Council on Finance & Administration Policies

Central Treasury

The Great Plains United Methodist Conference (Conference) shall operate a central treasury under the direction and supervision of the Conference Treasurer in accordance with the policies and procedures of *The Book of Discipline of The United Methodist Church*, the Conference and its Council on Finance & Administration (CFA). The funds of all boards, councils, committees and task forces of the CONFERENCE (hereinafter called agencies or individual agency) as well as Districts and related corporations and their units shall be held in the central treasury, unless otherwise authorized by the CFA.

The Conference Treasurer shall be the custodian of all Mission Share (apportionment) funds, non-budgeted funds, special offerings, and other designated funds. The Conference Treasurer shall make accounting of all receipts and disbursements in accordance with *The Book of Discipline of The United Methodist Church*, and the policies and procedures approved by the CFA.

Donor restricted funds given to the former Kansas East, Kansas West, and Nebraska Conferences will be respected as to both purpose and geography as assets are combined into the Conference. Unrestricted funds given to the former three conferences will be combined for the benefit of the Conference as a whole.

Fiscal Year

The fiscal year of the Conference shall be January 1 to December 31. All local church remittances that are postmarked on or before the 5th business day following the close of the fiscal year, will be credited to the immediately preceding fiscal year, unless otherwise designated by the church. All remittances by local churches postmarked and received after that date shall be credited to the next fiscal year, regardless of fiscal year designation. Any variance to this deadline, due to extraordinary circumstances, will be at the discretion of the Conference Treasurer.

Mission Share (Apportionment) Formula

The mission share formula for the Conference will be based upon a percentage of each church's total operating income, with total operating income to be equal to the amount listed on Table 3, line 62, of each church's annual report to the conference. The Conference will use a 10% mission share formula for the base budget.

Mission Agency Support

Each local church in the Conference will be asked to contribute 1% of its total operating income to the mission work of key partner agencies. This amount is over and above the mission share tithe. These agencies are separately incorporated and have a historic missional tie to the work of the conference. In each budget, the list may be adjusted by action of the Annual Conference. The CFA will recommend a list each year. Money given to Mission Agency Support will be divided proportionately among the agencies listed in the Budget section.

General Church Mandated Special Sunday Offerings

1. Human Relations Day – January 15, 2017
2. One Great Hour of Sharing - March 26, 2017
3. Native American Ministries Sunday – April 30, 2017
4. Peace with Justice Sunday – June 11, 2017
5. World Communion Sunday – October 1, 2017

6. United Methodist Student Day – November 26, 2017

Conference Advance

The Conference Advance list is recommended each year by the Mercy and Justice Team for action by the Annual Conference. All ministries on this list have the privilege of approaching the churches of the conference to raise funds in support of their efforts. Only additions or deletions to the approved list will be voted on each year at Annual Conference.

Special Appeals

No agency, institution or organization beyond those in the Mission Agency Support or Conference Advance lists shall make a special conference-wide appeal to the local church for funds without the approval of the Annual Conference session, upon recommendation of the CFA. In case of extreme emergency, approval may be given by the Connecting Council upon recommendation of the CFA.

Annual Conference Budget

The Conference Budget is to be developed in the following manner:

1. The CFA shall project the income of the conference based on the current mission formula, the expected income from the Budget Reserve Fund, the expected income from the Missional Opportunity Fund and the allowance for unpaid mission shares. The projected income shall be provided to the Mission Alignment Team.
2. In the fall, a letter will be sent out to all conference councils, boards and agencies advising them of the process for submitting budget requests and direction regarding budget building. Boards and agencies shall submit their budget request according to the prescribed process to the Conference Treasurer no later than January 31.
3. The Mission Alignment Team (as selected by the Connecting Council) shall study the budget requests, consult with the agencies of the Conference, and recommend to the CFA the total sums they recommend for the respective groups.

~~2.~~4. The CFA shall examine the work of the Mission Alignment Team and bring a recommendation to the Connecting Council and the Annual Conference of a budget that includes the full amount apportioned to the Conference for the several general funds authorized by the General Conference, and that amount shall be apportioned to the churches (Discipline, Par. 613.3).

