

**CHAPTER FIFTEEN**  
**BUDGET, PROPERTY AND FINANCE COMMITTEE**

I. Membership

The Budget, Property and Finance (BP&F) Committee consists of nine (9) members, divided into three classes of three each. These will be balanced as equally as possible between teaching elders and ruling elders or deacons or members of a church of this Presbytery.

- A. Care is taken that the Committee chair has experience in budget and finance matters.
- B. The Stated Clerk and Bookkeeper serve as a resource to this committee as requested.
- C. The Executive Presbyter serves as an *ex-officio* member, without vote.

II. Purpose and Accountability

A. Purpose

The purpose of the BP&F Committee is to:

- 1. Manage the financial affairs of the Presbytery pursuant to *BoO* G-3.0113.
- 2. Consider and make recommendations to the Presbytery regarding member church requests to take action regarding real property pursuant to *BoO* G-3.0303f and G-4.0206.
- 3. Maintain adequate insurance pursuant to *BoO* G-3.0112.

B. The BP&F Committee is subject to the Presbytery's financial procedures regarding financial processes (*e.g.*, vouchers, monitoring committee budgets, how to apply for budgeted funds, unbudgeted funds).

C. The BP&F Committee is responsible to, and reports to, the Presbytery. It has a **fiduciary duty** to act in the best interest of the Presbytery. It has a **fiduciary obligation** because the Presbytery has a special trust in the Committee to negotiate financial and property matters on its behalf and relies on the Committee to exercise its discretion and expertise in acting for the Presbytery.

III. Duties and Responsibilities

A. The Committee prepares and presents a Presbytery operations budget by:

- 1. Conferring with all standing committees and officers of the Presbytery and the Executive Committee concerning their respective budget needs for the following year, including any anticipated significant revisions or events that affect their work;

2. Preparing and submitting to the Executive Committee a preliminary budget divided between ecclesiastical and mission expenses, which identifies the recommended per capita apportionment and anticipated shared mission giving to fund the expenditures identified in the Per Capita and Shared Mission portions of the budget;
3. Publishing the proposed budget divided between ecclesiastical and mission income and expenses, with the Executive Committee's recommendation for approval;
4. Submitting the proposed operations budget for adoption by the Presbytery in November.
5. Coordinating with the Evangelism and Missions (E&M) Committee to provide the combined operations and mission financial reports including budgets and performance to budget.
6. Managing and recommending usage of any Presbytery-owned property.
7. Following action of the trustees of the corporation to offer property for lease or rental, engaging and serving as the point of contact for any agency that manages rental property on behalf of the Presbytery.
8. Reviewing and making recommendations to Presbytery concerning all requests from particular congregations desiring to take property actions as described at *BoO* G-4.0206.
9. Dealing with particular churches regarding property matters, upon request.
10. Providing oversight for mission project performance to budget (*e.g.*, Presbyterian Urban Ministries (PUM)), which may include offering guidance for maintaining records and making financial reports.
11. Providing accounting financial consulting services to any mission project or other entity of the Presbytery that receives a grant. The E&M Committee manages the reporting framework any financial reports required by the entity that made the grant.
12. Designating those individuals, by name and position, who are authorized to sign checks drawn on, or use debit or credit cards, or withdraw monies from accounts maintained by the Presbytery.
13. Obtaining an annual review or audit (an audit shall be performed at least every five (5) years) of the Presbytery books by an independent public accountant (see *BoO* G-3.0113).

