

First Baptist Church Shallowater Financial Policies & Guidelines

October 3, 2017

Purpose

The purpose of this document is to provide a consistent process for handling church monies in a manner that protects the church and the church staff against misuse and/or fraudulent actions. The document is maintained under the direction of the Stewardship Committee. The church bylaws stipulate that the committee is responsible for maintaining a policy manual that is approved by the Leadership Team and voted on by the church. Changes to this document may be made during the course of the year as the Stewardship Committee and Leadership Team deem appropriate, but in order for the changes to become permanent they will be voted on by the church during the annual church business meeting held in November of each year.

Copies of the document are available in the church office. Any member or regular attender may obtain a copy by signing for it in the church office.

Cash Disbursements

All disbursements must be supported by appropriate source documents (receipts, approved Accounting Request Form, invoices, statements, etc.). If the item was not budgeted or may exceed the ministry's budget, the submitting ministry must also provide evidence of the appropriate approval per the guidelines below. If items submitted for payment lack required documentation, the Financial Secretary will secure the missing documentation prior to processing the item for payment.

Church Budget

Expenditures in a category of the budget (Missions, Personnel, Organization & Education, General Promotion and Building & Equipment) may not be exceeded without approval from the Stewardship Committee. Approval shall be provided in either a written form or by email. The total annual church budget may not be exceeded without approval from the Stewardship Committee, Leadership Team and the church body.

General Expenditure Reporting Excluding Payroll Related Items

Ministries, standing committees, serve/ministry teams and small group leaders are generally authorized to make expenditures that are within the budget. However, transparency helps insure an accounting environment that protects both the church and those making expenditures. Examples of “All Others” required to use the notification levels below are non-ministerial staff members, standing committees, ministry/serve teams, small group leaders, etc. An approved Accounting Request Form should be used when submitting notification. With that goal in mind, the following notification levels are required for expenditures:

Ministerial Staff Members	Notification Level
\$0 to \$499	None
\$500 to \$999	Financial Secretary
\$1,000 to \$9,999	Senior Pastor or Associate Pastor
Over \$10,000	Stewardship Team

All Others	Notification Level
\$0 to \$500	Financial Secretary
\$500 to \$1,000	Senior Pastor or Associate Pastor
\$1,000 to \$10,000	Stewardship Committee
Over \$10,000	Leadership Team

Credit Cards

The church provides credit cards to authorized staff members who are required to make ministry related purchases. The credit cards may be used to pay for approved church related expenses and may not be used at any time for non-ministry related items. In addition, Wal-Mart credit cards are used by specific individuals. Receipts must be submitted to the Financial Secretary as soon after the purchase as possible along with a completed and approved Accounting Request Form. Receipts must be submitted no later than the first of the month for purchases made in the previous month.

When the credit card statement is received, the Financial Secretary reconciles the statement against the receipts that have been submitted. If receipts are missing, a copy of the statement is given to the person who charged the expense. This person is responsible for submitting an approved Accounting Request Form with related receipts attached.

Continuation of individual staff credit card privileges is directly contingent upon the ability to function within the guidelines above. If a problem exists with an employee following these guidelines, the Financial Secretary will refer the problem to the Personnel Committee and Stewardship Committee.

Charge Accounts

The church office may establish charge accounts with approval from the Stewardship Committee. The church office will maintain a list of people who are approved to use charge accounts. When an approved purchaser charges an item to the account, he or she must turn in a receipt and a completed Accounting Request Form to the church office.

Cash Advance

In unique situations where a credit card is not accepted, an approved purchase order may be submitted by a staff member requesting a check. The church office will treat all such advances as open until a full accounting has been obtained; including the return of unused funds, if any.

Disbursement by Petty Cash

The church office makes infrequent payments by petty cash (normally start-up cash for an event or reimbursements to employees for minor expenses incurred on behalf of the church).

The church office will maintain petty cash and receipts in a locking box stored in the safe. The Financial Secretary or his/her designated assistant will have access to the petty cash, but it will normally be reconciled by the Financial Secretary.

