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***Southern Ohio Synod
Lay Leaders' Day Event
Congregational Finances***

February 25, 2012

Roger E. Southward, CFP





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Congregational Finances: Four Areas of Importance

- Budgeting – A Means for Planning and Accountability
- Auditing – A Means to Assure Corporate Stewardship
- Investments – A Means to Grow Funds Entrusted to Us
- Insurance – A Means to Protect Assets and Volunteers

Budgeting – A Means for Planning and Accountability

Budgeting is very likely the most unpopular financial function in any organization. Budgets almost always are associated with control and with having to make hard decisions among competing priorities. We never seem to have enough money to do everything, and then we have to live with the budget for the next 12 months.

However, budgeting is important for a couple of reasons. First, a budget allocates the financial resources necessary to carry out a congregation's ministry. It prioritizes what a congregation seeks to do. It also communicates to the congregation what is going to be done in the upcoming budget year. It can be the central planning tool for the congregation; it says what they will do and what resources are committed to those tasks.

Second, budgets serve as roadmaps for our work over a time period. We see how much something actually cost and we seek to be true to the priorities originally set. We seek to live within the resources our congregation has and to do the best with them. This is all a polite way of saying that, yes, ultimately, a budget is about limits and controls. It is a means to be accountable to the congregation and its ministry. Without a budget or plan, what gets done may in no way reflect what we really want to accomplish.

We want to present three different styles of budgets for Anyplace Lutheran Church. These each vary in terms of detail and complexity, both to set up and to administer. Each may have its place in particular situations and when done well each will serve as a planning and accountability tool.

For each budget, we have included a sample for Anyplace Lutheran Church. We have also shown how the budget could be presented in graphic form.

Line Item Budget

The first is the easiest to put together and is a line-item budget. As we see, a line-item budget focuses on the items that are purchased: personnel, supplies, utilities. It is easy to put together and easy for most people to understand. It can be easily presented to a congregation using the pie graph.

The simplicity of this format is also a weakness. This budget does not identify any programs or ministries. As a tool to communicate to the congregation what is to be done, it is weak. By focusing on expense categories, it does not tell people where we are going.

Second, it really does not set priorities. If the education committee gets its programs going early in the year before witness and outreach and spends one-half of the postage line, what does that tell us about priorities other than maybe the education committee is better organized?

This type of budget is better suited for a single-purpose activity, such as a pre-school program. It can also be useful for very small congregations or newly formed organizations.

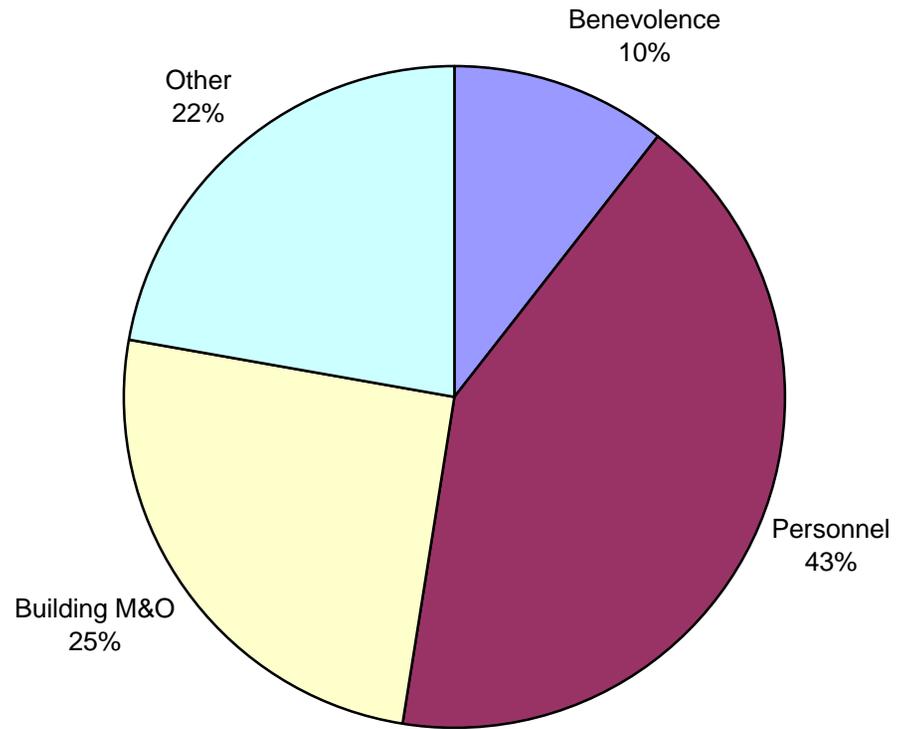
**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Line Item Format)**

