

1 **CONFERENCE FINANCIAL POLICIES**

2
3 **I. General Provisions**

- 4 A. ALL CHURCHES (including New Church Starts and Merged Congregations) WILL BE
5 ASKED TO TITHE THEIR INCOME TO THE ANNUAL CONFERENCE. AT A
6 MINIMUM, A TITHE WOULD BE COMPRISED OF THESE ITEMS;
7 1. Income from identified and unidentified contributors.
8 2. Pledged or unpledged income.
9 3. Undesignated interest and dividend income.
10 4. Income received from building use fees.
11 5. Income received from fundraisers and programs in support of the operating
12 budget.
13 6. Income from capital campaigns, pass-through giving and tuition-based ministries
14 is not included in the tithing calculation.
- 15 B. ALL CHURCHES (including New Church Starts and Merged Congregations) WILL BE
16 ASKED TO CONTRIBUTE 1% of the church income identified in item IA 1-5 to fund the
17 District Ministries.
- 18 C. Tithe income received over and above the set Tithe Income budget in a fiscal year is to
19 be disbursed as follows:
20 1. 50% of the excess tithe income is to be sent to pay General Church
21 apportionments up to 100%.
22 2. 50% of the excess tithe income is to be allocated by the Council on Finance and
23 Administration and reported at the subsequent Annual Conference Session.
- 24 D. GENERAL FUND.
25 The General Fund is established to provide financial stability for the operation of the
26 Indiana Conference. Its primary purpose is to provide the working capital for daily
27 operation, allow responsible budgeting by providing an interim allocations source, plus is
28 a source of funds for unexpected exposures or opportunities arising between sessions.
29 This fund is an accumulation of net profits or losses from prior years.
- 30 E. RESERVE FUND.
31 The Reserve Fund was established as a financial protection fund to absorb significant
32 and unexpected opportunities and exposures beyond the capacities of the budget and
33 the General Fund. The fund is a source of capital expenditures for staff housing and a
34 depository for capital funds from the sale of corporate assets.
35 There will be a line in the budget to support the Reserve Fund. This asking
36 continues until the Reserve Fund Balance equals \$1,000,000. Should there be a
37 surplus the amount will be transferred to the General Fund and used according to the
38 guidelines of this fund.
- 39 F. FISCAL YEAR.
40 The fiscal year shall be the calendar year.
41 1. Payments from churches received after January 15th each year, shall be credited to
42 the following year's tithing records. Churches may remit their gifts by electronic
43 funds transfer.
44 2. Requisitions for year-end disbursements should be sent to the Conference
45 Treasurer's Office by January 15th each year. Only requisitions for expenses that
46 were incurred prior to the end of the fiscal year will be recorded in that fiscal year.
47 Expenses that were incurred after the close of the fiscal year will be recorded in the
48 subsequent year.
- 49 G. We urge the continuation of the support of General Advance Specials and affirm

1 paragraph 812 of the 2008 *Discipline* that reads: "The World Service Fund is basic in the
2 financial program of the United Methodist Church. World Service on apportionment
3 represents the minimum needs of the general agencies of the Church. Payment in full of
4 these apportionments by local churches and annual conferences is the first benevolent
5 responsibility of the Church."

- 6 H. The Total Proposed Budget will be presented early in the Annual Conference Session.
7 The Total Proposed Budget will be acted upon after all agencies have made their reports
8 to the Annual Conference. If there are proposed changes to the Total Proposed Budget,
9 these items shall be referred to the Council on Finance and Administration and action
10 postponed until the Total Proposed Budget is presented.
- 11 I. The Annual Conference goal is to pay General Church Apportionments 100%.
- 12 J. Financial requests coming to the Council on Finance and Administration between
13 sessions of Annual Conference shall be considered by the appropriate committee of the
14 Council before being acted upon by the Council.
- 15 K. The Council on Finance & Administration shall be responsible to ensure that actual
16 expenditures stay within limits defined by the Council on Finance & Administration and
17 the Annual Conference, and within the broad limitation of actual amounts received.
18 Between sessions of Annual Conference, the Council on Finance & Administration shall
19 have the authority to take appropriate actions in response to any unexpected events that
20 impact the Annual Conference financially.

21 II. Conference Funds

22 A. TREASURER'S COMPLETE REPORT AND AUDIT.

23 The Conference Treasurer shall furnish on a form established by this Council an
24 itemized report of balances, receipts, and disbursements during the year.

25 B. SIGNIFICANT ACCOUNTING POLICIES.

26 The Indiana Conference follows the requirements of Financial Accounting Standards
27 Board (FASB) Statement of Financial Accounting Standards No. 117, *Financial*
28 *Statements of Not-For-Profit Organizations*. Under FASB Statement No. 117, the
29 Conference is required to report information regarding its financial position and activities
30 according to three classes of net assets: unrestricted net assets, temporarily restricted
31 net assets, and permanently restricted net assets.

