarily meet at least six (6) times a year, and additionally as needed to fulfill its responsibilities

Function & Authority

Specifically, the functions of the Committee shall be:

- a. To assure that Presbytery Mission Council/Trustees execute fiduciary responsibility.
- b. To oversee the budgetary situation of the Presbytery and its component parts during a fiscal year after the budget has been adopted and to recommend to Presbytery, through the Presbytery Mission Council, such revisions in budget (changes affecting the totals of individual budget centers as well as the budget as a whole) as the Committee feels necessary or desirable.
- c. To report the finances of the Presbytery at each meeting of the Presbytery Mission Council and to report, through the Presbytery Mission Council, the finances at each stated meeting of the Presbytery.



- d. To review and recommend action to the Presbytery Mission Council for report to Presbytery on all requests for special appeals to churches for gifts outside of the general mission budget; to apply the following rules with regard to the Presbytery Operating Budget:
- 1) No institution or agency related to the Presbyterian Church (U.S.A.) shall conduct a separate campaign for funds in the churches of the Presbytery without the approval of Mission Council. If the campaign is approved, the Mission Council shall determine the parameters (i.e. time limit for solicitation and collection) of said campaign.
 - 2) All those conducting special campaigns for funds shall report at each Mission Council meeting, through the Executive Presbyter, those funds received by their institution or agency directly from any congregation that is part of the presbytery.
 - 3) A request for Designated Funds will be ratified by the Financial Management Committee only for a clearly-identified Presbytery-approved purpose with a specific time-line for spending such Fund. Any amount remaining in a Designated Fund beyond its designated terminal date shall be returned to the General Fund.
- e. To receive and make recommendation to the Presbytery Mission Council concerning requests of churches and agencies of the Presbytery for loans from the Revolving Loan Fund or from denominational or other sources. These requests will normally be received through the Committee on Property and recommendations shall be made in consultation with the Committee.
- f. To monitor the status of loans, and repayment schedule of loans made from the Revolving Loan Fund. Should a loan become delinquent, recommendations shall be made to the Mission Council regarding further action.
- g. To oversee and advise concerning endowment funds and investments of the Presbytery.
- h. To provide for an annual audit.
- i. To act upon requests based on need, for reimbursement from commissioners to Presbytery at a mileage rate that would ordinarily be tied to the IRS allowance for mileage at the charitable rate.



Financial Manager Position

TITLE

Financial Manager (Exempt position)

PURPOSE

To provide services as a member of the staff Administrative Team, working collegially within the Presbytery's organizational structure, to empower the Presbytery, its ministers and its congregations in carrying out the Vision, Mission Statement and Key Directions.

ACCOUNTABILITY

The Financial Manager is accountable through the Executive Presbyter, who is supervisor, to the Presbytery Mission Council.

RELATIONSHIPS

The Financial Manager works with Presbytery entities and with other Presbytery staff in the development, implementation and coordination of the Presbytery's mission.

EVALUATION AND TERM

There is an annual review and evaluation, and, at least every five years, a comprehensive review and evaluation of the position in accordance with the Book of Order and the Personnel Policies of the Presbytery. This person is called for an indefinite term, subject to termination in accordance with the Personnel Policies of the Presbytery.

RESPONSIBILITIES

- 1) Control all cash received by all Presbytery funds or entities including the coding and overview of cash receipts; make deposits, and post to computer accounting system all incoming monies for all funds; manage cash balances and investments; make transfers as authorized by appropriate authority.
- 2) Pay all obligations of all Presbytery funds or entities. Review all vouchers or other requests for payment of invoices and statements; oversee payments, and maintain files of supporting information, including computer-generated reports.
- 3) Coordinate the preparation of the payroll with an outside service firm, prepare the journal entry from payroll reports, and post transactions to the general ledger; maintain payroll information such as letters of engagement, time sheets and deduction authorizations.



- 4) Issue consolidated and detailed financial statements for all funds, including managing all general ledger functions.
 - A. Each month-end, close and balance the books and records of the Presbytery. At year-end, close and balance books and records for the Presbytery and prepare, as needed, additional schedules necessary to provide an accurate picture of the financial condition of the Presbytery.
 - B. Generate and distribute financial statements
 - C. Perform related activities such as:
 1. Preparing and posting journal entries
 2. Tracking the Petty Cash fund
 3. Researching particular records, and
 4. Compiling schedules of financial data
 5. Preparing confirmation letters for outside auditors
 6. Coordinating the outside auditors as needed
- 5) Control and safeguard all Presbytery assets. Open and reconcile checking accounts and require appropriate accounting for receipts and expenditures from anyone entrusted with Presbytery assets, including but not limited to:
 - A. bank accounts
 - B. accounts and notes receivable
 - C. property and equipment
- 6) Maintain all financial and payroll files and records.
- 7) Act upon need based requests for reimbursement from commissioners to Presbytery at a mileage rate tied to the IRS allowance for charitable deduction for all miles traveled.
- 8) Other tasks as assigned by the Executive Presbyter.

