GLOBAL
METHODIST CHURCH
Great Lakes

POLICY

FINANCIAL MANAGEMENT and Controls Policy

POLICY NO.	GL2023-1
POLICY AREA	Finance and Administration
APPLIES TO	All personnel with financial authority and responsibility
UPDATED	June 2026

Policy Statement

Applicability

This comprehensive Financial Policy applies to all personnel with financial authority and responsibility affiliated with The Great Lakes Annual Conference (the "Conference"). All permanent, temporary, indefinite, contracted, and volunteer personnel will comply with the provisions of this policy. Any exceptions must be specifically noted in this policy or approved in writing by the Chair of the Finance and Administration Committee (the "Committee") of the Great Lakes Annual Conference.

ORDER OF PRECEDENCE

In the event that anything in this policy conflicts with the requirements of the *Book of Doctrines and Discipline* of the Global Methodist Church ("BDD"), the requirements of the BDD will apply.

1. Purpose of Policy

a. We are called to take seriously the stewardship of financial resources in the corporate life of the Conference. Such stewardship provides the means whereby the Conference, through support of its churches, is enabled to conduct various ministries in the name of Jesus Christ.

b. In addition, having a comprehensive financial policy statement is important for the following reasons:
   - Specifies approval authority for various dollar amounts of financial expenditures.
   - Outlines norms, or standards, for leadership, staff, and volunteers; allowing objective evaluation.

- Assists in knowing what is standard and what is not – thereby enhancing efficient management toward goals and objectives.
- Encourages planning and reduces crisis management.
- Provides continuity, focus and consistency.

2. Responsibilities

a. The Committee is responsible for keeping the leadership and membership informed of the financial status of the Conference.

b. The Committee is responsible for financial management and accountability within the Conference. The Conference "Treasurer"[1] is a de facto member of the Committee with voice but no vote.

c. The day-to-day management of the Conference's financial activity (banking, accounts payable, payroll, reporting, etc.) is the responsibility of the Treasurer.

d. A Financial Procedures document consisting of written procedures for financial activities within the Conference will be adopted and maintained by the Committee. The Committee will monitor compliance with the provisions of this Financial Policy and report any deviations to the Committee Chairperson. The Committee Chairperson will correct any reported deviations or, if necessary, refer a deviation to the Conference Superintendent for corrective action.

[1] The Treasurer is a Conference staff position. The Treasurer performs their work in compliance with the Financial Policies adopted by the Annual Conference and the Financial Procedures adopted by the Finance and Administration Committee.

3. Separation of Financial Duties

a. Separation of financial duties is the concept of having more than one person required to complete certain financial tasks. In order to protect the Conference and the individuals involved from fraud, theft or the appearance of impropriety, the Finance Procedures adopted by the Committee shall make use of the separation of financial duties concept wherever practical to do so.

b. No person who is a spouse, parent, sibling, child (including adopted/foster), in-law, grandparent, or grandchild of a Conference employee may serve as a member of the Finance and Administration Committee or the Conference Connectional Council, or serve in any paid or unpaid position involving financial oversight of the Conference.

4. Budgets

a. The Committee shall propose an annual budget for the work of the Conference. After approval by the Conference Connectional Council, the proposed budget shall be presented for review, amendment, and approval by the members of the Conference at an Annual Conference Session.

b. No leadership, ministry or administrative area is authorized to spend more than the amount in their approved budget during the year without receiving specific permission from the Committee Chairperson. The Committee Chairperson may authorize shifting budget amounts among areas while maintaining the overall Conference budget, however if more total funding is needed, only the

Conference Connectional Council, in consultation with the Conference Superintendent and the Treasurer, may approve any such increase prior to the expenditure.

c. The Treasurer shall notify the Committee Chairperson, the Conference Connectional Council, and the Conference Superintendent immediately if the income is at risk of falling more than 5% below the amount projected in the approved annual budget.