INCOME		% of Budget
Benevolence	225,000	
Interest	2,000	
Building Usage	2,000	
Other Income	1,000	
Total Income	230,000	
EXPENSES		
Benevolence		
ELCA / Synod	20,000	
LSS	2,000	
Other	2,000	
Total Benevolence	24,000	10.4%
Personnel		
Clergy Salary	27,000	
Clergy Housing Allowance	18,000	
Secretary Salary	18,000	
Organist	6,000	
Choir Director	3,000	
Custodian	4,000	
ELCA Benefits	13,500	
FICA / Medicare	2,400	
Workers Compensation	700	
Auto Reimbursement	3,000	
Continuing Education	1,000	
Total Personnel	96,600	42.0%
Building Maintenance & Operation		
Electricity	10,000	
Gas	12,000	
Water	2,500	
Refuse	1,200	
Telephone	1,200	
Building/Equipment Repairs	15,000	
Supplies	4,750	
Lawn & Grounds	8,400	
Insurance	3,000	
Total Building M&O	58,050	25.2%

**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Line Item Format)**

Other Expenses		% of Budget
Adult S.S. Education	1,200	
Bulletins	1,200	
Choir Supplies	1,000	
Computer Operation/Mtc	3,000	
Confirmation Retreat	1,000	
Fellowship Activities	3,800	
Giving Envelopes	2,400	
Newspaper Advertising	1,500	
Office Equipment-Purchase/Mtc	5,000	
Office Supplies & Miscellaneous	9,000	
Other Advertising	1,500	
Postage	3,000	
Seminars and Workshops	500	
Stewardship Drive	1,000	
Synod Assembly	750	
The Lutheran	1,800	
Worship Supplies	3,000	
Youth Programs	1,200	
Youth S.S.Education	4,500	
Miscellaneous	5,000	
Total Other	51,350	22.3%
TOTAL EXPENSES	230,000	

**Anyplace Lutheran Church
Expenses for Calendar Year 2012
Line Item Budget**



Modified Program Budget

The second budget is a way to address the primary weakness in the line item budget. This is a modified program budget and the focus in presentation is on what Anyplace Lutheran Church is going to do, not what items get purchased. The budget and pie chart show the various ministries for the church and within each ministry the items that are necessary to carry them out. This is the most common budget for congregations. It outlines what programs are in place and the relative importance of each.

However, there are two issues with this format. First, the accounting system to control this budget will be more complicated than that of the line-item. In these examples, the line-item and modified program budget are purposefully kept very similar so that you can see how one could move from one to the other. It is not uncommon to see a modified program budget needing about twice as many accounts to keep track of it.

Second, this type of budget does a poor job of showing how staff time is allocated. This budget format gives the congregation no idea of where the pastor or other staff should spend their time. The personnel slice is a big slice of the budget, inviting discussion and potential conflict.

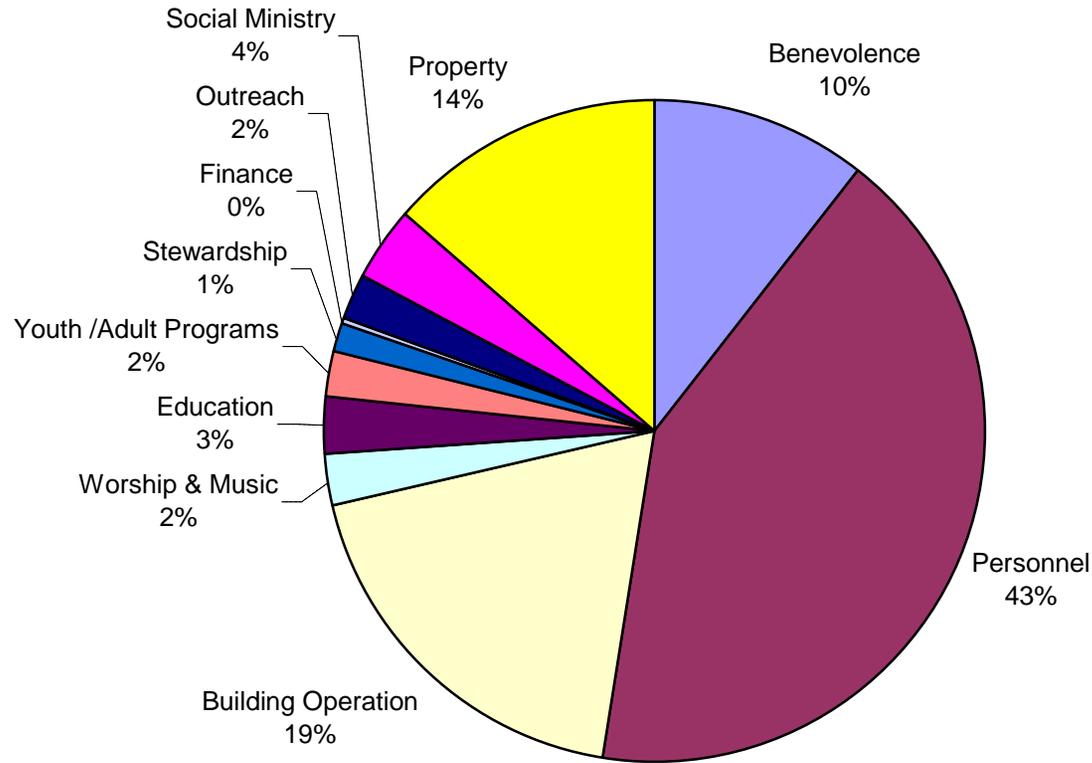
**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Modified Program)**