[07/01/1998]



Treasurer Position

TITLE: **Presbytery Treasurer**

POSITION: **To manage and supervise the financial operations of the Presbytery; and to serve as a resource for the Presbytery and the Mission Council in their objective to manage the long-term financial health of the Presbytery.**

ACCOUNTABILITY: **The Presbytery Treasurer is accountable to Presbytery through the Mission Council and the Financial Management Committee. The Treasurer shall be bonded or covered in liability insurance.**

RESPONSIBILITIES: **The Presbytery Treasurer is responsible:**

- 1. To serve as the Treasurer of the Presbytery Corporation.**
- 2. To serve as an ex-officio member with voice and vote on the Presbytery Council, and as a full voting member of the Financial Management Committee.**
- 3. To ensure that Presbytery's financial operations are properly administered in accordance with established accounting policies and procedures approved by the Presbytery.**
- 4. To ensure that all financial activities are regularly reported to the Council, Financial Management Committee, and Presbytery.**
- 5. To serve as an interpreter of the Presbytery finances so that all may fully understand the Presbytery's financial affairs.**

SPECIFIC DUTIES:

1. Legal – As a member of the Mission Council, the Treasurer takes overall responsibility for all financial affairs of the organization. The Treasurer serves in a legal capacity as an officer of the corporation, registered with the Secretary of State as the chief financial officer of the corporation.

2. Fiduciary Responsibility – He or she provides guidance regarding fiduciary responsibility for all board members, staff and volunteers in governance of the organization. Since all Mission Council and Presbytery members are part of the legal Board of directors of the Organization, all bear equal fiduciary responsibility for activities of the Presbytery. The Treasurer's role is to keep everyone informed, and to be a resource to provide information that is requested by Presbytery and Mission Council members as they exercise their responsibilities to fully understand the financial affairs of the Presbytery. Actively coordinate with all users of financial resources to ensure compliance with policies and procedures, and consistent application of Presbytery/ Mission council policies.



3. Financial Goals – Long-term – Establish and maintain oversight of long-term financial goals of the organization. Ensure that current decisions are consistent with ensuring long-term viability of the organization, including financial strength to survive unexpected events and provide financial capability to react to opportunities to achieve the mission of the church.

4. Financial Management – Short-term – Responsible, in coordination with the Executive Presbyter, for directing preparation of the annual budget and monitoring compliance of all groups, entities, committees or commissions that are included in (raise money on behalf of, or draw funds from) the Presbytery. Takes the lead in resolution of budget issues, finding solutions for needs that were not anticipated, etc.

5. Reporting – Has ultimate responsibility for preparation of financial statements (Reports on the financial position of the Presbytery and report policy recommendations as formulated by the financial management committee.) and all other financial reporting to Mission Council, the Presbytery and the General Assembly. Also responsible to see that the annual audit is completed and reported to Presbytery and for any governmental reporting required. Works in consultation with the Personnel and Office Management Committee on the hiring of the Financial Manager. Seeks guidance from the Financial Management Committee, which supports the Treasurer in his/her financial oversight responsibility.

6. Investments – Serves as chief investment officer of the organization, responsible for ensuring that all funds are prudently invested, with returns appropriate for risks acceptable to the organization. Determines credit needs of the organization and makes arrangements for the availability of funds, including borrowing if appropriate. Maintains relationships with banks, auditors, investment and other advisors and suppliers of services.

7. Financial Policies and Procedures; Effective Internal Controls – Responsible for accounting and financial policies and procedures. Establish and ensure compliance throughout the organization with policies that effectively implement adequate and appropriate internal controls, enable and support the Presbytery's stated mission, and provide appropriate information to those who need to know how the Presbytery's funds are generated and used (all stakeholders: churches, government and public entities, the Presbytery, General Assembly and all others.)

- 1) **Relationships:** The Treasurer works cooperatively with the elected staff. The Treasurer must seek guidance and as required, approval from the Financial Management committee in matters of policy. The Business Manager, in accordance with the financial management policy and procedures of the Presbytery, will perform most of the daily financial functions of the Presbytery, with guidance and support from the Treasurer and the Financial Management Committee.

- 2) The following is not part of the Job Description, but is offered as additional guidance for those occasions when it becomes necessary to select a new candidate to fill the Treasurer position.



I. FINANCIAL OPERATIONS POLICIES

It is the policy of the Presbytery to be a responsible corporate citizen, paying its lawful debts in a timely manner so as to minimize the Presbytery's cost of operation, and achieve the maximum effectiveness of its resources. Committee actions shall be taken under the broad concepts of stewardship and fiduciary responsibility, being ever mindful of the principles of fairness and equity.

