

6-2: DIRECTED FUNDS**1. Responsibility Centre:** Financial Management Committee**2. Rationale or Purpose**

A significant proportion of donations to BCUC is designated by the donor for specific purposes. This policy and the resulting guidelines are necessary to ensure that such donations are properly handled and deposited into bank accounts and that proper procedures are followed when funds are disbursed. The policy delineates procedures to be followed when creating and closing a Directed Fund (DF) needed to finance such a specific purpose and the disbursement of any remaining monies when a fund is closed. Implementation of this policy requires a high level of confidentiality regarding the identity of donors.

3. Policy Statement

When a specific project or activity that is to be funded outside the normal operating and capital budget processes is approved, a Directed Fund is to be established.

4. Scope

This policy applies to Directed Funds that are established to serve the needs and activities of committees and the congregation, and each Directed Fund is to be associated with a specific committee or the Church Board for oversight and financial control. Anyone involved in such a fund is to be made aware of the policy, including the Directed Funds Coordinator (DFC), relevant committee members, fund treasurers and office staff.

5. Procedures

A request to establish a Directed Fund requires approval by the Church Board. The closure of a Directed Fund must also be approved by the Church Board at which time the disposition of any remaining monies will be decided. The Directed Fund Coordinator (DFC) and the Church bookkeeper will record where the residual funds go. Records are to be maintained in the church office with copies maintained by the Financial Management Committee and Directed Funds Coordinator. Each Directed Fund will have a designated contact person from the relevant committee or the Church board.

After each deposit to a Directed Fund, the Directed Fund Coordinator will

- a) contact the relevant directed fund contact person to make them aware of the donation amount and the balance to date in that fund;
- b) provide to the Church Office the names of those donating \$100.00 or greater to be acknowledged by letter. Letters of acknowledgement will be sent only for donations to BCUC (not charities for which BCUC collects donations as a courtesy, e.g. Refuge NOW, the Mission and Service Fund, FAMSAC, St. John's Church, OWECC). Individual annual appeals such as the SOSA Lenten and Christmas Appeals will also not be acknowledged by the Office letter.

Before each withdrawal for approved purposes as recorded in Annual Activity Plans, minutes or other documents, the responsible directed fund contact person will obtain confirmation that the funds exist from the DFC who will then clear the debit with the bookkeeper.

6. Roles/Responsibilities

The central responsibility for Directed Funds resides with the Designated Fund Coordinator (DFC), together with the Chair, Financial Management Committee (FMC).

The decentralized responsibility for each directed fund resides with the responsible directed fund contact and the associated committee or the Church Board.

For funds where monies are received sporadically, the DFC will undertake the duties related to this policy, with support from the office staff. However, when a fund is established for which there will be continuing fund-raising, a fund treasurer is to be appointed, who will work in tandem with the DFC. The sharing of specific duties will be negotiated at the time the fund is established. An example of such a fund is an annual SOSA appeal.

Detailed duties of the DFC are established in the job description maintained by the FMC. The DFC provides a summary of the account balances to the FMC each month, and three times per year to the Church Board / Committee Chairs.

Directed Funds are subject to the annual external audit.

The Financial Management Committee is responsible for the maintenance and review of this policy.

7. Definitions

Types of directed funds:

- a) Committee-Directed Fund: This is for the sole use of the stated committee.

- b) Building Maintenance and Repair-Directed Fund: This is for the use of the Property Management Committee with reference to projects approved by the Congregation in the annual activity plan or in changes to the Annual Activity Plan as approved by the Church Board; the BM&R fund is unique in that funds from the Operating and BM&R may be combined to finance specific purchases.

- c) Capital-Directed Fund: This is for accumulating funds for major projects over extended periods of time as approved by the Congregation in the annual budget and managed on behalf of the Church Board by the Financial Management Committee.

8. References: Relevant related policies are those on annual external audits and privacy.

- a) *BCUC Handbook*: Terms of Reference of Financial Management Committee:

Purpose: To administer the finances of the Church in the best interests of the Congregation and in keeping with the overall objectives of the Church. The finances of the Church includes the operating fund, special (directed) funds, capital and reserve funds, and event funds (collectively known as the General Fund), and not endowment funds.

9. Approval authority: The Church Board

10. Reviewed: Financial Management Committee: October, 2016

Approved: Church Board: November 16, 2016

Replaces: January 2014