INCOME		% of Budget
Benevolence	225,000	
Interest	2,000	
Building Usage	2,000	
Other Income	1,000	
Total Income	230,000	
EXPENSES		
Benevolence		
ELCA / Synod	20,000	
LSS	2,000	
Other	2,000	
Total Benevolence	24,000	10.4%
Personnel		
Clergy Salary	27,000	
Clergy Housing Allowance	18,000	
Secretary Salary	18,000	
Organist	6,000	
Choir Director	3,000	
Custodian	4,000	
ELCA Benefits	13,500	
FICA / Medicare	2,400	
Workers Compensation	700	
Auto Reimbursement	3,000	
Continuing Education	1,000	
Total Personnel	96,600	42.0%
Building Operation		
Electricity	10,000	
Gas	12,000	
Water	2,500	
Refuse	1,200	
Telephone	1,200	
Computer Operation/Mtc	3,000	
Office Equipment-Purchase/Mtc	5,000	
Office Supplies & Miscellaneous	9,000	
Total Administration	43,900	19.1%

**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Modified Program)**

Ministries		% of Budget
Worship & Music		
Bulletins	1,200	
Choir Supplies	1,000	
Worship Supplies	3,000	
	5,200	2.3%
Education		
Adult S.S. Education	1,200	
Confirmation Retreat	1,000	
Youth S.S. Education	4,500	
	6,700	2.9%
Youth / Adult Programs		
Fellowship Activities	3,800	
Youth Programs	1,200	
	5,000	2.2%
Stewardship		
Giving Envelopes	2,400	
Stewardship Drive	1,000	
	3,400	1.5%
Finance		
Miscellaneous	500	0.2%
Outreach		
Newspaper Advertising	1,500	
Other Advertising	1,500	
The Lutheran	1,800	
	4,800	2.1%
Social Ministry		
Synod Assembly	750	
Programs	8,000	
	8,750	3.8%
Property		
Building/Equipment Repairs	15,000	
Supplies	4,750	
Lawn & Grounds	8,400	
Insurance	3,000	
	31,150	13.5%
Total Ministries	65,500	
TOTAL EXPENSES	230,000	

**Anyplace Lutheran Church
Expenses for Calendar Year 2012
Modified Program Budget**



Program Budget

The way to show how staff time is used requires moving to the third and final budget, a program budget. The primary difference here is that personnel costs are allocated to the different programs; there is no single personnel category.

The program budget is the most sophisticated budget and is primarily a presentation document. It does the best job of illustrating what the church wants to do. It is a fine communications piece.

One moves from the modified program to this program budget by having staff estimate how they will allocate their time among the different programs, and then splits the personnel costs of those individuals pro-rata. You will find in the packet a spreadsheet showing how this calculation is done.

The program budget is not without its problems. It takes the most time and sophistication to develop, and when first used may be confusing to both the congregational council and the congregation. It requires staff to estimate how they spend their time, which itself can be time consuming and distracting.

It is also not an appropriate control or accounting mechanism. For accounting purposes, you will find most congregations pulling all personal costs together and reverting to a modified program budget for accounting.

A final thought: what you choose to use is a function of what works best from presentation standpoint, the capability of your accounting and computer system, skills and time of your treasurer, pastor and council.