Principle of Stewardship - Resources shall be used wisely and for the building of the whole Church. Presbytery's goal shall be to enhance healthy and vital congregations in the Presbytery. Buildings are not the definitive measure of a "church." Unhealthy financial management is in the long run detrimental to the church.

Principle of Fiduciary Responsibility – The Presbytery's funds shall be expended wisely and in a prudent manner. In the event income does not meet expenditures, the committee shall recommend fair and equitable methods to curb expenses for the good of the Presbytery as a whole and to ensure its long term survival.

Principle of Fairness and Equity – The Financial Management Committee shall undertake its duties with the overriding principal that all churches in the Presbytery, all Presbytery committees and their programs and goals, as well as all individual Presbytery members of all races shall be given equal treatment in the administration of Presbytery funds.



III. OPERATING PROCEDURES

A. PRESBYTERY INCOME

1. Per Capita Apportionment

The Per Capita apportionment is collected by member congregations of the Presbytery of Giddings-Lovejoy and is forwarded to the Presbytery where the funds are used to pay for the operation and programs of the Presbytery. In addition, the Presbytery acts as agent for the Synod and General Assembly in collecting and forwarding the Per Capita apportionment to their respective operations.

a. Determination

The Presbytery Per Capita apportionment will be determined annually as part of the Annual Operating Budget process by the Financial Management Committee based on historical performance and the budget for the succeeding year. The amount of the annual per capita will be recommended to the Mission Council, which will recommend it to the Presbytery for adoption.

b. Collection

Churches will be encouraged to collect the Per Capita apportionment throughout the year and forward funds to the Presbytery at least quarterly. The Financial Management Committee will review the collection of the per capita from churches quarterly. The Stated Clerk will offer encouragement to those congregations falling behind so that a steady cash flow can be maintained and no church falls seriously behind.

c. Remittances to Synod and General Assembly

The Presbytery will remit any funds received on behalf of the Synod and/or General Assembly to them as received at the end of each month.

2. General Mission

Unrestricted gifts are used for the programs of the Presbytery.

B. PRESBYTERY EXPENSES

1. DIRECT OPERATING EXPENSES

Expenses associated with the physical operation of the Presbytery offices such as natural gas, electricity, water, sewer, and insurance shall be paid once they are verified as accurate by the Financial Manager. If the Financial Manager deems an expense inappropriate or has cause for concern, the billing will be referred to the Staff of the Property Committee for further review by that committee.

The payroll for all Presbytery employees is administered by the Financial



Manager. The Personnel and Office Management Committee annually authorizes appropriate pay rates for employees and is subject to approval in the annual budget by the Presbytery.

The Financial Manager should contract with an outside payroll service to have all paychecks issued and withholding taxes and reports filed in a timely fashion to appropriate agencies.

2. AMINISTRATIVE EXPENSES

All administrative expenses generated by Committee or Presbytery actions shall be paid only upon receipt of a voucher, properly approved by the appropriate Presbytery official, with such approval verified by the Financial Manager.

3. COMMITTEE DISBURSEMENTS

Disbursements from Committee budgets shall be requested by the Committee Chair and approved by appropriate staff person. By approving a request, this person is verifying that to the best of their knowledge the approved expenditure is prudent, properly authorized, and advances the interests of the Presbytery or the Committee's work.

4. EXPENSE REIMBURSEMENT

According to G-9.0303 Book of Order, "The expenses of elders and ministers of the Word and Sacrament attending governing bodies ordinarily shall be defrayed either by the governing body which elects them or by that which they are attending."

5. REIMBURSABLE EXPENSES OF THE PRESBYTERY

Reimbursable expenses are in the areas of Travel, Meals, and Miscellaneous Reimbursable Expenses of the Presbytery. These expenses may be generated by either volunteers or employees of the Presbytery. Reimbursement is dependent upon IRS guidelines.

a. Travel Expenses

Travel shall be reimbursed at the most reasonable fare available for public transportation normally used.

b. Automobile Expenses

Mileage expense reimbursement for employees including Volunteers in Mission shall be equal to the amount set by IRS guidelines for reimbursements used "in a trade or business."

Mileage expense reimbursement for volunteers (committee members, etc) shall be equal to the amount set by IRS guidelines for reimbursement for volunteer charitable work.

[4/12/1999]



c. Airline Ticketing

Because of the prevalence of airline travel by Presbytery staff and volunteers and the pricing policies of the airlines, advance reservations are to be obtained if at all possible to minimize the cost of travel to the Presbytery. Wherever possible cancellation and rebooking fees should be minimized.

All travel bookings are to be handled by the appropriate individual and reimbursed by the Presbytery only after the flight has been taken and the costs have been properly presented to the Financial Manager on an approved voucher.

[4/12/1999]

d. Meal Expenses

A receipt should support any meal expected to be reimbursed by the Presbytery.

