

## Summary of the Special Finance Group's Work and the Proposed Resource Management Policy

At its September 26, 2024 meeting, the Presbytery of the James ("Presbytery") created the Special Finance Group ("SFG") to address financial sustainability and ensure faithful stewardship of presbytery resources. The SFG was tasked with developing a sustainability policy to support balanced budgets through clear budgeting guidelines, revenue enhancements, cost controls, and strategic use of invested and reserve assets. The Presbytery appointed five individuals to the SFG: Karen Allamon (MWS, Madison), Bill Brownfield (RE, Three Chopt), David Forney (MWS, First, Charlottesville), Sam Kirton (RE, Kirk O'Cliff), and Carol Martin (RE, Tuckahoe). David Forney was elected moderator of the group and Karen Allamon as recorder.

### **Process**

Beginning in December 2024, the SFG conducted a wide-ranging review of the Presbytery's financial landscape. This included:

- Analyzing governance documents (Bylaws, the Resource Management Policy, and the Manual of Administrative Operations);
- Reviewing financial statements (2018–2024);
- Studying investment documents from RBC Wealth Management; and
- Consulting external guidance including GAAP standards and best practices from the National Council of Nonprofits.

The SFG conducted interviews with the following people who have been previously involved with processes of financial decisions:

- Cindy Hollingshead, POJ Finance Consultant
- Dan Jordanger, Former POJ Trustee and Moderator
- Jeff Chapman, RBC Wealth Management
- Doug Walters, Camp Hanover
- Fred Holbrook and Kerry Foster, Temporary Presbyters

In addition, the SFG conducted a survey of minister members and clerks of session to gather broader input across the Presbytery. With a 10% overall response rate, the survey revealed significant concerns about financial sustainability, transparency, and the alignment of budget priorities with mission. These findings underscored the urgency of developing clear and accountable policies as a critical first step toward strengthening the Presbytery's financial future. Finally, the SFG consulted with the Board of Trustees to resolve policy questions.

## **Assumptions**

The SFG operated with several foundational assumptions that:

- The Presbytery's mission is ongoing and worthy of sustained, faithful investment of time, talent, and treasure;
- Budgeting is an annual discipline requiring realistic and transparent alignment of revenue and expenditures;
- Well-crafted policy empowers mission rather than restricts it;
- Transparency builds trust, supports discernment, and improves decision-making;
- Faithful financial stewardship includes both prudence and risk-taking; and
- Financial practices should align with the Presbytery's theological commitments, honoring donor intent, and promoting justice and equity.

## **Key Components of the Revised Resource Management Policy**

### Biblical and Theological Foundations

The policy is grounded in Reformed theology, affirming that all resources belong to God and must be used with generosity, integrity, and justice. Stewardship is understood not simply as financial management but as a sacred expression of discipleship and covenantal living, reflecting God's mission in the world.

### Governance and Accountability

The roles of the Board of Trustees, Mission Council, and staff are defined. All actions comply with the *Book of Order* and accounting best practices. Ethical standards, including conflict-of-interest disclosures and transparent decision-making, are essential components of leadership accountability.

### Budgeting and Financial Planning

The policy mandates a balanced budget based on real revenue and explicit use of reserves. It outlines a transparent process and requires congregational pledging, investment revenue, and planned giving to be documented and aligned with mission. Forecasting, multi-year planning, and narrative budget reporting are also included to ensure strategic alignment and financial sustainability.

### Expenditures and Financial Oversight

Thresholds for approvals are specified, and monthly/quarterly financial reports ensure transparency. The policy enforces rigorous internal controls, disbursement procedures, and voucher systems to reduce risk and uphold fiduciary responsibility.

### Investment Fund and 12-Quarter Draw Formula

The Presbytery's Investment Fund is defined as the corpus of invested assets that generates revenue through an annual draw (between 4%–5%) based on a 12-quarter rolling average. The fund is governed by socially responsible investment policies. Draws are reserved primarily for mission support, with operational use capped at 1% and requiring explicit approval.

### Real Estate and Property Management

All real estate held by the Presbytery is subject to annual review for mission viability. Guidelines for liquidation, repurposing, and ethical consideration are outlined, including minimum thresholds for fair market value. Sales are managed transparently with environmental and social impacts weighed alongside financial returns.

### Debt and Borrowing Limits

Debt may be incurred only for mission-driven projects, must remain below 35% of total assets, and requires Presbytery approval for amounts exceeding \$50,000.

### Use of Bequests and Property Sale Proceeds

Proceeds from church property sales are distributed according to the following current POJ-approved percentages: 50% Stewardship (invested), 25% Resurrection, 15% Reparative Action, and 10% Local mission partner tithing. These allocations reflect a theological and strategic commitment to long-term ministry, innovation, justice, and community engagement.

### Gift Acceptance and Financial Assistance

Policies for receiving cash and non-cash gifts are outlined, along with procedures for grants, loans, and emergency financial support to congregations. All gifts must align with mission priorities and be properly documented, liquidated, and used per donor intent and Presbytery policies.

### Risk Management and Insurance

Insurance policies are mandated, including required and recommended policies as well as cybersecurity training, fraud prevention protocols, and disaster preparedness.

### Record-Keeping and Retention

The policy follows IRS and GAAP standards for secure record-keeping, retention timelines, and appropriate destruction methods. It also includes cybersecurity protocols, third-party compliance requirements, and documentation trails for disposal processes to ensure data security and institutional memory.

## Motions for Consideration

We move that the Presbytery of the James:

1. Ratify the Board of Trustees' amendment to the Bylaws of Trustees of the Presbytery of the James, Inc, Section 4.3, which states:  
**"A review of the statement of financial position, the related statement of activities, functional expenses, and cash flows, and the related notes to the financial statements will be conducted each year by a qualified public accounting firm."**
2. Amend and restate the Resource Management Policy with the version attached to this report, and declare that, upon its adoption, this policy shall supersede all previously adopted financial, investment, or resource-related policies of the Presbytery of the James, including prior versions of the Resource Management Policy (1999, 2004) and any other standing policies or procedures that conflict with this document.
3. Dismiss the Special Finance Group with gratitude for its faithful and diligent service.

## Discussion of Motions

**Motion 1:** This first motion clarifies the Presbytery's financial oversight practices and aligns its governing documents accordingly. Currently, the Presbytery's Bylaws require an "audit," while the *Book of Order* (G-3.0113) requires only an "annual independent financial review." These terms are not interchangeable. According to generally accepted accounting principles (GAAP), an audit is a comprehensive and rigorous examination of financial records, internal controls, and compliance measures. It involves extensive testing and verification by a certified public accounting firm and results in an auditor's formal opinion on the fairness of the financial statements. As such, an audit is significantly more demanding in scope, time, and cost.

By contrast, a financial review provides limited assurance. It involves inquiries and analytical procedures performed by a qualified accounting firm but does not include detailed testing of transactions or the issuance of an auditor's opinion. A financial review meets the *Book of Order's* requirements, is sufficient for good governance, and is far less costly (in staff time and dollars) than a full audit.

Recognizing this distinction, the SFG consulted the Presbytery's Board of Trustees, who, acting under Bylaws Section 4.5, have amended the Bylaws to require an annual financial review rather than an audit. This amendment now requires Presbytery approval. Accordingly, we bring this motion first so that the proposed financial policy, if subsequently approved (motion 2), will align with the Presbytery's governing documents.

Note: Per Section IV.C of the proposed policy, the results of the annual financial review will be presented to the Presbytery at its next stated meeting, provided in writing, and posted on the Presbytery's website to ensure transparency and accessibility.

