

**Church Financial Policies**  
**First Baptist Church, Brandenburg, KY**

**Biblical Basis**

The financial responsibility of the church is to be a wise steward of the resources God has entrusted to this fellowship. The church is accountable to make sure the resources of the church are handled with the highest level of trust and integrity, while providing protection for the assets, employees, members and volunteers of the church. Ultimately, the church is responsible to God for the stewardship of its funds.

*But remember the Lord your God, for it is he who gives you the ability to produce wealth, and confirms his covenant, which he swore to your ancestors, as it is today. Deuteronomy 7:18 (NIV)*

*And they exceeded our expectations: they gave themselves first of all to the Lord, and then by the will of God also to us. 2 Corinthians 8:15 (NIV)*

**Stewardship**

Stewardship emphasis is at the forefront of these church financial policies. The church needs to conduct an on-going stewardship emphasis. The emphasis can be delivered through a special program, sermon series, or campaigns. The scriptures are filled with directions for Christian stewardship.

*Moreover, it is required among those who are stewards that they be found faithful. 1 Corinthians 4:2 (NIV)*

*You will be enriched in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God. 2 Corinthians 9:11 (NIV)*

**Unrestricted Gifts**

Members are encouraged to support the ministry of the church through regular gifts and offerings to the Church's general operating budget. The general operating budget is a comprehensive spending plan for the church's ministries.

All donations except memorial/estate donations accepted by the church will be allocated to the general operating fund unless it is designated to an established designated fund.

Memorial/Estate donations will be allocated as Capital Reserve Fund contributions unless designated.

**Designated Gifts**

Individuals can donate designated gifts for the ministry of the church. However, the designated fund must be established before the church receives the cash or cash equivalent designated gift.

If the designated gift is a gift of property, not cash or cash equivalent, then the church Finance Committee reserves the right to use the property for the purpose of the church. The church or Finance Committee will try to honor the intention of the donor, but the Finance Committee reserves the authority to use or dispose of the property as best fosters the church's ministry.

#### Procedure to Establish Designated Fund

1. Any member of the church may request the establishment of a designated fund.
  - a. The member must present a detailed written request with the information below to the Finance Committee.
    - The purpose of the fund and how it furthers the mission of the church
    - Procedure on how the fund will be spent
    - Procedure of how the fund can be closed should be stated
  - b. The Finance Committee will review the request for compliance with IRS guidelines. The requestor will be notified if request is approved or denied.
  - c. If the request is approved by the Finance Committee, the request will be presented at the next church business meeting for discussion and potential approval.
  - d. Before the church accepts a contribution for a designated purpose, the designated fund must be approved by the church.
  - e. Any funds remaining in a designated fund when its purpose is complete or the church votes to close the fund will be combined with general operating funds of the church.
  - f. A list of contributors and their contributions is maintained for Internal Revenue Service record-keeping requirements.
  - g. See Appendix A for list of approved designated funds.

### ***Love Offerings***

Love offerings are specific offerings setup for a one-time or short-term duration to further causes or individuals deemed to support the religious, missions, and/or charitable purposes of the church.

Love Offerings must be presented to the church for approval in a business meeting. The request must be submitted to the church office on the Wednesday prior to the business meeting to be included on the agenda.

The Love Offering must be approved in the business meeting before any announcement or receipt of funds is allowed.

Gifts to a Love Offering should be in cash or check made payable to the designated recipient of the Love Offering.

Love Offering contributions will not be recorded as a contribution to First Baptist Church and therefore not included on the giver's annual contribution report.

### ***Mission Giving and Offerings***

The church believes in the biblical basis of mission giving as commissioned by the Lord Jesus Christ in Matthew 28:18-20.

The church will commit to give 10% percent of the unrestricted gifts to mission causes through the Southern Baptist Cooperative Program.

The church will commit to give 1.5% percent of the unrestricted gifts to mission causes to support Sunrise Services and 1.5% percent to Oneida Baptist Institute.

The church supports and accepts the national, state, and associational special mission offerings promoted by the Southern Baptist Convention, the State Baptist Convention, and the Salem Association. Special Offerings will be accepted for these missions annually.

### ***Budget Presentation***

The church needs a budget to give financial direction to the missions and ministries of the church. The Finance Committee will get input from the standing committees, Trustees, staff members, and other budget line-item owners to assist in preparation of the annual budget. Once prepared, the budget will be provided to the deacons and staff for their review. The budget will be presented at the annual business meeting in August.

Per the church Bylaws, the Finance Committee will monitor the budget line items at least quarterly to assure the spending complies with the approved budget.

### ***Fiscal Year***

The church fiscal year shall begin September 1 and conclude August 31 of the following calendar year.

### ***Financial Reports and Records***

Monthly and Year to Date financial reports of expenditures and receipts will be presented monthly as part of the business meeting agenda.

The Treasurer will be responsible for maintaining adequate financial records at the church facilities. Members can request to review financial records by submitting a written request to the Finance Committee.

The Finance Committee will determine if there is a need for an audit by a CPA.