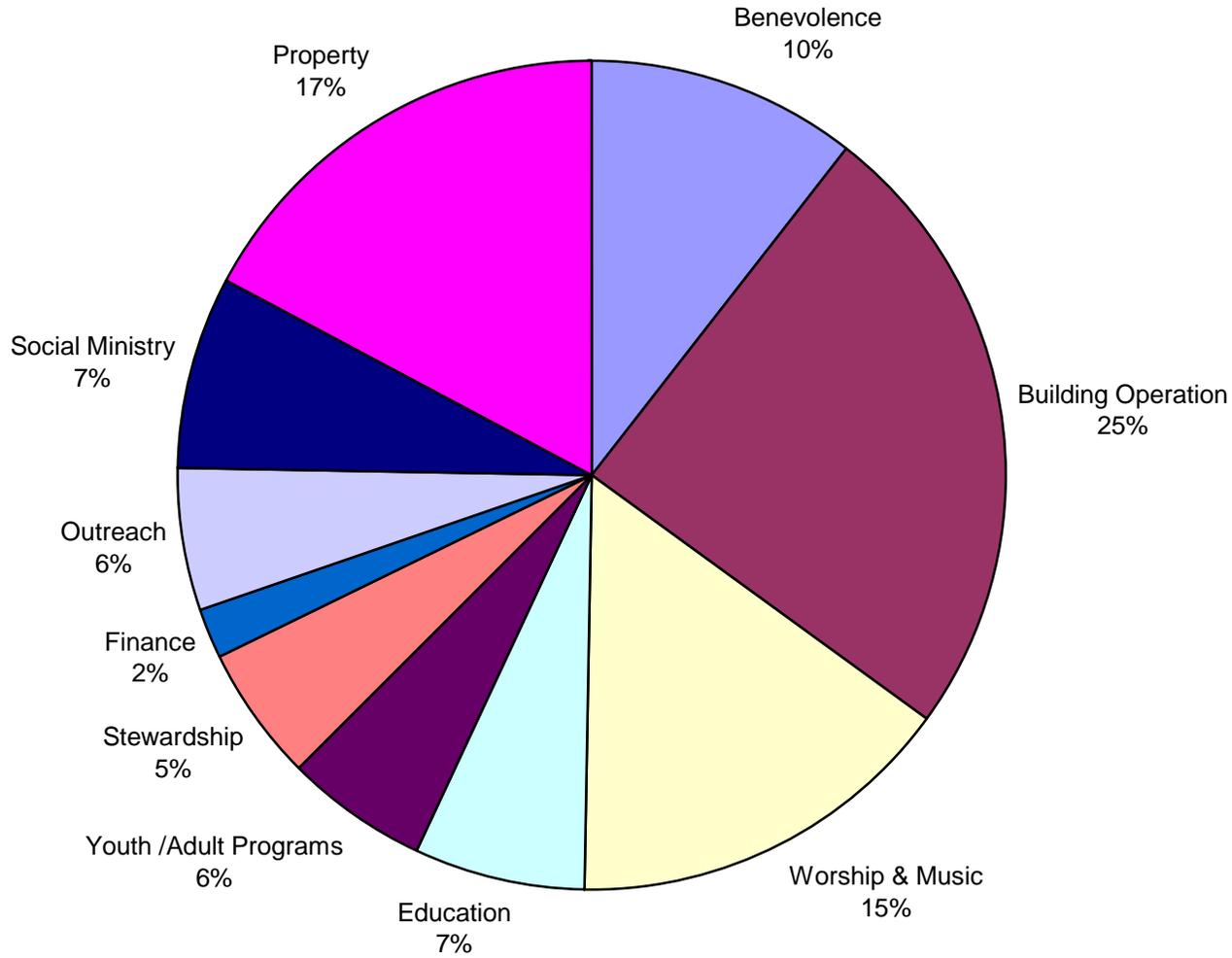
**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Complete Program)**

INCOME		% of Budget
Benevolence	225,000	
Interest	2,000	
Building Usage	2,000	
Other Income	1,000	
Total Income	230,000	
EXPENSES		
Benevolence		
ELCA / Synod	20,000	
LSS	2,000	
Other	2,000	
Total Benevolence	24,000	10.4%
Building Operation		
Personnel Costs	12,344	
Electricity	10,000	
Gas	12,000	
Water	2,500	
Refuse	1,200	
Telephone	1,200	
Computer Operation/Mtc	3,000	
Office Equipment-Purchase/Mtc	5,000	
Office Supplies & Miscellaneous	9,000	
	56,244	24.5%
Ministries		
Worship & Music		
Personnel Costs	30,405	
Bulletins	1,200	
Choir Supplies	1,000	
Worship Supplies	3,000	
	35,605	15.5%
Education		
Personnel Costs	8,251	
Adult S.S. Education	1,200	
Confirmation Retreat	1,000	
Youth S.S.Education	4,500	
	14,951	6.5%
Youth / Adult Programs		
Personnel Costs	8,251	
Fellowship Activities	3,800	
Youth Programs	1,200	
	13,251	5.8%