**Motion 2:** This second motion concerns the approval of the policy itself. The motion to “amend and restate” the Resource Management Policy (RMP) represents a comprehensive revision and replacement of the Presbytery's foundational financial governance document. Originally approved by the Presbytery of the James in 1999 and last amended in 2004, the RMP remains the operative financial policy unless explicitly superseded by subsequent action.

This proposed policy both *amends* and *restates* the RMP. To *amend* means that specific sections of the original policy have been updated or revised. To *restate* means that the entire policy has been rewritten and restructured to reflect these amendments in a unified, coherent, and comprehensive form. It replaces the patchwork of updates, informal practices, and ad hoc procedures that have accumulated since 2004.

The SFG believes that this approach of amending and restating best retains and integrates the Presbytery's principles of stewardship, accountability, and mission, along with its standing financial policies, into a unified financial framework. It also fills critical gaps by incorporating widely accepted best practices in nonprofit financial management, drawing on GAAP standards and guidance from the National Council of Nonprofits.

In doing so, the new policy equips the Presbytery with a forward-looking financial framework—one that is biblically grounded, organizationally aligned, and operationally clear. It is designed to support long-term sustainability while strengthening the Presbytery's capacity for faithful, mission-driven stewardship.

Finally, this motion explicitly declares that, upon its adoption, the amended and restated RMP shall supersede all previously adopted financial, investment, or resource-related policies of the Presbytery, including the prior versions of the Resource Management Policy (1999, 2004) and any other standing policies or procedures that conflict with it. Upon approval, it is recommended that the *POJ Manual of Administrative Operations* be amended at a later meeting of the Presbytery to reflect these changes.

**PRESBYTERY OF THE JAMES**  
Resource Management Policy

**I. Introduction**

**A. Purpose of the Policy**

The Resource Management Policy of the Presbytery of the James (hereafter, “Presbytery”) establishes the principles and procedures for the faithful management of financial and material resources entrusted to the Presbytery. These policies strive to achieve transparency, accountability, and sustainability in fulfilling the mission of the Presbytery and its congregations.

**B. Biblical and Theological Foundations of Stewardship**

The Presbyterian tradition affirms that all resources belong to God (e.g., Psalm 24:1) and are to be stewarded faithfully and wisely. Scripture consistently calls for generosity, integrity, and justice in financial matters (Genesis 41:25–57; Proverbs 3:9–10; Amos 8:4–7; 2 Corinthians 9:6-9). In this light, the financial practices of a council are not merely administrative functions but acts of discipleship; they are expressions of gratitude for God’s abundance and commitment to God’s ongoing work in the world. Stewardship, in the Reformed tradition, is a sacred trust that strives to align budgeting, planning, and resource allocation with God’s mission. As the *Book of Order* reminds us, the sovereignty of God leads to a covenant life marked by order, justice, and faithful use of creation’s gifts. The church is called to live in disciplined covenant, to exercise stewardship that shuns ostentation, and to seek the proper use of the gifts God has entrusted to us. It is also called to resist the ever-present human tendencies toward idolatry and tyranny by working for the transformation of society, seeking justice and living in obedience to the Word of God (see F-2.05). In this spirit, the Presbytery’s financial stewardship is not only a matter of good governance, but it is also a witness to God’s reconciling work in Jesus Christ. The *Book of Order* further affirms that councils of the church are to prepare and adopt budgets that support the church’s witness to “God’s new creation in Jesus Christ,” recognizing that shared stewardship is vital to the church’s unity and mission (G-3.0106; G-3.0113). Faithful financial policies, then, are essential instruments for the ministry of the gospel of Jesus Christ. This policy seeks to align the Presbytery’s financial practices with these theological principles, ensuring that all resources are used faithfully, transparently, and in support of God’s mission, both now and for generations to come.

**C. Governance and Accountability**

The financial oversight of the Presbytery is guided by the *Book of Order* (G-3.0113), which mandates councils to exercise fiduciary responsibility. The Board of Trustees (hereafter, “Trustees”), Mission Council (hereafter, “MC”), and Presbytery staff ensure compliance with governance structures and applicable financial regulations.

**D. Scope of the Policy**

This policy applies to all financial, investment, and resource management activities undertaken by the Presbytery, including budgeting, investment and asset management, gifts, grants, debts, loans, and financial reporting.

## **II. Financial Oversight and Governance**

### **A. Presbytery's Fiduciary Responsibility**

The Presbytery holds fiduciary responsibility for the financial well-being of its congregations and ministries, ensuring ethical stewardship and compliance with the *Book of Order* and applicable statutory and professional standards.

### **B. Role of the Trustees, MC, and Presbytery Staff**

1. The Trustees oversee the management of property, investments, and financial matters of the Presbytery.
2. MC prepares budgets, monitors financial performance, recommends policies, and communicates approved and ratified decisions.
3. Staff (General Presbyter and Staff Accountant) implement financial procedures and maintain records.

### **C. Financial management shall adhere to:**

1. *Book of Order* (G-4.0101) regarding incorporation and trustee responsibilities,
2. IRS 501(c)(3) regulations governing nonprofit financial operations, and
3. Generally Accepted Accounting Principles (GAAP) for transparency and integrity.

### **D. Ethical Standards and Conflict of Interest**

All financial dealings shall be conducted in accordance with the highest ethical standards, reflecting honesty, competence, and care. Trustees and Presbytery staff are expected to disclose any potential or perceived conflicts of interest and must recuse themselves from deliberation and voting on any matters which the Trustees determine may present such a conflict.

## **III. Budgeting and Financial Planning**

### **A. Balanced Budgeting and Transparency**

To ensure long-term financial sustainability and build trust across the congregations and the Presbytery as a whole, budgets shall be balanced and transparently constructed. A balanced budget is defined as one in which total projected expenditures do not exceed the sum of:

1. Expected annual revenues (see III.C), and
2. Approved, mission-aligned use of restricted or designated funds, which must be explicitly authorized by the MC and clearly documented.

Use of designated funds shall not be employed to obscure structural deficits or delay necessary financial adjustments. Budgets based on unapproved fund transfers, unsupported revenue assumptions, or across-the-board expenditure cuts without clear strategic justification shall not be considered for adoption. All budget proposals must include clear documentation of revenue sources, expenditure assumptions, and the rationale for any fund usage to enable informed and faithful discernment by the MC and the Presbytery.

## **B. Budget Preparation**

1. MC will communicate to committees and commissions about budget guidelines, requirements, and critical dates by May 15.
2. The Investment Subcommittee shall recommend to the Trustees, by July 31, the annual draw percentage to be used in the upcoming fiscal year (see Section V.B. for calculation method and timing). This draw percentage is used to forecast the Investment Revenue for the proposed budget.
3. Each year, commissions and committees submit proposed budgets to the MC by July 31.
4. Proposals should be developed from the ground up, assessing current and projected needs and priorities rather than simply adjusting prior budgets, and submitted in a line-item format.
5. Budget submissions shall include (a) a narrative report detailing the most recent four quarters' missional work, highlighting key successes and challenges, (b) outlining goals and objectives for the upcoming year, and (c) a second-year forecasting of financial needs.

## **C. Revenue Sources**

1. Congregational support: Congregational giving to the Presbytery shall be based on a pledge system. Each congregation is encouraged to discern its financial commitment to the shared mission and ministry of the Presbytery and to pledge annually according to its capacity and calling. This approach honors the unique circumstances of each congregation and emphasizes mutual trust, shared discernment, and voluntary generosity. For budgeting purposes, the Budget Subcommittee shall review recent congregational giving to the Presbytery to forecast the upcoming year's congregational giving revenue.
2. Investment revenue (see V: Investment Management).
3. Bequests and planned-giving (see VII: Gift Acceptance and Allocation of Real Property Sale Proceeds).
4. Budget Surpluses and Operational Reserve Fund: Any annual budget surplus shall be transferred into a designated fund titled Operational Reserve Fund. This fund may be used at the discretion of the Presbytery for single special projects that furthers its mission and ministry.