In any case, receipts shall be required for all meals exceeding \$25.00

[April 24, 2001]

C. ACCOUNTING FOR CASH AND OTHER VALUABLE ITEMS

1. Cash

Cash refers principally to currency and checks received in the normal course of operations. The Financial Manager shall be responsible for controlling the receipt, accounting for, and disbursement of the Presbytery's cash.

- a. The Financial Manager shall oversee the recording of all cash presented to the Presbytery in support of its operations. Records will be maintained by the Financial Manager detailing the source, proper disposition, and accounting for all cash received and disbursed.
- b. All cash shall be expedited into the Presbytery banking or investment accounts. Deposits shall be made several times a week if needed, or anytime cash-on-hand exceeds \$5,000. In no event will cash be left in the Presbytery offices over a weekend. If the Financial Manager is ill or away on a Friday, the weekend deposit will be made by someone designated within the Presbytery Administrative offices.
- c. Until a deposit is made, cash will be kept in the vault in the Presbytery offices.

2. Other Valuable Items

Securities and other valuable items presented to the Presbytery will be itemized and will be maintained securely until deposited into an appropriate secure



repository, such as the Presbytery's investment account or with the Presbytery's investment custodian.

D. DISBURSEMENTS

Disbursement Procedures

1. All disbursements shall be made from Presbytery accounts. Presbytery Committees shall not ~~to~~ maintain separate accounts of any type to handle committee disbursements in order to provide for direct control of Presbytery assets, and make certain that all expenditures are made according to Presbytery and Committee directives.
2. Committees may maintain internal reporting and accounting for expenditures for the purpose of management of committee operations only.
3. Cash shall be disbursed by the Financial Manager principally for two purposes upon presentation of a properly completed voucher:
 - a) To pay direct operating expenses of the Presbytery,
 - b) To pay indirect administrative expenses of the Presbytery and its committees
4. All disbursements shall be supported by a properly approved voucher and required receipts will be retained as part of the records of the Financial Manager.
5. Except for petty cash disbursements under \$10.00, which should be limited, all payments will be made by a check of the Presbytery drawn on the appropriate funding account. This is in part to provide an audit trail, but also to discourage the maintenance of cash in the Presbytery offices.
6. Committees will provide the Financial Manager annually concurrent with the start of the committee year a list of those empowered to authorize disbursements from their committee budget. As changes occur on the committee, it is the Committee Chairperson's responsibility to keep the list held by the Financial Manager current. Vouchers properly signed and presented by a designated Committee member are the responsibility of the Committee, and will be acted on as though approved by the Committee and the Chair.

E. AUTHORIZED SIGNATORIES:

1. Presbytery checks greater than \$2000 shall be signed by two officers or employees of the Presbytery whose names are included on a list of authorized signatories maintained by the Financial Manager. A list shall specify signing authorities for officers and employees and shall be kept current and be updated by the Mission Council as soon as changes occur.



2. Checks for amounts less than \$2,000.00 require only one signature from the approved list. Multiple checks or partial payments are not permitted to circumvent this limitation.

F. VOUCHER PROCEDURES

1. Reimbursable Expenses shall be presented to the Financial Manager for reimbursement along with a properly approved voucher. The voucher shall have all normally available receipts and invoices attached. Expenses without receipts shall be itemized in detail. **In those cases where the account to be charged is not clearly self evident, the person approving the voucher shall indicate the proper account to be charged.**
2. Expenditures by the Staff or Volunteers in Mission on behalf of the Presbytery shall be approved by the Executive Presbyter or the immediate supervisor and be presented by approved voucher.
3. Expenditures by volunteers and others on behalf of a Committee shall be approved by the Chairperson of the Committee and appropriate staff person and be presented by approved voucher.
4. Payment by the Financial Manager will not be made without a properly approved voucher.

G. ANALYSIS AND COMPARISON OF BUDGET AND ACTUAL EXPENDITURES

1. Reporting to Presbytery

The Financial Manager shall prepare clear and accurate reports on the financial condition of the Presbytery and present them to the Financial Management Committee, and through the Treasurer to the Presbytery and Mission Council.

2. Recommendations for Expenditure Adjustments

When the Financial Management Committee notes that the Presbytery or a committee thereof is varying significantly from its annual budget, the Financial Management Committee shall request explanation and will work with the staff leadership to encourage or adopt suggested modifications in order to maintain financial stability and budget integrity. This action may take the form of:

Spending limits or deferrals
Identification of alternative funding sources, or
Committee budget reallocations



Budget reallocations shall occur only with the concurrence of the Financial Management Committee.

3. **Carryover of unused budget amounts**

Presbytery procedures prohibit a Committee from carrying amounts not spent in one fiscal year to be used in a subsequent fiscal year. It is also NOT appropriate to spend unused funds at the end of the year to avoid “loss” of control over those funds. If funds are not spent, and the expenditure remains valid, the Committee should re-budget the amount and justify the amount as part of the budgeting process.

