



PURPOSE

To establish the policies and procedures by which individual adult fellowships may raise and disburse funds for special projects and activities, maintain their separate bank accounts and yet provide the Trustee Board their constitutionally mandated oversight of all church income and expenditures. For other financial information, refer to Church Bylaws Article VIII, Policy 2.2 General—Church Policy, and Policy 4.1 Finance—Designated Receipts.

GENERAL

Adult fellowships may wish to raise funds for projects in support of their assigned missionaries, provide special financial help for fellowship members in need or donate monies toward other projects. Some of these gifts can be tax deductible but only if certain steps are taken in accordance with IRS guidelines and only if the funds are handled through the church's business office.

Funds may also be collected and administered through separate checking accounts for social activities not otherwise supported by the church or for personal (not tax-deductible) gifts to missionaries or others. No monies, payments or gifts received through adult fellowship checking accounts are tax deductible.

No fellowship will raise funds for its own use or for the benefit of others by selling merchandise or services without the expressed prior approval of the Trustee Board.

CHECKING ACCOUNTS

A separate checking account may be maintained by an adult fellowship only for use in facilitating such activities as providing refreshments served in conjunction with fellowship activities, facilitating purchase of tickets for commercial entertainment or creating a common fund to finance other fellowship-sponsored social events or personal gifts. Each fellowship treasurer will submit an annual financial report to the business office.

Separate checking accounts are not appropriate for any Sunday school class or other church group whose activities are provided for in the unified church budget.

SPECIAL PROJECTS

Special projects normally involve projects in support of the work of church-supported missionaries or mission agencies, or needs of friends or members of the church who are experiencing unusual financial stress. In order to maintain the integrity of the church financial policies and to comply with the necessary IRS guidelines, the following procedures must be observed:

1. If the project involves an area which is subject to the authority of an established church board, the appropriate board chairman must be consulted before the project is undertaken. For example, private benevolences should be approved by the Deacon Board chairman; missionary projects (excluding personal or Christmas gifts) should be approved by the Missions Board chairman. After this approval, the associate pastor of Business and Stewardship should be notified of the project.
2. After the project is approved and if the tax deductibility of the gifts *is not important* to the givers, then the monies can be directed through the adult fellowship's checking account and disbursed.



3. After the project is approved and if the tax deductibility of the gifts *is important* to the givers, then the donor checks should be made payable to First Evangelical Free Church, but the ultimate beneficiary's name should not be written on the check. Next, the checks and a written recommendation for disbursement from the adult fellowship leadership should be directed to the appropriate church board which gave the original approval for the start of the project. That board will make the final decision for the amount, timing and recipient for the disbursement of funds. According to the IRS, the tax deductibility of donations is dependent on their being “unconditional and without personal benefit to the donor” and on their being “made to or for the use of” a qualified charity. Further, the church must have “full control of the donated funds, and discretion as to their use, so as to insure that they will be used to carry out its functions and purposes.” Thus, we can only accept tax-deductible donations which are given in this way. After the decision is made by the board, any remaining funds will be directed to the general fund of the church. The appropriate board will consider the following before granting disbursement approval:
 - a. Is this disbursement recommendation consistent with the written policy or guidelines for the ministry of our board, and is it consistent with any policies or guidelines of our board that relate to the disbursement of funds for the church's ministry? Or, should the disbursement of these funds fall under the authority of a different church board?
 - b. Is the disbursement recommendation an appropriate amount of money given the documented need? Is it too much money, and should less be given? Or, is it not enough money and additional monies should be disbursed from one of the accounts that the board oversees?
 - c. If the recommendation suggests a disbursement of funds to more than one party, is the portion suggested for each party appropriate, or should it be adjusted?
 - d. Are any of the givers going to personally benefit from the disbursement of the given funds?
4. After the appropriate board has made the disbursement decision(s), that board should convey the funds and written instructions for disbursement to the business office of the church. Checks and cash will be recorded as church income, and the church business office will write one check payable to the indicated person or agency.
5. Special projects are limited to \$3,000. If it is anticipated that this limit will be exceeded, approval must be obtained from the Trustee Board chairman. If the amount collected for any given project exceeds the amount needed, the balance will be applied to the general fund.

RESPONSIBILITIES

1. Adult fellowship leaders are responsible for implementing this policy in their respective fellowship classes.
2. The Missions Board chairman is responsible for approving all adult fellowship projects in support of missionaries. The Missions Board, or its appointed committee, is responsible for the final disbursement of funds in support of missionaries.



3. The Deacon Board chairman is responsible for approving all benevolent giving through the adult fellowships. The Deacon Board, or its appointed committee, is responsible for the final disbursement of all benevolence funds.
4. If an adult fellowship project does not logically fall under the purview of the Missions or Deacon Board, then another more appropriate board of the church should fill the role of approving the start of the project and overseeing the final disbursement of funds.
5. The associate pastor of Business and Stewardship is responsible for processing all deductible contributions through the church accounts.

POLICY MAINTENANCE

With the approval of the Elder Board, the Trustee Board is responsible for the initiation, update and implementation of this policy; the senior pastor's office is responsible for the publication and distribution of this policy.