All disbursements of petty cash will be supported by a receipt with appropriate account coding. The Financial Secretary will periodically reconcile total cash and receipts to the fund balance. When petty cash needs to be replenished, the Financial Secretary will prepare a check request, signed by another check signer, (payable to cash) supported by the receipts in the petty cash box. The check request will be processed using the controls noted above for disbursements by check.

Mileage Reimbursement

A completed Accounting Request Form for mileage reimbursement must be submitted to the Financial Secretary. Upon approval, a check will be cut, payable to the employee or church member who is requesting reimbursement. Current IRS mileage rates will be used.

Other Reimbursements

Employees making authorized work-related purchases with their own funds may be reimbursed for those expenses when documented with a receipt and a completed Accounting Request Form. Employees may also request "Petty Cash" as outlined in "Disbursements by Petty Cash".

Benevolence Expense Requests

The Love Line account exists to help members of our church, regular attenders and Shallowater residents who are in need. The ministerial staff will gather information that may be necessary in determining whether or not Love Line assistance will be provided in a particular situation and will make the determination as to who receives assistance and the amount. There is a \$500.00 limit per family need. Love Line assistance is intended to help a person or family through a temporary need and not as a long-term ongoing means of support. Typically, assistance is not provided in the form of cash or check, but by purchasing the needed product or service for the person(s) being assisted.

In situations where family members of staff members may be involved, the assistance must be approved by the Stewardship Committee prior to being made. If a staff member or his or her immediate family receives help, the value of the assistance will be added to the staff member's W2 per IRS rules. If there is any question in a situation as to the assistance being made, the Financial Secretary should refer the situation to the Stewardship Committee.

Check Signing

The Financial Secretary and two additional church members designated by the Stewardship Committee are authorized to sign checks. Only one signature is required.

Payment of Invoices

Invoices will be entered in the church accounting system as they are received and will be paid on Friday, or the last business day of the week if Friday is a holiday.

Payroll

All employees are paid every two weeks. Employees are given a choice between direct deposit and payroll checks.

Timesheets must be submitted the Monday prior to the pay date payroll is to be processed.

Cash Receipts

Regular Sunday Contributions

Sunday morning contributions are collected during worship services and are placed in the church office for safe keeping by no less than two church members approved by the

Stewardship Committee. In addition, these designated members will check the tithe boxes each Sunday for contributions that may have been placed in the boxes.

Contributions received by mail or hand delivery during the week are recorded on a spreadsheet on the Financial Secretary's computer. They will be placed in the safe and deposited on the following Monday, or on Tuesday if Monday is a bank holiday. Once they are deposited, the spreadsheet will be updated showing the date the funds were deposited.

The Stewardship Committee will approve a list of members who serve as counters each year. The Counting Committee will follow the guidelines as specified by the Stewardship Committee and kept on record in the church office.

The Counting Committee will bring back the tithe envelopes from the deposit as well as a list of contributions that were not in envelopes. Contributions are recorded on the church software system. The envelopes and lists, or digital copies thereof, will be filed for safe keeping for a period of no less than seven years in a secured location.

Electronic Contributions

Online giving is available through PayPal and is accessible on the church website.

The individual PayPal transaction is printed and recorded with the batch contribution on church accounting system that is processed each week. The printed transaction will be filed for safe keeping with the tithing envelopes and giving list. Online giving is transferred from PayPal to the General Fund each Thursday and recorded in the church accounting system.

Members may also set up "bill pay" transactions with the online banking system provided by their banks if the capability exists with their bank. Bill pay receipts will be processed like other checks that come by mail.

The Financial Secretary will note the source of the deposit from electronic contributions when posting the contributions to the church accounting system.

Special Events

On occasion, the church will sponsor a special event and collect offerings to defray the cost of that event or to raise money for designated purposes. Examples of this type of event or Connection Café, Wednesday night Snack Shack, or events held to raise money for camps, mission trips, etc.

