

**FINANCE POLICIES
OF
THE MINNESOTA CONFERENCE
OF THE UNITED CHURCH OF CHRIST**

Approved by the Board of Directors on November 3, 2012

These policies shall not supersede the Bylaws of the Minnesota Conference of the United Church of Christ.

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The Minnesota Conference is committed to becoming a transformational regional body:

- Driven by mission rather than maintenance;**
- Committed to spiritually enlivened strategic initiatives rather than to survival;**
- Focused on Christian formation and discipleship of children, youth, and adults’**
- Directed toward identifying and nurturing these gifts and leadership abilities in laity;**
- Devoted to strengthening, building and inviting congregations; and**
- Dedicated to prophetic witness.**

FINANCE POLICIES OF THE MINNESOTA CONFERENCE OF THE UNITED CHURCH OF CHRIST

Effective November 5, 2011

I. THEOLOGICAL STATEMENT

These financial policies are theologically grounded in the Mission Statement of the Minnesota Conference of the United Church of Christ (UCC): ‘The Mission of the Minnesota Conference of the United Church of Christ is to increase the love of God and neighbor by strengthening covenantal relations among all settings of the United Church of Christ and by working with our ecumenical and inter-faith partners.’ These policies guide our accountability to God and one another in raising, managing, and disbursing funds.

II. GENERAL STATEMENTS

The Conference will be faithful and accountable both to God and to donors in its use of funds in accordance with its best understanding of God’s purposes and the purpose for which the donations were made.

The Conference, in raising, managing and using funds, affirms the importance of its covenantal relationships within the UCC and will strive to model for Local Churches a responsible and faithful commitment to its covenantal relations.

As provided in the Bylaws of the Conference, certain actions relating to the finances of the Conference must be taken at an Annual or Special Meeting of the Conference.

III. NET ASSETS OF THE CONFERENCE

- A. *Unrestricted Net Assets*: Unrestricted Net Assets are accumulated assets without any donor imposed restrictions as to their use. These assets are available for use within the general mission and purposes of the Conference.
 - 1. *Unrestricted – Board-Designated Net Assets*: Unrestricted – Board-Designated Net Assets are Unrestricted Net Assets with a “designation” placed by the Board of Directors on how the money is to be used. These funds are considered unrestricted because the designation was not stipulated by a donor. The designations can ordinarily be lifted or changed by a future vote of the Board of Directors.
- B. *Temporarily Restricted Net Assets*: Temporarily Restricted Net Assets are assets contributed by a donor with the requirement they be used for a specific use and/or for use within a specific period of time, meaning the restriction will be satisfied at a defined time or when certain activities have been performed.
- C. *Permanently Restricted Net Assets*: Permanently Restricted Net Assets (also sometimes thought of as assets held in an Endowment) are contributed assets received by the Conference where the donor has imposed a permanent condition on use, perhaps most commonly by

stipulating that only income from investment of, or a fixed percentage of the value of, the contributed assets may be expended. The income or other amounts of Permanently Restricted Net Assets so available for use shall be classified into three categories:

1. *Unrestricted*: Income or other available amounts, whether as earned or as of a designated time, may be used for the general mission and purposes of the Conference.
2. *Unrestricted – Board-Designated*: Income or other available amounts are usable for the general mission and purpose of the Conference but is designated by the Board of Directors to be used for a specific purpose.
3. *Temporarily Restricted*: Income or other available amounts are limited to use for a specific purpose or during a specific period of time. The restriction is satisfied at a defined time or when certain activities have been performed and may lead to future income or other available amounts being released from the restriction.

IV. FUNDING THE ONGOING WORK OF THE CONFERENCE

A. Basic Support

The basic sources of support for the work of the Conference are:

1. *Our Church's Wider Mission*

- a. Local Churches are encouraged to provide primary support of the ministries of the Conference and the national and international ministries of the UCC through donations to Our Church's Wider Mission (OCWM). The terms OCWM and "Basic Mission Support" are used interchangeably within the Conference.
- b. The Conference actively encourages Local Churches to give priority to regular giving to OCWM.