Budget Administration

A. Meeting expense reimbursement:

1. The mileage rate for conference and district board, agency and council meetings shall be 40% of the standard rate established by the Internal Revenue Service for business expense (in 2016 this is $0.216/mile, which is 40% of $.54/mile). Clergy and lay participants in such meetings are encouraged to submit for reimbursement through the Conference rather than through their local church. Procedures and policies will be developed to encourage carpooling and video venue usage with this policy.
2. Dependent (child and/or adult) care reimbursement to people attending approved meetings is $5.00 per hour for one dependent, $8.00 per hour for two dependents, and $10.00 per hour for three or more dependents. The total shall not exceed $50.00 per day for one participant.
3. Lodging may be reimbursed at actual expense if attendance at such meetings requires an overnight stay due to distance traveled. Lodging will be arranged for by leadership of such conference or district boards. Shared rooms will be expected when appropriate.

4. Meals may be reimbursed if attendance at such meetings requires an overnight stay due to distance traveled. Meals will be arranged for by leadership of such conference or district boards. Reimbursement to participants will be at $20 per day with that amount prorated for partial days based on the length of meetings and the travel required.

B. At or immediately following the close of any fiscal year, the CFA shall have the authority to pay any remaining General Church and South Central Jurisdiction mission shares from available cash.

C. All available funds remaining in the Conference budget shall be transferred to Conference reserves. Notwithstanding the forgoing sentence, those available funds remaining in the accounts of the three related corporations: New Church Development, Inc., United Methodist Campus Ministry, Inc., and United Methodist Camps, Inc., as well as accounts for the work of the Board of Trustees related to property management, and Missional Opportunities shall not be so transferred.

D. Operating Reserve: The Operating Reserve provides for cash flow needs of the Conference and shall be used at the direction of the CFA. The goal of the Operating Reserve shall be to maintain an annual balance of no less than ten (10) percent not to exceed twenty (20) percent of the Conference budget. Operating Reserve balance above twenty (20) percent at the end of the fiscal year shall be reported to the Connecting Council and shall be included as part of the Great Plains Conference Reserve Fund. Great Plains Conference Reserve Fund (amended June 2014)

   The Conference has at its disposal an account referred to as the Great Plains Conference Reserve Fund. This fund is restricted by the Annual Conference and is to be administered by the CFA. The purpose of the fund is to support conference ministries. It is the Conference's intention to maintain a minimum balance of $10,000,000. This balance is to provide additional protection against stock market downturns for the purpose of meeting potential pension obligations

   The Missional Opportunities Reserve Fund:
   $3,000,000 of the Fund shall be treated as the Missional Opportunities Reserve Fund. Each year CFA will designate an amount up to 5% of the Missional Opportunities Reserve Fund to be available to the Conference for missional opportunities according to policies set up by the Connecting Council. Any team of the Conference, including the Extended Cabinet or Appointive Cabinet, can request money from the Missional Opportunities Fund for any conference-wide strategic purpose or one that implements or strengthens one of the Conference's missional priorities.

   The Budget Reserve Fund:
   The balance of the Budget Reserve Fund is for support of the Conference budget. Each year in February, the CFA will calculate the thirty-six monthly average of the Fund ending on January 31 of that year. They will apply a percentage not greater than 5% to that average. The calculated amount shall be designated as an income source for the next budget year and shall be withdrawn from the Budget Reserve Fund during the budget year in accordance to the directions from the Conference Treasurer. The CFA may also designate a special distribution of the Fund if its earnings make that prudent and possible. The CFA shall consult with the Investment Committee before making the recommendations contained in this paragraph.

E. Non-Budget Fund Accounts: The Conference Treasurer may receive and disburse funds for designated purposes, separate from the Conference budget. Such funds shall be listed as "Non-Budget Fund Accounts." All Non-Budget Fund Accounts must be sponsored by an agency of the Conference.

   1. Income from money held in Non-Budget Fund Accounts may be credited to the respective account as determined by the CFA.