H. ANALYSIS OF SPECIAL FUND APPEALS WITHIN THE PRESBYTERY

No institution or agency related to the Presbyterian Church (U.S.A.) shall conduct a separate campaign for funds in the churches of the Presbytery without the approval of the Mission Council. If such a campaign is approved, the Mission Council shall determine the time limit for solicitation and collection of said campaign.

All institutions and agencies desiring to receive approval for a special fund campaign shall first petition the Financial Management Committee for an opinion as to the desirability of the drive. **The proposal shall give a specific date at which fund raising will start and stop, and shall specify which general or restricted fund will benefit from any remaining monies not used for the stated purpose at the conclusion of the campaign.** This sunset limitation is made to minimize the administrative burden of orphaned funds. The recommendation of the Financial Management Committee will be forwarded to the first available Mission Council meeting.

All agencies conducting authorized special campaigns for funds shall report at each Mission Council meeting, detailing funds received directly or indirectly from any congregation of the Presbytery.

I. REVIEW AND CERTIFICATION OF ANNUAL AUDIT

All funds shall be audited annually. The Financial Management Committee shall:

1. select an outside auditor
2. receive the auditor’s report and forward it to Mission Council, with recommendations as necessary

J. REVIEW OF REQUESTS FOR LOANS, GUARANTEES, CO-SIGNATURE OF NOTES

1. **Requests for Loans/Guarantees**

All requests for loans or joint liability (co-signature) from the Presbytery based on existing or proposed real estate or other fixed assets should be directed to the Financial Management Committee, before a recommendation is presented to the Mission Council. All requests for loans shall complete a loan application to be considered the committee.



2. **Other Uses of Presbytery Credit Support**

The Presbytery may also be called upon to execute financial obligations which utilize the credit reputation of the Presbytery and which may become a liability of the Presbytery upon the default of the original obligor. In these cases, the Presbytery may become liable for significant and unplanned expenditures. For this reason, every time the Presbytery's implicit credit support is used, the Financial Management Committee shall concur with the obligation and recommend action to the Mission Council. Examples of obligations which should be considered in this manner include leases, time payments of all types, contracts for deeds and guarantees of debt.

K. REPAYMENT STATUS, RECOMMENDATION FOR COLLECTION STATUS, AND FUND DISTRIBUTIONS

1. **Repayment Status**

The repayment status of loans which have been approved by the Presbytery, or which have been guaranteed by the Presbytery either to another Presbyterian funding organization or an outside institution shall be reviewed at least annually by the Financial Management Committee, as close as practical to the middle of each fiscal year.

2. **Recommendation for Collection Status**

When as part of a repayment status review it is determined that payments on a loan have fallen substantially behind, it is the Financial Management Committee Chairperson's responsibility to correspond with the account debtor. The purpose of such contact will be to determine the source of payment problems and request a plan of action to restore the loan to current status.

Until this delinquent status is resolved, the account debtor will be discussed at each Financial Management Committee meeting.

If it is determined from subsequent discussions that the loan cannot or will not be brought current, the FMC will recommend to the Mission Council that the loan be accelerated and a demand for payment be issued. Upon determination that further action will be taken, the FMC will initiate appropriate legal steps to collect the note from all available sources and take control of any and all collateral that might support the debt obligation. The FMC in conjunction with the Property Committee will be charged with preserving maximum value of the assets taken under control on behalf of the Presbytery. This will include not only the physical security of the asset, but also the assurance that proper insurance coverage, particularly liability and physical damage are maintained, and that all taxes, should they apply, are paid.

3. **Fund Distributions from Loan/Default Collections**

Debt repayments in the normal course of business will be re-credited to the account, which made the initial loan advance.



If it has been decided to request collection on a loan, all proceeds including principal and interest collected will be re-credited to the account, which made the advance.

In the event that physical assets are taken as part of a foreclosure action, every attempt will be made to liquidate the asset for maximum value, and apply the cash received on behalf of the Presbytery. Whenever an asset of the Presbytery is sold, it will be the Financial Management Committee's responsibility to ensure that any proceeds from the sale are not added to the General Funds of the Presbytery or recommitted to any church or program of the Presbytery before any loss experienced by the originating fund of the Presbytery is made whole. If funds remain after the source fund is restored the full amount owed plus appropriate costs, including holding costs during liquidation, any resulting excess funds will be returned to the unrestricted funds of the Presbytery for disposition.

At the Stated Meeting of May 21, 1999 the Presbytery adopted a policy on "The Use of Funds from the Sale of Church Property." After replenishment of funds contemplated above, this policy shall apply.

L. DETERMINATION OF SERVICE PROVIDERS

Outside service providers should be chosen based on a judgment of who or which service will provide the best value for the Presbytery, i.e. the most appropriate services, at a reasonable cost, considering the benefits to Presbytery.

Services shall be reviewed on a recurring cycle to determine that the provider still represents the best value to the Presbytery for the expenditures of funds.