32 The accounts of the Indiana Conference are maintained on the accrual basis in
33 accordance with the principles of fund accounting and generally accepted accounting
34 principles (GAAP). Separate accounts are maintained for each fund; however, the
35 financial statements will be prepared on a basis that shows the financial position and
36 changes in net assets of the Conference in total. Funds with similar characteristics will
37 be combined for financial statement presentation.

38 (Note of Explanation: The objective of accrual basis accounting is to ensure that
39 events that change the Annual Conference's financial statements are recorded in the
40 periods in which the events occur, rather than only in the periods in which, as a result of
41 these events, the Conference receives or pays cash. For example, using the accrual
42 basis to determine net income means recognizing revenues when earned rather than
43 when cash is received, and recognizing expenses when incurred rather than when paid.)

44 A summary of the other significant accounting policies utilized by the Annual
45 Conference is reported in the audited Financial Statements in the section titled Notes to
46 the Financial Statements.

47 C. BUDGET REQUESTS.

48 The Conference Leadership Table will submit a complete request for the agencies and
49 boards under its jurisdiction; this includes the Board of Ordained Ministry. In accordance
50

1 with paragraph 635 of the 2008 Discipline, should the Board of Ordained Ministry and its
2 staff, after working through the Leadership Table, find they need to make a further direct
3 request to CF&A, the Council will be agreeable to hear such a request.

4 D. NEW ASKINGS.

5 New financial askings during Annual Conference Session must be referred to the
6 Council on Finance and Administration prior to a decision being made by the Annual
7 Conference.

8 E. CONFERENCE TREASURY.

9 The Conference treasury shall be continued for all Conference Boards, Divisions,
10 Commissions, and Committees, receiving budgeted funds and all bills shall be paid on
11 requisitions.

12
13 The following shall apply when determining who has authority to authorize the payment
14 of requisitions and vendor invoices.

- 15
16 1. Staff shall have the authority to authorize (by their own one signature) the following,
17 provided that such expense does not overspend the respective group's budget and
18 that the expense is a valid expense of the group and is in harmony with the group's
19 mission and purpose:
20 a. Valid vendor invoices of \$1000 or less.
21 b. Requisitions for payment of \$1000 or less.
22 2. A Conference Director shall individually have the authority to authorize (by their own
23 one signature) the following:
24 a. Valid vendor invoices and requisitions for payment provided that such expense
25 does not overspend the respective group's budget and that the expense is a valid
26 expense of the group and are in harmony with the group's mission and purpose.
27 3. Committees shall have the authority to authorize the following:
28 a. Valid vendor invoices and requisitions for payment between \$1000 and \$5000,
29 by the authority of two signatures – Chairperson, Vice Chairperson, Secretary, or
30 Staff.
31 b. Valid vendor invoices and requisitions for payment greater than \$5000 by
32 authority of two signatures – Chairperson, Vice Chairperson, Secretary, or Staff;
33 and, a copy of the committee's minutes where it was approved.
34 4. In all cases vendor invoices and requisitions for payment may not surpass the
35 committee's approved budget.

36 F. CHECK SIGNING.

37 The Conference Treasurer shall be authorized to sign checks for the Conference funds.
38 In the absence of the Treasurer, an additional person shall be authorized to sign checks.

39 G. DEPOSITORIES.

40 Depositories of the Indiana Conference shall be subject to the direction of the Executive
41 Committee of the Council on Finance and Administration.

42 H. INVESTMENTS.

43 All apportioned funds held by the Council on Finance and Administration shall be
44 invested at its direction, and interest, accrued from these investments shall be used by
45 the Council on Finance and Administration, and the principal sum shall be requisitioned
46 by the boards and agencies as needed.

47 The Executive Committee of the Council on Finance and Administration, along with
48 the Conference Treasurer, shall be empowered to invest funds in United States
49 Securities, United States Agencies, savings accounts and certificates of deposits in
50 authorized "Federally Insured Financial Institutions", debt instruments of corporations

1 whose activities are not in conflict with the United Methodist Social Principles and which
2 bear a rating of "A" or higher from Moody's Investment Rating Service, or in funds
3 offered by the Indiana Foundation.

4 Interest credit will be allocated each quarter to any non-apportioned fund that resides
5 in the Annual Conference treasury, has a fund balance of more than \$75,000 at the end
6 of the quarter, and is not already receiving interest from other specific investments. In
7 addition, interest credit will also be allocated each quarter to any endowment or quasi-
8 endowment fund (functioning as an endowment) that resides in the Annual Conference
9 treasury, has a fund balance of more than \$5,000 at the end of the quarter, and is not
10 already receiving interest from other specific investments. This interest credit will be the
11 local prime rate of interest to be calculated quarterly.

