

**DATE ADOPTED BY THE BOARD: 3.17.2015**

**POLICY SET IV. Management**

**POLICY NUMBER: IV.E.2**

**POLICY NAME: Care for Financial Resources. Annual Budgets**

**POLICY PURPOSE:** To describe how the annual operating and capital budgets are created and managed.

**DEFINITIONS:**

Operating Budget: An operating budget is a projection of annual estimated income and expenses related to day-to-day operations of the Congregation.

Capital Budget: A capital budget is a projection of income and expenditures for large and long-term sums including repayments of debt, initial salaries for new positions, and any building additions, major repairs or equipment purchases over \$5,000.00 each.

Capital Reserves Account: Estimated income for future capital expenditures allocated from an operating budget.

**IV.E.2. Care for Financial Resources. Annual Budgets**

A. The Administry Leader is delegated the authority and accountability for creating and maintaining operating and capital budgets, except for those things reserved for the Board.

B. Annual Budgets: The Administry Leader is delegated the task of ensuring the annual budgets are created and maintained. The Administry Leader shall:

1. create an operating budget in collaboration with the Finance Committee guided by the Annual Vision of Ministry. This will include a recommended percentage of the annual operating budget to be designated for Capital Reserves Account.

2. create a capital budget in collaboration with the Board and Finance Committee guided by the Annual Vision of Ministry. This will include recommendations for ways of funding future capital expenditures as needed.

3. ensure each budget contains sufficient information to permit reasonable Board evaluation in light of the Board's policies, Annual Vision of Ministry and Congregational resources.

4. with the Board, recommend a jointly agreed upon annual operating and capital budgets to the Congregation at the Annual Congregational Meeting.

5. in collaboration with the Board have the authority to spend monies in excess of budgeted amounts in any category as long as total expenditures have not exceeded total budgeted expenditures, other limitations have not been exceeded, and the actual expenditures are noted in the financial reports.

6. in collaboration with the Finance Committee, keep the Board fully informed on a regular basis of the Congregation's ongoing financial status, and shall

inform the Board in a timely manner of any projected material deviation from the current approved budget.

7. make an informed decision, after discussion with the Board, regarding the disposition of net income in excess of the annual budget, and actions to be taken in the event of a net loss in excess of the annual budget.