**Anyplace Lutheran Church
Budget for Calendar Year 2012
(Complete Program)**

Stewardship		% of Budget
Personnel Costs	8,251	
Giving Envelopes	2,400	
Stewardship Drive	1,000	
	11,651	5.1%
Finance		
Personnel Costs	4,125	
Miscellaneous	500	
	4,625	2.0%
Outreach		
Personnel Costs	8,251	
Newspaper Advertising	1,500	
Other Advertising	1,500	
The Lutheran	1,800	
	13,051	5.7%
Social Ministry		
Personnel Costs	8,251	
Synod Assembly	750	
Programs	8,000	
	17,001	7.4%
Property		
Personnel Costs	8,471	
Building/Equipment Repairs	15,000	
Supplies	4,750	
Lawn & Grounds	8,400	
Insurance	3,000	
	39,621	17.2%
Total Ministries	149,755	
 TOTAL EXPENSES	 230,000	

**Anyplace Lutheran Church
Expenses for Calendar Year 2012
Complete Program Budget**



**Anyplace Lutheran Church
Programatic Allocation of Staff Time
Budget for Calendar Year 2012**

<u>Percentage of time</u>	15%	25%	10%	10%	10%	5%	10%	10%	5%	
<u>Program</u>	Admin	Worship	Education	Youth	Steward	Finance	Outreach	Soc Min	Property	
<u>Line Items</u>	<u>Budget</u>									
Clergy Salary	27,000	4,050	6,750	2,700	2,700	2,700	1,350	2,700	2,700	1,350
Clergy Housing Allowance	18,000	2,700	4,500	1,800	1,800	1,800	900	1,800	1,800	900
Secretary Salary	18,000	2,700	4,500	1,800	1,800	1,800	900	1,800	1,800	900
Organist	6,000		6,000							
Choir Director	3,000		3,000							
Custodian	4,000									4,000
ELCA Benefits	13,500	2,025	3,375	1,350	1,350	1,350	675	1,350	1,350	675
FICA / Medicare	2,400	235	1,033	138	138	138	69	138	138	375
Workers Compensation	700	35	248	63	63	63	32	63	63	72
Auto Reimbursement	3,000	450	750	300	300	300	150	300	300	150
Continuing Education	1,000	150	250	100	100	100	50	100	100	50
Total Personnel	96,600	12,344	30,405	8,251	8,251	8,251	4,125	8,251	8,251	8,471

Auditing – A Means to Assure Corporate Stewardship

We recommend that a congregation have in place some type of procedure whereby the books of the congregation and its major organizations are reviewed or audited once a year and/or when the Treasurer changes.

The term "review" is not a sugar-coated way to say "audit." They carry very different meanings in the auditing and accounting world. Each can have its proper place in the operation of a congregation, and we believe they should be done in a regular manner under some set guidelines.

Why do it?

A review or audit will ascertain that funds have been properly accounted for, that records have been retained documenting transactions and that funds were used for their intended purposes. A review or audit is not done because you suspect an individual is dishonest, although that may be a reason for a special review/audit. Rather, we would submit that a review/audit is needed for three reasons:

1. Legal. The review/audit is done at the behest and under the control of the Congregation Council. The model constitution stipulates that

The Congregation Council shall be the board of [trustees] [directors] of this congregation, and as such shall be **responsible for maintaining and protecting its property and the management of its business and fiscal affairs**. (Emphasis added.) It shall have the powers and be subject to the obligations that pertain to such boards under the laws of the State of _____ , except as otherwise provided herein.

As such, the Council is charged by the Constitution to take steps to protect property, which includes money, and to manage the Congregation's fiscal affairs. While laws will vary from state to state, this same fiduciary responsibility is set out for trustees under state law.

