

Glen Oak Christian Church Monetary Funds Policy

Adopted November 24, 2013

1. Overview

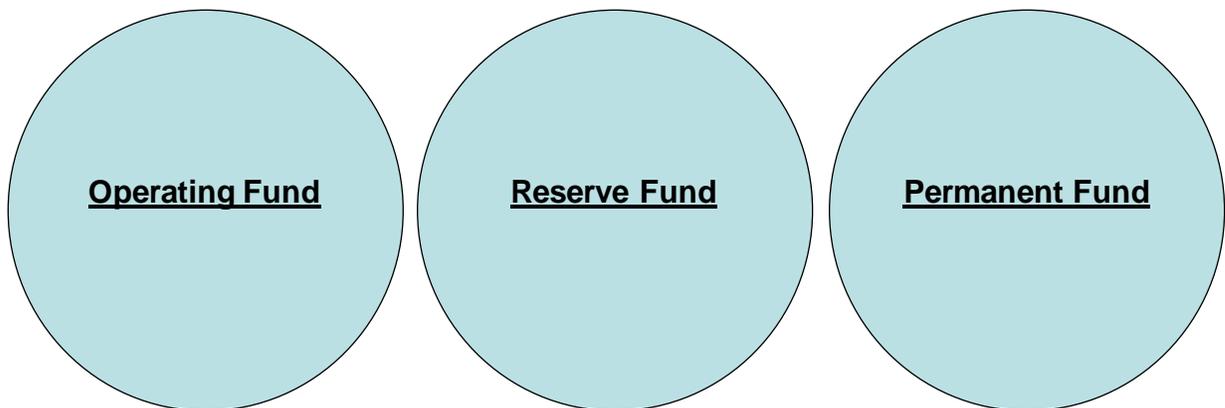
1.1. Purpose

The purpose of the Glen Oak Christian Church Monetary Funds policy is to expand the witness and mission of Jesus Christ in the world, serving human needs in our community and around the world. This policy defines how all Financial Gifts to Glen Oak Christian Church will be accepted, acknowledged, and managed through the funds listed below. This policy supersedes all prior documents on the acceptance and administration of future gifts.

1.2. Structure

Glen Oak Christian Church has three distinct funds as shown in Figure 1. First is the Operating Fund which includes monies for annual expenditures of salary and benefits of staff, operational and maintenance costs of the building and grounds, and costs to perform its ministries. Second is the Reserve Fund which can be drawn upon during cash flow imbalances and emergency needs, or be a savings account for specific short term projects or memorials. Third is the Permanent Fund which is an endowment for end-of-life gifts. The principal from the Permanent Fund is restricted so that only its income can be spent for special designated ministries established by the Glen Oak Christian Church (GOCC) Board or a donor.

Figure 1:



2. Operating Fund

The monies in this fund come from the tithing, pledges, gifts, and from distributions of the GOCC Permanent Fund. Monies designated for special day offerings will go into this fund. All undesignated cash gifts will be deposited in the Operating Fund as outlined in Section 6. The Operating Fund will follow the policies and procedures as outlined in the Constitution and By-Laws.

3. Reserve Fund

3.1. Purpose

The Reserve Fund is a short term savings fund. It is used for bridge loans, emerging needs, specific projects, and memorials. Donors can honor God and loved ones with intentional gifts to items within the Reserve Fund.

3.2. Types of Gifts

Income to the Reserve Fund includes Memorial Gifts, Designated Donations, Capital Campaign Income, Fundraisers, Permanent Fund Distributions, and earnings from investment of the fund. The Acceptance of Gifts Policy covers the details of gift acceptance and recognition.

3.3. Categories of the Fund

The Reserve Fund includes the following categories:

3.3.1. Loans and Discretionary

Bridge Loans can be withdrawn from the account to resolve cash flow imbalances and other situations within the Operating Fund. Transfers are at the Treasurer's discretion in consultation with the Chairman of the Trustees. Bridge loans shall be paid back. Emerging Needs or Emergency expenditures can be withdrawn to cover new unbudgeted items with GOCC Board and Congregational action. This entire category shall be limited to 10 percent of the operational budget. Any year end Operating Fund surplus above what is needed for cash flow will be deposited to this category. Excess monies above this category limit shall be moved to a project in 3.3.2.

