

First United Methodist Church Madison (FUMC)
Pastor's Discretionary Fund Policy

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The Pastor's Discretionary Fund (hereafter referred to as "Discretionary Fund" or "The Fund") is a designated fund made available to the lead pastor to distribute emergency financial aid. Funding is provided by a designated distribution from the First United Methodist Church Foundation and designated gifts. The recipients, amounts and payees are determined by the lead pastor, but the funds are disbursed through the regular payment process by FUMC. Since the Discretionary Fund is an asset of FUMC it shall be included as part of the annual audit. The Discretionary Fund will be maintained by FUMC as part of its regular savings and checking account but shall be accounted for as a restricted fund which denotes receipts from the First United Methodist Church Foundation and various donors and disbursements made as requested by the lead pastor. Every effort should be made to spend all amounts received in any given calendar (financial) year.

Purpose of the Discretionary Fund

The purpose of the Discretionary Fund is to address needs among the congregation and the community FUMC serves. Payments for food, rent, utilities and medical bills for those in need are typical uses of the fund. Also, these funds may be used to support various benevolence programs of FUMC (such as food and direct assistance) and Mission Partners as determined by FUMC. However, subject to the limitations and requirements of this policy, the lead pastor has sole discretion regarding the distribution of the funds.

Prohibitions on Personal Use and Conflicts of Interest

The lead pastor is essentially acting as a trustee for the Discretionary Funds which are an asset of FUMC and furnished through the First United Methodist Foundation and owned by FUMC and of by the contributions of numerous donors. Prohibited uses of the Discretionary Fund are payments for anything that personally benefits directly or indirectly the lead pastor or the lead pastor's family. The funding of personal clothing, food, books, rent, utilities, insurance premiums and medical expenses of the lead pastor are generally not appropriate. Additionally, the Discretionary Fund should not be used on projects or in situations which might present an actual or potential conflict of interest or the appearance of impropriety. Use of the Discretionary Fund to assist members of the FUMC staff is discouraged as it may raise questions of conflicts of interest and whether the payment constitutes wages. However, the lead pastor may assist staff members from the Discretionary Fund based upon a documented rationale and treatment of the assistance as wages if necessary.

Documentation/Recordkeeping

Since the lead pastor has final discretion regarding the distribution of the discretionary funds, the lead pastor shall maintain a confidential record indicating when and to whom funds were disbursed and the purpose of the distribution. The record must account for all funds disbursed and clearly indicate the basis for the amount distributed and be available for review as a part of the annual audit and by the Church Treasurer and Chair of the Finance Committee upon reasonable request.