2. When an unrestricted Non-Budget Fund Account has been terminated or has been inactive for a period of one year, the balance shall be transferred to the Conference reserve, unless otherwise determined by the CFA.

Investments

Investments of the Conference funds shall be made by the Conference Treasurer, under the direction of the Conference Investment Committee under the policies and procedures for all investment transactions and balances as described below.

Investment Policy

Purpose

The purpose of the Great Plains United Methodist Conference Investment Policy is to provide governance and oversight to the Investment Committee of the Conference with the intent to facilitate and not hinder conference committees, commissions, institutions and agencies in the execution of their duties related to their investment portfolios and in the use of their funds.

In recognition of fiduciary responsibilities and the mandate of the 2012 Book of Discipline (¶ 613.5), the CFA has approved this Investment Policy governing the Investment Committee of the Conference. This Investment Policy shall comply with the policies related to Conflict of Interest and Investment Management of Annual Conference Pension and Pension Related Funds under ¶ 1508 of the 2012 Book of Discipline.

Delineation of Responsibilities

Under the 2012 Book of Discipline (¶ 612.1), the purpose of the CFA shall be to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the annual conference. The CFA is responsible for establishing principles, policies, standards and guidelines for the investment of all monies, assets and properties of the Conference. The CFA is responsible for the financial integrity and oversight of the financial resources of the Conference.

By this Investment Policy, the CFA delegates, to the extent provided, to the Investment Committee the management and operations of the Conference's investment assets, which are made subject to this Investment Policy. Under this Investment Policy, the Conference's investment assets are comprised of funds under the responsibility of the CFA, the Board of Trustees (BOT), the Council on New Church Development (CNCD), and the Board of Pension and Health Benefits (BOPHB), except for funds within the Conference pension plans. The Investment Committee shall establish investment objectives for the Conference funds under the responsibility of the CFA, BOT, CNCD, and BOPHB, except for funds within the Conference pension plans, so as not to hinder the stewardship of their respective Conference funds as required by the United Methodist Book of Discipline or Conference policies and procedures.

The Investment Committee shall be fully accountable to the CFA. The CFA shall review the Investment Policy and the work of the Investment Committee, as needed, to determine the effectiveness of and the overall results of the investments.

The Investment Committee shall:

1. Define and develop investment goals and operational guidelines;
2. Select and discharge Investment Managers, and carry out any other duties required for the

legal operation of the Investment Committee, including but not limited to hiring outside vendors to perform various services;

3. Monitor and evaluate the performance results and risk posture of the Investment Manager(s) to insure they are striving to achieve the investment goals and objectives as formalized by the Investment Committee.
4. Provide annual written accounts of the investment results, accounting summary and any significant developments to the CFA, BOT, CNCD, and BOPHB, and to the Conference at its annual meeting;
5. Provide annual written evaluation of the performance of the Investment Managers to the CFA, BOT, CNCD, and BOPHB;
6. Require all portfolios be managed with the aim of optimizing funds available for mission in a manner consistent with the maximization of total return (consistent with the preservation of capital), the Social Principles of The United Methodist Church and shall fully comply with the United Methodist Book of Discipline;
7. Establish and maintain effective communication procedures between the Investment Committee and the CFA, BOT, CNCD, BOPHB, staff and outside service providers;
8. Monitor and control investment expenses; and
9. Report to the CFA any significant deviations from this policy for prior written approval before they are implemented.

The Investment Committee may delegate the execution and administration of certain Investment Committee responsibilities as appropriate to the Conference Treasurer who serves as its staff;

Fiduciary Responsibility

Persons that are charged with investing funds have a fiduciary responsibility for those funds. Fiduciary responsibility requires those responsible for investments to fulfill the legally imposed duties of loyalty, care, and prudence. The members of the Investment Committee are fiduciaries subject to the rules and laws governing fiduciary behavior.