3.3.2. Annually Determined Projects

These are protected monies raised for individual projects. Typically, a project need will exist for up to 3 years. Examples might include an 'HVAC Fund', a 'Roof Fund', or 'Seed Money' for a new ministry. The GOCC Board will annually approve and publish a project list, thus confirming the priorities of the church. Expenditures from the Reserve fund to finance projects on the list will be by GOCC Board action. No project shall exist for more than 3 years, unless extended by GOCC Board action. Excess monies left over after a project is financed, or after the 3 year limit, will be moved to another project. If no other projects require funding, the excess money shall be deposited in the Permanent Fund as unrestricted funds.

3.3.3. Memorials

Donor restricted Memorial Gifts will be accepted based on consultation with the Senior Minister, GOCC Treasurer, and Trustee Chairman. Restricted memorial gifts shall be spent within one year of designation. Unrestricted memorial donations will be added to one of the Annually Determined Projects. Donor families are encouraged to review this annual project list and allocate their gifts to one or more of the projects published by the GOCC Board. Excess monies left over from a donor restricted gift will be moved to the Permanent Fund as unrestricted funds.

3.4. Capital Campaign

From time to time, the GOCC Board may authorize a Capital Campaign to raise funds. Capital Campaign projects will be managed per an Annually Determined Project as described in 3.3.2.

3.5. Investments

The balance of the Reserve Fund will fluctuate greatly depending on the current projects or memorials. Monies in the Reserve Fund will be managed and invested by the Trustees. Investments for the Reserve Fund will be separate from the Permanent Fund or Operating Fund. The investment objective shall be preservation of principle while seeking income as a secondary objective. Typical investments would include certificates of deposit, money market instruments, and or short term bonds. Income from these investments shall be distributed to each category or project in proportion to its amount and duration of the year.

4. Permanent Fund

4.1. Purpose

The Permanent Fund is a fund in which donors can ensure the long term financial health of Glen Oak Christian Church. Only the annual income of this fund will be used to support ministry, thus it keeps on giving in perpetuity. It is not intended to compete with the regular annual giving of members or to diminish the opportunities for responsible stewardship by present or future members.

4.2. Types of Gifts

Unless otherwise specified by the donor, all unrestricted end-of-life gifts received by the church will be added to the church's Permanent Fund and be governed by this policy. Such gifts may come in the form of bequests, the residual value of charitable trusts and charitable gift annuities, life insurance and other such end-of-life gift instruments. All unrestricted assets received by the Permanent Fund shall be considered permanent. Donor-restricted gifts will be held and accounted for separately from congregationally governed permanent funds in compliance with the acceptance of gifts policy. For purposes of definition, restricted gifts are: When the donor specifies (1) the purpose for which a gift should be used or (2) that the gift should be held to generate income, that gift should be recorded as restricted by the congregation. The congregation is legally bound to use or to hold restricted gifts in accordance with the donor's instructions. Unrestricted gifts are received with no donor requirements on how they must be used.

Gifts to the Permanent Fund may come in a variety of forms, including stocks, bonds, real estate, tangible property and cash. All unrestricted bequests and gifts received in any form other than cash will be converted to cash at its fair market value as soon as practical. On some rare occasions, the congregation may want to refuse a gift or bequest to its Permanent Fund. This should be done by the GOCC Board upon the recommendation of the Trustees. All gifts designated for the Permanent Fund shall be considered permanent and only the income which can be spent for ministry.

4.3. Investments

Monies in the Permanent Fund will be managed and invested by the Trustees. Investments for the Permanent Fund will be separate from the Reserve Fund or Operating Fund. The investment objective will be growth of principle, while seeking income as a secondary objective. Typical investments would include a diversified portfolio of stocks, bonds, and cash. The investment timeline is long term (5 to 7 years) and returns will fluctuate. This fund may have a negative return for any given year. It is recommended that the Trustees

consider the Christian Church Foundation (CCF) Joint Investment Trust (JIT). The funds in the CCF JIT are set up and managed specifically for Permanent Fund monies. Other investments may be used as long as they meet the investment objective. Some donor restricted gifts may dictate the investment vehicle.

~~4.4. Annual Spending for Ministry~~ Proposed changes in red below.