2. Assurance that procedures are being followed. This generally takes two forms. First, the review/audit should assure the Council that set procedures are being followed: deposits made in timely manner, expenditures authorized, accounts reconciled, etc. This assurance is particularly important if there is frequent turnover in staff / volunteers. Second, if procedures are not being followed, then the audit/review can have a corrective and/or an educational function. Further, staff or volunteers not following procedures may indicate other deeper problems warranting further study.
3. Improvement of operations and procedures. Having an interested outsider looking at how you do things can oftentimes lead to suggestions for improvements or streamlining.

Who Should Do It?

Before deciding who should do it, the congregational council should decide if it needs a review or audit.

An audit is an examination of financial records to assure that the final results are in compliance with generally accepted accounting principals, and is done in accord with procedures established by various regulatory authorities. This is called for if the organization is larger, potentially with expenses in excess of \$500,000 and /or a significant (greater than \$1,000,000) endowment. It also may be necessary for quasi-organizations such as pre-school or day-care. This is the most comprehensive examination. It will generally require the services of a CPA, which will increase the cost.

A review is an examination of financial records to see that revenues, expenses and other transactions have been appropriate and accurately recorded. It is not done to a strict set of standards. Generally, a review can be sufficient for smaller, less complicated situations. It has the advantage of being less expensive, as it is less comprehensive and can be done by educated non-accounting professionals.

If review is sufficient, then we recommend that you use an audit committee. This group is a separately appointed (or elected) committee that reports directly to the council. It should be three to five in number, with rotating membership to assure continuity. The committee should keep its own records, i.e. any work papers and copy of review manual.

Skills needed on the committee are individuals with a good general business sense. It should be someone who is familiar with accounting records and is comfortable asking questions. While it is not necessarily an adversarial relationship between this committee and the treasurer, the committee needs to ask enough questions so that they can reasonably certify results.

If an audit is necessary, then we recommend that a standing committee of council make a recommendation to the full council as to whom to hire. Council should then approve the contract, after meeting with auditor. You should look for someone with not-for-profit experience. Be sure to check references, particularly when it comes to the timeliness of work and the firm's willingness to explain what they have done. Ask about their fees and how you may cut fees; for example, how much work can staff do in advance. The auditor should be willing to make a final in-person presentation to any standing committee and/or the entire council, preferably the latter.

It is extremely important for the council to recognize that the auditor works for them, not the treasurer or pastor. It is through the work of the auditor that the council fulfills its responsibility as laid out in the model constitution discussed earlier.

How often and how much?

The congregation financial records and those of major organizations should be audited or reviewed at least once a year. You should also ask for an audit when transitioning from one treasurer to another.

The audit or review should cover the congregation's books and related organizations that keep their own funds, such as women's and men's groups, youth groups, pre-schools, and day-care. If the latter two are managed by a separate board, then that board has audit or review responsibility. Your church may then want to consider as part of a contract with those groups a requirement that you receive a copy of the audit.

Investments - A Means to Grow Funds Entrusted to Us

Most congregations have some type of investments, even if they are simply certificates of deposit at the local bank. Others may be managing significant endowments. I would encourage both large and small congregations to write out what is an acceptable investment and how they are to be made and evaluated.

Why?

The congregation has a legal and moral responsibility to use funds entrusted to it in a safe and prudent manner, and to honor the restrictions that any donors may place on funds such as estate or memorial gifts. Consequently, the Council should set clear guidelines as to what is acceptable for different types of funds. Without such parameters, individual treasurers and/or finance committees will see risk in different ways and may make what are later seen as inappropriate investments. A clear investment policy provides continuity as volunteers and paid staff change.

Second, a written investment policy provides criteria for evaluating the investment program. Without some criteria, how do you know if you are successful?

Lastly, the policy provides procedures for making investments and fixes responsibility for executing it. It should help assure that the congregation is in compliance with applicable state law.

What should be included in an investment policy?

A sample investment policy is included next in this handout. This particular policy reflects one church's decisions and operating style. Your individual policy should be tailored to your situation, even if it only includes what you can do with short-term cash-flow type investments.

