Finance Team

Purpose:
The Finance Team exists to provide oversight, biblical stewardship, and financial transparency for the church. The team acts in an advisory capacity to the Local Board of Administration (LBA), helping to ensure that the church's resources are managed responsibly to support its mission, vision, and long-term financial health.

---

1. Finance Team Composition

The Finance Team should consist of the following members, all of whom should be approved by the LBA

- **The Treasurer (Chairperson):** Leads meetings and serves as the liaison to the LBA. The Treasurer should also be a member of the LBA.
- **Lay Members (2–3):** Active, tithing members with backgrounds in finance, accounting, or business management.
- **The Lead Pastor (optional):** In smaller churches, the Lead Pastor often attends the meeting to ensure financial decisions align with the church's ministry vision. In larger churches, an executive pastor or other staff member may attend instead.
- **The Bookkeeper (non-voting):** Attends meetings to provide information but does not have voting power.
- **Avoiding Conflict of Interest:** To avoid conflicts of interest, members of the Finance Team should not be immediate family members of the Lead Pastor or any church staff, or to any other member of the Finance Team.

---

2. Requirements & Qualifications

- **Spiritual Maturity:** Must be an active, tithing member in good standing who demonstrates spiritual gifts of wisdom, administration, and discernment.
- **Financial Literacy:** Ability to read and interpret financial statements (Balance Sheet and Income Statement).
- **Confidentiality:** Agreement to maintain strict confidentiality, particularly regarding donor information. The LBA may require members to sign a non-disclosure agreement.
- **Vision Alignment:** Must align with the church's vision and ministry philosophy

---

3. Specific Roles within the Finance Team

- **The Treasurer:** Prepares the agenda, leads the meeting, and reports feedback and recommendations to the LBA.
- **Lay Members:** Provide recommendations and expertise on financial matters, including budgeting, capital expenditures, financial health, and financial policies.
- **Lead Pastor / Executive Pastor:** Ensure the church's financial strategy aligns with the church's mission and vision.
- **The Bookkeeper (non-voting):** Responsible for providing monthly financial reports to the Finance Team and answering questions from the Team.

---

4. Key Responsibilities

Financial Oversight & Reporting

- **Monthly Review:** Review the church's financial reports (balance sheet and income statement) monthly to monitor the church's financial health. Compare actual spending against the approved budget to identify material differences.
- **Financial Dashboard:** Determine metrics that define the church's financial health. It is recommended to create summaries (such as a color-coded dashboard and graphs) to help non-financial LBA members easily understand "what is going on."
- **Cash Flow Management:** Monitor operating cash to ensure the church maintains a reserve of at least 2–3 months of expenses in its unrestricted/undesignated operating fund.
- **USF Stewardship:** Ensure the timely payment of the United Stewardship Fund (USF) and any other district assessments.
- **Biblical Financial Culture:** Assist the Lead Pastor in creating a culture of Biblical generosity and accountability, including tithing.

Budgeting & Planning

- **Annual Budgeting:** Review the church's budget based on realistic revenue projections (analyzing historical giving and attendance patterns) and vote to recommend approval of the budget by the LBA.
- **Compensation Review:** If requested by the LBA, review the Lead Pastor's compensation and recommend adjustments to salaries and benefits to ensure the Lead Pastor is compensated appropriately.
- **Capital Budgeting:** Create and monitor a "sinking fund" for long-term property maintenance (e.g., roof, parking lot, HVAC).
- **Capital Expenditures:** Review proposed capital expenditures and make recommendations to the LBA.

- **Debt Management:** Develop strategies to pay off debt quickly.

Internal Controls & Safeguarding

- **Financial Policy:** Develop financial policies for LBA approval to ensure segregation of duties and cash-handling procedures. Monitor the church's financial practices to ensure the church is following its financial policies
- **Annual Audit:** Lead an annual internal financial audit, including a review of the pastor's expense reports and bank reconciliations, and provide that report to the LBA. The bookkeeper (and Treasurer, if they are involved in the church's financial operations) should not be part of the audit team.
- **Capital Campaigns & Debt:** Recommend and oversee capital campaigns and new loans to ensure the church remains financially healthy

---

5. Meeting Schedule and Commitment

- **Frequency:** Meets monthly during the initial formation or during seasons of significant financial needs. Once finances are stabilized and policies are in place, the team may transition to meeting bi-monthly or quarterly. However, the team should continue to receive and review the church's financial reports monthly.
- **Timing:** Meetings are typically held the 3rd or 4th week of the month to allow time for the prior month's reports to be finalized and distributed
- **Preparation:** Members are expected to review the agenda and financial reports (sent one week prior) before arriving at the meeting.

---

6. Finance Team Authority

The Discipline gives the LBA the power to "Organize and elect such boards and committees as it deems necessary to the proper organization of the church" (¶782:22).

Therefore, the Finance Team is an **advisory team only** serving the LBA. It has no independent authority to spend funds (unless the LBA approves specific authority), approve budgets, or set policies. The Finance Team monitors the church's financial health, reviews significant financial decisions (e.g., budgets, major expenditures, loans), and makes recommendations to the LBA.

Dissolution Clause:
The Finance Team is authorized by and serves the LBA. If the LBA determines the team is no longer needed, it may be dissolved.