## **D. Anticipated Expenses**

The Presbytery's annual operating budget shall include anticipated expenses across all areas of ministry, governance, and operations. Key expense categories shall include, but are not limited to:

1. Personnel: salaries, benefits, and professional development for staff and officers
2. Operations: administrative costs, supplies, insurance, and office expenses
3. Property and Facilities: building maintenance, utilities, leases, and related services
4. Program and Mission Support: direct funding for ministry initiatives, committee work, leadership development, and congregational support
5. Connectional Commitments: contributions to the Synod of the Mid-Atlantic and the General Assembly
6. Maintenance Capital: annual allocations in support of future major improvements (see Section VI.D.1).
7. Contingency Planning: funds set aside for unforeseen needs or emergencies

## **E. Budget Review and Refinement**

1. The Budget Subcommittee of the MC, with Presbytery staff support, is responsible for preparing submitted funding proposals, ensuring alignment with mission priorities and financial sustainability. The Budget Subcommittee shall consist of the Moderator of the MC, Moderator of the Presbytery, Vice-Moderator of the Presbytery, the Lead Presbyter, and three at-large members elected by the Mission Council. The Staff Accountant shall serve as a resource person to the subcommittee.
2. The MC consolidates the proposals and recommends a budget for Presbytery consideration.
3. To promote transparency and encourage broad engagement, the proposed draft budget shall be posted on the Presbytery website and distributed to all Minister Members of the Presbytery and Clerks of Session by September 1. A formal comment period will follow. This period may include listening session(s) during which members of the Presbytery may submit feedback and questions to the MC. All feedback received will be reviewed and considered prior to the final recommendation being submitted for approval at the fall Stated Meeting of the Presbytery.

## **F. Approval and Implementation**

1. The Presbytery votes on the finalized budget at its fall stated meeting.
2. Once approved, the budget guides financial decisions and expenditures for the upcoming fiscal year.

## **G. Ongoing Financial Oversight**

Monthly financial reports detailing revenue, expenses, assets, and liabilities, shall be submitted to the MC by the Staff Accountant and presented at all Stated Meetings of Presbytery to ensure transparency and oversight.

## **H. Long-Term Financial Planning**

The MC shall maintain a two-year financial plan that includes forecasting and sustainability initiatives. Each commission and committee is required to submit both a proposed budget for the upcoming year and a second-year projection that outlines anticipated needs and priorities (see III.B.5). These planning estimates serve as a strategic tool to help the MC assess emerging trends, support long-term sustainability, and coordinate ministry planning across the Presbytery.

## **I. Use of Restricted and Unrestricted Funds**

Funds must be used per donor intent and Presbytery mission goals, with clear distinctions between restricted and unrestricted funds per GAAP standards. As part of accepting any donor-restricted gift, the Presbytery will communicate and apply a default expectation that such gifts will be used within three years of receipt, unless the donor specifies a longer or shorter timeframe in writing. This expectation will be included in all acknowledgment and documentation materials. If a gift remains unused after three years and no alternative agreement exists, the Presbytery will seek donor approval to reallocate the gift or release the restriction, in accordance with GAAP and applicable law.

## **J. Designated vs. Undesignated Funds**

Undesignated funds support mission initiatives as determined by the Presbytery in its annual budgeting process. Designated funds are those that are set aside by the Presbytery for a specific purpose or future use.

## **IV. Expenditures, Financial Operating Procedures, and Internal Controls**

### **A. Spending Priorities and Ministry Alignment**

All expenditures must align with the mission, strategic goals, and financial policies of the Presbytery. Spending shall be carefully monitored to ensure fiscal responsibility and proper stewardship of funds (see III.B for budget process timing and coordination).

### **B. Authority Levels for Financial Decisions for Items not Previously Approved in the Budget**

#### **1. Expenditure Authorization**

- a) Expenditures over \$3000 require two Trustee authorized signatures before processing.
- b) Emergency expenditures exceeding \$5,000 may be authorized by the General Presbyter and the Presbytery Treasurer (hereafter, "Treasurer"), with immediate notification to the MC and ratified at the next MC meeting and subsequently reported at the Presbytery's next stated meeting.

#### **2. Purchase and Contract Approvals**

- a) One-time purchases exceeding \$5,000 require MC approval before funds are committed.
- b) Recurring commitments (leases, service agreements, vendor contracts) up to \$5,000 per year may be authorized by the General Presbyter.
- c) Recurring commitments exceeding \$5,000 per year require approval from the MC before execution.

#### **3. Financial Governance and Reporting**

- a) The MC will receive a summary report of all approved expenditures over \$5,000 at each regular meeting to be included in the financials at the next stated meeting of the Presbytery.
- b) In the event of unexpected financial needs beyond these thresholds, the Presbytery Moderator, General Presbyter, Treasurer, and MC Chair may confer to determine an appropriate course of action, subject to formal ratification by the MC.

### **C. Financial Oversight**

An annual independent financial review shall be conducted in accordance with G-3.0113, including an examination of the statement of financial position, the statement of activities, functional expenses, cash flows, and the accompanying notes to the financial statements. This review shall be performed by a qualified public accounting firm (see Bylaws, Section 4.3). The results of the review shall be presented to the Presbytery at its next stated meeting and will be made available in written form and posted on the Presbytery's website to ensure transparency and accessibility.

### **D. Operating Policies and Procedures**

#### **1. To ensure proper financial checks and balances, the following procedures apply:**

- a) Unopened bank statements shall be reviewed by either the Presbyter or the Treasurer before reconciliation.
- b) The Staff Accountant shall reconcile all accounts within 30 days of receiving bank statements.

2. Reconciliation shall include:
  - a) Verification of deposit dates and amounts against internal records.
  - b) Review of payees and check endorsements for accuracy.
  - c) Documentation of interest earned, fees, and funds transferred.
  - d) All journal entries must be properly recorded and available for review.

**E. Check Disbursement and Payment Restrictions**

1. To reduce financial risk and prevent fraud, the following restrictions apply:
  - a) Checks payable to “cash” are not accepted.
  - b) Voided checks must be retained, properly canceled, and documented.
  - c) The signing of blank checks is strictly prohibited.
  - d) Checks shall never be issued to “cash,” all disbursements must be made to a named payee.
2. All disbursements must be supported by proper documentation, including:
  - a) Invoices or receipts
  - b) Approved vouchers
  - c) Commission or committee approval (where applicable)

**F. Voucher System for Expenditures**

A voucher system shall be used in place of traditional purchase orders to improve financial tracking and accountability. Vouchers must accompany all reimbursement requests and be signed by the committee moderator or General Presbyter. Proper documentation, such as receipts and invoices, must be attached for approval. Non-compliant reimbursement requests must include a written explanation before processing.

**G. Payroll and Staff Compensation Approvals**

All payroll transactions shall comply with applicable state and federal requirements.

1. Personnel files shall be maintained by the Staff Accountant and must include:
  - a) Authorization of pay rates and effective dates as approved by the MC.
  - b) IRS Form W-4 (Federal Tax Withholding).
  - c) I-9 Employment Eligibility Verification (as required by the Department of Justice).
  - d) State withholding forms.
  - e) Board of Pensions change forms (if applicable).
2. Payroll Processing and Tax Compliance
  - a) Payroll shall be processed under the supervision of the Staff Accountant with final review and approval by the General Presbyter.
  - b) All employees, clergy, and lay staff shall receive a W-2 annually.
  - c) Payroll tax returns and deposits must be filed in compliance with IRS regulations, with supporting documentation available for audit or inspection.
  - d) All payroll is by direct deposit.
  - e) Authorization of pay rates and effective dates as approved by the MC.