The key points in a policy are as follows:

1. A definition of types of funds: short-term, long-term and endowment. The policy sets different limitations on moneys the church has depending upon when those funds are needed. Extra funds from Christmas and Easter giving should be treated differently from an endowment for college scholarships.
2. Determine objectives:
 - Short-term: no loss of principal
 - Others: maintenance of purchasing power
3. Who shall make decisions? Should it be a single individual such as the treasurer or a committee?
 - Individual will allow for faster decisions but can be more difficult for supervision
 - Funds can be at risk of mistakes or bad choices of a single individual

- Single individual works better when more frequent management is expected and the list of investments is more closely defined.
 - Committee allows for more collective oversight, but can be far more difficult to make quick decisions.
 - Group decision-making works better when infrequent management is expected and more discretion is available in the investment policy.
 - Committees can still make mistakes.
 - General trend is to use a single individual for short-term investments, with periodic reporting to a larger group (finance committee and/or council) and collective decision-making for long-term investments with periodic reports to governing body.
4. How are decisions made?
- How frequently will investments be reviewed and changes made?
 - What criteria must be met before an investment is bought or sold?
 - Is decision-making by consensus or by vote?
 - Deciding these issues in advance will make the policy easier to implement and give the church a standard to apply when the investment climate changes.
5. Which investments are permissible, and what amount can be invested in each one?
- The list of investments should reflect several inputs:
 - The objective to be met.
 - The amount of funds to be invested.
 - Social considerations.
 - The time and talents of those asked to make investment decisions.
 - The list should be comprehensive enough to serve as a thorough checklist on what is permissible.
 - Limits on amounts of investments: relative and absolute.

SAMPLE

Investment Policy for Anyplace Lutheran Church February, 2012

General Statement and Purpose

This policy is adopted by the Congregational Council of Anyplace Lutheran Church to govern and guide the investment of moneys entrusted to it by its members for the purpose of furthering God's Word. We believe that as good stewards we are called to manage the assets we have to their best use. It is our desire to maximize the value of these assets which observing prudent limits and recognizing the skills and time constraints of both paid staff and volunteers.

Objectives

Three different objectives govern the investment of funds, based upon when those funds are needed:

Short-Term Funds

Short –Term Funds shall be defined as two months of average operating expenses plus the Contingency Fund.

Such funds shall be invested so to maintain liquidity for day-to-day operations. No risk of principal shall be accepted. It is anticipated that the investments will earn rates comparable to standard money market funds.

Long-Term Funds

Long-Term Funds shall be defined as all moneys in excess of Short-Term Funds, less Endowment Funds as defined below.

Such funds shall be invested so to potentially earn a total return one-percentage point in excess of a standard money market fund over a rolling, three-year period. Some risk of principal shall be accepted.

It is recognized that some funds within this category may have specific time frames for their use and that investments should be selected to match those time frames. Such selection will take priority over achieving the total return goal and may adversely impact the achievement of that target.

Endowment Funds

Endowment Funds shall be defined as all moneys given to Anyplace Lutheran Church where the original corpus cannot be spent.

Such funds shall be invested to earn the highest possible total return consistent with a portfolio of mixed assets, so to minimally maintain the purchasing power of the corpus.

It is recognized that some degree of risk must be assumed to achieve this objective. Risk shall be controlled by the use of different assets and by the selection of more conservative-investments within an asset class.

Permitted Investments and Limitations

Short-Term Funds

Investments	Limitations
Bank Checking Accounts Bank Savings Accounts Bank Money Market Accounts	The total deposited in any one bank shall not exceed \$250,000. "Bank" shall mean any commercial bank, savings bank or savings and loan that is a member of the FDIC.
Certificates of Deposit	The total invested in any one bank shall not exceed \$250,000. "Bank" shall have the same definition as above.
Treasury Bills	No Bill may be purchased if the maturity is greater than six months. If held in a brokerage account, the brokerage shall be a member of SPIC. No dollar or percentage limitation.
Money Market Mutual Fund	The fund company shall be a large, reputable institution. No dollar or percentage limitation.

Long-Term Funds and Endowments

Investments	Limitations
Bank Checking Accounts Bank Savings Accounts Bank Money Market Accounts	The total deposited in any one bank shall not exceed \$250,000. "Bank" shall mean any commercial bank, savings bank or savings and loan that is a member of the FDIC.
Certificates of Deposit	The total invested in any one bank shall not exceed \$250,000 when combined with all accounts. "Bank" shall have the same definition as above.
Treasury Bills and Notes	No Treasury may be purchased if the original maturity is greater than five years. If held in a brokerage account, the brokerage shall be a member of SPIC. No dollar or percentage limitation.
Money Market Mutual Fund	The fund company shall be a large, reputable institution. No dollar or percentage limitation.
Bond Mutual Fund	Shall have an average maturity of five to twelve