12 The Indiana Conference follows the requirements of Financial Accounting Standards
13 Board (FASB) Statement of Financial Accounting Standards No. 124, *Accounting for*
14 *Certain Investments Held by Not-For-Profit Organizations* or as subsequently amended
15 by FASB. Under FASB Statement No. 124, the Conference is required to report
16 information regarding its investments at fair value based upon quoted market prices,
17 when available, or estimates of fair value. Donated assets are recorded at fair value at
18 the date of donation, or if sold immediately after receipt, at the amount of sales proceeds
19 received.

20 I. CAPITAL ASSETS.

21 Capital assets of the Conference are held by the Indiana Conference of the United
22 Methodist, Inc. Board of Trustees. In the Indiana Conference financial statements the
23 value of fixed assets is stated at cost less accumulated depreciation or fair value at date
24 of donation. The cost of property and equipment purchased in excess of \$2,500 is
25 capitalized. Depreciation is computed using the straight-line method over the estimated
26 useful life of each class of depreciable asset.

27 J. UNEXPENDED BUDGET FUNDS.

28 Unexpended budgeted funds of Conference Boards, Committees, and Commissions
29 shall revert to the General Fund at the close of each fiscal year with the exception of
30 those funds approved by CF&A and designated funds.

31 K. CARRY-OVER BUDGET ITEMS.

32 Carry-over budget items should be considered on a case-by-case basis as a general
33 fund encumbrance in unusual circumstances and not to exceed six months carry-over.
34 A vote of CF&A approval will be required for \$5,000 or more. Less than \$5,000 must be
35 approved through the authorization of the appropriate Director and the Treasurer.

36 L. OVER-EXPENDING BUDGETS.

37 The Conference Treasurer has no authority to honor any requisition that would cause an
38 over-expenditure of any budget category in the Conference Budget. It can only occur
39 with the approval of the Executive Committee of CF&A.

40 M. GENERAL FUND.

41 The Executive Committee of the Council on Finance and Administration shall have the
42 power to draw upon the General Fund for emergency disbursement, subject to
43 ratification by the Council on Finance and Administration.

44 N. RESERVE FUND.

45 Between sessions of the Annual Conference, the funds may be used upon approval of
46 the Council on Finance and Administration and the Leadership Table with notification to
47 the Annual Conference at the next session.

48 O. DESIGNATED FUNDS.

49 Designated funds are funds which come from gifts that have been designated for a
50 specific purpose. These funds shall be carried forward and shall be used to build funds

1 for a program or project over multiple years. Designated Fund accounts shall be funded
2 at a rate determined annually by the Council of Finance and Administration. CF&A shall
3 review these accounts annually to determine if sufficient funds are available to
4 underwrite the programs. Upon completion of the program or project, if there is a
5 balance in the designated fund, those monies shall revert to the General Fund. Should
6 monies accumulate in a particular designated fund and at some point in the future the
7 Indiana Conference determines there is no longer a need for that fund, those monies
8 shall revert to the General Fund and the specific fund account shall be eliminated.
9 Decisions on funding for new designated funds shall be made by the Council on Finance
10 and Administration on the basis of cash available for the funding at year end.

11 P. RESTRICTED FUNDS.

12 Restricted Funds are funds which have been restricted by the source, the donor, the
13 General Church or through Special Offerings. These funds shall be carried forward from
14 one fiscal year to subsequent fiscal years until they are depleted or re-designated by the
15 donor. If, at some point in the future the Indiana Conference determines there is no
16 longer a need for a particular fund, the donor, or in the absence of the donor, the Council
17 on Finance and Administration shall recommend to the Indiana Annual Conference how
18 the balance in that fund shall be disbursed. Restricted funds shall be fully funded.
19 Funds shall be set aside in a separate fund and invested. Specific restricted funds shall
20 not earn interest for those funds unless required by the donor at the time the fund is or
21 was established. Interest earned on the pool of invested Restricted Funds shall revert to
22 the Restricted Fund pool until it becomes fully funded. At such time the Restricted Fund
23 becomes and remains fully funded, the earnings shall revert to the Conference General
24 Fund unless otherwise specified by the donor.

25 Q. BONDING.

26 A blanket fidelity bond of \$1,000,000 shall be secured to cover all employed personnel in
27 the Conference Treasurer's office.

28 R. AUDITING.

29 All agencies receiving financial support from Conference benevolences or from any
30 other authorized Conference-wide appeal shall submit an annual audit to the Council on
31 Finance and Administration. Such audit shall cover their total operation and be prepared
32 by a Certified Public Accountant or Public Auditor.

33 S. BORROWING AUTHORITY (Book of Discipline para. 613.10)

34 The Annual Conference Treasurer shall have borrowing authority with the prior approval
35 of the Executive Committee of the Council on Finance and Administration up to
36 \$400,000.

