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First Baptist Church of Louisburg, Kansas

Financial Policies & Procedures Manual

Adopted by Congregation
[Date]

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Introduction & Purpose

Purpose

The purpose of this manual is to establish clear and specific policies and procedures regarding the financial and operational affairs of First Baptist Church, Louisburg, KS (FBC). The goals of this manual are:

1. To assure responsible stewardship of resources for ministry;
2. To ensure compliance with legal duties;
3. To support member confidence in the handling of church funds;
4. To give volunteers clear guidance in performing their responsibilities to support consistency in practice, continuity of operations, accountability, and protection.

What is a Policies and Procedures Manual?

A church Policies and Procedures Manual is a reference guide to the functions and operations of the church. It lists routine duties and answers that arise as duties are performed. The procedure section gives step by step instructions for performing each task.

What is a Policy?

A Policy is a statement that defines the authority required, boundaries set, responsibilities delegated, and guidelines, established to carry out a function of the church. In other words, policies tell who does the task, why it is done, and, under what conditions it is done. Policies answer questions that arise during unique circumstances. Policies provide uniform treatment of a situation, thus achieving continuity of operation. Policies take personalities out of the picture. Decisions are based on the church policy not on the individual, and each situation is treated the same.

What is a Procedure?

Procedures tell how a task is done. A detailed listing is made of each step taken to complete the process. A step-by-step description of the process is used to complete the job.

Disclaimer:

It is the intent and plan of FBC to always abide by the current rules of the Internal Revenue Code, Internal Revenue Service (IRS) and any other appropriate governing body. If there are changes to such rules that contradict the procedures outlined here, the revised rules will be presumed to govern our activities. This document was prepared with the belief that all policies are currently in compliance.

Section 1 – Personnel Involved

There are a number of individuals involved in the financial and operational areas of FBC. The church's constitution & bylaws speaks to the roles and responsibilities of the elected and paid leadership, committees, and boards at a high level. The purpose of having multiple parties involved in the church's financial affairs is both to spread responsibility as well as to serve as a control and accountability system. Separation of duties and accountability are extremely important to protect the integrity and reputation of the church and its financial team.

Below are highlights of each church member's role as well as the role of the primary parties. The number of individuals with access to contribution records of individual donors is intentionally limited to keep this information strictly confidential.

Congregation

The congregation as a whole has final authority over the financial affairs of the church. Through policies and procedures, the congregation may assign responsibilities to its leaders, committees, and boards. However, the congregation retains final authority.

- To adopt an annual budget and financial policies to guide elected and paid leadership.
- To review financial reports quarterly.

Finance Committee

- To work according to the guidelines contained in this manual.
- To provide fiduciary oversight of the financial affairs and policies of the church, and carry out the directions of the church in the financial area.
- To propose an annual budget that covers the ministry, administrative, personnel, and practical needs of the church.
- To oversee and monitor the budget and to propose changes as needed to the budget.
- To evaluate the on-going financial status of the church. As part of this the committee should recommend to the church the amount of reserves the church should hold.
- To recommend to the church the approval of specific designated or restricted fund accounts.
- To assure compliance to all the financial policies as contained in this manual.
- To provide for an audit of the church financial records on an annual basis as determined by the church constitution & bylaws.

Treasurer

- To work according to the guidelines contained in this manual and in the functional procedures in [Appendix A](#).
- To supervise the disbursement of all money contributed to the local church budget and the keeping of accurate records of how much is spent.
- To verify that the bank balance reconciles to the bookkeeping records.

- To prepare accurate monthly financial reports indicating the financial status of the church for the Finance Committee.
- To prepare quarterly and annual reports of the financial status of the church for the congregation.
- To prepare records for an annual audit.
- To be knowledgeable about collecting, counting, and recording procedures.
- To participate in and report to the appropriate committees/boards, officers, staff, and congregational meetings.
- To assure there are adequate records documenting the assets of the church for insurance and other purposes.
- To make recommendations for the investment of funds.
- To coordinate access to online banking and/or checks.
- To coordinate the issuing, monitoring, and collection of church credit cards, including recommending/establishing credit card limits.
- To work with the Finance Committee to develop a recommended annual budget for the congregation.
- To maintain a filing system and storage system for all financial records and banking records.
- To maintain historical data and establish a retention system for old financial records in accordance with government requirements.
- To ensure the maintenance and integrity of files and records maintained by the Accounting Firm.