The Duty of Loyalty prohibits self-dealing by persons who are fiduciaries. They are not permitted to take part in investment decisions that would create a conflict of interest. All investment decisions are to be made with a view to the interest of the beneficiaries, in this case the various agencies, committees, boards, and councils of the Conference providing funds for investment, rather than to the personal interests of the fiduciary. When conflicts do arise, they should be disclosed to the Chairperson of the Investment Committee (or if a conflict of interest involves the Chairperson, then to the Conference Treasurer) immediately. Advance disclosure in writing will provide evidence of the disclosure in the event the issue of conflict of interest is raised. Any fiduciary with a conflict involving an investment decision should abstain from any participation in that decision and document the abstention in the minutes of the meeting.

The Duty of Care requires that a fiduciary act at all times in good faith and in a manner which is in the best interest of the beneficiaries. Fiduciaries are to be adequately informed about alternatives available at the time of decision. Where specific instructions are left with regard to legacies, those instructions must be followed unless changed by court order. The duty of care includes prudence in the investment context (including diligence in attending meetings), efforts to ascertain relevant information prior to decision making, balanced judgment, adequate assessment and balancing of potential investment risks and returns and adequate diversification of investments.

Fiduciary responsibility cannot be delegated. The decision of the Investment Committee to engage Investment Manager(s) will not absolve the Investment Committee from its ultimate responsibility for the care of the funds. In order to discharge adequately the duties of care and loyalty, the fiduciary will need to demonstrate that appropriate procedures were used for selecting the Investment Manager(s) and for monitoring the results of the advice received. The Investment Manager(s) should be trustworthy and competent to perform the work as outlined by the Investment Committee. The loyalties of the Investment Managers(s) must run to the beneficiaries, not to the individual members of the Investment Committee.

Fiduciaries are permitted to accept and rely on the advice of an Investment Manager where they can demonstrate that their initial decision to engage the Investment Manager was well-founded and where subsequent development do not give rise to a basis for suspending that reliance.

The standard of care when making decisions is the Prudent Expert Standard, defined as:

> "… the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

Members of the Investment Committee
The Investment Committee shall be comprised of nine voting members, who shall be appointed by their respective councils, boards, and committees, as follows:

1. Four representatives from the CFA,
2. Three representatives from the BOPHB,
3. One representative from the BOT;
4. One representative from the CNCD.

Conference staff may attend Investment Committee meetings with voice, but without voting rights, on Investment Committee matters.

The Investment Committee members shall be appointed annually by their respective councils, boards, and committees. For purposes of consistency, it is desired that the Investment Committee members will serve multiple years, but not to extend past their terms on their respective councils, boards, and committees. The Investment Committee, from among its voting members, shall annually elect the Chairperson and other officers as deemed necessary. The officers as so elected shall perform the duties traditionally handled by officers with those titles.

The Investment Committee may appoint subcommittees and taskforces to prepare recommendations and review particular issues. These subgroups will not have the authority to take action, but shall be information gathering and reporting groups.

Investment of Pooled Funds
To the extent possible, funds from individual boards, agencies, councils and committees from within the Conference shall be pooled for the purposes of investment. Investors in a pooled fund investment will benefit from economies of scale, which allow for lower trading costs, diversification and management. The pooled fund investors will proportionally share costs, capital gains and losses, and earnings. The determination of the funds to be pooled shall be done in consultation with the Conference Treasurer. Proper accounting and reporting procedures will be established and used to keep accurate records for the purpose of proportional distribution.

Time Horizon
The time horizon for investments shall be based on the liquidity needs of each Conference account

as specified by the Conference Treasurer. Capital values fluctuate over shorter periods and the Investment Committee recognizes that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of at least three to five years can be minimized with a long-term investment mix.

Risk Tolerance
The Investment Committee intends that the investment portfolio should be managed in a manner that seeks to achieve the stated rate of return while limiting principal fluctuations over the established horizon for each Conference account. Financial research has demonstrated that risk is best minimized through diversification of assets, except in very limited circumstances when diversification may not be prudent. The Investment Committee would present a documented finding as to the nature of such circumstances before limiting diversification.

