

Financial Policies

Version 2.0

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1.0 Financial Management Team

- A) The responsibility of the Financial Management Team (FMT) is to develop a financial program that includes budget development and oversight for the finances of the church. The FMT will work with the church's financial office to manage all financial aspects of the church.
- B) Prepare, promote and recommend the annual budget for the church.
- C) Follow the policies provided below for the church's financial operations in accordance with the approved budget and/or designated accounts.

2.0 Acquisition of Funds

- A) Funds collected for budget, designated accounts or other special church offerings shall be turned in to the assigned teller on Sunday mornings through Sunday School or Worship offerings or at other times to the financial office (Business Administrator and Financial Assistant).
- B) The contributions will be deposited in the church safe on Sunday mornings by the assigned teller with the Police Officer on duty. The next business day, the funds shall be retrieved by the financial office and counted at the church. Funds are then deposited to the local banking institution.
- C) Other than Sunday mornings, when funds are to be collected, the financial office should be notified in advance for the purpose of instructing those responsible. The intent is to provide proper guidance regarding handling, deposit, and proper account coding for funds collected.

3.0 Allocation of Funds

- A) Contributions that are specified for items or areas outside of the budget or designated accounts will require review by the financial office before the church can acknowledge the contribution as charitable.
- B) If the contribution is not approved, the contributor will be asked if the contribution may be allocated to an approved account or, if they desire, the contribution will be returned.
- C) Contributions specified for budget line items shall not increase the budgeted amount approved by the church.
- D) Line item budgets shall be cleared at the end of each year and reset with the new approved budget amounts.

4.0 Disbursement of Funds

- A) All budgetary expenditures should be reviewed and approved by the designated line item authorizer, then submitted to the financial office. All recurring expenditures relating to normal operations are received, reviewed for accuracy and legitimacy, and processed by the financial office.
- B) The financial office prepares Accounts Payable aprons for all expenditures. The AP aprons ensure documentation, proper posting, and check preparation is accounted for prior to forwarding to the CPA firm for posting into the books. Manual checks can be prepared and distributed through the financial office directly and must adhere to the same AP apron process.
- C) The Business Administrator signs the checks and the financial office disburses them. Two alternate check signers should always be kept on record along with the Business Administrator. These are selected from the positions of Treasurer and or Trustee / Director. For items exceeding \$2,500 that are not part of the approved budget, the FMT must be notified and two signatures are required on the check.
- D) Checks are prepared for disbursement on the 15th and 30th of each month. Efforts should be made to process all checks needed by this time table. Manual checks are prepared by the financial office in exception cases and require approvals by the authorizer and the financial office.
- E) Compensation adjustments for payroll outside of the regular budgetary process must be approved by the personnel committee, FMT, and coordinated through the financial office. New hires at the minister or management level must be presented to the church for approval with full disclosure of salary and package proposed. Staff hires only require approval by the personnel committee and the FMT as long as the hire falls within the budgetary authority of the FMT, otherwise the staff hire (position only, not candidate) must be presented to the church for approval.
- F) When additional undesignated funds are available, consideration should always be given to paying off debt. The opportunity and subsequent transaction to pay down debt should be evaluated by the financial office and coordinated with the FMT.

5.0 Operational Funds

- A) **Cash Reserves**
Because of the unpredictable timing of giving and ministry expenditures, the minimum undesignated cash reserve level for operations is 7% of the church's annual budgeted expenditures (including budgeted debt). The amount of actual cash reserve on hand is determined by the Interim Cash Flow statement from the church's financial office. Designated funds are not included in these figures. Approval from the FMT in conjunction with the church financial office is required before allowing reserves to fall below this limit.

B) Restricting Funds

The FMT in conjunction with the church's financial office may restrict the distribution of funds as necessary to ensure the continued operation of the church.

6.0 Investments

South Point Baptist Church considers preserving cash and securities more important than realizing capital growth. Accumulated capital shall be prudently directed toward achieving capital preservation.

Accumulated cash which the Business Administrator in consultation with the Church Treasurer deems appropriate to retain outside of church's regular checking/savings accounts, may be invested in cash equivalents or other such securities which have a primary investment objective of capital preservation.

7.0 Adherence to the Budget

- A) Expenses should not exceed the budgeted amount for budget line items. If an overage has or will possibly occur, the financial office should be appraised. The financial office will report all overages to the FMT on a monthly bases via financial statements.
- B) The FMT may approve any itemized budget overage requests up to \$2,500. However, any significant overages in relation to the corporate budget, or any requests that exceed this limit, should be presented at a church conference (business meeting) for church approval.
- C) In the event that a situation inhibits operations of the church (such as the water supply fails or an HVAC system fails) the financial office and FMT have the authority to approve necessary expenditures that exceed budget. However, this should be reported to the church in detailed at the next scheduled church conference.
- D) All other needs exceeding the FMT authority must be taken to the church.

8.0 Expense Reimbursement

- A) Expenditures must be for a church approved purpose.
- B) Documentation of expenditures should include the invoice or receipt (not a statement).
- C) If proper documentation is not available, then it must be obtained and submitted within 30 days following allocation of the expenditure.

9.0 Advances

- A) Whenever possible, deposits, prepayments, and other advances to vendors for product or services should be made directly by the church financial office. This ensures that the following occurs: 1) proper authorization 2) AP apron process and 3) allowance for refund of state sales tax when applicable.
- B) Advances for personal reimbursement are discouraged if there are suitable alternatives. If this is not an option, the financial office will accommodate these requests with proper documentation then follow the process stated above.

10.0 Designated Accounts

- A) Categories
 - a. Missions Offering Accounts
 - b. Church Ministry Accounts
 - c. Temporary Accounts (special events, projects, etc.) as approved by the FMT and church financial office.
- B) Approval Process

Designated accounts must be approved by the FMT and financial office before contributions can be solicited, accepted, or designated for a specific account.

11.0 Fund Raising Events

To ensure proper coordination, representation, and consideration for liability, the following apply to all new and non-recurring fund raising events:

- A) Requests for new and non-recurring events conducted for the purpose of raising money shall be submitted to the financial office, which then forwards for review and approval to the Ministry Team and subsequently forwarded for review and approval to the FMT.
- B) All fund raising events shall be coordinated with the church office a minimum of three (3) months in advance (preferably 6 months) for the purpose of ministry coordination, event coordination, scheduling of facilities and to determine resource requirements.
- C) Fund raising events occurring away from church property must adhere to the requirements above and additionally must be presented to and approved by the church during a regularly scheduled church conference.

Financial Policy and Procedures

Revision Notes

Approved	By	Version	Comments
06/02/2013	Approved	2.0	Updated Format. Modified to reflect current operations. Added sections to reflect current operations.
2008	Approved	2008v4	Creation of policy and procedures document