Accounting Firm

- To work according to the guidelines contained in this manual and most recent Terms of Engagement [[Exhibit A](#)].
- To be accountable to the Treasurer.
- To disburse all money contributed to the local church budget, keeping accurate records of how money is spent.
- To record all disbursements in the accounting program.
- To ensure that all governmental taxes, reporting forms, and regulations are met on a timely basis.
- To perform bank reconciliations each month in a timely fashion.
- To prepare records for an annual audit.
- To ensure that computer files are backed up regularly, at a minimum monthly, and the backups are stored in a secure location.
- To maintain a filing system and storage system for all financial records and banking records.
- To maintain historical data and establish a retention system for old financial records in accordance with government requirements.

Financial Secretary

- To work according to the guidelines contained in this manual and in the functional procedures in [Appendix A](#).

- To receive funds from whatever source, record them in the accounting program/software, and report them to the treasurer, accounting firm and church leadership as provided in church policies.
- To retrieve offerings received during the worship services at the conclusion of the service.
- To ensure money is deposited in a bank as soon as possible after it is received. All deposits should be made within three (3) days of retrieval from church safe.
- To establish a procedure to collect and record money received through methods other than regular offering such as cash or checks received through the mail, direct deposits, online giving or fundraising events.
- To produce individual charitable gift receipts summaries of all donations received during a calendar year and distribute to individuals.
- To prepare records for an annual audit.
- To ensure that computer files are backed up regularly, at a minimum monthly, and the backups are stored in a secure location.
- To maintain a filing system and storage system for all financial records and banking records.
- To maintain historical data and establish a retention system for old financial records in accordance with government requirements.

Church Secretary

- To work according to the guidelines contained in this manual.
- To ensure Sunday School attendance books are available each Sunday.
- To assist the Financial Secretary with distribution of the charitable gift receipt summaries.
- To send thank you notes to those who donated to church memorials.
- To securely maintain church and Board of Deacon credit and debit cards, complete an expense log for the church cards and reconcile monthly purchases and receipts provided by those using the cards.
- To securely store financial records provided by the Treasurer.
- To assist in the completion and submission of the Secretary of State Information Report and American Baptist Church Annual Report.
- To request and maintain the church's tax-exempt certificates.
- To maintain a filing system and storage system for all financial records and banking records.

Counting Team

- To work according to the guidelines contained in this manual.
- To prepare an Offertory Count Sheet/Envelope, including the amounts of cash, and number of checks and envelopes received.
- To sign and date the count sheet, verifying everything recorded is correct.

Board of Deacons

- To work according to the guidelines contained in this manual.

- To administer the scheduled and unscheduled financial support to specific missions and individuals in need.
- To prepare records for an annual audit.

Church Staff Relations Committee

- To work according to the guidelines contained in this manual and in the functional procedures in **Appendix A**.
- To provide recommendations to the Finance Committee on compensation and benefits of paid staff for use in budget preparation.
- To prepare records for an annual audit.

Board of Trustees

- To work according to the guidelines contained in this manual.
- Review offering collection and counting process annually at first meeting of new board.
- To represent the church in all legal matters concerning the property, personnel, and other legal documents of the church.
- To ensure that adequate insurance is carried by the church.
- To assist the Finance Committee in determining legal aspects of the financial guidelines.
- To ensure that the church is in compliance with legal aspects as required by the city, county, and/or country where the church is located.
- To prepare records for an annual audit.

Audit Committee

- To conduct an annual evaluation of the church's financial processes and procedures, using this manual and criteria in **Exhibit J** as a foundation for developing an audit protocol.
- To audit based on sampling selections and maintain documentation in a secure location at the church for reference during future audits.
- To report findings to the Finance Committee in a confidential report by the end of November each year.

Section 2 – Budgeting Process

Financial Year

The church's financial year is January 1 – December 31.