Asset Allocation
The purpose of allocating among asset classes is to insure the proper level of diversification and risk for each investment portfolio. The primary considerations in the asset allocation decision process are:

- maintaining inflation-adjusted purchasing power;
- growing the corpus of the funds to meet future obligations;
- achieving a minimum return in excess of inflation but with minimal annual fluctuations in the corpus;
- satisfying the cash liquidity needs of short-term obligations; and,
- maintaining the longevity of the assets and their distributions while taking into consideration that there may be no additional contributions.

When mutual funds, commingled funds, ETFs and funds in general are used as an investment vehicle, then it is understood the Investment Committee has adopted the investment policies of those Funds. With the adoption of this Investment Policy, the Conference establishes the funds into which it allocates its assets as set forth on Appendix A.

Investment Performance Benchmarks
The investment performance of all portfolios will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives and guidelines as set forth in this Investment Policy.

Investment Manager(s)
An Investment Manager must be knowledgeable and experienced in the prudent investment process, so that they may assist the Investment Committee in reaching investment objectives effectively. Investment Managers shall be selected through a process to achieve the desired investment objectives as stated in this Investment Policy. The Investment Committee may engage one or more Investment Managers from the following categories:

1. A United Methodist institution;
2. An independent Investment Manager who receives a fee based on portfolio value;
3. A bank trust department (not all bank trust departments can offer this service) whose fees may be based on portfolio value. The fees usually vary widely depending on the services needed and are based on a percentage of the managed assets,

depending on the type of account, types of assets managed, and market value of the portfolio.

Deciding when to replace a portfolio manager is often subjective as much as objective, however it is a decision that the Investment Committee will be responsible for and will make when deemed necessary.

Responsibilities of Investment Managers

Each Investment Manager will have discretion to make all investment decisions for the assets placed under its jurisdiction, while observing the operating within the guidelines, constraints, and philosophies as outlined in this Investment Policy. Specific responsibilities of the Investment Managers include:

1. Exercising discretionary investment management, including decisions to buy, sell, or retain individual securities, and to alter asset allocations within the guidelines established by this Investment Policy;
2. Reporting on a timely basis, quarterly investment performance results in adherence to the Global Investment Performance Standard (GIPS) net of all external and internal fees, as governed by the CFA Institute;
3. Communicating any major changes to the economic outlook, investment strategy, or the investment objective progress of the funds' investment management;
4. Informing the Investment Committee regarding any qualitative change to the investment management organization, e.g., changes in portfolio investment management personnel, ownership structure, investment philosophy, etc.; and,
5. Voting proxies, if and as requested by the Investment Committee, and communicating such voting records to the Investment Committee on a timely basis.

Rebalancing

Changes in the mix of assets or assignment of assets to different Investment Managers shall be made by action of the Investment Committee at a regular or called meeting with the advice and consultation of the Investment Manager(s). The Investment Committee shall undertake to maintain its desired asset allocation within 5% of the determined mix for any particular assets, except under unusual market conditions.

Socially Responsible Investment Guidelines

The Investment Committee shall pursue intentional investment decisions that further the principles of economic and social justice consistent with the goals outlined in the 2012 Book of Discipline and Social Principles of The United Methodist Church.

Paragraph 717 of the 2012 Book of Discipline states: "*Socially Responsible Investments*—It shall be the policy of The United Methodist Church that all general Boards and agencies, including the General Board of Pension and Health Benefits, and all administrative agencies and institutions, including hospitals, homes, educational institutions, annual conferences, foundations and local churches, shall, in the investment of money, make a conscious effort to invest in institutions, companies, corporations or funds whose practices are consistent with the goals outlined in the Social Principles; and shall endeavor to avoid investments that appear likely, directly or indirectly, to support racial discrimination, violation of human rights, sweatshop or forced labor, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing in pornography, or the management or operation of prison facilities. The Boards and agencies are to give careful consideration to shareholder advocacy, including advocacy of corporate disinvestment."