### ***Church Bank Accounts***

The Church Treasurer in consultation with the Finance Committee will determine the need for specific accounts (including loans) and be authorized to open and close church bank accounts at the direction of the church. Only bank accounts controlled by the church may be allowed to use the church's federal employer identification number. The Treasurer and Assistant Treasurer will be signatories on the bank accounts.

## ***Fundraising Events***

The normal practice of financial operations of the church is for members to give their tithes and offerings through the general budget of the church. The Finance Committee must approve all fundraising projects or events in advance of promotion. It is important to plan as much in advance as possible so that the program can be coordinated with other requested events and for all efforts to receive maximum opportunity for success.

### ***Procedures for Fundraising Events***

1. Prior to scheduling or publicizing any offering or fundraiser event, you must submit request to the Church Treasurer. Your written request should include the following information:
  - a. Dates of proposed offering or fundraising event.
  - b. Details of fundraiser (what you are selling, service provided, etc.)
  - c. Profit margin per item or service anticipated, as well as overall goal
  - d. Ministry that will incur the initial expense and receive the proceeds of the event
  - e. Proposed use of the proceeds within that ministry
  - f. Proposed date of use of proceeds
2. Contribution credit will not be given for products or items purchased at a fund-raising event per Internal Revenue Service guidelines.
3. The money collected should be turned in to the church office within 48 hours to include a total collected.
4. The Treasurer will handle deposit of the money and credit the appropriate ministry account.

### ***Receipt of Funds***

It is the intent of Church to ensure that all funds received by the ministries, committees, or the congregation at large be accounted for and distributed appropriately. Any time your group or committee receives payment for an event, donation, item, study materials, etc., it is necessary to follow the following process:

#### ***Accepting Cash***

1. A receipt book must be obtained from the church office secretary prior to anticipated receipt of money.
2. If using the receipt book for collecting cash you must completely fill out the form and give the original copy to the party giving the cash. The following information should be present on the receipt.
  - a. Date Cash is received

- b. Person's name from whom you received cash
- c. Amount of cash received
- d. Specific purpose for which cash was received
- e. Name of person receiving cash.

3. All cash received should be turned into church secretary within 48 hours along with the following:

- a. Carbon copies of each cash receipt removed from receipt book should be attached to the cash of and the total of the receipts should match the amount of cash turned in
- b. No cash should be accepted in the office any time without a receipt being completed by a member of the church staff.
- c. Contact the church secretary during church business hours during the week or at a service when he or she is present to obtain a receipt book for your needs.

### ***Receiving Checks***

1. When receiving personal checks for any purpose the cancelled check becomes the person's receipt. However, a receipt must still be filled out for the sake of record keeping within the church.
2. When receiving personal checks for any reason at all, you must make sure the party issuing the check has written the **Specific purpose** of the check on the memo section of the check.
  - a. If they do not, hand it back to the person and ask them to write the purpose themselves.
  - b. You should NOT fill in the line yourself. It should be in their handwriting.
3. All checks should be turned into the church secretary within 48 hours.
4. There should be no blank checks received, or check payable to cash received by any member of the church staff, team or committee for any reason.
5. The original carbon copy of the receipt created at the time of payment should be turned in with the checks within 48 hours.

### ***Procurement of Goods and Services***

When goods and services are purchased for the church, the vendor should be requested to direct bill the church so payment can be made directly to the vendor. This is especially important for large purchases since it will allow the Church Treasurer to make incremental payments if necessary.

If at all possible, a minimum of three bids will be secured for new contracts for capital improvement and building maintenance when the aggregate cost exceeds \$5,000. Requests for bids from contractors and suppliers must include a clear description of work to be performed, or specifications for material to be furnished, that will assure fairness to each bidder. It will be

understood that the Church reserves the right to award the contract to the lowest and/or best bid.

The Chairman of the Trustees and Church Treasurer will review the bids offered and submit a recommendation to the Finance Committee. The Finance Committee will act upon the recommendation and request approval by the Church.

***Exceptions:***

If an emergency exists which prevents the use of the above procedure, the Church Treasurer and the Trustee Chairman or the Chair of the responsible committee may authorize the purchase of supplies or services. An emergency will be defined as an accident, sudden failure of equipment, natural disaster or other incident when immediate action is deemed necessary in order to protect Church property and/or provide for the safety of employees or Church members.

***Disbursements of Funds***

The church Treasurer or Assistant Treasurer shall be responsible for the disbursement of church funds according to the budget adopted by the church. Likewise, funds shall not be disbursed without an adequate receipt or invoice along with a purchase requisition by the individual requesting the funds. Requests for payment of funds must be presented to the church office at least one week in advance of payment date.

***Procedures for Disbursement of Funds***

1. Procedure for determining if a disbursement requires approval by the Church
  - a. Individual budgets are reviewed monthly by the Church Treasurer and the Finance Committee. The Finance Committee Chair or Treasurer will notify the owner of the budget line item if approvals are necessary for the rest of the budget year. If the budget line at the end of the previous month exceeds the annual budget amount, prior approval from the Finance Committee is required before additional expenditures are made.
  - b. For purchases-
    - Over \$2,000 (outside standing expenses and designated budget line items)
    - Outside the scope of the previously approved budgetThree quotes must be obtained and submitted with a Purchase Requisition through the Church Treasurer to the Finance Committee for approval PRIOR to the purchase.
2. Procedure for issuing checks on the church's bank account.
  - a. Complete the Purchase Record Form in its entirety.
  - b. Obtain necessary approvals needed for the purchase if required.

