

JOINT REPORT
GENERAL ASSEMBLY COUNCIL AND PRESBYTERIAN CHURCH (U.S.A.) FOUNDATION
(208th General Assembly (1996), Part I, pp. 617–18)

I. Introduction

The General Assembly Council (GAC) and the Presbyterian Church (U.S.A.) Foundation (Foundation) have reached important understandings and agreements about our related, but separate, responsibilities regarding restricted funds held by the Foundation for the benefit of the General Assembly's mission program.

After months of diligent, faithful work by elected members and staff representatives of both organizations, the executive committees of the two bodies adopted important new understandings and committed to establishing new systems to enhance their complementary work. At the center of the agreement is a covenant between the GAC and Foundation to work together cooperatively and collaboratively in our joint service to the Presbyterian Church (U.S.A.). The agreement also acknowledges our understanding of our distinct, but closely related, roles and acknowledges a new approach to gathering and holding information about these restricted funds. It also commits both organizations to developing improved approaches to processing information and gathering confirmations about the use of the General Assembly's restricted funds.

The GAC and Foundation are pleased to be able to report these new understandings, agreements, and plans to the 208th General Assembly (1996). We offer our thanks to our God, whose guidance enabled us to see the truth in love as we labored to discover the understanding and grace needed to achieve these important agreements.

1. GAC Imperatives—Acknowledge that the GAC is the responsible body for mission allocation decisions, while providing a framework and structure that will focus on agreed-upon uses and eliminate the need for after-the-fact determination by the Foundation.

2. Foundation Imperatives—Acknowledge that the Foundation has the non-delegable fiduciary responsibility regarding the compliance of the use of restricted funds with donor instructions. Assure that a process is in place to ensure that the end beneficiaries use those funds as designated by the donor.

3. Objective—Create a system that will allow the Presbyterian Church (U.S.A.) Foundation (Foundation) and the General Assembly Council (GAC) the opportunity and latitude to confidently fulfill their separate, but related, responsibilities in the management and disbursement of Presbyterian Church (U.S.A.) restricted funds received and or held by the Foundation.

4. Joint Requirements—The system that accomplishes the overall objective and the imperatives of both the Foundation and the GAC must be efficient, provide meaningful information to both organizations and the church at large, promote positive collaboration and cooperation between the GAC and the Foundation boards and staffs, be readily auditable, and promote confidence in both the mission funding and fiduciary activities within the Presbyterian Church (U.S.A.).

II. Background

The GAC and Foundation have developed systems over the years to deal with their related responsibilities regarding General Assembly restricted funds held by the Foundation. While these systems have been effective, they do not provide the level of information and control that can optimally be achieved. The Foundation and the GAC agree that the system outlined below will increase cooperation and efficiency, strengthen controls, and enhance our ability to fulfill our responsibilities to the church.

All new and existing restricted funds received and or held by the Foundation will continue to be classified as to appropriate use and restrictions defined by the donor. Ultimately, these restrictions will be translated into a structure and added to the appropriate databases, which will be used to prepare, sort, and manage the allocation and use of the funds. The Foundation and the GAC both commit to allocate significant resources to the creation of this new data.

Mission funding disbursements from restricted funds will be made only after the mission decision maker has reviewed donor instructions on the fund. In areas where there is any question or uncertainty as to the proper scope, use, or nature of the restriction, consultation with the Foundation Gift Compliance staff will be held to specifically define parameters. After consultation, the appropriately adopted Foundation decision as to use restrictions will be effective. Before disbursements are made, the GAC financial staff will validate that the disbursements requested by mission decision makers are in compliance with use restrictions.

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A process of end use confirmations, which will require reporting of the actual use of the restricted funds by the recipient, will be initiated so that mission and expenditure files will have a complete record of donor restrictions, mission allocation decisions, disbursement patterns, and end-use confirmation all in one place. An electronic method for the collection of the confirmations will be made available to enhance efficiency of the confirmation process.

This process, and the database that will result, will provide a powerful tool to use in proactive planning, utilization, and management of the General Assembly's restricted funds. It will assure that use restrictions are fully defined prior to any expenditure. It will allow thorough examination and auditing of records to confirm mission allocation, spending decisions, and actual uses. It will allow mission decision makers to identify valid potential funding sources. It will let the GAC and the Foundation staff work prospectively in identifying and responding to changing realities so that mission funds can always be effectively utilized.

III. Implementation

The Foundation and the GAC will each commit adequate full-time staff to the work of computerization of the existing Comprehensive Analysis of Restricted Endowments (C.A.R.E.). This joint team will examine endowment and other restricted funds held or received by the Foundation for benefit of General Assembly mission. Work will begin no later than September 1, 1996.

The work team will review and scan donative documents, refine computer records, and code each fund for its appropriate use. The ultimate outcome will be an on-line data base that will serve as the authoritative source for all Presbyterians to use in researching, managing, and monitoring the use of restricted funds. Appropriate security considerations will be built into the access and control of the data.

Simultaneously, a process will be initiated to require each end user to confirm receipt and use of restricted fund distributions. Confirmations will be maintained on the database so that record-keeping and auditing of data can be done efficiently and effectively. Regular reporting off the database will be done to inform the GAC and the Foundation of the status of disbursements and confirmations.

In addition, a specialized coding structure will be created to classify funds that may be unable to be used currently. This will help identify, isolate, and control any funds that are appropriately accumulating earnings and reduce confusion and conflict over the accumulation of restricted fund balances.

IV. The Presbyterian Church (U.S.A.) Foundation and the General Assembly Council Process for Dealing with Questions About Prior Expenditures from General Assembly Restricted Funds

A. As soon as a question about prior expenditures has been raised through a written communication, the Executive Director of the General Assembly Council and the president/chief executive officer of the Foundation will confer about the next steps.

B. The normal process will be to have appropriate staff in the GAC and the Foundation research the fund in question and document all expenditures, instructions, and policies relevant to the situation. The Foundation will direct and coordinate contact with donors. The GAC will direct and coordinate contact with governing bodies.

C. Once the documentation is complete, the Executive Director of the General Assembly Council and the president/chief executive officer of the Foundation will review the situation, bringing in appropriate staff and elected persons as required. It is expected that this review process will lead to a joint determination as to whether or not a proper expenditure has been made. If this process does not result in a joint determination, the Foundation board will make the final determination.

D. If it is determined that a proper expenditure was made, this will be communicated jointly by the Foundation and the GAC to all parties involved. If it is determined that the expenditure was improper, a process will be put in place to replenish funds and make new expenditures, and that determination and process will be jointly communicated to all parties involved.