## **V. Investment Management**

### **A. Purpose and Scope**

This investment policy statement establishes the principles and structure for the prudent management of the investment assets of the Presbytery of the James. This policy provides a framework for the oversight of funds, ensuring they are invested in alignment with the mission of the Presbytery while providing for the long-term sustainability of its ministry programs.

### **B. Engagement of Investment Management Firm**

The Trustees are authorized to engage a qualified investment management firm to oversee the Presbytery's Investment Fund, ensuring that investments are managed prudently, ethically, and in alignment with the Presbytery's Investment Management Policy.

### **C. Investment Objectives**

The investment portfolio shall be managed in accordance with the following objectives:

1. **Sustainable Growth and Revenue:** To earn a return that sustains Presbytery-approved ministry programs, balances risk and return, safeguards the purchasing power of invested funds against inflation, and ensures long-term financial stability.
2. **Socially Responsible Investments:** To comply with the General Assembly's most recently approved investment guidelines, avoiding corporations listed on the PC(USA) GA Divestment List.
3. **Annual Ministry Programs Draw Policy:** The annual draw from the Presbytery's investment portfolio is intended to provide consistent financial support for mission and ministry. The draw shall be calculated each February using a 12-quarter rolling average of the portfolio's market value, and the corresponding dollar amount shall be withdrawn from the fund at that time. The draw percentage shall be set at no less than 4% and no more than 5%, as recommended by the Investment Subcommittee to the Trustees no later than July 31 before the upcoming year's budget. Any recommendation to draw outside this range must receive explicit approval by the Presbytery prior to July 1, to allow for timely consideration by the Investment Subcommittee and the Trustees in the budget preparation cycle.
4. **Annual Administrative Draw Policy:** A restricted policy allowing for up to 1% of the Annual Ministry Program Draw (V.B.2) that may be allocated to administrative or operational support if explicitly approved by the MC and clearly documented as necessary to the execution or evaluation of funded ministry programs. Such use shall be the exception rather than the norm and shall be reviewed annually.
5. **Designated Use of Investment Revenue**
  - a) Investment revenue shall be used exclusively to support Presbytery-approved ministry programs, such as: mission and outreach initiatives, anti-racism events, congregational and community development, theological education and leadership formation, worship and faith formation programs, and other Presbytery approved missional activities.
  - b) Ordinarily, investment revenue shall not be used for salaries, benefits, administrative overhead, office supplies, facilities maintenance, or other operational costs not directly tied to ministry programming. See V.B.4 above for exception guidelines.

#### **D. Performance Oversight and Monitoring**

1. Investment Committee Responsibilities:
  - a) Ensure compliance with the investment procedures and the guidelines found in Appendix E.
  - b) Conduct quarterly reviews of investment performance.
  - c) Benchmark investment returns against industry standards.
  - d) Provide quarterly reports to the Trustees.
2. Annual Review and Benchmarking by the Investment Subcommittee:
  - a) The investment portfolio shall undergo an annual performance review, conducted in collaboration with external investment advisors.
  - b) All investments will be evaluated for risk-adjusted returns, including both realized and unrealized gains/losses, and for alignment with the mission and values of the Presbytery.
  - c) Adjustments to allocations (e.g., shifts in equity, fixed revenue, or alternative investments) shall be made as necessary to preserve capital while optimizing revenue generation.
  - d) The review shall also include analysis of: Total portfolio return, withdrawals and fees, and estimated revenue.

#### **E. Annual Investment Guidelines**

1. The Investment Subcommittee shall develop Annual Investment Guidelines that includes the current asset allocation strategy, target ranges for equities, fixed revenue, mixed assets, cash, alternatives, and real assets, consistent with V.B.2.
2. The Investment Subcommittee shall review and update the Annual Investment Guidelines each year. The Trustees must formally approve the updated guidelines annually. Once approved, the current Annual Investment Guidelines shall be appended to this policy for reference.
3. The guidelines shall be delivered annually to the Presbytery for review and transparency.

#### **F. Diversification Strategy**

1. Equities: Up to 70% of the portfolio may be allocated to equities for long-term capital growth.
2. Fixed Revenue: At least 20% must be allocated to fixed-revenue investments for stability.
3. International Exposure: No more than 25% of total assets may be invested in international securities to limit exposure to foreign market volatility.
4. Alternative Investments: Real estate and other alternative investments may not exceed 15% of total assets.
5. Single Investment Limits: No single investment, outside of broadly diversified mutual funds or index funds, shall exceed 10% of the total portfolio.

## **VI. Real Estate and Property Management**

### **A. Investment in Real Property**

1. Real estate holdings must align with the long-term mission and financial objectives of the Presbytery.
2. The Presbytery may acquire or hold real estate for ministry purposes, investment, or as a result of church closures or donor gifts.
3. The Trustees shall oversee the management, valuation, and disposition of real estate assets to ensure proper stewardship.

### **B. Liquidation of Real Estate Holdings (see VII.D. for Allocation of Sale Proceeds)**

1. Oversight and Authority
  - a) The Trustees shall annually conduct a market assessment to determine if real estate holdings remain missionally and financially viable. Properties no longer serving a clear missional purpose shall be considered for sale or repurposing.
  - b) The Trustees shall oversee and authorize the sale, transfer, or disposal of any Presbytery-owned real estate.
  - c) The Trustees shall ensure all transactions align with the Presbytery's mission and fiduciary responsibilities.
  - d) In all cases, final approval for the sale of Presbytery real estate assets must be granted by the Presbytery.
2. Evaluation and Approval Process
  - a) The Trustees shall review and approve all property sales.
  - b) A real estate appraisal or market analysis shall be obtained prior to listing a property for sale.
  - c) The Trustees may engage a licensed real estate professional to manage the transaction and ensure market-competitive pricing.
3. Transaction Procedures
  - a) Properties shall be listed publicly unless a direct sale is determined to be in the best financial and mission interest of the Presbytery.
  - b) The sale price may not be lower than fair market value unless the Trustees approve an exception for strategic or mission-based purposes. For properties belonging to dissolved congregations, the Trustees shall seek to obtain at least 90% of the most recent certified appraised value. In cases where the property has experienced deferred maintenance, system failure, environmental degradation, or other significant impairments that would require substantial investment prior to sale, the Trustees may recommend accepting a purchase offer below 90% of the appraised value. Such a recommendation must be justified in writing and approved by the Presbytery prior to execution of the sale.
  - c) Legal review shall be conducted for all contracts, ensuring compliance with applicable laws and Presbytery governance policies.

**C. Ethical Considerations**

1. Property transactions shall align with socially responsible investment principles.
2. The environmental impact and community benefit of real estate transactions shall be considered in decision-making.

**D. Capital Expenditures and Maintenance Fund**

1. At least 10% of annual operating revenue shall go to this designated fund to be used for major improvements.
2. Capital expenditures shall be planned five years in advance whenever possible.
3. Routine maintenance costs shall be included in the annual budget.