37
38 **III. Offerings and Solicitations**

39 A. APPROVALS.

40 It is required by the Conference that groups desiring to solicit funds from churches in the
41 Indiana Conference shall appear before the appropriate agency of the Conference
42 Council on Finance and Administration annually, and may be required to submit
43 budgets, annual audit, and aims for approval before proceeding.

44 B. We recommend that all Disciplinary Special Offerings be supported in the manner
45 prescribed by the *Discipline*.

46 C. No Indiana Conference mailing list shall be furnished to any agency for the purpose of
47 solicitation without prior consent of the Council on Finance and Administration and the
48 Annual Conference.

49 D. Local churches are not to be asked to receive more than one special offering per
50 calendar month. Such special offerings include those requested by the General Church,

1 Area, Conference and District. Clear emergencies, such as natural disaster relief, shall
2 be an exception to this rule.

- 3 E. Special offerings taken during Annual Conference Session shall be determined by the
4 Leadership Table with approval of CF&A and reported to the Sessions Committee.

5
6 **IV. Expense Allowance**

7 **A. BOARD EXPENSE.**

8 All Conference Boards, Divisions, Commissions, and Committees receiving budget
9 funds shall allow for travel reimbursement for laity only and retired clergy not serving a
10 local church based on the IRS rate for charitable travel. Clergy serving in these groups
11 are to be reimbursed for travel by the ministry to which they are appointed. No meal
12 reimbursements will be made. An allowance of \$45.00 per night for hotel will be allowed.

13 Also, sitters for children and dependent adults shall be paid at the rate of \$4.00 per hour
14 to a maximum of 10 hours per day.

15 **B. PER DIEM DEADLINE.**

16 No per diem or other expenses incurred due to the Conference session shall be paid if
17 not submitted to the Director of Connectional Ministries or Conference Treasurer within
18 30 days following adjournment of the Conference. Annual Conference session per diem
19 will be made only to retirees not serving a church and district equalizing members. To
20 supplement a person's meal expenses, \$3.50 for breakfast, \$4.50 for lunch, \$6.50 for
21 dinner will be allowed as well as the hotel and babysitting allowance in item (A) above.

22 **V. District Superintendents and Directors**

23 The salary for superintendents and directors for 2010 is \$80,000. The annual adjustment
24 of this salary is indexed to the Conference Average Compensation annual differential.
25 Annual Housing Allowance will be paid at a rate of \$18,600 to be reviewed by CF&A
26 annually. For clergy holding these positions, salary that is designated as housing
27 exclusion according to IRS Code 107 shall be reported and approved annually by CF&A.
28 No Conference staff, including District Superintendents and Directors, shall receive
29 honorariums for services provided to United Methodist churches in the Indiana
30 Conference or agencies of the Indiana Conference. Vehicle policies are found in the
31 Conference operations policies.

32
33 **VI. Moving Policies**

- 34 A. Persons eligible for conference-paid moves include itinerant clergy within Indiana,
35 district superintendents, conference professional staff, and special appointments fully
36 funded by the Indiana Conference.
- 37 B. The total amount allowed for each move will be determined each year by the Council on
38 Finance & Administration and recommended to the Annual Conference. The amount
39 recommended for 2010 is \$3,100. An amount of \$800 will be added to this total for intra-
40 state moves in excess of 250 miles. Total packing costs, supplies and labor, may not
41 exceed \$500, inclusive within the amount allowed for the total move.
- 42 C. The person to be moved is responsible for obtaining two bids from licensed movers and
43 selecting the mover using the conference approved process.
- 44 D. Self-moves are approved for seminary students. Eligible expenses include the cost of
45 truck rental, equipment, packing materials (\$500 limit applies), fuel cost/mileage and
46 labor. Receipts must be submitted for reimbursement.
- 47 E. The Conference will pay for the first move of a surviving spouse within one year after the
48 death of an active clergy person using limits for the year of death.
- 49 F. Insurance will be provided up to the limits obtainable by the Conference.
- 50 G. Special consideration will be given for some circumstances.

1 H. Any situation not covered under this policy will be referred to the Council on Finance and
2 Administration.
3

4 **VII. Equitable Compensation**

- 5 A. Minimum salary for Full-Time Elders appointed to serve a local church be set at 60% of
6 the DAC (Denominational Average Compensation) as calculated annually by the
7 General Board of Pension and Health Benefits.
8 B. Minimum salary for Full-Time Associate and Probationary Members appointed to serve a
9 local church be set at 58% of the DAC (Denominational Average Compensation) as
10 calculated annually by the General Board of Pension and Health Benefits.
11 C. Minimum salary for Full-Time Local Pastors appointed to serve a local church be set at
12 55% of the DAC (Denominational Average Compensation) as calculated annually by the
13 General Board of Pension and Health Benefits.