- c. Bring the completed Purchase Record Form to the Church Office, along with Vendor Invoice indicating the payment amount and account to be charged, for processing. Note that checks are processed once each week, so 7 to 10 days should be allowed for processing any check. Incomplete Requisitions will result in the delay of disbursements.
  - d. A signatory on file with the bank must sign all checks. The Church Treasurer and Assistant Treasurer shall be a signatory on file with the bank.
3. Procedure for obtaining reimbursement for cash or personal (non-church) credit card purchases.
  - a. Complete the Purchase Record Form and obtain the necessary approvals needed for the purchase if required.
  - b. Upon completion of the purchase, bring the Purchase Record Form with receipts attached to the Church Office for reimbursement. Note that checks are processed once each week, so 7-10 days should be allowed for processing any check. Incomplete requisitions will result in a delay of disbursements.
  - c. No reimbursements will be made without receipts or invoice for expenditure attached.
4. Procedures for Church Credit Card Use
  - a. The church credit cards will be issued to church staff when and if necessary, and with approval of the Finance Committee. The card will be issued in the staff member's name, with separate accounting for each card's usage, as approved by the Finance Committee.
  - b. Payment will be made directly to the credit card company.
  - c. All credit cards are kept in the possession of the staff member.
  - d. All cards are to be used for church-related expenditures only.
  - e. Staff members are personally responsible for an unapproved expenditures charged on the church credit card issued in their name.
  - f. Staff members are responsible for reviewing credit cards monthly and filling out a Purchase Record for each charge on the card. The Church Treasurer shall be notified immediately if unauthorized charges are found.
  - g. If a personal charge is accidentally placed on the church credit card, the Church Treasurer should be notified immediately. Reimbursement of the personal charge must be made before the due date of the credit card. If the charge is not reimbursed within that time frame, the Finance Committee will be notified with a recommendation on the process for collecting the funds.

*These policies and procedures are intended to cover most purchasing situations, with the realization that extenuating circumstances may necessitate purchasing outside these policies. Should a situation arise, the purchasing party should see the Church Treasurer and Finance Committee for the proper procedures to follow.*

### ***Review of Monthly Bank Statements***

The Finance Committee will review the monthly Bank Statements and bank reconciliation to make sure no unauthorized payments were made.

### ***Contribution Statements***

Contribution statements will be provided to each donor of the church annually or upon request.

### ***Reserve Funds***

The goal of the church will be to maintain at least three months of reserve cash funds to be used in the case of emergency or temporary budget shortfall.

### ***Property and Liability Insurance***

The church will insure the church property at the fair market replacement value. At least every two years, the Trustees shall review the church's current property and liability insurance coverages. The Trustees shall conduct a church safety audit annually. The insurance coverages should be re-bid at least every 3 years with 3 bids.

### ***Accountable Reimbursement Policy***

In accordance with IRS regulations 1.162-17 and 1.274-5(e), the church hereby establishes a reimburse policy for all ministers and employees with the following terms and conditions:

1. The church will reimburse only *ministry-related, or church authorized* business expenses incurred by a minister or employee. Subject to budget limitations, such expenses will include:
  - a. Ministry related use of automobile, up to the current IRS standard mileage rate.
  - b. Ministry related travel away from home: transportation, lodging and meals on overnight trips that are related to church ministry.
  - c. Church authorized convention, conference, and workshop expenses.
  - d. Church authorized educational expenses, if otherwise qualified as an itemized deduction and within IRS limits.
  - e. Subscriptions, books and tapes, if related to ministry or employment.
2. The minister or employee will account for each allowable expense in writing at least every 30 days. Documentation will include the amount, date, place, business purpose and business relationship, of each expense. A receipt will accompany the documentation.
3. Under this accountable arrangement the church will not report reimbursed amounts as taxable income on the minister or employee's Form W-2. The minister or employee should not report reimbursed amounts as income on Form 1040.



## **Appendix A**

Budget Receipts  
Capital Reserve Fund  
Deacon Flower Fund  
Church Flower Fund  
Children's Camp Fund  
Youth Camp  
Kelly Hesler Scholarship Fund  
Baptist College Scholarship Fund  
Music Ministry  
Kitchen Fund  
JOY Fund  
Prayer Quilt Ministry  
Children's Ministry  
Youth Ministry  
Special Needs Ministry  
Outreach Welcome Center  
Upward Basketball

Note: Temporary Pass-through accounts are  
not included in this list.

### **Mission Offering Funds:**

Eliza Broadus  
Lois Hart  
Cooperative Program  
Annie Armstrong  
Lottie Moon  
Clear Creek  
Salem Association  
Operation Christmas Child Postage