**E. Debt and Borrowing Policies**

1. Debt Utilization Guidelines
  - a) Debt shall only be incurred for mission-driven projects or capital improvements with demonstrable long-term value.
  - b) Total outstanding debt shall not exceed 35% of total asset value.
  - c) In accordance with the Manual of Administrative Operations, the Trustees act as a commission between Presbytery meetings but do not have the authority to incur new debt exceeding \$50,000 without Presbytery approval. This finance policy follows this restriction, ensuring that any borrowing beyond this limit is subject to Presbytery authorization.
2. Repayment Strategy  
Repayment shall be prioritized when feasible to reduce long-term interest burdens.
3. Approval Process
  - a) Any borrowing exceeding \$50,000 must receive approval from the Presbytery.
  - b) The Trustees may review and recommend borrowing proposals, but final authorization must be granted by the Presbytery at a Stated Meeting before proceeding.
  - c) Refinancing opportunities shall be reviewed as permitted under the loan agreement to ensure optimal financial objectives.

## **VII. Gift Acceptance and Allocation of Real Property Sale Proceeds**

### **A. Policies on Contributions and Offerings**

All contributions must be properly recorded and used in accordance with donor designations and the mission priorities of the Presbytery.

### **B. Gift Acceptance and Planned Giving Policies**

The Presbytery welcomes financial and material gifts that align with its mission and legal guidelines. The following procedures govern the acceptance and management of gifts:

1. Cash gifts are the preferred form of giving.
2. Non-Cash Gifts (Stocks, Real Estate, Tangible Assets, and Other Property) – The Trustees oversee the liquidation of assets such as stocks, bonds, and other marketable securities, real estate, vehicles, and tangible property. Non-cash gifts shall be liquidated as soon as practical.
3. Use of Bequests and Special Gifts – Bequests and one-time gifts shall be allocated in accordance with donor restrictions, if any, and Presbytery mission objectives. Restricted gifts must be managed per GAAP standards, with clear tracking and reporting of expenditures.
4. Acknowledgment and Tax Receipts – The Presbytery will provide appropriate written acknowledgments and tax receipts for all charitable contributions in accordance with IRS regulations and best nonprofit practices.

### **C. Allocation of Real Property Sale Proceeds**

Trustees establish the following uses of real property sale proceeds to live into God's call to the Presbytery to support and grow vibrant congregations and healthy ministers.

1. Stewardship (50%) – To be responsibly invested, for further investment into the life of the Presbytery.
2. Resurrection (25%) – Through the Resurrection designated account, support existing worshiping initiatives and launch new ones into a designated account, including:
  - a) Funding for grants to support existing new worshiping communities,
  - b) Launching new programming initiatives with an impact on the local community, or
  - c) Supporting small churches in alignment with the three focus areas (building congregational vitality, dismantling structural racism, eradicating systemic poverty) and the intersectional priorities (climate change, gender justice and heteropatriarchy, militarism) of Matthew 25.
3. Reparative Action (15%) – Through the Reparative Action designated account, recognize the Presbytery's history of complicity in actions that have favored certain communities over others, this fund will support:
  - a) Reparative action within the Presbytery community
  - b) Reparative action beyond the Presbytery community
  - c) Matching grants for congregations engaging in reparative action

4. Tithing (10%) – At the time of the dissolution of the congregation, the Trustees shall explore the following tithes:
  - a) 10% to local partnering agencies that the dissolved congregation previously supported in its active ministry.
  - b) If no such agency is identified, proceeds shall be distributed as follows: 50% to Resurrection and 50% to Reparative Action.
  - c) The timeline for this allocation is six months after the official closing date of the property sale.
5. Compliance and Oversight  
The Trustees shall review all gift transactions and liquidation decisions on an annual basis and report its review to the Presbytery.

### **VIII. Record-Keeping, Retention, and Destruction**

All financial records shall be retained in compliance with GAAP and IRS regulations to ensure accuracy, transparency, and accountability in financial reporting.

#### **A. Retention Periods**

1. Tax-related documents shall be retained for a minimum of seven (7) years as required by IRS guidelines.
2. Financial statements, audits, financial reviews, and general ledger records shall be retained permanently.
3. Bank statements, invoices, and expense reports shall be retained for seven (7) years unless legal or contractual obligations require a longer period.
4. Grant records and donor agreements shall be retained for seven (7) years or for the duration specified by the grantor.
5. Payroll and personnel records shall be retained for at least seven (7) years or in accordance with Virginia labor laws.

#### **B. Storage and Security**

1. Electronic records shall be securely stored on a cloud-based system with encrypted access and regular backups.
2. Physical records shall be kept in locked, fire-resistant filing cabinets with controlled access.
3. Access to financial records shall be restricted to authorized personnel, with periodic reviews to ensure compliance.
4. Any third-party technology provider handling the Presbytery's financial or personal data must demonstrate adequate cybersecurity protocols, including encryption, access controls, and breach response procedures. These requirements shall be contractually specified, with provisions for compliance review.

### **C. Disposal and Destruction**

1. Documents past the retention period shall be disposed of securely through shredding (physical records) or permanent deletion (digital records) to prevent unauthorized access.
2. A record of disposal shall be maintained, including the type of document, date of disposal, and method used.

### **D. Compliance and Review**

1. The Trustees shall review document retention policies every three years.
2. Any updates to retention policies shall be documented and communicated to the Presbytery.

## **IX. Grants, Loans, and Financial Assistance to Churches**

### **A. Mission and Church Development Grants**

The Presbytery provides financial support to churches for new ministry initiatives, revitalization projects, and capital improvements. Funding is granted based on mission alignment, financial need, sustainability plans, and available funds. All grant applications must be reviewed and recommended by the MC for Presbytery approval.

### **B. Loan and Guarantee Policy for Congregations**

The Presbytery recognizes the importance of supporting churches through financial assistance for construction, property acquisition, and facility improvements. To ensure fair distribution and financial responsibility, the following loan and guarantee policies apply:

1. Loan and Guarantee Limits
  - a) The total amount of loan guarantees provided by the Presbytery shall not exceed five times the unrestricted assets of the Presbytery as of the end of the preceding quarter.
  - b) No single church may receive a loan guarantee exceeding 15% of the total guarantee limit at any given time.
  - c) All loans and guarantees must be approved by the Trustees and ratified by the Presbytery, with oversight by the MC.
2. Loan Repayment Expectations
  - a) The annual debt service (loan payments) of a church must not exceed 20% of its annual operating budget to ensure sustainable repayment.
  - b) The loan amount shall not exceed 80% of the appraised value of the secured property, as determined by an independent, certified appraisal.
  - c) The interest rate on Presbytery-issued loans will be set at 1% below the Secured Overnight Financing Rate (SOFR) at the time of loan approval.

### 3. Expenses and Loan Documentation

Churches receiving loans or guarantees are responsible for covering all associated expenses, including: legal fees, appraisal expenses, survey fees, and other related expenses.

4. All loan and guarantee agreements must be documented in writing, signed by the Session Moderator and, where appropriate, secured by deeds of trust or other collateral.

### 5. Approval and Disbursement Process

a) Churches must submit a detailed financial report covering the past three years, including budgets, actual receipts, and expenditures.

b) A mission study and strategic plan must accompany loan requests, demonstrating long-term sustainability and alignment with the Presbytery's mission.

c) Loans exceeding \$50,000 require a formal promissory note signed by the Session Moderator.

## **C. Transparency and Knowledge Transfer**

To ensure continuity and institutional memory regarding financial commitments, the Presbytery shall maintain a log of all grants and loans to congregations, including private loans and conditional grant-to-loan agreements from the PCUSA. In cases where financial obligations may transfer to the Presbytery upon dissolution or closure of a congregation, such arrangements must be clearly documented and reported to the Presbytery at the time of approval.

## **D. Emergency Financial Assistance Requests** (see IV.B. Expenditure Authorization)

Churches facing unexpected financial crises (such as urgent building repairs or natural disaster recovery) may apply for emergency aid under strict eligibility guidelines. Assistance is considered only when funds are available and when it does not compromise ongoing church development commitments.

