

OPP 3.7 – DEDICATED FUNDS

PURPOSE: Provide guidance and policy for the budgeting, accounting, disbursement and use of Dedicated Funds of Round Rock Christian Church (RRCC).

POLICY:

RRCC follows a policy of receiving and using donations, gifts, memorials, trusts, and endowed funds with procedures and practices consistent with Christian stewardship.

Funds given to RRCC and identified by the donor for a specific purpose are said to be *Designated* by the donor and *Restricted* for use. Funds given to RRCC and *not* identified for a specific purpose are considered *Undesignated* by the donor and are available for *Unrestricted* use.

As a general rule, Designated funds are to be used for the purpose which they were originally received or given. Designated funds received and identified by the Financial Secretary as such at the time of deposit are accounted for by the Treasurer by adding them to a *Dedicated Fund* or a *Restricted Account*.

As a general rule, Undesignated funds may be used for any purpose authorized by the church annual budget or specific action of the Guiding Board. A portion of Undesignated funds may be allocated or *Set Aside* for a specific purpose through the Annual Budget or specific action of the Guiding Board. When this is done, such *Set Aside* funds become Designated funds.

The Financial Secretary and the Treasurer coordinate with each other to insure that Designated funds received are properly documented and accounted for. The Financial Secretary insures that Designated funds received and reported to the Treasurer have the purpose of the funds identified and documented. The Treasurer insures that the accounting system properly documents the restricted nature of the Designated funds through the use of a *Dedicated Fund* or a *Restricted Account* in the accounting system.

Funds given to RRCC as Designated Funds may be returned to the donor if it is later determined that the church cannot support or accomplish the intended specific purpose of the gift of funds. In such cases the Moderator, Senior Minister or other designated individual should discuss with the donor possible return of the gift and ask the donor if they wish to change or modify the specific requested purpose of the gift, thereby allowing the church to accept the gift of funds. If for some reason it is not possible to return the funds to the donor, the Guiding Board is to determine the final disposition of the funds.

This policy does not include the handling of non-monetary gifts.

CREATION, USE & DELETION OF A DEDICATED FUND OR RESTRICTED ACCOUNT

The RRCC Annual Budget publishes a schedule of the Dedicated Funds showing the name of the fund, its purpose, the Fund Steward (team, ministry, group, or individual) authorized to manage

the fund, and the rules for authorizing and/or approving distributions or expenditures from the fund.

The Guiding Board occasionally may direct the Treasurer to establish a Dedicated Fund for a specific purpose. The Treasurer also has the latitude to create a Dedicated Fund after the annual budget is approved by the congregation and in the discharge of his responsibility to account for the funds of the church. When a Dedicated Fund is created in this manner, the name of the fund, its purpose, the Fund Steward and rules for disbursement are documented in the Guiding Board meeting minutes and by highlighting the Dedicated Fund in the monthly Treasurer's report to the Guiding Board.

Some Dedicated Funds of a more permanent nature (such as the Scholarship Fund or the Permanent Fund) are established and governed by an approved and published Operating Policy and Procedure (OPP). Such Dedicated Funds still appear in the Annual Budget schedule of Dedicated Funds; however the Dedicated Funds governing OPP takes precedence over any conflicting directives documented in the Annual Budget.

A Dedicated Fund may be an accumulation fund or a revolving fund. An accumulation Dedicated Fund is one that accumulates its funds over a long period of time and has few expenses or distributions from the Fund in the short term. The accumulation type of fund is generally expected to have moderate or regular income activity and little expense activity and disbursement authority is more typically vested with the Guiding Board. A revolving Dedicated Fund is designed to finance some regular recurring activity or a continuing cycle of operations. The revolving type of fund is generally expected to have continuous income and expense activity with disbursement authority delegated to a Fund Steward directly involved in the activity supported.