Budget Preparation

- The annual church budget will be proposed by the Finance Committee and approved by the congregation. The budget will consist of all planned expenditures including personnel, ministry, missions, administrative, and property.
- The Finance Committee will gather budget input from each ministry-related officer, board, and staff by the end of October using the Budget Request Form. [Exhibit B]. Ministry input should be mission and vision-driven. Each ministry should evaluate itself on how it is helping to meet the mission and vision of the church.
- The Finance Committee will review the Church Staff Relations Committee's (CSRC) recommendations on compensation and benefits of paid staff, and provide feedback to the CSRC on its decision.
- The Finance Committee will include in the budget annual bonuses for employees and employees, following established guidelines in the Personnel Policy Manual [*pending development*] for eligibility and application of taxes.
- The Finance Committee will review all requests, compare to prior-year budgets, and secure additional information as needed.
- The Finance Committee will prepare an overall proposed budget and present it to the church at the last congregational business meeting of the fiscal year. The final approved budget becomes effective January 1 of the following year.

Budget Management

- Overall budget management is the responsibility of the Finance Committee.
- Proposed budget changes during the year will come through the Finance Committee and be approved by the congregation.
- Requests to make changes to the budget during the year must be submitted in writing to the Finance Committee at least 30 days prior to being presented to the congregation for approval.
- In an emergency, upon recommendation of the Board of Trustees and approval of the Finance Committee, the Trustees may spend up to \$10,000 to repair or replace items needed to ensure use of the church building or safety of the congregation. When this authority is utilized, the Finance Committee will advise the church of this action at the next congregational business meeting.
- For additional information, see Disbursements Policy.

Reserves

- The church will strive to maintain a minimum of two months of budgeted costs in reserves to help meet unexpected expenses or significant increases. If the church assumes a long-term debt, the minimum amount of reserves is increased to cover two months of budgeted and six months of debt costs.

- The Board of Trustees and Finance Committee will ensure a portion of the church's net income is set aside each year as needed to meet this obligation.

Section 3 – Handling of Funds & Receipts

General Receipts Policy

- Unless specifically noted, all receipts are considered non-restricted receipts and are to go into the general budget. Those gifts that are designated or restricted may only be accepted if the Finance Committee has approved an account/fund for designation or is a church budget item.
- Sunday School offerings are to go into the Deacons Fund to offset monthly support to Compassion International, as part of the Missions funds administered by the Board of Deacons.
- Money received for any purchases (such as fundraisers or dinners) will not be recorded as a contribution or receipt for tax deduction purposes.
- All monies from offerings, fundraising events, and activity events must be recorded in the church's financial records.
- Contributions to non-profit organizations other than FBC and those supported financially by FBC must be made directly to the organization rather than passed through the church.
- Individual charitable gift receipts summaries of all donations received during a calendar year will be distributed to individuals quarterly and annually before January 31.
- The term "love offering" is often used to describe special offerings for a person or group. The church will inform the person or group that if state/federal laws consider this to be taxable income, he/she/it is responsible for reporting this income. If the person is a church employee, taxable income should be reported by the church to the accounting firm handling payroll. It is usually the best practice to give through an organization. Offerings taken to defray the costs of an event (such as a conference, camp, Vacation Bible School or Awana) should be called a "special offering" instead of a "love offering."

Sunday Service Offering

Counting Team

- A minimum of six church members will function as Counters, or Head Usher and assistants per Article VIII, Section 13 of the Church Constitution & Bylaws.
- The Board of Trustees may increase the number of Counters as needed and is responsible for appointing, training, and assigning the Counters to a specific week of the month.
- The weekly counting team will consist of no less than two persons and if possible, one observer, per Sunday service, who are not related in any way through birth, marriage, or other type of familial relationship. Weekly counting teams should be rotated regularly so that the same people are not counting together all the time.

