

# MANUAL OF BUSINESS AFFAIRS:

## DISCRETIONARY FUND

- ❖ A special fund made available by a Vestry to the clergy person in charge of a congregation
- ❖ Normally funded from loose-plate offering of no less than one Sunday a month
- ❖ Can additionally be funded from a congregation's annual budget
- ❖ Accounts must be approved by the Vestry
- ❖ Accounts must be opened using the congregation's Federal Employer's Identification Number
  - Must be in the name of the congregation and NOT the name of the individual clergy person
- ❖ Discretionary Fund can be administered through the general operating fund
  - Checks written upon the written request of the clergy
- ❖ A separate checking account may be established
  - All income must be deposited into the general operating account and transferred to the separate discretionary account
  - Clergy must record in writing, with receipts, purpose of every check written
  - Bank statements mailed to person other than clergy making the disbursement
  - Checks should be written to vendors and not to individuals requesting assistance
    - Utility Company
    - Landlord
    - Grocery Store

## DISCRETIONARY FUND

- ❖ Appropriate Uses
  - Address needs among congregation and community members
  - Payments for food, rent, utilities, medical bills, etc. for persons in need
- ❖ Vestry may establish written policy to authorize certain expenditures normally covered by operating budget
  - Attendance at conferences
  - Purchases of books and journals
  - Entertainment of individuals with purpose directly related to congregation's ministry
  - Professional membership in organizations related to ministry
- ❖ Should not be used to sustain the ongoing operations of congregation
- ❖ Books, vestments, equipment purchased are property of congregation and must stay with the congregation with the cleric leaves, unless cleric pays FMV for item
- ❖ Prohibitive Uses
  - Payments for anything that personally benefits the clergy
  - Personal clothing, food, books, rent, utilities, insurance premiums, medical expenses
- ❖ If paid, is taxable income to the clergy
- ❖ Donations made to a discretionary fund are deductible by donors as charitable contributions
  - Exception: Donations made to a discretionary fund for the direct benefit of a named individual
- ❖ During a clergy vacancy, Vestry can appoint a responsible person to administer discretionary checking account