~~Each year a percentage of the Permanent Fund investments shall be designated as income and be spent for ministry. Income is defined as a fixed percentage of the total market value of the Permanent Funds. The intent of the income is to spend part of the fund's total return but shall also provide growth of the principal to protect against erosion from inflation. The CCF Board establishes an income rate each spring. The CCF rate has historically been in the 3 to 5 % range and is calculated to ensure both the benefit of income plus the growth of principal. The CCF income rate shall be used unless modified by unanimous consent of the Trustees and action by the GOCC Board.~~

4.4 Distribution of Income from Permanent Fund

Each year, the Ministry Board shall determine the allocation of Permanent Fund income (typically three to five percent of the Permanent Fund total assets) between the Operating Fund, Ministries and Reserve Fund. The allocation shall be based on the then current needs and circumstances of the Church and Finance Committee recommendations. This determination shall be made at the first Board meeting each year.

4.4.1. Gifts that have a purpose restriction will be spent according to the donor's instructions. Gifts that do not have a donor-specified purpose restriction will be distributed according to 4.4.2 below.

4.4.2. Spending from gifts with no donor-specified purpose will be as follows:

4.4.2.1. 10% may be designated to the Operating Fund on the recommendation of the Finance Ministry Team with the confirmation of the GOCC Board. However, support to the Operating Fund may never represent an amount greater than 20% of the total operational budget.

4.4.2.2. 40% will be designated for outreach causes and transferred to the Outreach Committee for expenditure. These funds will not be considered as part of the regular budget expenditure for outreach causes. The Outreach Committee will report to the GOCC Board within six months concerning these expenditures.

4.4.2.3. 50% will be designated for retirement of outstanding debt(s) on congregational properties. If the congregation has no debt, then this 50% will

be directed to the Reserve Fund. If no Reserve Fund needs are anticipated, this portion may be distributed according to Items 4.4.2.1 and 4.4.2.2 above.

5. Trustees

5.1. Purpose and Scope

The Reserve and Permanent Funds of Glen Oak Christian Church shall be managed by three Trustees, elected by the GOCC Board. Terms of office shall be for three years and not serving for more than six consecutive years. The Senior Minister, President, and Vice President of the congregation will be ex-officio Trustees without vote.

Income distribution for donor restricted funds from either the Reserve Fund or Permanent Fund may be delegated to a committee upon recommendation of the Trustees and GOCC Board.

The duties of the Trustees replace those of the former Living Gifts & Memorials Committee and expands them as described below.

5.2. Responsibilities

- 5.2.1. Meet at least quarterly. Elect officers from the Trustees annually (Chair, Secretary, and Treasurer).
- 5.2.2. Sign and pledge to uphold the trustee conflict of interest statement. See appendix.
- 5.2.3. Receive, document and preserve the original language of each gift per the acceptance of gifts policy. Ensure that adequate record-keeping is maintained for donor-restricted gifts and that all donor restrictions are honored.
- 5.2.4. Publicize the Permanent Fund to the congregation, sponsor planned giving seminars, encourage contact with prospective donors and promote other opportunities which will bring growth in the Permanent Fund.
- 5.2.5. Recognize donors and honor those faithful stewards who have included the congregation in their end-of-life estate plans.
- 5.2.6. Review the activity and performance of the Reserve and Permanent Funds and any donor-restricted gifts and provide a written annual report to the GOCC Board and Congregation. Such report shall include a list of new gifts received, investment transactions, amount spent for ministry, and total value of the Reserve and Permanent funds at year end.
- 5.2.7. Distribute Permanent Fund income annually per the fund's spending policy as outlined in Section 4.4. The spending policy has been set by the congregation as part of this Permanent Fund policy.

- 5.2.8. Invest the Reserve and Permanent Funds, subject to confirmation of the GOCC Board, and the donor-restricted endowment fund(s) in accordance with any donor restrictions.
- 5.2.9. As part of the investment strategy, the Trustees must understand and manage investment risk. In general, the Reserve Funds will have much lower risk due to their shorter term nature.
- 5.2.10. Ensure that the church has adequate physical and liability insurance coverage to protect the integrity of the Reserve and Permanent Funds.
- 5.2.11. Serve as a member of a Capital Campaign.
- 5.2.12. Faithfully consider making provisions in their own financial planning to provide a gift to the Permanent Fund of Glen Oak Christian Church.

6. Acceptance of Gifts

6.1. Guidelines

- 6.1.1. Donors frequently need guidance regarding how prospective gifts and donations can best further the work of Christ.
- 6.1.2. GOCC appreciates the spirit of giving inherent in each donor's prospective gift and thanks each donor for his or her generous support.
- 6.1.3. GOCC in some cases will need to refuse a donation that will require adjustments beyond the current scope of ministry or needs of congregation.
- 6.1.4. GOCC will honor the intent of past and future donors as completely as possible.
- 6.1.5. GOCC wishes to protect the assets entrusted to it.