M. BONDING

The Presbytery shall maintain fiduciary insurance covering officers and employees in an amount sufficient to provide adequate coverage for Presbytery financial transactions, and in an amount not less than \$100,000 per loss.



INVESTMENT POLICY

The Investment Committee of the Presbytery shall consist of the Financial Management Committee and be chaired by the Presbytery's Treasurer.

The investment goal shall be to maintain relative safety of principal while accepting reasonable market risk consistent with achieving reasonable returns.

Funds shall be invested in debt or equity instruments such as: certificates of deposit, money market funds, mutual funds, treasury bills or notes, equity stocks, bonds, commercial paper or similar instruments.

Investments shall be kept in accounts maintained through licensed and insured brokerage firms, regulated trust companies or banks authorized and approved by the Investment Committee or in funds or accounts maintained by the Presbyterian Foundation of the Presbyterian Church (U.S.A.) or Church Development Corporation of the Synod Mid-America.

The Treasurer shall be the Presbytery's officer authorized to make investments based on guidelines established by the Investment Committee.

The Committee may choose particular investments or it may choose types and terms of investments and direct the Treasurer to choose from available options as the market indicates.

The Investment Committee shall follow these guidelines for the allocation of investments:

- A. Sufficient funds shall be maintained in cash equivalents (such as money market accounts, certificates of deposits, treasury notes or bills, et al.) to cover approximately two months operating expenses, based on the most recently approved budget.
- B. Any remaining funds available for investment shall be diversified rather than invested in a single fund or investment vehicle.

The Presbytery shall maintain adequate fiduciary insurance for its officers and directors to insure that Investment Committee activity is protected.

The Investment Committee shall report to the Mission Council at least annually or at the Council's request.



CONFLICT OF INTEREST POLICY

Care must be taken to assure that there is not a conflict of interest, or the appearance of a conflict of interest on any transaction with the Presbytery.

A conflict of interest exists whenever an elected or volunteer Presbytery committee member, officer or employee or any member of their immediate family has any interest, direct or indirect, in a transaction, or potential transaction, involving financial gain.

This policy covers:

The provision of any service or product to the Presbytery. All transactions should be negotiated on an arms-length basis. This policy does not extend to providing discounts or products or service at cost to the Presbytery.

Investment transactions; the sale, purchase, or investment of a particular security or financial instrument owned by the Presbytery of Giddings-Lovejoy.

When such a conflict exists, or appears to exist, the final decision as to the transaction will be referred to Mission Council for final action.



Appendices

Appendix O-I – Fund Accounting

The financial statements have been prepared on the fund basis of accounting. This method requires that resources for various purposes be classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified and that separate accounts be maintained for each fund. The descriptions that follow are summaries only since each fund has its own separate enabling document that fully describes the precise purpose and limitations of that particular fund.

Description of General Funds

Operating Fund

The purpose of the Operating Fund is to provide funds in accordance with the annual budget as approved by the Presbytery.

Property and Plant Fund

All land, buildings, capital improvements and certain office equipment are recorded in the Property and Plant Fund. The sale of property may produce funds from time to time which, by Presbytery action, may be transferred to other funds. Purchased property is recorded at cost. Property acquired by donation is recorded at the value determined by an official registered appraiser to be the fair market value at the date of the donation. Property acquired by foreclosure or from dissolved congregations is recorded at the value determined to be the estimated realizable value by the Presbytery's Property Committee. Depreciation is not recorded.

Description of Non-Endowment Restricted and Designated Funds

Revolving Loan Fund

The purpose of the Revolving Loan Fund is to make loans available to member churches and related organizations for property acquisition and improvement, church development projects and to provide assistance to churches with serious financial problems. Loans are also available to staff members (who receive more than 50% of salary from their from Presbytery) for down payments on their homes. The Organization may charge interest on the loans at prime rate plus 2% per year. Accessibility loans shall be at half that rate. Depending upon circumstances, exceptional rates may be negotiated. Interest free loans may also be made to Presbytery when circumstances warrant it in the judgment of Financial Management Committee.

Churches that have not paid their per capita and have not demonstrated any general mission support to Presbytery shall not be eligible for a loan. A normal maximum limit to be loaned to any church is \$50,000.

Committee shall endeavor to maintain at least 15% of total loan fund in cash.



Church Development Fund

The purpose of the Church Development Fund is to fund various church development projects organized by the Congregational Development Committee.

Hunger Fund

The purpose of the Hunger Fund is to accumulate funds that are distributed to the poor and hungry. Typical expenses are food, utility, rent and medical assistance, and miscellaneous costs for program administration. The donor to these specific fund activities restricts contributions received in this fund. The Hunger Committee administers the fund.

Ministries in the City Fund

These funds are used for other ministries in the city that are identified and approved by the Ministry in the Community Committee.

Advocacy Issues Funds

These funds are used for activities supporting various political issues that the churches should be addressing in the community.