Records
The Investment Committee shall keep a proper and prudent record of all-important documents, meeting minutes and other information relating to the management of the Funds. They shall be available at Custodian of the Records, which shall be the Conference Treasurer

Amendments and Revisions
Amendments or changes to this Investment Policy shall be made to and approved by the CFA and incorporated directly into the policy as a revision and restatement or acknowledged and noted in an addendum until such time as the Investment Policy is revised and restated. The Committee may amend Appendix A from time to time upon approval of CFA. Following each such amendment the Committee shall replace the respective with one that reflects the amendment approved by CFA.

Surety Bond

Surety Bond coverage in the amount of $1,000,000 is secured to cover the Conference Treasurer and staff. The Conference does not provide bonding for local church treasurers. Local churches are to provide adequate bonding of their treasurer(s).

Annual Audit of Conference Treasury

An annual audit of all Conference financial records shall be conducted by an independent certified public accountant as selected by the CFA upon recommendation of its Audit Review Committee. The Audit Review Committee will review such audit and present it to the CFA for final approval. A copy of the financial statements shall be included in the Conference Journal. The entire audit report may be viewed at the Conference Office.

Audits of Boards, Agencies and Institutions

The CFA has a fiduciary responsibility to the conference in administering conference funds. Therefore, the CFA is required to review the financial statements of organizations to which grants or contributions of conference funds are made. The CFA shall appoint an audit committee that will have on its membership at least one member of the CFA plus additional members recruited for their expertise. This committee shall work with the auditor of the CONFERENCE as well as review audits, reviews, and compilation reports of boards, agencies, and institutions as described below.

Reports from an independent Certified Public Accountant are required annually from each agency or institution that receives funds from the Conference treasury in accordance with the requirements listed below. Funds shall not be transferred to any agency or institution that has not forwarded its annual audit, review or compilation report for the preceding year within six months' time after the close of its fiscal year. (2012 Discipline, Par. 617.2.) Agencies of the Conference using the conference central treasury for all their financial activity shall be included in the Conference audit and are not required to submit separate audit reports.

In addition to audit and financial reports submitted to the conference, organizations receiving conference funds shall also provide to the Conference a copy of all other required communications received from the external auditor. These communications may include, among other items, comments regarding any significant deficiencies in the design or the operation of the organization's internal controls.

A. Audit, Review and Compilation Report Requirements:

Each agency or organization that has annual gross receipts of $500,000 or more shall submit a copy of its audited financial statements, together with any required communications from its external auditor and management letter (if applicable).

Each agency or organization that has annual gross receipts of between $250,000 and $499,999 is required to submit a copy of its financial statements together with a review report from a CPA.

Agencies and organizations with annual gross receipts of less than $250,000 must submit financial statements accompanied by a compilation report from a CPA with a CPA review required every third year.

Agencies and organizations with annual gross receipts below $500,000 may request a variance from the requirements listed above. Any variance granted is valid for the current reporting year only. A variance from these requirements shall not be granted for more than two consecutive years. The organization granted the variance shall submit the following information:

1. Financial statements. The agency shall submit financial statements that reflect its financial position and results of operations for the fiscal year then ended.
2. Tax statements. The agency shall provide documentation stating that all necessary tax returns (including payroll tax returns) have been filed in a timely manner. Documentation shall also be required regarding the status of any unpaid taxes to federal, state or local authorities as of the date of the request.

B. Other Circumstances:

Grants or contributions of conference funds to organizations not meeting the above requirements shall not be made without special approval. Special approval shall require a favorable vote of at least 2/3 of the members of the CFA present and voting.

Mortgage Indebtedness

Any institution/agency whose board is elected by the Conference, and that has mortgage indebtedness, shall provide an annual report to the Conference showing the:

1. Total indebtedness
2. Amount paid on indebtedness last year
3. Plans to retire the indebtedness

If any such institution/agency plans to mortgage assets or to pledge endowment funds or to transfer funds from endowments to operating budgets and total indebtedness exceeds 10% of total assets or one million dollars, whichever is less, that mortgage must be approved by the Conference prior to the transaction, or in an emergency between sessions of the Conference, by a joint session of the Conference Cabinet and the CFA.