2. *Covenant Dues per Member*

Churches are asked to pay Covenant Dues based on an amount per member of each local church. This per member amount is determined each year by the Annual Meeting which receives a recommendation from the Finance Committee, approved by the Board of Directors, as part of the budget planning process.

3. *Friends*

- a. "Friends of the Conference" is a program of individual annual giving to support the ministries of the Conference. Each year a Friends of the Conference goal amount is recommended by the Development Committee to the Finance Committee and Board of Directors through the regular budgeting process for approval by the Annual Meeting.
- b. "Friends of Pilgrim Point Camp" is a program of individual annual giving to support the ministries of Pilgrim Point Camps and Retreats. Each year a Friends of Pilgrim Point Camp goal amount is recommended by the Pilgrim Point Camp Committee to the

Finance Committee and the Board of Directors through the regular budgeting process for approval by the Annual Meeting.

4. *Gifts and Grants*

The Conference will accept gifts and/or grants from the UCC or other sources in accordance with the Conference's Gift Acceptance Policy.

5. *Restricted Fund Income*

- a. Unless otherwise stipulated by the donor or the Board of Directors, income from all restricted funds, whether permanently or temporarily restricted, and all Board-Designated funds shall be considered unrestricted income. (See, also, Sec. III.B and Sec. III.C.2 and 3.)
- b. Realized income from unrestricted funds shall be considered unrestricted income.

6. *Authorized Offerings and Appeals*

- a. Certain offerings established by the national office of the United Church of Christ provide for a portion of the funds received to remain with the Conference. Decisions regarding use of the Conference's portion will be made by the Board of Directors upon recommendation of the Conference Minister.
- b. The Conference may undertake special appeals for funds or capital contributions from time to time. Such appeals require the approval of the Board of Directors. (See also Section IX in this policy.)

B. Responsibility for Stewardship and Financial Development

Recognizing that many factors influence stewardship and the financial health of the Conference, financial viability and planning is a high priority for the Conference staff, the Board of Directors, and the Conference.

1. The Board of Directors has fiduciary responsibility for the financial wellbeing of the Conference.
2. The Conference Minister is responsible for the faithful stewardship of the resources and assets of the Conference, subject to the directions of the Board of Directors and the budget approved at an Annual or Special Meeting, as the same may be amended from time to time.
3. The Finance Committee is responsible for the preparation of the annual operating budget of the Conference, including the annual OCWM goal, Covenant Dues per member, Friends of the Conference and Friends of Pilgrim Point Camp contributions, and the percentage of OCWM revenue to be disbursed to the national setting of the United Church of Christ (sharing ratio); the monitoring of the management of the Conference's investments; and the annual audit and review process including adherence to the financial policies and procedures of the Conference. The annual operating budget is approved by the Board of Directors and recommended to the Annual Meeting for review and adoption.

4. In partnership, the Board of Directors, the Development Committee, the OCWM Team, and the Conference Minister are responsible for developing and implementing strategies to raise the funds needed for the ongoing work of the Conference.

C. Budget Process

1. Determine timeline (Conference Minister in consultation) January
 - Set target date for board approval and Annual Meeting
 - Include timelines for information gathering from staff, board, committees, teams and workgroups.
2. Agree on goals (Board in consultation with Conference Minister) January
 - Prioritize annual goals based on mission priorities, vision, values and policies
 - Set organizational financial/resource goals
3. Understand current financial status (Finance Committee) January
 - Review current year income and expense compared to budget
 - Review current balance sheet
4. Determine what #2 and #3 are telling us to do (Board and CM) January
5. Agree on budget approach (Staff) January
 - Conference Minister assigns roles and responsibilities for budgeting process
6. Develop draft expense budget (Staff, Committees, Teams, etc.) January
 - Determine costs (expenses) to reach program goals
 - Determine costs to reach organizational and strategic goals
 - Determine the time involved
7. Conference Minister reviews all budget requests to insure: February
 1. Alignment with mission and goals
 2. Financial viability
8. Develop draft income budget (Staff) February
 - Project income based on current fundraising and revenue activities
 - Project new income based on new activities or initiatives
 - Project use of restricted and board designated funds
9. Review draft budget (Staff, Treasurer) February
 - Conference Minister verifies that the draft meets program and organizational goals
 - Review, discuss and test all assumptions
 - Make adjustments, based on goals and capacity, to match income and expenses
 - Review final draft for all goals and objectives
10. Approve budget (Finance Committee, Board, Annual Meeting) March - June
 - Present to Finance Committee for approval (March)
 - Present to the Board for approval (First review March meeting; final review May meeting)
 - Present to Annual Meeting for approval (June)
11. Document budget decisions (Staff) Summer
 - Create a consolidated budget spreadsheet and file
 - Write down all assumptions
12. Implement budget (Staff, Finance Committee, Board)
 - Assign management responsibilities
 - Incorporate budget into accounting system
 - Monitor and respond to changes as needed
13. Evaluate the process (Staff, Finance Committee, Board)
 - What worked? What didn't? What will we do differently?