- B. Manages and oversees gifts and grants to the Presbytery that are managed through the funds listed below. Supports the Presbytery organization that is designated below for administration of each fund.
1. Funds maintained by the Presbytery are categorized as follows:
    - a. Permanently Restricted Funds include principal for that fund, which is permanently set aside as an endowment to produce income for the purpose stated.
    - b. Donor-restricted Funds are permanently used for the purpose stated by the donor. Both income generated by the fund and principal may be expended for that purpose.
    - c. Presbytery-designated Funds have been set aside by the Presbytery for the purpose stated, and may be changed by an act of the Presbytery.
    - d. Undesignated funds have not been allocated to a particular purpose. Such funds provide a reserve to be used through the Presbytery budgeting process. While restricted and designated funds are administered by the Presbytery committee identified in paragraph 5, below, undesignated funds are administered by the committee identified at the time the fund expenditure is authorized.
  2. Funds are maintained in investment accounts as determined by the BP&F Committee. Income (including interest) that is generated by those investments is allocated to each specific fund on a pro-rated formula for any fund that exceeds \$10,000 in principal value.
  3. BP&F exercises oversight over funds administered by the designated committee. Fund administration includes, but is not limited to:
    - a. Ensuring funds withdrawn during each year do not exceed the income unless otherwise provided for within the Presbytery's annual budget.
    - b. Validating and approving any monies disbursed from funds.
    - c. Advising the Bookkeeper on the account to credit for any monies received other than those processed through the Presbytery's accounting system prior to their being made available for use through that system.
  4. Disbursement of designated and other funds administered by the Presbytery is reviewed by BP&F. Specifically with regard to grant applications for Presbytery funds, BP&F has a fiduciary responsibility to the Presbytery to ensure, to the extent possible through review of documentation available:
    - a. The disbursement of funds from a source (*e.g.*, a higher level council of the PC(USA)) that include restrictions on use of those funds is in strict accordance with the rules of uses for the restricted funds from that source.

- b. The financial capabilities and stability of the intended recipient organization; this would include ability to provide any requisite matching funds.
  - c. Metrics or measurable *objective* data to determine that progress is being made over time to warrant continuation of multi-year grants.
  - d. The organization should have a realistic financial model for the planned activities to be funded by the grant. The importance of a careful, thorough review of that model is directly proportional to the amount of the grant as a percentage of the overall funds required for those activities.
5. Funds maintained by the Presbytery and designated committees for fund administration are:
- a. Permanently Restricted Fund
    - W. James Scholarship Fund — an endowed fund for scholarship grants to Iglesia Presbyteriana Emmanuel Christian ministry students; Evangelism & Missions Committee through the Iglesia Administrative Commission.
  - b. Donor-restricted Funds
    - (i) Sudanese Operating fund — funds received for operation of the Sudanese ministry; E&M Committee through the South Sudanese Steering Committee.
    - (ii) Sudanese Rebuilding Hope fund — funds received for mission trips to and building churches in the Sudan; E&M Committee through the South Sudanese Steering Committee.
    - (iii) Committee on Ministry Benevolence Fund — donations received for support of emergency needs; Committee on Ministry (COM).
    - (iv) Disaster Relief Fund — grants received from Presbyterian Disaster Relief and local contributions received to provide disaster preparedness and relief from disasters occurring within the bounds of the Presbytery; Leadership Subcommittee through the Presbyterian Disaster Assistance Team, when active.
    - (v) William MacInnes Scholarship Fund — initially funded by memorial contributions and continued through offerings taken at ordinations and installations of teaching elders, used for scholarships and loans to seminary students; Committee on Preparation for Ministry.