## **E. Criteria for Funding New Ministries**

Funding for new ministry initiatives is contingent upon alignment with the mission and strategic priorities of the Presbytery. Demonstrated financial sustainability beyond the initial funding period. A clear plan for outreach, growth, and community impact.

## **X. Risk Management and Insurance**

The Presbytery shall maintain insurance coverage to mitigate risk and to safeguard assets. The following coverages are categorized as mandatory (required by law) and other required (recommended for annual consideration by the Trustees).

### **A. Mandatory Insurance Coverage**

These coverages must be maintained to comply with legal and regulatory requirements:

1. Workers' Compensation Insurance – Covers medical expenses and lost wages for employees injured in the workplace, as required by state and federal law.
2. Auto Insurance – Provides liability and physical damage coverage for any vehicles owned or operated by the Presbytery for official purposes.
3. General Liability Insurance – Protects against claims of bodily injury, property damage, and personal injury occurring on Presbytery property or during official activities.

### **B. Other Insurance Coverages**

The following coverages are recommended but not required. The Trustees shall evaluate and determine which policies to maintain, based on risk assessment and financial capacity, and report the findings to the Presbytery.

1. Property Insurance – Covers Presbytery-owned buildings, equipment, and other physical assets against damage, theft, and natural disasters.
2. Directors and Officers (D&O) Insurance – Protects board members, officers, and committee leaders from personal liability related to governance and fiduciary decisions.
3. Employment Practices Liability Insurance (EPLI) – Provides protection against claims of wrongful termination, discrimination, harassment, or other employment-related disputes.
4. Event Insurance – Covers liability and potential losses for special events, mission trips, and large gatherings.
5. Cyber Liability Insurance – Safeguards against financial losses due to cyberattacks, data breaches, and fraud.
6. Business Interruption Insurance – Provides financial support in the event of a disruption that prevents the Presbytery from operating as usual.
7. Peacemaking and Mission Coverage – Protects volunteers, staff, and mission teams participating in domestic or international outreach initiatives.

### **C. Cybersecurity and Fraud Prevention**

To strengthen financial security, the Presbytery shall:

1. Conduct regular cybersecurity reviews and implement multi-factor authentication (MFA) for financial transactions.
2. Maintain encrypted data storage and off-site/cloud-based backups for critical financial and personnel records.
3. Require dual authorization for significant financial transactions to prevent unauthorized payments.
4. Provide annual cybersecurity and fraud prevention training for staff and leadership.

**D. Cybersecurity Accountability and Enforcement**

1. To ensure the effectiveness of cybersecurity measures, the Presbytery shall implement accountability protocols. Staff and leadership are expected to comply with cybersecurity procedures, including multi-factor authentication and secure data handling. Noncompliance or lapses may result in corrective action as determined by the Trustees and Personnel Committee.
2. All cybersecurity incidents must be reported promptly, with appropriate follow-up to assess impact and address vulnerabilities. The Trustees shall review cybersecurity compliance and incident reports annually and recommend any necessary updates to policy or practice.

**E. Disaster Preparedness and Emergency Planning**

To ensure resilience during crises, the Presbytery shall:

1. Maintain a Contingency and Emergency Response Plan detailing operational procedures for financial continuity during disasters.
2. Conduct annual risk assessments and emergency drills to prepare staff for disruptions.
3. Establish alternative financial procedures to maintain payroll processing, donor contributions, and essential payments.

**XI. Policy Review and Amendments**

**A. Periodic Review Process**

This policy shall be reviewed at least every three years by the MC.

**B. Amendment Procedures**

Changes are to be recommended by the MC for Presbytery approval.

**C. Authority to Interpret and Implement Policy**

The Trustees and MC oversee policy application and interpretation.

**Appendices**

- A. Glossary of Financial Terms
- B. Budget Preparation Flow Chart
- C. Budget Review Chart - Oversight of the Approved Budget
- D. Budget Template
- E. Current Year’s Annual Investment Guideline

**Resource Management Policy Chart of Revisions**

Approved	May 25, 1999
Revised	August 2002
Revised	May 15, 2004
Amended and Restated	<i>(date)</i>

## APPENDIX A: Glossary of Financial Terms

### A

**Accountant** – See Staff Accountant.

**Accounting Principles** – See GAAP below.

**Accounts Payable** – The amount of money the Presbytery owes to vendors, service providers, or suppliers for goods and services received.

**Accounts Receivable** – The amount of money owed to the Presbytery by congregations, donors, or other entities.

**Annual Budget** – A financial plan detailing expected revenue and expenses for a fiscal year.

**Annual Draw Policy** – A percentage of an investment portfolio withdrawn annually to fund ministry programs.

### B

**Bequests** – Gifts or donations made to the Presbytery through a will or estate planning.

**Board of Trustees (“Trustees”)** – The governing body responsible for overseeing financial and property matters of the Presbytery.

**Budget Committee** – A Mission Council designated group responsible for developing, reviewing, and monitoring the Presbytery’s annual budget. This committee ensures that financial resources align with mission priorities, maintains fiscal responsibility, and provides recommendations for sustainable financial planning.

**Budget Forecasting** – The process of estimating future revenue and expenses based on past financial data and strategic plans.

### C

**Capital Expenditures** – Significant expenses incurred for purchasing, maintaining, or improving property and equipment.

**Cash Flow** – The movement of money into (revenue) and out of (expenses) the Presbytery’s accounts.

**Conflict of Interest** – A situation where an individual’s personal interests may interfere with their fiduciary duties to the Presbytery.

### D

**Debt Service** – The payments made on borrowed funds, including principal and interest.

**Designated Funds** – Funds that are set aside by the Presbytery for a specific purpose or future use (such as property maintenance capital). Under GAAP, designated funds are considered unrestricted net assets because the limitation is imposed internally rather than by a donor. These designations may be modified or removed by vote of the Presbytery.

**Directors and Officers (D&O) Insurance** – A type of insurance protecting board members and officers from personal liability.

**Diversification** – An investment strategy that spreads assets across multiple categories to reduce risk.

### E

**Endowment** – A financial fund established for long-term support, where the principal remains intact while earnings are used for ministry initiatives.

**Ethical Investment Policy** – Guidelines ensuring that investments align with PC(USA) values and avoid companies in conflict with church mission priorities.

**Expenditure Authorization** – The approval process required before funds can be spent.

### F

**Fiduciary Responsibility** – The legal and ethical duty to act in the best financial interests of the Presbytery.

**Financial Audit** – An independent review of financial statements and records to ensure compliance and accuracy.

**Financial Reports** – Statements summarizing the Presbytery’s revenue, expenses, assets, and liabilities.

**Financial Review** – An annual evaluation of all financial books and records of the Presbytery, conducted to ensure transparency, accountability, and faithful stewardship of the resources entrusted to its care (*see G-3.0113*). This review shall be conducted by a public accountant and shall include appropriate analytical procedures and inquiries to provide reasonable assurance that the financial statements are fairly presented. The review affirms conformity with generally accepted accounting principles (GAAP), though it does not rise to the level of an audit opinion.

**Fraud Prevention** – Internal controls and procedures designed to prevent unauthorized financial transactions or mismanagement.

## **G**

**GAAP** – Generally Accepted Accounting Principles are the standardized rules for financial reporting to ensure transparency and accuracy.

**General Fund** – The primary operational fund used for general expenses and ministry programs.

**Gift Acceptance Policy** – The guidelines for accepting, managing, and using contributions or donations.

**Grant Funding** – Financial assistance provided to congregations or ministries for specific projects or mission activities.

## **I**

**Internal Controls** – Policies and procedures designed to safeguard financial resources, prevent fraud, and ensure accountability.

