

**Presbytery of Lake Erie
Administrative Committee
Policy Regarding Management of Funds**

Adopted 06.30.2020

Sources and Uses of Funds

- ***Per capita***

These funds are assessed and collected each year and are spent as designated in the consolidated annual budget adopted by the Presbytery.

- ***Mission pledges***

These funds are solicited and collected each year and spent as designated in the consolidated annual budget adopted by the Presbytery. Mission pledge funds are categorized as follows:

- *Unified giving*
 - *Unspecified* – are divided among the Presbytery, Synod of the Trinity, and General Assembly in a ratio approved annually by the Presbytery.
 - *Directed* – are transmitted to the higher governing body in the ratio directed by the donor church.
- *Designated giving* – is for certain programs/projects sponsored by the higher governing bodies. The funds are used or remitted as designated by the donor church or contributor.

- ***Investment income***

Investment income is received from several sources.

- Interest earned on accounts in which operating funds are held. The estimated amount to be earned is included in the consolidated budget adopted by the Presbytery and is used to reduce per capita.
- Interest earned on loans made under the Revolving Loan fund. Amounts received are accumulated and transferred to the loan fund annually.
- Interest and dividends, and realized and unrealized gains and losses on investments in the pooled investment funds. The estimated earnings to be earned is included in the consolidated budget adopted by the Presbytery and is used to reduce per capita.

- ***Other donations***

From time to time the Presbytery receives donations from other sources for which the donor usually designates the purpose. The funds will be spent in accordance with the donor's wishes.

INVESTMENT POLICY

The funds of the Presbytery are handled in accordance with policies and procedures approved by the Administrative Committee and the Trustees.

- ***Current operating funds***

Current operating funds are held in an amount deemed necessary for the ongoing operations of the Presbytery. These funds will be held in accounts with a banking institution.

- ***Pooled investment funds***

The Presbytery maintains a pooled investment fund in which all funds of the Presbytery, except current operating accounts, are invested. The fund is administered by the Trustees, who establish investment objectives considering the current and long-range needs of the

Presbytery. Investment income consists of interest and dividends received, as realized and unrealized gains or losses on investments. The annual operating budget will include an allocation from the pooled investments in an amount not to exceed 5% of recent market value of the fund.

- **Insurance policy**

The Presbytery is owner and beneficiary of an insurance policy donated by a member of a church in the Presbytery. The cash surrender value of the policy represents the premiums paid by the donor and accumulated earnings thereon. Annual earnings are greater than the amount required to fund annual premiums, therefore increases in cash value accrue each year and are reported as income in the audited financial statements.

RESERVE FUNDS

The reserve funds of the Presbytery are designated as either *unrestricted net assets*, *temporarily restricted net assets*, or *permanently restricted net assets*.

- **Undesignated reserve fund**

This fund is a part of the Unrestricted Net Assets of the Presbytery. It represents the accumulated funds that the Presbytery has received but not spent over its lifetime. This is the general endowment of the Presbytery. Because these are not donor-restricted funds they may be accessed with the approval of the Presbytery. Prior action of the Presbytery restricted that access as follows: any use of principal in the Undesignated Reserve Fund shall be by recommendation of the Presbytery Coordinating Committee to Presbytery and by approval of two-thirds of the voting commissioners at a regular meeting of the Presbytery or at a special meeting called for that purpose. Assets of the fund are held in the pooled investments.

- **Board designated unrestricted net assets**

There are three funds of unrestricted assets that have been designated by the Presbytery for specific purposes. They are considered part of Unrestricted Net Assets and should also be subject to the same restrictions on use as for the Undesignated Reserve Fund.

- *Mission Causes fund*

This represents funds that have been given to the Presbytery as mission pledges that were not spent in the year in which they were collected. They can only be used for mission, since they were given for mission. Assets of the fund are held in the pooled investments. Spending from the fund may be done only by action of the Presbytery.

- *Revolving Loan Fund*

This is a fund established by Presbytery and is used as a revolving loan fund for churches to borrow for new building or for renovation. It is administered by the Presbytery Trustees, subject to ratification by the Presbytery. Assets of the fund, which have not been loaned to churches, are held in the pooled investments.

- *Emergency Assistance*

This fund was established to provide emergency assistance to pastors in the Presbytery and to employees of the Presbytery and its churches. The fund is replenished by receipts from collections at ordinations and installations and, when deemed necessary, from appropriation from the annual budget. The Committee on Ministry administers the fund. Assets of the fund are held in the pooled investments.

- **Permanently restricted net assets**

There are three funds that are permanently restricted by the donors.

- *McKay Fund*

This fund was established by will, with income to benefit the Gravel Run church. The fund is included in the pooled investments of the Presbytery, from which an allocation of income from the pooled investments is made annually.

○ *Kerchner fund*

This fund was established by the Presbytery to be an endowment fund with the income used to provide scholarships to candidates under the care of the Presbytery who are preparing for the pastoral ministry. It is administered by the Committee on Preparation for Ministry, which designates recipients of the income. The fund is included in the pooled investments of the Presbytery, from which an allocation of income from pooled investments is made annually.

○ *Jack Kyle Memorial Accessibility Ministries Fund/African Fund*

This Fund was established by the Presbytery with funds received from the North Sandy congregation when the congregation was dismissed from the PC (USA). The fund is a permanently endowed fund established by the Presbytery with one-half of the fund being designated to support mission co-workers Michael and Rachel Weller (PCUSA Mission #200421) through the rest of their ministry, then for future support of PCUSA mission co-workers in Africa and one-half of the fund designated for the Jack Kyle Memorial Accessibility Ministries Fund for the projects at local congregations as directed by the Presbytery of Lake Erie.