Other Funds

These funds are for all other activities that are not large enough to require separate fund disclosure.

Description of Endowment and Similar Funds

Presbytery Restricted Funds

Unrestricted Fund

The income of the Fund may be expended for any purpose subject to the approval of the Presbytery. The capital is intended to remain intact, but may also be expended by Presbytery action.

Winnebago Fund

This Fund was established using proceeds from the disposition of the Winnebago Presbyterian Church property. The income of the Fund may be administered by a special committee of Presbytery for the benefit of the Presbyterian churches located on the south side of the City of St. Louis, said churches being represented by the South Side Presbyterian Churches United.

Church Redevelopment Fund

This Fund was established using the proceeds from the disposition the sale of church property. The income of the Fund is to be expended when needed for church redevelopment projects or related expenses, which are identified by the Congregational Development Committee.

Donor Restricted Funds

Paul Ondr Fund

The income of the Fund may be used to provide scholarships to seminary students under care of the Presbytery who are pursuing ordination as a minister of Word and Sacrament. This fund is



administered by the Committee on Preparation.

Clarkson-Carpenter Fund

The income of the Fund may be used to further provide for religious and social works within the City of St. Louis. It is administered by the Missional Outreach Team in consultation with the Executive Presbyter.

Langenbach Fund

The capital and income of this Fund are restricted for purposes of establishing a church in the memory of Dorothy Langenbach, and other new church development projects and programs. The terms for operation of the Fund are specified in the September 19, 1991 Judgment (under the Cy Pres doctrine) by the Circuit Court of the City of St. Louis, filed September 24, 1991. This fund is administered by the Congregational Development Team.

Martin-Coller Scholarship Fund

This fund was set to provide income for scholarship assistance for persons from this Presbytery (or its successor) who are engaged in study toward ordination as Minister of Word and Sacrament. Administration of this scholarship and selection of recipients are the responsibility of the Presbytery's Committee on Preparation for Ministry. If there are no candidates in need of assistance, the income from the fund may be made available to any student studying for a Master of Divinity in the Presbyterian Church (USA). However, students from Giddings-Lovejoy will always have preference.

Century Fund

This Fund was established by John C. Padgett to have a financial impact on the ministries supported by the Presbytery. No principal or income can be distributed before the year 2084, and after that date, only the income earned may be distributed.

Shugert Peacemaking Fund

This Fund was established to have a financial impact on peacemaking missions supported by the Presbytery. Principal cannot be distributed. Authorization for approved action shall come from the Peacemaking Team.

Mound Ridge Fund

The income in this Fund is used for camp maintenance and improvements. Principal is not available for distribution.

Funds Designated by the Presbytery:

Funds created and designated by the Presbytery or by Presbytery Committees for special appeals and programs shall have termination dates in order to make certain that funds do not outlive their usefulness. Those requesting that special funds be established shall at the outset specify a fixed termination date and shall specify where any remaining funds at the termination date - or funds received after the termination date - are to be transferred.



Appendix O-II-Chart of Accounts

All Presbytery accounts of the unrestricted and restricted funds shall be defined in detail and disbursing authority assigned by the Presbytery Mission Council upon recommendation of the Financial Management Committee.

Appendix O-III – Bank Accounts

The Presbytery shall maintain the following Bank accounts:

- 1) The General Account. To include all funds and accounts not listed below in (b) and (c). This fund shall be carried under the name of the “Presbytery of Giddings-Lovejoy, Inc., General Fund.” Authorized signatures shall be as follows:
 - (a) The Executive Presbyter, Stated Clerk, Treasurer of the Corporation, and any others designated by Mission Council..
 - (b) Amounts greater than \$2000 should have two (2) signers.
- 2) The Endowment Fund. To include all cash of the Endowment Funds not invested at Presbyterian Foundation. This account shall be carried under the name of the “Presbytery of Giddings-Lovejoy, Inc., Endowment Funds.”

Appendix O-IV – Monthly Account Closing Procedures

Monthly closing procedures shall be established. A printed checklist shall be followed and kept with records for each month.

Appendix O-V – Annual Closing Procedures

Annual closing procedures for accounting software shall be established. A printed checklist shall be followed and kept with year-end records. Annual backup of all data shall be kept before closing the year. These back-ups should be kept for seven (7) years.

Paper records should be maintained as follows:

Employment tax returns	7 years
Expense reports	7 years
Minutes of committee meetings	7 years
Corporate stock records	Permanent
Fixed Asset Schedule	Permanent
Real Estate records	Permanent



EXHIBIT B

ADMINISTRATIVE PROCEDURES FOR COMMITTEES

January 1, 2001

I. Expenditures

Disbursement: The Financial Manager shall make all disbursements and write all checks on Presbytery funds based on approved submitted vouchers.

Vouchers: Each staff team leadership person shall be responsible for approving vouchers for its budget center before submitting them to the Financial Manager for payment. Vouchers shall indicate the line item that should be charged. Vouchers may be obtained from the Financial Manager and may be copied.

