

# Financial Policy Statement

## Great Lakes Provisional Annual Conference of the Global Methodist Church

### Policy Statement

Policy No.: GL2023-1

Policy Area: Finance and Administration

Policy Title: Financial Management and Controls Policy

**Applicability.** This comprehensive Financial Policy applies to all personnel with financial authority and responsibility affiliated with The Great Lakes Provisional Annual Conference (the “Conference”). All permanent, temporary, indefinite, contracted, and volunteer personnel will comply with the provisions of this policy. Any exceptions must be specifically noted in this policy or approved in writing by the Chair of the Finance and Administration Committee (the “Committee”) of the Great Lakes Provisional Annual Conference.

In the event that anything in this policy conflicts with the requirements of the *Transitional Book of Doctrines and Discipline* of the Global Methodist Church (“*TBD&D*”), the requirements of the *TBD&D* will apply.

#### 1. Purpose of Policy

- a) We are called to take seriously the stewardship of financial resources in the corporate life of the Conference. Such stewardship provides the means whereby the Conference, through support of its churches, is enabled to conduct various ministries in the name of Jesus Christ.
- b) In addition, having a comprehensive financial policy statement is important for the following reasons:
  - Specifies approval authority for various dollar amounts of financial expenditures.
  - Outlines norms, or standards, for leadership, staff, and volunteers; allowing objective evaluation.
  - Assists in knowing what is standard and what is not – thereby enhancing efficient management toward goals and objectives.
  - Encourages planning and reduces crisis management.
  - Provides continuity, focus and consistency.

#### 2. Responsibilities

- a) The Committee is responsible for keeping the leadership and membership informed of the financial status of the Conference.
- b) The Committee is responsible for financial management and accountability within the Conference. The Conference "Treasurer<sup>1</sup>" is a de facto member of the Committee with voice but no vote.
- c) The day-to-day management of the Conference's financial activity (banking, accounts payable, payroll, reporting, etc.) is the responsibility of the Treasurer.
- d) A Financial Procedures document consisting of written procedures for financial activities within the Conference will be adopted and maintained by the Committee. The Committee will monitor compliance with the provisions of this Financial Policy and report any deviations to the Committee Chairperson. The Committee Chairperson will correct any reported deviations or, if necessary, refer a deviation to the President Pro Tempore for corrective action.

### 3. **Separation of Financial Duties**

- a) Separation of financial duties is the concept of having more than one person required to complete certain financial tasks. In order to protect the Conference and the individuals involved from fraud, theft or the appearance of impropriety, the Finance Procedures adopted by the Committee shall make use of the separation of financial duties concept wherever practical to do so.
- b) No immediate family members of any appointed clergy may serve as Treasurer, Committee Chairperson, or serve in any paid or unpaid position involving financial activity of the Committee.

### 4. **Budgets**

- a) The Committee shall propose an annual budget for the work of the Conference. After approval by the Conference Leadership Council, the proposed budget shall be presented for review, amendment, and approval by the members of the Conference at an Annual Conference Session.
- b) No leadership, ministry or administrative area is authorized to spend more than the amount in their approved budget during the year without receiving specific permission from the Committee Chairperson. The Committee Chairperson may authorize shifting budget amounts among areas while maintaining the overall Conference budget, however if more total funding is needed, only the Conference Leadership Council, in consultation with the President Pro Tempore and the Treasurer, may approve any such increase prior to the expenditure.

---

<sup>1</sup> The Treasurer is a Conference staff position. The Treasurer reports to the President Pro Tempore and performs their work in compliance with the Financial Policies adopted by the Conference Leadership Council and the Financial Procedures adopted by the Finance and Administration Committee.

- c) The Treasurer shall notify the Committee Chairperson, the Conference Leadership Council, and the President Pro Tempore immediately if the income is at risk of falling more than 5% below the amount projected in the approved annual budget.

**5. Receiving Connectional Funding & Other Giving**

- a) The amount of each local church's Connectional Funding contribution will be considered public information. Gifts from individuals or other legal entities shall be kept confidential unless specific permission is granted by the giver for the release of the information.
- b) Any single or special gift/contribution designated by the donor must be designated for a purpose compatible and consistent with the purposes of the Conference.
- c) From time to time the Conference, in the exercise of its religious, educational, and charitable purposes, may establish various funds to accomplish specific goals. If the Conference receives a designated contribution for these funds or for any other designated purpose, the Conference will make a good faith attempt to honor the designation; however, all designated contributions shall be deemed advisory rather than legally mandatory in nature and shall remain subject to the exclusive control and sole discretion of the Conference Leadership Council. No fiduciary obligation shall be created by any designated contribution made to the Conference other than to use the contribution for the general furtherance of any of the purposes stated in Article 1 of the bylaws of the Conference. Donors making contributions for designated purposes will be advised of this policy before the gift is accepted.
- d) Any stock/securities received may be either held or sold based on the advice of the Committee Chairperson and with the approval of the Conference Leadership Council.
- e) Anything other than monetary gifts (specifically real estate or tangible property) must be approved in advance by the Conference Leadership Council.
- f) The Conference Leadership Council may decline, in their sole discretion, to receive or administer any gift, devise, or bequest for any reason satisfactory to the Conference Leadership Council.

**6. Bank Account Management and Balance Requirements**

- a) All Conference funds will be held in reputable financial institutions that are licensed and chartered by the Federal government or a State chartered institution within the boundaries of the Conference.
- b) All accounts will be FDIC insured, unless otherwise approved by the Conference Leadership Council.
- c) Should the Conference establish an Endowment, the endowment funds will be kept in a separate account from all other Conference financial assets.