6.2. Procedures

- 6.2.1. Receipt of non-cash gifts will be the responsibility of the Trustees. Gifts of stock, various kinds of securities, insurance products, automobiles, furniture, animals, jewelry, and other items of value must be unencumbered and given outright to GOCC. Trustees reserve the right to refuse or return any gift determined to be unacceptable because of value, marketability, or any other reason deemed problematic to GOCC.
- 6.2.2. Undesignated cash gifts will be accepted and acknowledged through the normal accounting procedures of Glen Oak Christian Church.
- 6.2.3. Designated cash gifts for items within the Operating Fund will be received and documented through the regular accounting process.
- 6.2.4. The Trustees have absolute responsibility for accepting Memorials and Endowment gifts and establishing appropriate recognition procedures. Restricted

or designated cash gifts of an endowment nature will be accepted upon approval of the Trustees. The Assessing a Gift form (see appendix) will be used to record these gifts.

6.2.5. All non-cash gifts (except for real estate) will be liquidated by the Trustees.

6.2.6. Real estate gifts may be liquidated following discussions with the GOCC Board. All gifts of real estate must be given with an appropriate title search, environmental evaluation, survey and appraisal. All costs of transferring will be borne by the donor. Gifts of real estate must also be unencumbered with liens, litigation, or any other potential liability for GOCC. Before title is accepted by GOCC, the Trustees reserves the right to not accept the gift.

6.2.7. All gifts will be acknowledged in a dated letter from the Financial Secretary or Secretary of Trustees, as appropriate for the type of gift, which will include a description of the gift. There will be no appraisal, acknowledgement of appraisal, or determination of value offered in the acknowledgement process. The donor has sole responsibility to the Internal Revenue Service for identifying the value of any non-cash gift.

6.2.8. Any questions regarding this policy should be referred to the Trustees.

7. Amendment

7.1. These financial policies require a two thirds majority congregational vote of those present to amend and may be amended only at an annual meeting.

7.2. Any amendments will be published and posted as amendments in a future section 9 of this document.

8. Termination

In the event that Glen Oak Christian Church should decide to terminate its ministry or cease to be affiliated with the Christian Church (Disciples of Christ), prior to such termination or cessation, the Official Board of Glen Oak Christian Church shall, determine the ultimate distribution of the assets of the Permanent Fund upon such termination or cessation in a tax free transfer to such organizations as reflect concerns and causes supported and championed

by Glen Oak Christian Church. Any portion of the of the Permanent Fund not so distributed shall be transferred to Christian Church Foundation, Inc. of the Christian Church (Disciples of Christ) with instructions concerning future spending.

Assessing a Gift

Name of Donor _____

Date of Gift _____ Gift Description _____

Understood Intent of Gift _____

Restrictions on Use _____

Check One: Restricted _____ Unrestricted _____

To be Deposited in:

_____ Current Designated Fund (name) _____

_____ New Fund (name) _____

_____ Memorial Fund

_____ Operating Expenses Fund/Accounts

_____ Endowment Fund (verify donor's restrictions, if any)

Attention! The donor may not revise restrictions or influence use of funds after they are gifted.

Conflict of Interest Statement

As a member of the Trustees of Glen Oak Christian Church, I _____
_____, am committed to the church's goal to establish and maintain the highest level of public confidence in its accountability. I have personally committed to follow the standards set out below, which are a part of Glen Oak Christian Church's conflict of interest policies:

- I will conduct my activities with the Trustees of Glen Oak Christian Church so that I do not advance or protect my own interests, or the private interest of others with whom I have a relationship, in a way that is detrimental to the interest of or to the fundamental mission of Glen Oak Christian Church
- In every instance in which I represent Glen Oak Christian Church, I will conduct my activities in a manner to best promote the interests of Glen Oak Christian Church.
- In all matters that come before the Trustees for a vote that may favorably impact my own financial interests, or the private interests of others with whom I have a financial relationship, I will reveal that relationship and abstain from a vote in the matter.
- When a conflict of interest arises, or when a potential conflict of interest emerges, I will disclose that conflict or potential conflict to the chairman of the Trustees of Glen Oak Christian Church and seek a resolution of that issue.

I have fully read and understood the above statements.

Trustee

Entered into on this the _____ day of _____, 20__