14. Communicate the results to the constituents

V. RELATIONSHIP WITH THE NATIONAL SETTING OF THE UNITED CHURCH OF CHRIST

- A. The Conference is in covenant with the other conferences and the Covenanted Ministries of the UCC in the national setting of the Church. In keeping with that relationship, the Conference Minister shall be responsible for the following:
1. Dialogue early with the General Minister and President's Office regarding changing the sharing ratio for OCWM and other shared appeals.
 2. Having the Conference participate in, to the extent determined reasonable and appropriate, special appeals from the UCC in response to disasters and special needs throughout the world.
 3. Procedures developed by the conferences and the denomination nationally regarding the flow of disaster relief monies.
 4. Notifying appropriate national executives when the Conference allocates dollars for mission in a global setting that is not a part of the regular mission of the denomination.
- B. The Conference will seek to cooperate with and to support the policies of the national ministries of the Church with regard to loan funds, grants, and grant mortgages. The Conference will seek consultation with appropriate national staff when such matters are of concern to the Local Churches of the Conference.
- C. It is expected that when the denomination undertakes work of any kind within Minnesota, the Conference Minister will be consulted.

VI. NEW ENDOWMENTS

- A. The Conference shall seek to establish and grow its Permanently Restricted or "Endowment" Funds so as to meet the continuously increasing cost of maintaining and developing Conference ministries and programs. Such Permanently Restricted monies shall be held and administered in accordance with the Conference's Endowment Fund Policies and Procedures as the same may be amended from time to time.
- B. The responsibility for increasing Conference endowments is primarily that of the Conference Minister and the Development Committee.

VII. ADMINISTRATION OF CONFERENCE ASSETS

- A. {INTENTIONALLY LEFT BANK UNTIL FINANCE COMMITTEE PROPOSES DRAFT WORDING FOR BOARD OF DIRECTORS CONSIDERATION (POSSIBLY 1/12).}
- B. *Fiduciary Obligations*
1. The sole authority for opening and closing bank accounts belongs to the Board of Directors.

2. The funds of the Conference will be subject to annual audit by an independent auditing firm that shall be recommended by the Finance Committee and approved by the Board of Directors. The audited financial statements and accompanying opinion letter will be distributed to the Board of Directors and available to the membership of the Conference.
3. Access to the monies and assets of the Conference shall be subject to completion of satisfactory credit and criminal background checks that shall be required of all Conference employees and volunteers who have such access, pursuant to the Conference's Personnel Policies Manual Section 3:1.
4. The Conference will maintain adequate property and liability insurance through the Insurance Board.
 - a. The Conference shall engage an Insurance Agent who is appointed by and under contract with the Insurance Board.
 - b. The Conference Minister will be the primary contact with the Insurance Board Insurance agent.
5. Conference financial records will be open to the public if, and to the extent, required by applicable Minnesota laws. Conference financial records will be open to the Conference's officers, directors, and members, pursuant to the applicable provisions of the Minnesota Nonprofit Organizations Act, Minnesota Statutes Chapter 317A as amended. The Conference may impose reasonable requirements of confidentiality and nondisclosure on any persons receiving access to any Conference financial records.
6. To the extent reasonably possible, the Conference shall observe generally accepted accounting principals for nonprofits in the recording and handling of Conference assets. Particular attention will be given to the separation of responsibilities among staff.
7. In addition to regularly prescribed checks, the Treasurer and/or the Conference Minister may conduct periodic, unannounced spot checks of bank reconciliations, cancelled checks, record storage, and other items, records and procedures related to the management and administration of Conference assets.
8. The Conference Minister is expected and authorized to promulgate administrative guidelines and procedures for Conference staff related to matters not covered in this Policy.