5. Receiving Connectional Funding & Other Giving

a. The amount of each local church's Connectional Funding contribution will be considered public information. Gifts from individuals or other legal entities shall be kept confidential unless specific permission is granted by the giver for the release of the information.
b. Any single or special gift/contribution designated by the donor must be designated for a purpose compatible and consistent with the purposes of the Conference.
c. From time to time the Conference, in the exercise of its religious, educational, and charitable purposes, may establish various funds to accomplish specific goals. If the Conference receives a designated contribution for these funds or for any other designated purpose, the Conference will make a good faith attempt to honor the designation; however, all designated contributions shall be deemed advisory rather than legally mandatory in nature and shall remain subject to the exclusive control and sole discretion of the Conference Connectional Council. No fiduciary obligation shall be created by any designated contribution made to the Conference other than to use the contribution for the general furtherance of any of the purposes stated in Article 1 of the bylaws of the Conference. Donors making contributions for designated purposes will be advised of this policy before the gift is accepted.
d. Any stock/securities received may be either held or sold based on the advice of the Committee Chairperson and with the approval of the Conference Connectional Council.
e. Anything other than monetary gifts (specifically real estate or tangible property) must be approved in advance by the Conference Connectional Council.
f. The Conference Connectional Council may decline, in their sole discretion, to receive or administer any gift, devise, or bequest for any reason satisfactory to the Conference Connectional Council.

6. Bank Account Management and Balance Requirements

a. All Conference funds will be held in reputable financial institutions that are licensed and chartered by the Federal government or a State chartered institution within the accounts with financial institutions that are approved by the Committee boundaries of the Conference.
b. Should the Conference establish an Endowment, the endowment funds will be kept in a separate account from all other Conference financial assets.
c. At the Committee's discretion, designated funds (e.g., Missions Fund, Camping Fund, or Scholarship Fund) may be kept in separate accounts for transparency and clarity purposes. If maintaining separate accounts is not practical, records will be kept of the amount of designated funds for each designated category. The interest income (if any) from accounts with co-mingled designated funds will be accrued to the General Fund account.

d. For ease of management and reporting purposes, the number of accounts will be the minimum number necessary that is consistent with the requirements of this policy.
e. All checks will be issued with the current calendar date.
f. The Conference shall have a goal to build up and then maintain a minimum bank account balance (excluding designated funds) calculated as 10% of the prior year's annual budget.
g. If the account balance falls below its minimum bank account balance goal (or other amount set by the Conference Connectional Council from time to time), the Committee Chairperson will notify the Conference Connectional Council as soon as reasonably practical. The Conference Connectional Council will evaluate the financial health of the Conference and take appropriate actions to restore the minimum account value within a reasonable time.
h. Beginning January 1, 2028, the Connectional Funding rate for local churches shall be set based on the Conference Reserves Average as a percentage of the most recently completed fiscal year's total budgeted income. The "Conference Reserves Average" is defined as the three-year average of average daily collected balances of all Conference funds (defined in 6a) (excluding designated funds) at the close of June 30 for the prior three completed fiscal years.
The Treasurer shall calculate the Conference Reserves Average and set the following year's rate no later than July 31 of each year, communicate it to local churches during the summer/fall, and it shall take effect on January 1 of the following year.

The applicable rates are as follows:

CONFERENCE RESERVES AVERAGE	CONNECTIONAL FUNDING RATE
Below 20%	3.5%
20% – 34%	3.25%
35% – 49%	3.0%
50% – 74%	2.75%
75% or above	2.5%

The Conference Reserves Average begins with fiscal years 2024–25, 2025–26, and 2026–27, with the first rate calculation occurring by July 31, 2027. Beginning January 1, 2027, the rate shall be set at 2.5%; until then, the rate shall remain 3%. The Annual Conference approves this formula once; thereafter, it operates automatically.

7. Keeping Expenses and Income Separate

a. All cash and checks received are to be deposited in an expedient manner.
b. Cash proceeds are not to be used to pay cash expenses with the net difference deposited.
c. Proceeds and disbursements must always be recorded separately.