**Investment Committee** – A Trustee designated group responsible for managing the Presbytery’s investment portfolio.

**Investment Fund** – In this policy, the “Investment Fund” refers specifically to the invested financial assets of the Presbytery, managed in accordance with the Investment Management Policy by the Investment Subcommittee and the Trustees. The Investment Fund does not include designated funds, restricted gifts, or the General Fund. It is governed by socially responsible investing guidelines adopted by the PC(USA) and structured for long-term growth and sustainability.

## **L**

**Liabilities** – Financial obligations or debts owed by the Presbytery.

**Liquidity** – The availability of cash or assets that can be quickly converted to cash for operational needs.

**Loan Guarantees** – Financial commitments by the Presbytery to back loans issued to congregations or ministries.

## **M**

**Managed Funds** – The investment portfolio of the Presbytery, designed to generate returns that support the work of the Presbytery. The fund is managed in alignment with ethical investment policies and strategic financial goals.

**Mission Council (“MC”)** – This council facilitates effective and efficient communication between and among the various teams, ministries, and members of the presbytery and to provide for coordination of the operations of the presbytery, including budget development, financial oversight, and policy recommendations for the Presbytery.

**Mission Investments** – Financial resources allocated to initiatives that further the Presbytery’s mission and strategic priorities.

## **O**

**Operational Reserve Fund** – A designated fund composed of annual budget surpluses, set aside to provide financial flexibility and stability. It may be used at the discretion of the Presbytery to support one-time projects, respond to unforeseen needs, or address short-term cash flow gaps, in alignment with mission priorities.

## **P**

**Payroll Processing** – The administration of salary payments, tax withholdings, and benefits for employees.

**Planned Giving** – Charitable contributions arranged through estate planning, trusts, or bequests.

**Presbytery** – Throughout this document, “Presbytery” refers specifically to the Presbytery of the James, the governing body composed of ministers and ruling elders as defined in the *Book of Order*. Unless otherwise specified, any action attributed to the Presbytery—such as approval, ratification, or authorization—shall be understood as requiring the formal action of the full Presbytery gathered in a duly called meeting, in accordance with its constitutional responsibilities under the *Book of Order*.

**Property Management** – The administration (including maintenance, leasing, and sales) of real estate assets owned by the Presbytery.

## R

**Real Estate Appraisal** – An evaluation of property value before sale, purchase, or development.

**Reserves** – See *Operational Reserve Fund*

**Restricted Funds** – Funds received with specific limitations imposed by the donor regarding their use or timing. Under GAAP, these funds are classified as net assets with donor restrictions and must be used in accordance with the donor’s stated intent. Restrictions may be purpose-based (e.g., college ministry) or time-based (e.g., not to be used until a future fiscal year). The organization is legally obligated to honor these restrictions.

**Revenue Sources** – Various streams of revenue for the Presbytery, including congregational giving, investment returns, grants, and bequests.

## S

**Socially Responsible Investing (SRI)** – An investment strategy ensuring funds are allocated according to ethical guidelines aligned with PC(USA) values.

**Staff Accountant** – A member of the Presbytery staff or an independent contractor responsible for maintaining financial records, processing payroll, preparing financial reports, and ensuring compliance with applicable accounting standards and policies. In this policy, the term refers to the function performed, not necessarily a formal position title.

**Stewardship** – The theological and financial responsibility to manage resources in alignment with Christian principles and mission goals.

## T

**Tax Compliance** – Adherence to IRS regulations for nonprofit financial reporting and payroll processing.

**Treasurer** – The officer responsible for overseeing financial transactions, reporting, and compliance with fiscal policies.

**Tithing** – The practice of contributing 10% percentage of revenue to support church missions and initiatives.

## U

**Unrestricted Funds** – Funds available for any purpose as determined by the Presbytery’s leadership.

## V

**Voucher System** – A financial tracking mechanism requiring documentation (receipts, approvals) for expenditures before payment.

## APPENDIX B: Budget Preparation Flow Chart

Lead Person	Body Responsible	Role	Timeframe	Notes
<b>POJ Commissions, Committees, and Subcommittees</b>	Commissions and Committees	Evaluate prior year outcomes and current year needs	May–June	Proposals should be built from the ground up, not adjusted from prior years. Budget proposals shall include a narrative summary of ministry outcomes, challenges, and goals, along with a second-year projection per Section III.B.5.
<b>Commissions and Committees</b>	Submit requests to Staff Accountant	Submit line-item budget requests with narrative and forecasting	By July 31	Submissions must include: (1) narrative report of past year, (2) goals for upcoming year, and (3) projected needs for the following year. Requests should also identify carryover items and justification for any new initiatives (see Section III.B.5)
<b>Investment Subcommittee</b>	Trustees	Recommend annual draw percentage	By July 31	The committee recommends the draw rate to the Trustees (see Section V.B).
<b>Trustees</b>	Trustees	Approve final investment draw percentage	August	Sets the investment revenue component of the budget (see Section V.B.2)
<b>Staff Accountant</b>	Administrative Support	Prepare consolidated budget request summary for Budget Subcommittee	August	Administrative coordination only. Compiles, organizes, and clarifies submissions for efficient review.
<b>Budget Subcommittee</b>	Mission Council (MC)	Review submissions, prepare draft budget, and recommend to MC	August	May recommend modifications to ensure financial integrity and alignment with mission priorities.
<b>Mission Council (MC)</b>	Mission Council (MC)	Review and finalize proposed draft budget	September	Final draft posted by September 1. Distributed to Clerks of Session and Minister Members. Formal comment period and listening sessions are held in September (see Section III.C.3).
<b>Presbytery</b>	Full Presbytery	Vote on proposed budget	Fall Meeting	Budget is finalized at the fall Stated Meeting.
<b>Mission Council (MC)</b>	Mission Council (MC)	Communicate approved budget and second-year planning expectations	November	MC sends summary to all entities submitting budgets. Reinforces planning for the following year’s cycle, including submission of two-year projections (see Section III.B.3).

**APPENDIX C: Budget Review Chart – Oversight of the Approved Budget**

<b>Lead Person</b>	<b>Body Responsible</b>	<b>Role</b>	<b>Timeframe</b>	<b>Notes</b>
<b>Staff Accountant</b>	Administrative Support	Prepare monthly financial statements (revenue, expenses, balance sheet)	Monthly	Statements include comparisons with approved budget, prior year, and year-to-date trends. Investment performance is reported separately by the Investment Manager and included in overall reporting to MC.
<b>Treasurer, Presbyter, and Mc Chair</b>	Financial Leadership	Review monthly financials and raise questions as needed (see Section IV.C.)	Monthly	Serves as first line of review; may consult with Moderator as needed. Ensures clarity before presentation to MC.
<b>Staff Accountant</b>	Administrative Support	Prepare quarterly financial narrative and update on gifts/bequests	Quarterly	Narrative includes explanation of significant variances (5% or more), and a Statement of Realized Gifts and Planned Giving Expectancies.
<b>Mission Council</b>	Mission Council	Review quarterly financial reports and narratives	Quarterly	Ensures transparency and mission alignment; may refer concerns to Trustees or initiate mid-year adjustments.
<b>Treasurer and Mission Council</b>	Financial Oversight	Select firm for annual independent financial review	Annual	Selection based on a qualifications and proposal review.
<b>Independent Review Firm</b>	External Reviewer	Submit financial review report within 90 days of fiscal year end	Annually (Q1)	The review affirms GAAP compliance and provides assurance on financial reporting integrity.
<b>Presbytery</b>	Full Presbytery	Ratify annual financial review report	Spring Stated Mtg	Final step in financial oversight process; report is presented and received with opportunity for questions and discussion.
<b>Treasurer, Staff Accountant, MC</b>	Investment Oversight	Review investment performance and policy compliance	Annual	A meeting with the Investment Manager is held to assess performance vs. benchmarks. A closed session may follow to discuss potential changes in investment strategy or advisor engagement.
<b>Presbytery</b>	Full Presbytery	Approve engagement of investment manager and policy modifications	As Needed	Any changes to the investment advisor relationship or policy require formal Presbytery approval (see Section V.E.).

