

## Handling of ARC Start-up Operational Costs and the Accounting of same

A subcommittee of the Finance and Trustees Committees was established to discuss and agree upon the appropriate protocol and methodology for handling the proposed operational start-up costs of the ARC and how the various accounts would be established. This subcommittee included the Chairs of both stated committees.

This is to apprise the Church Council on how the ARC start-up and operational cost will be handled and accounted for.

Following are the key points:

- 1) At last month's Church Council meeting, Jim Burk has outlined the need for \$25 – 30,000 in furniture and equipment needs in order to be operational day one. There is an additional \$10 – 15,000 of items that are wish-list items.
- 2) The subcommittee reviewed potential sources of funds for these expenditures including a loan from the Capital Replacement Fund, accessing available funds in numerous Designated Funds, etc.
- 3) It was determined that the most reasonable source of funding would come from the funds available in the Preschool Designated Fund. The Preschool fund has roughly \$40K in it. The Preschool is expected to have an operating surplus this year and in the coming years and therefore has no immediate need for the funds.
- 4) The Preschool will provide a non-interest bearing "loan" to the ARC Fund in the amount of \$30,000. It is anticipated that this loan will be repaid from ARC operational surpluses as those surpluses become available. It is expected this will occur within a 2-5 year timeframe. Timing of payments will be determined later once operations are underway.
- 5) Also discussed was the appropriateness of having a church-issued credit card provided to Jim Burk for the purpose of purchasing the various furniture and equipment pieces as outlined in his proposal last month. Jim has done extensive research on the numerous needs and has been prudent in finding the most practical solutions. This suggestion was proposed and subsequently approved by the Finance Chair. It is understood that Jim will have flexibility in his purchases and will do his best to stay within the \$30,000 amount established. Should additional expenditures arise including the wish list items which exceed the \$30,000, Jim will return to the subcommittee and lay out the request for additional monies.
- 6) Currently there are Income and Expense subaccounts for the ARC established under the Trustees accounts. These accounts will be used for the time being. As we get closer to the opening of the ARC, we will establish a separate set of accounts to handle ARC operations. A new ARC Operations Designated Fund will be established. The \$30,000 loan from the Preschool will be transferred to this ARC Fund. As Jim incurs expenses, they will hit the expense subaccount and monies will be transferred from the ARC Designated Fund to cover those expenditures.

The Finance Committee and Trustees Committee have granted this subcommittee the authority to make adjustments to these procedures as appropriate.