

Revised 7/7/2013

Finance Committee

Purpose:

The Committee's role is to provide financial oversight of the church's fiscal affairs by ensuring that proper systems, procedures, and controls are in place. It provides advice and counsel to the Church Board and to the Church Body at-large on financial matters.

The Committee's Chairperson is responsible to coordinate the activities of the Committee and oversee the execution of the Committee's responsibilities.

The Bible speaks frequently about money and wealth and emphasizes the importance of generous giving (Proverbs 22:16; 2 Corinthians 8-9), wise investment (Luke 16:10-13); debt management (Proverbs 21:20; 22:7), prudent fiscal oversight (Luke 12:13-21; Acts 4:32-35); and appropriate attitude (1 Timothy 6:10). Whatever income and expense is generated by the church is ultimately for the work of God.

Composition:

The Finance Committee shall be composed of members of CVAC who are perceived to be capable of giving sound financial counsel. Previous experience in finances is useful, but not required.

The members of the Committee shall be members of the Seventh-day Adventist Church in good standing. They must believe and materially participate in the tithe and offering plan as outlined in the Bible.

The Committee shall consist of five to seven voting members. This would include the Chairperson, the Pastor, and the Treasurer. In addition, the Committee shall consist of two to four members at-large elected by the Church Board.

The Chairperson shall preside on all Committee meetings or may designate an alternate in his/her absence.

The recording Secretary shall maintain complete and accurate minutes of all meetings of the Committee and supply a copy thereof to each member of the Committee.

Responsibilities:

1. **Ensures that Accurate and Complete Financial Records are Maintained:**
 - a. Reviews financial reports produced by the Treasurer (such as Monthly Remittance Statements, Annual Donations/Expenditures Report, etc.)
 - b. Monitors income and expenditures against projections, as recorded by the Treasurer in the monthly remittance statements.
 - c. Reports to the Board any financial irregularities, concerns, and opportunities.
 - d. Reviews and recommends financial policies to the Board, including ensuring adequate internal controls, membership privacy, and maintaining financial records in accordance with standard accounting practices.

FINANCE COMMITTEE – MINISTRY DESCRIPTION

2. **Coordinates the Budget Preparation and Financial Planning:**
 - a. Reviews draft budget initially prepared by the Committee Chairperson and the Treasurer.
 - b. Ensures that the budget accurately reflects the needs, expenses, revenue, mission and ministry of the church.
 - c. Develops appropriate procedures for budget preparations (such as submissions by ministry directors).
 - d. Finalizes budget, to be presented to the Board (and in turn to the church at-large) for approval.
 - e. The Chairperson presents the proposed budget to the Church Board in the beginning of each fiscal year, which shall include:
 - i. Previous year's actual and budgeted, donations and expenses, by ministry, including beginning balance, income, expense and ending balance.
 - ii. Comparative budget – previous year vs. proposed year.
 - iii. Combined budget allocations to various departments
 - f. Once the budget is approved, the Committee oversees the administration of this budget.

3. **Safeguards the Organization's Assets:**
 - a. Reviews proposed new funding for ongoing financial implications, recommending approval or disapproval to the Board.
 - b. Ensure that the church has the proper risk management provisions in place.
 - c. Recommends financial guidelines to the board (such as establish a reserve fund or obtain a line of credit for a specified amount).
 - d. Oversees short and long-term investments (such as the Revolving Fund, CDs, and Savings).
 - e. Reviews and determines financial relations with external vendors (such as Office Depot, Advent Source, etc.) and other financial institutions (such as banks).
 - f. Compiles, reviews, and manages rental agreements.

4. **Advises the Church on Financial Affairs:**
 - a. Educates the Board and the Church body at-large about financial matters.
 - b. Reviews the terms and conditions of major grants and contracts.
 - c. Studies requests and outside vendor bids for capital improvement projects and maintenance. Identifies possible funding sources; and makes a recommendation to the Board.
 - d. Reviews and studies unusual expenditure requests, and any department non-budgeted requests for their feasibility, and makes appropriate recommendations to the Board.
 - e. Advise the church on financial transactions as to soundness and effect on the financial structure and standing of the church.
 - f. Makes recommendations on financial priorities.