Money collected during special events will be counted and signed for by no less than two people, locked in a lock box and delivered to the church office for safe keeping. The money will be counted by the Financial Secretary or his or her designated assistant and one other person and included in the deposit on Monday, or the next business day if Monday is a

bank holiday. The Financial Secretary replenishes the cash box for the special events and places the money in the safe to be ready for the next event.

Contributions – Cut-Off

The Financial Office will employ procedures to insure proper cut-off related to contributions at year-end. For purposes of this control, the Financial Office will employ the measurements established by the IRS and will retain records related to year-end contributions that support the calendar year to which they assign year-end contributions.

Designated Gifts

As a general rule, a church functions best when members make contributions to the operating fund of the church to be used in accordance with the church budget as approved by the church as a whole. However, designated gifts are also welcome, with the hopes that these gifts are over and above members normal giving.

Money given and designated to a particular line item in the General Fund budget increases the amount of money in that line item for that fiscal year. If budgeted funds in a particular line item are not expensed during the fiscal year, those monies do not roll forward into the new fiscal year. If a designated gift in excess of \$100 is given for anything other than an approved designated fund the Financial Secretary will provide the donor with a written explanation of this policy regarding designated gifts.

Designated Gifts to the Building Fund

A permanent and separate account exists for giving that is designated to the Building Fund. The Building Fund does not operate on an annual budget like line items in the church operating account. Money given that is designated to this fund remains in the fund until such time it is spent.

In order for expenditures to be made from the Building Fund, the expenditure must be approved by the Properties Committee and Leadership Team and recommended to the church body for approval.

The balance in the church General Fund will be reviewed at the end of each fiscal year. If the balance exceeds three times the church's monthly budget, the Stewardship Committee may recommend to the Leadership Team that the excess funds be transferred to the Building Fund.

The creation of additional designated funds may occur upon the recommendation of the Stewardship Committee and approval by the Leadership Team.

Designated Gift Acceptance Policy

Members are encouraged to make regular contributions to the General Fund through the giving of undesignated tithes and offerings. This allows church leadership to use the funds to fulfill the financial needs of the church as voted on by the church in the annual church budget.

The church is not obligated to receive all gifts offered to it. Some gifts come with restrictions, some gifts are only valuable in the eyes of the donor, and some could come with continuing costs to maintain.

If there is any doubt on the part of the church office as to whether a gift should be accepted or whether it will be a deductible gift that would be reflected in the person's year-end giving statement, the Financial Secretary should refer the matter to the Stewardship Committee. The Stewardship Committee will determine if the gift should be accepted.

Gifts earmarked to be used to benefit a specific person rather than a ministry may not be deductible. For a contribution to be deductible, the church must have discretion and control over the contribution without any obligation to benefit a designated individual. Generally speaking, the church will not accept gifts that are given for the purpose of "passing the money through the church to a person" simply to gain a tax deduction.

With the exception of contributions to a designated fund, contributions to other ministries result in additional money being available for that ministry during the fiscal year the contribution is made. A reasonable effort will be made to use the contribution for the purpose it was designated for; however, if the ministry does not spend its entire budget including the amount contributed, the contribution results in increasing the amount of money available in the overall operating fund.

Generation of Monthly Financial Reports

An income statement will be generated by the Church Treasurer following the end of each month. After the report is reviewed and approved by the Church Treasurer and Stewardship Committee, a summarized version will be made available to church members upon request. In addition, members have access to summarized financial information in the Leadership Team minutes that are published on the church website each month.

The church does not make public individual employees' salaries and wages. Overall salaries and wages for church employees are specified in the annual church budget provided to and voted on by the membership.

A report of reconciled bank account balances will be provided to the Stewardship Committee each month by the Church Treasurer.

Reconciliation of Bank Accounts

All church bank accounts will be reconciled following the end of each month by the Church Treasurer. In the absence of a Church Treasurer, the bank accounts will be reconciled by a CPA selected by the Stewardship Committee. Any discrepancies will be reported to the Financial Secretary and the Stewardship Committee.