The Treasurer may use a Restricted Account in the accounting system Chart of Accounts to track the receipt and disbursement of designated funds when the transactions do not merit the creation of a Dedicated Fund with its associated tracking and transaction overhead. This is to give the Treasurer latitude in handling single purpose or small designated donations and at the same time provide tracking mechanisms. The Treasurer is expected to use good judgment in determining whether any given situation merits using the Restricted Account mechanism for accounting and disbursement of designated funds.

A Dedicated Fund or Restricted Account may be dissolved when its purpose is no longer relevant and/or all of its dollars are distributed or expended. Dedicated Fund accounts require approval of the Guiding Board to dissolve. Restricted Accounts may be dissolved by the Treasurer with review by the Administrative Team and with reporting in the monthly Treasurers report to the Guiding Board.

DEFINITIONS

Fund - A sum of money set aside for a specific purpose; a reserve of money set aside for some purpose.

Funds - Available dollars; ready cash.

Dedicated Fund – Dollars deposited in an actual bank account containing cash *or* the balance of an account in the unified chart of account of the church accounting system specifically created to record and track funds received or donated for a specific purpose.

Dedicated Account – An account in the unified chart of accounts of the church accounting system specifically created to track funds or obligations that are received or given to the church for a specific purpose. Normally a Dedicated Account is the container for all the dollars associated with a Dedicated Fund.

Restricted Account – An account in the unified chart of accounts of the church accounting system specifically created to facilitate the recording and tracking funds received or donated for a specific purpose. A Restricted Account may not be associated with a Dedicated Fund but exists to act as a tracking mechanism and container for designated funds transactions of a more temporary nature. For example: donations to the church from the congregation that are designated for outreach organizations that the church supports. The funds remain in the church for a limited period of time and the Restricted Account acts as a recording and tracking mechanism to help insure that the funds reach their intended destination and have an accounting trail.

Designated funds – Funds received, donated or given to RRCC for a defined specific purpose.

Undesignated funds – Funds received, donated or given to RRCC with no defined purpose and with the clear intention for use as the church directs through its Annual Budget or specific action by the Guiding Board.

Fund Steward – A Fund Steward is a team, ministry, group, or individual authorized by the RRCC Annual Budget or specific action of the Guiding Board to manage a Dedicated Fund according to the documented rules for authorizing distributions or expenditures from the fund. Chairpersons of Ministries or Team Leaders of Teams may typically have responsibilities as a Fund Steward.

Set Aside – A portion of Undesignated funds credited to a Dedicated Fund or Restricted Account for use in a specific purpose as defined by the Annual Budget or specific action of the Guiding Board. Set Asides from Undesignated funds become Designated funds that are managed through a Dedicated Fund and/or a Restricted Account.

REFERENCES

- *OPP 3.1 – Financial Administration*, Operating Policy and Procedures Manual, Round Rock Christian Church. RRCC website: <http://www.rrdisciples.org/OPPs.html>

- *OPP 3.2 – Receipts Procedures*, Operating Policy and Procedures Manual, Round Rock Christian Church. RRCC website: <http://www.rrdisciples.org/OPPs.html>

- *OPP 3.3 – Disbursement and Cash Management*, Operating Policy and Procedures Manual, Round Rock Christian Church. RRCC website: <http://www.rrdisciples.org/OPPs.html>

- *OPP 3.8 – Permanent Fund*, Operating Policy and Procedures Manual, Round Rock Christian Church. RRCC website: <http://www.rrdisciples.org/OPPs.html>

- *OPP 3.9 – Scholarship Fund*, Operating Policy and Procedures Manual, Round Rock Christian Church. RRCC website: <http://www.rrdisciples.org/OPPs.html>

AUTHORITY: *Section IV, B, 5 and Section VI, A, 1 of the Bylaws of Round Rock Christian Church. The Administrative Team is entrusted with the financial resources of the church. The Treasurer is responsible for payment of all accounts of the congregation as authorized by budget or special action of the Guiding Board and providing accurate records of all expenditures.*

EFFECTIVE DATE

February 15, 2012

LAST REVISION DATE

February 15, 2012

LAST REVIEW DATE

February 15, 2012