8. Loans and Leasing

a. Loans of any kind from any lending institution must be approved by the Conference Connectional Council.
b. A lease of any kind for any type of equipment, property, or facility must be approved by the Committee Chairperson (up to $5,000 annual cost) or the Conference Connectional Council (above $5,000 annual cost).

9. Financial Reporting

a. The Treasurer will provide written reports to the Committee and the Conference Connectional Council monthly. The reports will be based on actual income and expenses rather than accruals. The written reports, in both form and content, will be as defined in the Financial Procedures or as requested from time to time by the Committee Chairperson. At a minimum, the reports will include the following information:
    - Expenses for the month and year-to-date.
    - Income for the month and year-to-date.
    - The annual budget approved by the Annual Conference.
    - The monetary balance for all bank accounts.
b. The Conference Connectional Council shall annually inform its corporation with a faithful report of its doings, of all funds, monies, securities, and property held in trust by it, and of its receipts and disbursements during the year.

10. Corporate Filing Requirements

The Treasurer shall assure that all corporate filing requirements including payroll tax filings, business/tangible personal property tax reports, and state nonprofit organization reports are filed on time.

11. Insurance

The Treasurer will secure insurance coverage for the Conference in amounts approved by the Conference Connectional Council. The Conference Connectional Council shall annually determine the adequacy of the insurance coverage. Any changes from prior years in either the coverage type or amount must be approved by the Conference Connectional Council. At a minimum, coverage shall include:

a. **Property** (if any property is owned by the Conference): covering building and contents (for fire, wind, vandalism, etc.).
b. **Renter's Insurance** (if any property or facilities are rented by the Conference).
c. **General Liability:** coverage for sexual misconduct/molestation, personal injury (trips & falls), advertising claims (patent infringement), counseling liability, activities of Conference sponsored events, hired and non-owned auto insurance, as well as "Directors and Officers" liability.

d. **Employment Liability:** coverage from discrimination, wrongful termination, harassment, and similar claims.
e. **Crime:** coverage for theft, embezzlement, and destroying of money (cash & checks).
f. **Workers Compensation:** coverage within the State of employment for employee injury and coverage for claims of negligence.
g. **Umbrella Coverage:** "Extra Protection" for general liability and auto liability protection. This is in addition to the coverage stated above.

12. Fidelity Bonding

The Committee may consider procuring a fidelity bond for any persons handling trust funds, securities, or money of any kind belonging to the Conference.

A "blanket" bond form is preferred and may be carried with the insurance.

13. Fundraising

The Committee shall develop guidelines for soliciting and fundraising activities by third parties at Conference sponsored events. The guidelines shall be consistent with the following principles:

a. All solicitation/fundraiser activity shall be approved by the Sessions Committee Chairperson.
b. All solicitation/fundraiser activity shall have a connection to a Conference ministry, program, or to a significant number of member churches.
c. All solicitation/fundraising activity shall be consistent with Christian principles articulated in the Global Methodist Church's *Book of Doctrines and Discipline*.
d. Solicitation/fundraiser events shall not take place in or near the worship center/sanctuary, unless otherwise approved by the Sessions Committee Chairperson. Appropriate signage and table information may be used. The participants must remain seated or standing behind a table. No person attending the event should be individually approached.

14. Audit / Review

The Committee will establish and maintain a standing Audit Subcommittee. The Subcommittee will include at least two unrelated, qualified individuals who are not members of the Committee and do not perform financial activities for the Conference. The Subcommittee will make provision for an annual internal audit of the financial records of the Conference.

The annual internal audit will be performed by the Subcommittee and any qualified individuals they deem necessary or beneficial. The review will be completed within 180 days of the end of each fiscal year. Whenever the Committee or the Connectional Council directs, at regular intervals no less frequently than every ten years, an external audit may be performed by an experienced third-party auditor approved by the Conference Connectional Council.

All audits, whether internal or external, will be reported to the Conference Connectional Council and to the Connectional Operations Officer of the Global Methodist Church. The report will also be made available to the members of the Annual Conference.

THE POLICY PROVISIONS END HERE.

UPDATED: JUNE 2026