- d) At the Committee's discretion, designated funds (e.g., Missions Fund, Camping Fund, or Scholarship Fund) may be kept in separate accounts for transparency and clarity purposes. If maintaining separate accounts is not practical, records will be kept of the amount of designated funds for each designated category. The interest income (if any) from accounts with co-mingled designated funds will be accrued to the General Fund account.
- e) For ease of management and reporting purposes, the number of accounts will be the minimum number necessary that is consistent with the requirements of this policy.
- f) All checks will be issued with the current calendar date.
- g) The Conference shall have a goal to build up and then maintain a minimum bank account balance (excluding designated funds) calculated as 10% of the prior year's annual budget.
- h) If the account balance falls below its minimum bank account balance goal (or other amount set by the Conference Leadership Council from time to time), the Committee Chairperson will notify the Conference Leadership Council as soon as reasonably practical. The Conference Leadership Council will evaluate the financial health of the Conference and take appropriate actions to restore the minimum account value within a reasonable time.
- i) If at any time the bank account balance (excluding designated funds) exceeds 50% of the prior year's annual budget, the Conference Leadership Council will immediately reduce the Connectional Funding rate for Conference churches to lower the reserves into the acceptable range.

**7. Keeping Expenses and Income Separate**

- a) All cash and checks received are to be deposited in an expedient manner.
- b) Cash proceeds are not to be used to pay cash expenses with the net difference deposited.
- c) Proceeds and disbursements must always be recorded separately.

**8. Loans and Leasing**

- a) Loans of any kind from any lending institution must be approved by the Conference Leadership Council.
- b) A lease of any kind for any type of equipment, property, or facility must be approved by the Committee Chairperson (up to \$5,000 annual cost) or the Conference Leadership Council (above \$5,000 annual cost).

**9. Financial Reporting**

- a) The Treasurer will provide written reports to the Committee and the Conference Leadership Council monthly. The reports will be based on actual income and expenses rather than accruals. The written reports, in both form and content, will be as defined in

the Financial Procedures or as requested from time to time by the Committee Chairperson. At a minimum, the reports will include the following information:

- Expenses for the month and year-to-date.
  - Income for the month and year-to-date.
  - The annual budget approved by the Annual Conference.
  - The monetary balance for all bank accounts.
- b) The Conference Leadership Council shall annually inform its corporation with a faithful report of its doings, of all funds, monies, securities, and property held in trust by it, and of its receipts and disbursements during the year.

#### **10. Corporate Filing Requirements**

The Treasurer shall assure that all corporate filing requirements including payroll tax filings, business/tangible personal property tax reports, and state nonprofit organization reports are filed on time.

#### **11. Insurance**

The Treasurer will secure insurance coverage for the Conference in amounts approved by the Conference Leadership Council. The Conference Leadership Council shall annually determine the adequacy of the insurance coverage. Any changes from prior years in either the coverage type or amount must be approved by the Conference Leadership Council. At a minimum, coverage shall include:

- a) Property (if any property is owned by the Conference): covering building and contents (for fire, wind, vandalism, etc.).
- b) Renter's Insurance (if any property or facilities are rented by the Conference).
- c) General Liability: coverage for sexual misconduct/molestation, personal injury (trips & falls), advertising claims (patent infringement), counseling liability, activities of Conference sponsored events, hired and non-owned auto insurance, as well as "Directors and Officers" liability.
- d) Employment Liability: coverage from discrimination, wrongful termination, harassment, and similar claims.
- e) Crime: coverage for theft, embezzlement, and destroying of money (cash & checks).
- f) Workers Compensation: Coverage within the State of employment for employee injury and coverage for claims of negligence.
- g) Umbrella Coverage: "Extra Protection" for general liability and auto liability protection. This is in addition to the coverage stated above.

#### **12. Fidelity Bonding**

- a) It is the responsibility of the Treasurer to secure fidelity bonding for all persons holding trust funds, securities, or money of any kind belonging to the Conference.

- b) Such persons shall be bonded by a reliable company in such good and sufficient sum as the Conference Leadership Council may direct.
- c) A “blanket” bond form is preferred and may be carried with the insurance.

**13. Fundraising**

The Committee shall develop guidelines for soliciting and fundraising activities by third parties at Conference sponsored events. The guidelines shall be consistent with the following principles:

- a) All solicitation/fundraiser activity shall be approved by the Session Committee Chairperson.
- b) All solicitation/fundraiser activity shall have a connection to a Conference ministry, program, or to a significant number of member churches.
- c) All solicitation/fundraising activity shall be consistent with Christian principles articulated in the Global Methodist Church’s *Transitional Book of Doctrines and Discipline*.
- d) Solicitation/fundraiser events shall not take place in or near the worship center/sanctuary, unless otherwise approved by the Session Committee Chairperson. Appropriate signage and table information may be used. The participants must remain seated or standing behind a table. No person attending the event should be individually approached.

**14. Audit/Review**

The Treasurer will make provision for an audit or a review of the financial records of the Conference. An annual financial activity review will be performed by a qualified individual who is not a member of the Committee and does not perform financial activities. At least once every three years, the financial review shall be a full audit performed by an experienced, third-party auditor approved by the Conference Leadership Council. The result of the audit or review will be reported to the Conference Leadership Council and to the Chief Connectional Officer of the Global Methodist Church.

**The policy provisions end here.**