	<p>years. Shall have a minimum average credit rating of A.</p> <p>Long-term assets: may not exceed 50 percent of long-term assets.</p> <p>Endowment assets: may not exceed 50 percent of endowment assets.</p>
Stock Mutual Funds	<p>Shall include funds that invest entirely in U.S. stocks and those which invest in a mix of U.S. stocks and bonds. Preference shall be given to index funds and those actively managed funds with lower-than-average management costs.</p> <p>Long-term assets: may not exceed 40 percent of long-term assets.</p> <p>Endowment limit: may not exceed 50 percent of endowment assets.</p>
International Stock Mutual Funds	<p>Shall include those funds which invest solely in foreign firms. Preference shall be given to those actively managed funds with lower-than-average management costs.</p> <p>Long-term assets: may not exceed 10 percent of long-term assets.</p> <p>Endowment assets: may not exceed 15 percent of endowment assets.</p>

Prohibited investments:

- Individual stocks
- High-yield bonds and bond funds, further defined as any bond with a credit rating below BBB or fund with the majority of assets invested in bonds with credit ratings under BBB
- Direct ownership of real estate
- Calls, puts and futures

Responsibilities of Treasurer, Finance Committee and Council

Treasurer

1. Shall select investments for short-term funds, and make necessary arrangements for their execution. The establishment of any new accounts shall be made in accord with the policies and procedures of Anyplace Lutheran Church.
2. Shall report to the Council on a monthly basis. Such report shall minimally list all short-term investments, the amount in each, maturity dates and interest rates.

Finance Committee

1. Shall also serve as the Investment Committee.

2. Shall name one member to serve as Investment Officer, who shall be directed to execute Committee decisions and serve as contact person with the various investments firms used by the Church.
3. Shall collectively decide on investments for Long-Term and Endowment assets. All decisions to buy or sell investments shall be made by three-fifths of those members present and voting.
4. Shall receive monthly reports from the Investment Officer. Such reports shall minimally list the following:
 - Name of investment
 - Date made and original cost
 - Current market value as of close of previous month
 - For total portfolio, the rate of return for last month, year-to-date and since inception.
5. Shall on a quarterly basis report to the Council. Such report shall minimally list the following:
 - Name of investment
 - Date made and original cost
 - Current market value as of close of previous month
 - For each individual investment and the total portfolio, the rate of return for last month, year-to-date and since inception.
 - A listing of all buys and sells since the last quarter.

Council

1. Shall receive and review regular reports from the Treasurer and Finance Committee.
2. Shall cause the investment holdings to be reviewed [audited] as part of the congregation's regular financial review [audit]
3. Shall amend the Investment Policy as needed.
4. Shall, as part of the Congregation Annual Report, report on investment results in the Long-Term and Endowment assets.

Insurance – A Means to Protect Assets and Volunteers

Insurance is a necessary evil in today's society. One needs insurance coverage to protect against damage or loss to property from natural disaster or theft. Coverage is also needed to protect against legal claims made against the church, staff or volunteers as they go about their congregational responsibilities. Failure to have the proper insurance could lead to losses of such magnitude that the future ministry of the congregation is put into jeopardy.

Insurance is a complicated topic, one that cannot be covered quickly. The congregation is best served by the leadership working with trusted professionals in the field. As noted in the model constitution, the council is "responsible for its total insurance program." I find it interesting that this is one of the few administrative functions clearly delineated and assigned to a particular group. I would submit that the following are specific responsibilities the council should exercise.

1. Name which committee(s) is responsible for insurance. The most likely committee is finance, although one could make an argument for property. Particularly as it relates to property and casualty insurance, it may be best to have shared responsibility.
2. Ascertain if the congregation has or needs the following policies:
 - a. Property and casualty. Special considerations:
 - i. Computers and electronic equipment
 - ii. Organ
 - iii. Theft of funds.
 - b. Liability
 - i. Professional
 - ii. Sexual harassment
 - iii. Employment
 - iv. Third-party use
 - c. Auto - if the church owns vehicles
3. Set a timetable for a formal review of policies covered and who should conduct the review. I recommend that insurance should be reviewed between every three and five years.
4. Determine who is to file claims on behalf of the church and who else should be notified if a claim has been made. This is critical in the liability area.
5. Assure that current copies of insurance policies are kept in a safe place and that records are properly maintained. Copies of old policies should be kept for four years after their expiration. Records of claims filed should be retained for ten years after settlement.
6. If your insurance company requires periodic inspections, establish who works with the inspectors and is responsible for follow-up. At the conclusion of the inspection, the council should receive a report.

7. Lastly, establish a policy for what insurance policies you will require of organizations that use the church on a regular basis. Here, professional advice is critical; you should work with a qualified agent and an attorney to make sure that both church and the organization(s) are covered and do not raise undue risk for the other.