FINANCE COMMITTEE – MINISTRY DESCRIPTION

- a. Self-Evaluation: Annually evaluates the work of this committee and its job description, reports to the Church Board, and makes necessary changes.
- b. Church Evaluation: Accepts recommendations from the Church Board and the Church at-large, and makes necessary changes to its responsibilities and procedures.

Member Selection, Vacancies, and Term of Office:

While the Committee's Chairperson is elected by the Nominating Committee and voted by the Church Body at-large, the Members of the Committee are elected by the Church Board, during the first meeting of the new fiscal year.

The Committee's Chairperson shall nominate the "at-large" portion of the committee (the 2-4 individuals that will serve on the committee along with the chairperson, Pastor, and Treasurer). As stated earlier, these individuals should be members of CVAC who are perceived to be able to give sound financial counsel. Previous experience in accounting/finance is useful, but it is not required. The prospective committee members chosen by the chairperson must then be confirmed by the church board. The church board can also nominate potential committee members in the event that the chairperson's nominations are not confirmed by the church board.

The Committee's Chair shall not be the Treasurer of the Church.

In the event of a vacancy, which reduces the committee membership below the five voting member threshold, the Committee's Chairperson shall nominate a replacement member from the church at-large; the church board must then confirm the nomination. The church board can also nominate the replacement committee member in the event that the chairperson's nomination is not confirmed by the church board.

The term of office is for one year or as dictated by the church's process in setting church officers.

Reporting Structure:

The Finance Committee is a standing committee responsible to the Church Board, overseeing all financial aspects of the church, and making recommendations to the Church Board.

The Chairperson reports to the church membership in Business Session on the financial status of the church, and presides on any financial discussions about the church.

The Finance Committee works in close cooperation with the Property Management Committee, the Stewardship Committee as well as all standing church committees for budget planning, expenditures, and fundraising.

Frequency of Meetings

This Committee shall meet at least every other month, or as necessary to review the budget and financial statements, and complete any other work.



MINISTRY DESCRIPTION

Meetings may be held in person or via a conference call. The schedule of these meetings is at the convenience of the members of the Committee and is coordinated by the Chairperson.

The Chairperson shall insure that proper parliamentary procedures are followed in all meetings. If the majority of the members are present, it shall be considered a "quorum" which is necessary for the committee to act. Robert's Rules of Order shall serve as guidance for parliamentary procedures.

ADDENDUM

Budgeting Process:

In the beginning of each fiscal year the Finance Committee Chairperson shall ask each Ministry Department Head to submit a budget for the current year.

Department Heads, working with their team (where applicable), shall be requested to develop a draft project plan for the current year and a budget that would enable them to achieve these goals. (Project plans will be finalized during the annual Church Leadership meeting) Departments may seek the assistance and guidance of the Finance Committee in developing their budgets.

Department Budgets shall be submitted to the Finance Committee Chair by mid-August, unless other arrangements are made.

The Chairperson, with input from the Treasurer, shall review the submitted information, and taking into consideration the overall financial position of the church shall develop a draft budget for the current fiscal year. During this process the department allocations from the combined budget shall be determined.

The Finance Committee shall review the draft budget and collectively they shall prepare a final budget. During that time a careful and detailed review should be given to the feasibility of each department's request. Appropriate discussions may be required with each Department Head and possible adjustments may be required.

Once a final budget is reached, the Chairperson shall present it to the Church Board for approval (targeting September Board Meeting). The budget must reflect the church's goals and vision, and must comply with the church's policies.

The budget may go through an additional "fine tuning", after the annual Church Leadership planning meeting, should any Ministry Department goals be adjusted to line up with the church's overall direction for the current year.

Approval of the budget by the Church Board implies approval of submitting the budget to the church body at-large, which will take place during the next Church Business Session (typically in October time frame).

Once the budget is approved at the Business Meeting, it becomes final, and the Finance Committee becomes responsible

The Treasurer is responsible in recording the receivables and expenditures by department, as well as the transfers from the combined budget according to the allocations determined by the Finance Committee.

The Treasurer will be responsible for submitting the previous month's financial statement during the Finance Committee meeting.