**APPENDIX D: Budget Template**

Category	Amount (\$)	Notes
<b>REVENUE</b>		
Congregational Support		Based on 3-year average
Investment Draw – Program Support		% of 12-quarter average (4–5%)
Investment Draw – Admin Support		Not to exceed 1% of draw (per policy)
Other Income (Designated, Interest, etc.)		
<b>TOTAL INCOME</b>		
<b>EXPENSES – Admin Support Expenses</b>		
Denominational Support		GA and Synod per capita
Office Administration		IT, office supplies, postage
Property		Utilities, Maintenance, Capital
Payroll		Staff and benefits
Financial Services		
Presbytery Meetings and Travel		
<b>TOTAL ADMIN SUPPORT EXPENSES</b>		
<b>EXPENSES – Missional Programs</b>		
New Worshiping Communities		Specify known initiatives
Campus Ministries		UMW, UVA, VCU
Anti-Racism and Justice Initiatives		
COM, CPM, and Leadership Formation		Retreats, evaluations, support
Grants to Congregations / Partnerships		Small churches, innovation, etc.
Other Missional Expenses		MAST, LCT, partnerships
<b>TOTAL PROGRAM EXPENSES</b>		
<b>TOTAL EXPENSES</b>		
<b>SURPLUS / DEFICIT</b>		

**APPENDIX E: Current Year's Annual Investment Guidelines**

*< The Annual Investment Guidelines  
are Attached on Following Pages >*

# Presbytery of the James

## Statement of Investment Objectives, Policies and Guidelines

### Investment Objectives

The primary objective of the Investment Policy is to outline the investment objectives of the Sample Client so that a maximum total rate of return will be realized given a level of risk consistent with the preservation of capital and anticipated future cash flow requirements. The objectives of this policy shall be accomplished utilizing a balanced strategy of equities, fixed income securities and cash equivalents in a mix which is conducive to participation in rising markets while allowing for adequate protection in falling markets.

### Asset Classes

Investments are to be made in the following asset classes: equity investments (common stocks and convertible securities), fixed income securities (maturities longer than one year), cash equivalents (maturities less than one year), and alternative investments.

The following alternatives are not to be included in the portfolio: real estate (except in common stocks or convertible securities issued by companies which invest in real estate or interests therein, or real estate investment trusts), venture capital, illiquid partnerships, tangible assets, options, futures, short selling, margin, and securities lending.

### Asset Allocation

The Investment Manager should allocate assets within the following range and in consideration of the following target positions:

	<b>Ranges</b>	<b>Target</b>
Equity Investments	40%-80%	60%
Fixed Income Investments	20%-40%	30%
Alternative Investments	5%-20%	10%
Cash Equivalents	0%-20%	0%

Please see Appendix A for the portfolio's current asset mix.

### Benchmarks

Please see Appendix A for a list of the portfolio's benchmarks.

### Security Selection/Permissible Investments

**Equity investments** should generally be in high quality, well-established companies with highly marketable securities. Domestic equity investments are permitted and may include common stocks traded over-the-counter or on a domestic stock exchange. Convertible bonds, preferred stocks, warrants and rights may be purchased as equity substitutes so long as the underlying equity meets with applicable standards. American Depository Receipts (ADRs), which are dollar denominated foreign securities traded on domestic stock exchanges, may be held (however, charitable remainder trust investments, if commingled with the endowment investments should not be placed in ADRs). The Investment Manager should determine that the securities to be purchased are of an investment grade suitable for this portfolio.

**Domestic debt securities** are permitted and may include U.S. Government and Agency obligations, corporate bonds, asset-backed securities, agency guaranteed mortgage pass-through securities, commercial paper and certificates of deposit. This portfolio may also invest in U.S. dollar denominated issues of international agencies, foreign governments and foreign corporations (i.e. Eurodollar and Yankee bonds). All fixed income securities should be rated "investment grade" by at least one of the major rating sources.

**Alternative Investments** are permitted in the form of 1940 Act mutual funds. Alternatives will include managed futures, private equity, exchange funds and hedge funds. For alternative investments invested with current money manager, the funds must be included in the RBC WM Advisory Research List.

**Derivative instruments** are not allowed for the purpose of leveraging, shorting securities as a sole investment or entering into swap transactions. Investments in derivative securities are allowed for the purpose of duration management, yield curve management or sector diversification. Interest-only and principal-only mortgage backed securities, inverse floating rate securities and interest rate swaps are specifically prohibited.

**International investments** are permitted and may include equity and fixed income securities. International investments shall only be entered into through the selection of a qualified investment management organization as consistent with fiduciary responsibilities. International fixed income securities should be rated “investment grade” by at least one of the major rating sources.

**Cash equivalents** should be commercial paper rated A1/P1, certificates of deposit issued by banks rated investment grade, and U.S. Treasury and government agency securities.

**Closed End Mutual Funds** may be used as investment vehicles if the Investment Manager deems appropriate.

#### **Portfolio Duration**

The duration of the fixed income portfolio should be similar to that of the Barclay’s Intermediate Government/Corporate Bond Index.

#### **Diversification Limits**

The portfolio should be diversified among economic sectors. No industry should account for more than 20% and no issue should account for more than 5% of the equity portfolio upon purchase. No equity should account for more than 10% on an ongoing basis. No issue should account for more than 5% of the fixed income portfolio, with the exception of U.S. Treasury and government agency securities.

#### **Socially Responsible Guidelines**

The guiding principles of our organization dictate a sensitivity to investing in: 1) companies directly involved in tobacco or gambling 2) companies whose activities include direct participation in abortion. See attached schedule from 2024 General Assembly Divestment List, Compiled By: The Committee on Mission Responsibility Through National Ministries Division. Dated October 12, 2023 or as amended and furnished to RBC Wealth Management.

#### **Reporting Requirements**

The Investment Manager will report the following information:

- Total return (quarterly)
- Current portfolio holdings (quarterly)
- Relative performance versus appropriate benchmarks (quarterly).

Regular communication concerning investment strategy and outlook is also expected. In addition, the Investment Manager is required to inform the Investment Committee in a timely manner of any change in firm ownership, organizational structure or fundamental investment policy.

#### **Monitoring of Objectives and Guidelines**

All objectives, policies and guidelines are in effect until modified by the Investment Committee. The Investment Committee will review them at least annually for their continued appropriateness.

If at any time the Investment Manager believes that any policy or guideline inhibits its investment performance, it is the Investment Manager’s responsibility to communicate this view to the Investment Committee.

The portfolio will be monitored by the Investment Committee for consistency in investment philosophy, for return relative to investment objectives to include relative performance, and for investment risk as measured by asset concentrations, exposure to extreme economic conditions, geographic concentration, credit quality and market volatility.

## Presbytery of the James

### Appendix A

#### Current Portfolio Asset Allocation and Benchmarks

Asset Class	Current Allocation	Passive Benchmark
<b>Equities</b>	<b>60%</b>	S&P 500 Index Total Return
<b>Fixed Income</b>	<b>30%</b>	Barclay's Intermediate Bond Index
<b>Alternatives</b>	<b>10%</b>	HFRI Index

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