- (vi) Frances Klema Fund – initially a fund of the First Presbyterian Church of Honolulu, designated for Presbyterian women and youth programs; E&M Committee.
  - (vii) Wittich Youth Fund – initially a fund of the First Presbyterian Church of Honolulu, designated for a retreat for youth leaders; E&M Committee.
  - (viii) PUM Operating Fund — current-year contributions and income received from fund-raising special events, all for operation of PUM; E&M Committee.
- c. Presbytery-designated funds
- (i) Missional Training Grants — grant received from La Jolla Presbyterian Church for missional training events; COM.
  - (ii) Peacemaking Fund — offerings received from the Peacemaking Offering, used for peacemaking efforts; Leadership Subcommittee.
  - (iii) Vitalizing Congregations fund — funds received from the Ramona Church Fund to be used for events or programs that revitalize existing congregations; E&M Committee.
  - (iv) PUM Reserve Fund — the investment account for funds set aside for PUM including carry-over income from prior years and residual balance from the Pratt-Kurz Fund upon it being disestablished; E&M Committee.
  - (v) Missional (Fallbrook) Fund — funds received from the Synod resulting from sale of its Wilshire Drive property and revenue received from sale of the Fallbrook church property, dedicated to missional “experiments”; E&M Committee as approved by the Executive Committee.
  - (vi) New Church Development (NCD) Fund — received from various sources to support NCD activities within the geographic bounds of the Presbytery, including any required matching funds for higher level council NCD grants; Executive Committee through the E&M Committee.
  - (vii) Anchor City Operating Fund — (allocated from NCD Funds); E&M Committee
  - (viii) Cyclical SD Fund — Funds set aside in 2017 for worshiping community development under the 5-year Cyclical program; E&M Committee.

## C. Expenditures

- 1. Not used

2. After approval of the budget by Presbytery, proposals for new programs or for expenditures of funds for unbudgeted items must be presented to the Executive Committee through the appropriate committee(s). If the Executive Committee concurs with establishing the new program or expenditure, it refers the item to the BP&F Committee. The BP&F Committee, after consultation with the committee(s), sets forth the total estimated costs and proposed source of funding.
3. Reimbursed travel for authorized Presbytery business outside the geographic bounds of the Presbytery must be approved in advance by the chair of the commission, standing committee or Executive Committee for which the travel is budgeted. Reasonable, necessary and actual travel expenses will be reimbursed after travel is complete. Travel expenses for spouses, other family members or guests will not be reimbursed. Economy or tourist-class airfares are to be used when travelling on Presbytery business. Expense reports for travel must be approved by the chair of the commission, standing committee or Executive Committee that sponsored the trip. Committee chairs' travel is approved by the Executive Presbyter. The Executive Presbyter's travel is approved by the Chair of the Human Resources Committee.

Reimbursed travel for authorized Presbytery business inside the geographic bounds of the Presbytery must be included in the budget for the commission, standing committee, or Executive Committee for which the travel occurs. Officers and members of churches may be reimbursed for travel as follows:

- a. Travel to stated and called meetings of the Presbytery that are at a location that exceeds 80 miles from the church, as members of the Presbytery or commissioners to the meeting;
  - b. Travel to meetings of committees and commissions, as members of the committee or commission elected by the Presbytery; and
  - c. Incidental expenses such as working lunch meals or supplies required in performing the business of the entity for which the expense is incurred.
4. The Presbytery office does not issue checks that cause a class code to exceed the amount included in the budget approved for that year without approval of the BP&F Committee.

#### D. Financial Records & Reports

1. All persons handling funds of the Presbytery, its committees, and activities under the auspices or purview of the Presbytery, shall maintain records sufficient to account for the sources and expenditures of those funds, itemized by Per Capita and/or Shared Mission budget line items.

2. Review financial and/or property documents on behalf of the Presbytery, upon written request by the cognizant standing committee or officer of the Presbytery;
3. Financial reports by Presbytery committees, mission project steering committees administrative commissions shall be made in sufficient detail to demonstrate that expenditures were for authorized purposes.
  - a. Reports should provide summary lines that allow direct comparison to the Presbytery's budget line items.
  - b. Reports should be in a format sufficiently like that of the approved budget for that entity to allow comparison with that document.

E. Authority to Act

The Budget Property & Finance Committee is empowered to do the following as a "commission" of the Presbytery, pursuant to *Book of Order* G-3.0109b, provided that all such actions are reported to the next stated meeting of the Presbytery for incorporation in its records:

Finding in order issues of encumbering congregational property, (G-4.0206a) and leasing congregational property (G-4.0206b).