C. CAPITAL ASSETS:

- A. Conference policy is to maintain its real and tangible personal properties in good and usable condition and in full compliance with the requirements of applicable code and other applicable law as an act of stewardship of all that has been given us by a gracious God, as a sign of our respect for the life of the Church, and for the benefit of all who use the facilities.
- B. Depreciation charges for all Conference owned capitalized assets will be included in appropriate Conference budgets. Records will be kept by the Finance Manager as to the accumulation of depreciation with a comparison to the capital expenditures for each property. Depreciation shall be calculated in accordance with applicable accounting standards applicable

to nonprofit organizations, provisions of the Internal Revenue Code, and the advice of the Conference's accountants. Except to the extent not allowed under the preceding sentence, expenditures for fixed assets of less than \$3,000 may be expensed in the year purchased.

- C. Proposed capital expenditures in excess of \$3,000 up to \$10,000 will be approved by the Conference Minister. Proposed capital expenditures in excess of \$10,000 will be recommended by the Conference Minister and/or Finance Committee, or, in the case of capital expenditures at or related to Pilgrim Point Camp, by the Conference Minister, Finance Committee, and/or Pilgrim Point Camp Committee, for approval by the Board of Directors.
- D. Property Donations: [This eventually should be moved to the Gift Acceptance Policy.]
 - 1. Decisions about the acceptance, use or disposal of real property given to the Conference will be made by the Board of Directors and based on that property's usefulness, practicality, initial cost, usage viability, availability of maintenance funds, and other relevant considerations.
 - 2. Prior to acceptance of a gift of real property, the Conference Minister will ensure that all reasonable due diligence has been performed in connection with the condition of the property, structures thereon, and title thereto, including, without limitation, assessing the presence of financial, mortgage, security, tax, or other liens, ownership, environmental circumstances and tests or other appropriate assessment of potential contamination, and zoning.
 - 3. Subject to the foregoing paragraphs a and b, the Conference may receive the property of a Local Church and any other assets a church may choose to contribute.

D. CAPITAL FUND AND ENDOWMENT FUND CAMPAIGNS (CAPITAL CAMPAIGNS):

- A. Capital campaigns must be approved by the Annual Meeting of the Conference upon recommendation by the Board of Directors based on campaign objectives and plans provided to the Board of Directors by the Development and Finance Committees and the Conference Minister.
- B. Conference participation in national UCC capital campaigns will adhere to the same approval process and guidelines as apply to other Conference capital campaigns. The Conference will reserve the right to incorporate a Conference component into the proceeds from any national capital campaign.
- C. Except in exigent circumstances approved by the Board of Directors, only one Conference capital campaign shall be underway at any one time. Notwithstanding the foregoing, with Board of Director approval a capital campaign can be initiated during the last twelve months of a prior capital campaign. When appropriate, more than one appeal or campaign subject may be incorporated into a single combined capital campaign.

- D. Conference capital campaigns may be staffed by one or more persons engaged specifically for that purpose or otherwise assigned thereto. All costs of the campaign shall ordinarily be included in the overall campaign goal.
- E. In setting a capital campaign goal, the Conference will seek to anticipate capital needs over a five-to-ten year period.
- F. The names of past and potential donors of cash, property, planned future gifts, or other assets will be maintained, accessed and used only by the Conference Minister and such staff members and volunteers as the Conference Minister may designate. When requested, the Conference will respect the anonymity of donors to the best of its ability.