- The counting team will work in a manner that protects the privacy of the donors, and to not see the names and amounts of checks.
- At the conclusion of each Sunday service, the two assigned Counters and observer (if available) will remove the contents of the offering box and take it into the church office or other secure location and perform the following activities.
- Count loose cash (currency and coin), and record the total amount on the Offertory Count Sheet/envelope [Exhibit C].
- Count the number of envelopes and record the total number of envelopes on the count sheet.
- Count the number of checks, face down, to prevent seeing the names and amounts on the checks. Record the total number of checks on the count sheet, date the count sheet and indicate which service (first or second) the offering is from. Sign the count sheet (both counting partners, and observer).
- Place the cash, checks, and envelopes into the count sheet envelope and place the envelope in the locked church safe, with both counters and the observer watching.

Financial Secretary

- The Financial Secretary will retrieve the Offertory Count Sheet/envelope from the church safe, verify the accuracy of the count sheet, and make notations on the appropriate line of any discrepancies. Both the Financial Secretary and another unrelated church member (e.g., Assistant Financial Secretary) should initial any changes.
- Count loose money (checks, currency, and coin), record it on the Count Sheet [Exhibit E], and set it aside.
- Open offering envelopes, verify the amount on the front of the envelopes matches the amount in the envelope, and make notations in red ink of any discrepancies. Both the Financial Secretary and partner will initial any changes.
- Record the offering envelopes on the count sheet.
- Total the amount of money removed from the envelopes, the amount listed on the front of the envelopes, and the amount listed on the count sheet. Verify the totals agree.
- List checks on the count sheet.
- Total the amounts of the checks and the amounts listed on the count sheet. Verify the totals agree.
- List any designated/restricted offering amounts on the count sheet.
- Total the amount of money received for the general fund and for any designated/restricted funds.
- Sign and date the count sheet (both individuals).
- Restrictedly endorse all checks as required by the bank.
- Deposit money in local bank and record the receipts in the accounting program (i.e., Excel worksheet), following procedures in Appendix A. Total contributions credited to contributors on that day should match the total of the deposit (loose

cash and coin are entered into a “miscellaneous contributor” category in the software program).

- Balance all deposits to the bank back to the total of the amount of credit given to contributors monthly. Any reconciling items should be noted on a monthly cash receipts sheet printed from the software program.

General

- Once a year, a member of the Finance Committee will compare the count sheets to the actual bank deposits for one week per quarter. The member will initial and sign the count sheet to document the review. The amount in the General Fund, per the count sheet, should agree with the amount on the respective bank statements.
- Offering count sheet/envelopes [Exhibits C & D] must be kept with the count sheets [Exhibit E] and retained according to the church's record retention policy.

Sunday School Offering

Collection & Counting Team

- Each Sunday School class will designate no less than two persons, and one identified as lead, to serve as the Collection & Counting Team for the weekly Sunday School offering. The team members should not be related in any way through birth, marriage, or other type of familial relationship. Weekly counting teams should be rotated regularly so that the same people are not counting together all the time.
- Prior to each Sunday School class, the lead team member will pick up the class attendance book and collection envelope from the Church Secretary's office and during each class circulate the collection envelope past the class attendees.
- At the conclusion of each Sunday class, the two assigned team members will count the contents of the envelope and record it on the Sunday School Offering Count Sheet/envelope [Exhibit D].
- The lead team member will return the attendance book and empty collection envelope to the Church Secretary's office and place the envelope in the offering box. The envelope will be picked up by the Count Team and placed in the locked church safe as described in the Sunday Service Offering section above.

Financial Secretary

- The Financial Secretary will retrieve the Sunday School offering envelopes from the church safe, verify the accuracy of the count sheet, and make notations of any discrepancies. Both the Financial Secretary and another unrelated church member (e.g., Assistant Financial Secretary) should initial any notations. And the Financial Secretary should sign the sheet.
- Record the total Sunday School offering on the Count Sheet [Exhibit E].

Other Receipts and Offerings

Other receipts and offerings may consist of contributions received during the week (in the mail, online, and/or direct deposit), memorial gifts, fundraising events, youth events, etc.

Contributions

- Contributions are handled by the Financial Secretary.
- Any cash or check contributions should be handled in the same way as listed above for worship service offerings.
- It is best if a second person verifies any cash and check contributions and signs the count sheet [Exhibit E].
- Contributions received by direct deposit or online should be recorded in the accounting program (i.e., Excel worksheet).
- All money should be deposited at least weekly.

Memorial Gifts

- