

Financial Policies and Procedures

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These Policies and Procedures supersede all previous versions.

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Section 1 – Sunday Offerings

The Counting Team will consist of at least two members who are not related and are not serving as the Financial Secretary.

For protection of the contributions and members of the Counting Team, contributions must always be in the possession and in view of at least two members of the Counting Team.

Each Sunday morning at least two members of the Counting Team will:

1. Consolidate the offerings from the Church service and Sunday School together with any contributions received since the last service.
2. Stamp all checks “For Deposit Only” with bank supplied stamp.
3. Separate the offering – General Account, Designated, Missions, Memorials, etc.
4. Count the offering
5. Complete a Contribution Balance Sheet (Attachment A) – signatures required
6. Complete a Weekly record of Giving Form (Attachment C) – signatures required
7. Complete a Deposit Slip
8. Place all funds, the Deposit Slip, and the Contribution Balance Sheet in a tamper proof Deposit Bag provided by the bank – seal the Deposit Bag.
9. Forward the Weekly Record of Giving to the Financial Secretary.
10. Place the sealed Deposit Bag in the Night Depository at the First Tennessee bank located at Highway 70 South.

On the first business day following the Sunday Service:

1. The Financial Secretary will retrieve the sealed Deposit Bags from the bank, deposit all funds, file the deposit slips, make the appropriate entries in the check register, and reconcile the Contribution Balance Sheet to the Deposit Slips.
2. The Financial Secretary, using the Weekly Record of Giving, will record all contributions in the Record of Individual Contributions (Attachment D).

Section 2 – Special Offerings

Funds collected from special offerings for a specific mission or project (i.e. habitat for Humanity, World Service, Miriam’s Promise) shall be deposited and forwarded directly to the specific mission or project as soon as practicable. These funds shall never be used to pay the church’s obligation or commitment to the mission or project.

Section 3 – General Donations

All gifts delivered to the church in person, received in the mail or given to a staff person outside the church should be delivered to the Financial Secretary as soon as possible. The Financial Secretary shall prepare a Contribution Envelope for each donation, stamp all checks “For Deposit Only”, place all donations in a regular Deposit bag, ensure said Deposit Bag is kept in a secure location, and deliver the deposit Bag to the Head Counter on the next day she/he is in the Church to count collections.

Section 4 – Bequests and Trusts

“The Board of Trustees, acting through the Permanent Endowment Fund and Planned Giving Committee, shall receive and administer all bequests made to the local church, shall receive and administer all trusts; and shall invest all trust funds of the local church in conformity with the laws of the country, state, or like political unit in which local church is located” (Discipline 2532.5).

Section 5 – Endowments

The Board of Trustees, acting through the Permanent Endowment Fund and Planned Giving Committee, has the power, duty, and authority to manage the Endowment Fund. The Permanent Endowment Fund and Planned Giving Committee shall issue a financial report monthly to the Finance Committee for its review,

Section 6 – Securities

The Board of Trustees, acting through the Permanent Endowment Fund and Planned Giving Committee, has the power, duty, and authority to manage any Securities. The Permanent Endowment Fund and Planned Giving Committee shall issue a financial report monthly to the Finance Committee for its review.

Section 7 – Memorials

All undesignated memorial gifts will be deposited in the General Fund Checking Account. Designated memorial gifts will be used only as directed by the donor, and final disposition of the funds shall be determined by the Finance Committee.

Section 8 – Other Gifts

All gifts to the Church, other than those specifically addressed in this procedure will be managed by the Trustees in accordance with procedures approved by the Church Council. The Board of Trustees has the right to reject a gift if they find it not in the best interest of the church or in conflict with church policy.

Section 9 – Restricted Gifts

- “Contributions designed for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose” (Discipline 258.4c)
- Restricted Gifts will be identified with a unique account number in the General Budget Checking Account.
- Expenses for any General Budget area will be paid first from the Restricted Gifts; if Restricted Gifts are not available, the expenses will be paid from funds in the General checking Account. For example, if funds are required to pay expenses for the Music Ministry and funds which have been restricted for the general area of Music Ministry are available, the restricted funds will be used before funds from the General checking Account are used.
- In the event a Donor restricts his/her gift for a specific purpose (i.e. carpeting, speaker system, pew pads, etc.) the gift cannot be used for any other purpose without the approval of the Donor.

Section 10 – Other Income

The funds from Use of Properties, and any other miscellaneous income, shall be deposited and used as directed by the Finance Committee.

Section 11 – Communion Fund

All funds collected at the Altar during Communion Services will be deposited into the General Checking Account. Unless otherwise designated, these funds will be designated for the Pastor's Community Fund. Funds deposited into this account are designated for helping individuals or families in a time of need or helping organizations that provide assistance to individuals or families in a time of need.

Section 12 – Year-end Surplus Funds

Should a surplus of funds exist after all incurred expenses have been paid, the surplus shall be disbursed in the following order:

- 1) unpaid apportionments;
- 2) Trustees major maintenance fund; or as otherwise decided by the finance committee in the year of consideration.

Section 13 – Confidentiality of Contributions

- Under no circumstances shall any person other than the Financial Secretary or Assistant Financial Secretary have access to or be authorized to review specific individual contribution records.
- Under no circumstances shall the Financial Secretary or Assistant Financial Secretary provide or discuss specific individual contribution information with any member of the staff or congregation.
- The Senior Pastor may require general information regarding individual giving when choosing leadership persons, during capital campaigns, or when a member has significantly changed his or her giving pattern. For example, when considering a person for a leadership position, the Financial Secretary or Assistant Financial Secretary can share with the Senior Pastor if that person gives below average, average, or above average in comparison with the overall congregation. Or, in a capital campaign, the Senior Pastor and campaign chairperson could ask for the top 50 giving units, but only in alphabetical order, not in order of their total gifts. If the Financial Secretary or Assistant Financial Secretary notices that a regular giver suddenly stops giving, that information can be passed on to the senior pastor for pastoral follow up. However, this kind of general information does not include specific contribution amounts.
- In the event there is a requirement to audit individual contribution records, the Auditor will be provided with whatever records he/she requires.

Section 14 – Disbursements

- a. All disbursements must be supported by an approved invoice, and approved Disbursement Authorization Form (see Attachment B) or a Contribution Balance Sheet (see Sections 1 and 2). Persons authorized to approve disbursements are as follows:

Expense Area	Person Authorized to Approve
Contractual Obligations (see Note 1)	Treasurer
Normal Operating Expenses (see Note 2)	Treasurer
Expense Reports/Reimbursements	
Senior Pastor	Chairperson – SPRC
Staff Members (see Note 3)	Chairperson – SPRC
Volunteers (Note 3)	Chairperson or Staff Member of area
Education	Director of Christian Education / Youth
Congregational Care & Outreach	Committee Chair
Worship – Music Ministry, Sound and Media	Director of Music
Worship – Supplies	Secretarial Staff
Worship – Substitute Pulpit	Senior Pastor
Staff Travel & Continuing Education	Chairperson - SPRC
Salaries, 403B Plan, Payroll Taxes	Chairperson of Staff Parish Committee
Facility & Vehicle Maintenance/Repairs	Chairperson – Trustees
Youth Expenditures	Director of Christian Education / Youth
General Operating Supplies	Office Administrator
Computer Hardware and Software	Chairman of Technology
Unbudgeted Special Expenditures	Finance Committee

Note 1: Invoices supported by an executed contract for ongoing services

Note 2: Recurring expenses such as Telephone, Electric, Water, Gas, etc.

Note 3: If all receipts are not attached, the Senior Pastor or chairperson of the Finance Committee must approve the Expense Report or Reimbursement

- b. Individuals who use their personal automobile while conducting official, authorized activities for the church shall be reimbursed at the rate set forth by the Internal Revenue Service.
- c. In the event a payment must be made for a service and an invoice for that service will not be received, a Disbursement Authorization Form (Purchase Order) must be completed and approved by the person who requested the service. For example, if the Pastor arranges for a guest speaker and the guest speaker is to be paid, then the Pastor must submit a completed Disbursement Authorization Form (Purchase Order); if the Chairperson of the Trustees arranges for a member of the church to mow the yard and that person is to be compensated, then the Chairperson of the Trustees must submit a completed Disbursement Authorization Form (Purchase Order).
- d. The Treasurer, or Assistant Treasurer, will prepare all checks.
- e. All checks must be signed by the Church Treasurer or designated signer.
- f. It is the responsibility of the person signing a check to verify that the disbursement has been approved by an authorized person and the required supporting documentation is attached to the check stub.
- g. A blank, signed check should never be given to an individual

h. In the event a piece of equipment has to be replaced, or repairs have to be made, if the cost is greater than \$1,000 and the expected useful life of the replaced equipment or repair is three years or greater, the expense should be considered a capital expense to be paid by the Trustees. Expenses less than \$1,000 will be paid out of the general budget.

Section 15 - Debit Cards

Under no circumstances will Debit Cards be issued on any account.

Section 16 – Credit Cards

- a. A credit card will be provided, upon request, to the Pastor, the Church Administrator, Music Director, Christian Education Director, and Custodian.
- b. Each credit card will be a separate account and the person to whom the card has been provided shall utilize the card only for church related expenses in their area and will be responsible for turning over a signed receipt for each charge to the Treasurer.
- c. Each charge receipt must identify the budget account number.
- d. Upon receipt of an invoice, the Treasurer will reconcile the charges.
- e. In the event the invoice cannot be reconciled with the receipts, the cardholder must provide a written statement to the Treasurer explaining all charges that cannot be reconciled.
- f. Periodically, or at the request of the Treasurer, the Finance Committee may review the charges on each account and discuss any questionable charges with the cardholder. Upon completion of the review, the Chairperson of the finance committee or his/her designee will sign the face of the invoice.

Section 17 – Charge Accounts

- a. A Church Charge Account is an account with a vendor where purchases are charged and multiple persons may charge purchases to the account – Home Depot, Staples, Wal-Mart, Sam's, etc.
- b. A list of "authorized users" must be approved by the Finance Committee and provided to the Vendor.
- c. For each charge, a signed receipt must be given to the Treasurer.
- d. The Treasurer will reconcile the monthly invoice with signed receipts.
- e. In the event the invoice cannot be reconciled the Treasurer must attach a written statement explaining all charges that cannot be reconciled.
- f. Periodically, but not less than quarterly, the Finance Committee may review the charges on each account and discuss any questionable charges with the persons making the charge. Upon completion of the review the Chairperson of the Finance Committee or his/her designee will sign the face of the invoice.

Section 18 – Budgets

- a. The annual budget will be prepared, reviewed, and proposed independently of the Stewardship campaign each year.
- b. No later than October 28th, each Committee will compile and submit their budget for the following year to the Finance Committee. The Budget should reflect all expenditures required to meet the objectives of the Committee and large expenditures such as insurance payments, youth trips, etc. should be identified by month.
- c. Prior to Charge Conference, the SPRC will bring an approved Pastor(s) salary(ies) to Finance Committee for Finance approval.

- d. No later than November 15th, the Finance Committee will review the budget for reasonableness, discuss recommended changes with the appropriate committee(s), make agreed upon changes, establish the income criteria required to support the budget, and approve the budget.
- e. No later than December 10th, the Finance Committee will present the budget to the Church Council for review and approval (Discipline 258.4). The Church Council must approve the annual budget by December 31st.
- f. No later than February 28th (see Section 23), the Finance Committee will meet, compare the year-end Balances, the results of the Stewardship campaign, and the designated gifts to the income criteria established, and determine if revisions to the budget are required. If revisions to the budget are required, they must be submitted to the Church Council for approval (Discipline 258.4f).

Section 19 – Software / Backup.

- a. Financial records will be established and maintained on approved financial software.
- b. All checks and financial reports will be generated from the software
- c. A backup of all computer files will be created after each use of the system – at all times one copy of the backup files must be stored offsite.

Section 20 – Financial Statements

The Treasurer shall prepare monthly financial statements in a format approved by the Finance Committee. The financial statements will be prepared and forwarded to each member of the Finance Committee as soon as possible after the monthly reconciliation of each bank account has been accomplished.

Section 21 – Monthly Bank Reconciliations

The Treasurer will reconcile all checking accounts within two business days after receipt of the Bank Statements. Evidence of the reconciliation shall be a Reconciliation Report prepared by the Treasurer filed with each Bank Statement.

Section 22 – Payroll

The church payroll processing shall be prepared by the Treasurer, or Assistant Treasurer. The Treasurer, or Assistant Treasurer, shall prepare and maintain all payroll reports and records.

Section 23 – Year-End Financial Review

At the first meeting of each year which shall be held no later than January 31st, the Finance Committee will:

- a. Review the year-end financial statements of the Finance Committee's operating accounts, the Board of Trustee's investment funds, and the Permanent Endowment Fund and Planned Giving Committee's investment funds
- b. Review the Final stewardship campaign report
- c. Consider any "Special Funding Request" from committees
- d. Review the Audit Report, if prepared
- e. Determine if adjustments to the budget need to be presented to the Church Council
- f. Determine if funds can be transferred to the Trustees Major Maintenance fund

Section 24 – Audits

Each January, if provided for in the budget, the Finance Committee shall engage a firm to audit the previous year's financial activity of funds maintained by the Finance Committee, the Board of Trustees, and the Permanent Endowment Fund and Planned Giving Committee. Upon completion of the audit the auditor will present the Audit Report to the Finance Committee. **No auditor will be used more than two times in succession** (rev 08/2013). Each Audit must include an analysis of the following areas:

- a. Approved supporting documentation for disbursements
- b. Comparison of amounts and payees – check versus supporting documentation
- c. Reconciliation of contributions and deposits
- d. Verification that the staff has been paid as approved by the Staff Parish Committee
- e. Reconciliation of withdrawals or transfers from all bank accounts
- f. Compliance with financial policies and procedures

Section 25 – Files and Record Retention

The following files will be maintained for each Bank Account:

- a. Official Bank Documents – Agreements, Covenants, etc.
- b. Bank Statements – Bank Statement and reconciliation report attached
- c. Disbursements (Checks) – Check stub w/supporting documentation attached
- d. Disbursements (Electronic) – Supporting documentation – date sequence
- e. Deposits – receipt with - supporting documentation attached

Financial records will be retained as defined below:

- a. Giving records, invoices, bank statements, financial statements, ledgers (posting journals) – 7 years
- b. Tax information, payroll information – permanently
- c. The History and Archives committee will be responsible for retaining past years records, once handed over by the Finance Committee. The shredding or destruction of old documents will be recommended by History and Archives to the Church Council. After approval of Church Council, the Finance Chairperson will be responsible for the destruction of the documents.