Protection of Contact Information

Contact information for clergy, churches, and laity held by the Conference is for the use and benefit of the Conference. Councils, boards, and agencies of the Conference, conference and jurisdictional Advances, local churches and districts, and agencies of the General Church may request contact information. Except as provided below, contact information held by the Conference, or provided to its respective agencies and institutions by the Conference, shall be considered confidential as to outside parties and shall not be provided to any person, group or business beyond those for whom the contact information was compiled, without the written approval of the CFA.

Contact information for clergy, churches, lay members of Annual Conference, and laity serving in conference or district leadership is printed in the Conference Journal. Directory Information placed on the conference website is limited to churches, clergy's business contact information, and a few specific lay leadership positions. Information is not provided in a downloadable list.

Local Church Report to The Annual Conference (Tables 1, 2, & 3)

The local church shall electronically submit the Local Church Report to Annual Conference no later than 5:00 PM on the last business day of January each year.

If a report is not received by the due date:

- The only figures that will be reported will be prior year membership and benevolences sent to the conference treasurer.
- When calculating the church's Mission Share, 10% shall be added to the prior year's Operating Income.
- The Journal record shall indicate that the report was not received or not received in time to be used for Mission Share calculations.

The Pastor is responsible for the accuracy of the information submitted and assuring the report is received by the deadline (*2012 Discipline* paragraph 340.2c(2)(f)). Information about submission of these reports will be sent to the pastor as soon as the General Council on Finance and Administration makes such information available.

Correction of errors with these reports after final submission should be made by the last business day of February each year. If errors are discovered after that date and the adjustment would affect Mission Shares, the District Superintendent would need to be contacted. Changes would only be made for extenuating circumstances at the discretion of the District Superintendent and the Conference Treasurer.

Local Church Audits

Church members and others provide substantial financial resources to local churches, and expect church staff and lay leadership to provide proper oversight of such resources to ensure these resources are (1) used in a manner consistent with that expressed through the church's annual operating budget and designated gifts, and (2) adequately safeguarded from improper use or loss. In light of expectations, every local United Methodist church, at a minimum, shall conduct an audit (review) as defined and described in the Local Church Audit Guide published by the General Church Council on Finance and Administration. The guide may be obtained at www.gcfa.org.

In addition to such minimum requirements for all churches, and consistent with the expectations for integrity, transparency and accountability described above, larger churches shall periodically subject their accounting records and controls to assessment by an independent certified public accountant. Specifically, larger churches (i.e., those with annual **total** **receipts** of more than $500,000) shall adopt one of the following two options (**for purposes of this section, "total receipts" of each local church shall be annual total combined funds received through the operating budget; designated or restricted gifts given for a particular purpose, including special offerings collected throughout the year; monies received for capital buildings or improvements or for debt service; contributions**

received for endowed funds, preschool tuition and fees received; and any funds received from other sources):

1) Have an audit performed by an independent certified public accountant (CPA) in accordance with generally accepted auditing standards; OR
2) Have independent CPA perform a set of agreed-upon procedures established by the CFA.

For purposes of this requirement, the frequency of having either option 1 or option 2 performed shall depend on the annual total receipts of each local church from all sources as described above. For purposes of determining the applicability of this requirement, "total funds received" shall be the **average annual** total receipts (as defined above) for the prior three years. (For example, for purposes of applying this test in 2014, local churches would determine the average of total funds received for the years 2011-2013.) If average total funds received by a local church exceed $2,000,000, the local church should have audit work performed by an independent CPA under either option 1 or option 2 **annually.** For those local churches who have average total funds received of less than $2,000,000 but more than $1,000,000, those churches should have audit work performed by an independent CPA under option 1 or option 2 once **every two years**. For those who have average total funds received of less than $1,000,000 but more than $500,000, those churches should have audit work performed by an independent CPA under option 1 or option 2 once **every three years**. For any year in which a larger church (as defined above) is not required to have work done by an independent CPA under option 1 or 2, such churches shall conduct an audit (review) as described in the first paragraph of this section.