
Restricted Funds Policy

The purpose of this Restricted Funds Policy is to establish controls for such funds.

Restricted Funds are funds which are: (1) designated by the donor for specific purposes generally not part of the Operating Budget, (2) funds established by the Administrative Board or the Finance Ministry, (3) clearing accounts for the short term holding of monies to be disbursed, (4) undesignated funds that are not classified as operating or endowment funds or (5) Capital Funds.

Each Restricted Fund will have a Ministry Team or individual designated as responsible for the fund. All Restricted Funds shall be invested in interest bearing accounts, whenever feasible. Interest income earned from all Restricted Funds shall be placed in an Interest Restricted Fund. The Interest Fund balance will be available for non-budgeted needs of the church.

Designated Funds

Only donors of individual gifts, memorials and bequests of \$1,000 or more may recommend the use of their gift, subject to the approval of the Administrative Board. Such funds will be held in separate identified accounts.

The exception to this: A donor of a gift, memorial or bequest of any amount may designate it be placed into an existing designated Restricted Fund, e.g. Lafferty Garden, Habitat, etc.

Reserves

The Administrative Board or Finance Ministry may establish reserves for any purpose deemed appropriate by them, such as capital improvements, major repairs or program needs.

Clearing Accounts

Clearing account restricted funds are established to allow Finance to separately accumulate funds that are to be dispersed later. For example, pledges for a coming year which would be put aside and then moved to operating funds in the new year. These funds are established and managed by the Finance Ministry Team.

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Undesignated Gifts

Undesignated gifts, memorials and bequests of \$1,000 or more may be classified by the Finance Ministry as endowments within the Restricted Funds and once moved to that account are subject to the Endowment Fund Policy. If these funds are not so classified, they will be combined with the other funds in the Memorial Fund or Contingency Reserve Fund.

Memorial gifts of less than \$1,000 will be held in the Memorial Fund within the Restricted Funds account pending approval for use. These funds will be available for unbudgeted needs of the church. Requests for their use may originate with any Ministry.

Capital Funds

Capital Funds are donated for capital projects authorized by the Administrative Board.

Establishment of Other Funds

The Finance Ministry may establish other accounts at the request of Ministries and Constituency Groups for designated purposes.

Use of Restricted Funds Approvals

Requests to use Restricted Funds originate in the appropriate Ministry and are reviewed with Finance Ministry.

- Less than \$1000 May be approved by the appropriate ministry chair or a person designated by the Finance Ministry as responsible for the particular fund.
- \$1000 - \$4000 May be approved by the Senior Minister, Treasurer and Finance Ministry Chairperson, acting unanimously. If the approval is not given, the matter may be taken to the Finance Ministry and/or the Administrative Board for action. Approvals must be documented and be reported to the Administrative Board.
- Greater than \$4000 Must be approved by the Administrative Board.

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No approvals may be made beyond the total amount that is in a given restricted fund.

Requests may be made for a group of aggregate expenditures within any of the three approval levels, e.g. ministerial search expenses. Once approved, expenditures can be made, up to the original approved amount, with only the approval of a person designated in the original request. All such expenditures will be reported to the Finance Ministry within one month.

For expenditures of a recurring nature (similar amount and purpose,) only one “initial” approval per the above guidelines is required. Subsequent approvals can be made by a single “authorized” minister or ministry team appointee.

Commitments for the use of these funds may not be made, or contracts signed, for amounts greater than the amount approved.

Exceptions

Clearing Account Funds are exempt from the Use of Restricted Funds Approval procedures. Designated funds are exempt from the Use of Restricted Funds Approval procedures. The ministry team or person designated as responsible for these funds have full authorization to spend amounts up to the balance of the fund, provided they are used within the intended use of the designated fund (e.g. Special Music may only be used for music, Habitat for Humanity, etc.)

Inactive Funds

Restricted Funds are to be reviewed annually by the Finance Ministry Team for disposition recommendations relative to inactive accounts with a fund balance. Inactive Funds are defined as those without contributions or disbursements for more than 24 months.

Amendments

Amendments to this policy should originate with the Finance Ministry for recommended action by the Administrative Board.