Approval: Each staff team leadership person may approve vouchers for its budget center for expenditures up to the total amount specified in its Operating Funds Budget adopted annually by Presbytery.

Line Item Budgets: Each budget-center shall submit their approved line-item budgets annually to the Financial Management Committee for its budget center. The total of all line items shall equal the total budget approved by Presbytery. Budget centers may have a line item for administrative expenses such as mileage, meals, postage, telephone, etc. Budget requests may include reimbursement for committee members needing family care. Other line items shall detail each center's program expenses.

Overspending: If a budget center is in danger of overspending its annual budget, a consultation shall be held immediately between the budget-center chairperson and staff team leadership person, the Financial Management Committee (including the Treasurer) and the Financial Manager. The problem shall be reviewed to determine alternative solutions and agreement shall be reached on a course of action before any further expenditure is made.

Funds Outside the Budget Some committees or teams have additional funds available from Restricted or Endowment Funds. Each staff team leadership person is responsible for monitoring the balances in these funds before approving vouchers to disburse funds from them. The Financial Manager must have adequate documentation that the appropriate person has properly approved such expenditures. An annual budget shall be presented to financial management by January for the ensuing year.

Special Appeals Committees are prohibited from conducting special appeals to congregations for funds outside the annual General Mission Budget without prior Presbytery approval. Such requests shall be presented to the Financial Management Committee for recommendation to the Mission Council. The Mission Council will decide whether or not to approve the special appeal.



II. Reimbursements

The Presbytery policies for reimbursements can be found in the Manual of Operations in Chapter IX. Excerpts are presented here for your convenience and information.

Mileage reimbursement for meetings of Presbytery committees will be ordinarily tied to the IRS reimbursement rate allowed for charitable deductions.

The suggested payment for meals per person for committee or team meetings is \$3.00 per person per meeting.

Vouchers for reimbursement may be secured from the Financial Manager and should be submitted to the staff team leadership person for approval before being forwarded to the Financial Manager for payment.

Persons traveling outside the bounds of Presbytery on official business of the Presbytery or upon request of any committee shall be reimbursed for transportation expenses by the most reasonable fare by public transportation normally utilized. If the individual desires to use an automobile, then reimbursement shall be the lesser of (1) the lowest reasonable fare by public transportation normally utilized, or (2) mileage as calculated with commercial map data over the shortest route.



USE OF FUNDS FROM SALE OF CHURCH PROPERTY

On July 11, 1996 the original policy on the use of funds received from the sale of church property was adopted. This policy was amended by adding the underlined words at the Presbytery Meeting on May 20, 1999.

In summary the approved policy disburses the funds received as follows:

1. 10% for the cost of raising funds for church development;
2. 10% to community ministries administered by the Missional Outreach Team.
3. 40% to the Church Redevelopment Fund administered by the Congregational Development Team.
4. 40% to the Designated Fund for new church development administered by Congregational-Development Team.

POLICY

All receipts by the Presbytery from the sale, rent or use of property from dissolved congregations will be reduced by outstanding liens, notes, liabilities or payments for necessary expenses of the dissolving congregation before being disbursed as follows:

1. The 10% allocated for the administrative cost of raising funds for Presbytery shall be placed in a separate account or fund as determined by the most convenient method for accounting. Expenditures from the account or fund may be made by the Mission Council in accordance with a plan and supporting budget submitted to and approved in advance by Presbytery.
2. The 10% to community ministries of Presbytery shall be placed in a separate account or fund as determined by the most convenient method for accounting, to be administered by the Missional Outreach Team in consultation with the Executive Presbyter. Expenditures from the account should have a plan submitted to and approved by Financial Management, which submits to Presbytery at least annually.
3. The 40% to the Church Redevelopment Fund of the Presbytery's Endowment Fund shall be added to the undistributed corpus of the Fund, and administered by the Congregational Development Team. Disbursements shall be made by the Committee in accordance with a plan and supporting budget submitted to and approved in advance by Presbytery, at least annually.
4. The 40% to the Designated Fund for New Church Development shall be added to that account, which is to be used exclusively for the purchase of property for new church development sites. The Congregational Development Team shall administer the fund. The purchase contract shall stipulate "Subject to the approval of Presbytery of Giddings-Lovejoy." Miscellaneous expenditures preparatory to execution of the purchase contract, such as appraisal, architect's study, and soil testing related to the site, may be authorized by Committee action.
5. Exceptions to this Policy can be enacted by a majority vote of those present at a meeting of



Presbytery to provide for a different distribution of the receipts including, but not limited to allowing for some of the proceeds to be used in the community in which the church had its life.

The Mission Council shall establish termination dates for expending these funds within five (5) years unless the fund's purpose is reviewed and extended by Presbytery.

(Financial Management's Recommendation was approved by Mission Council on April 1999.)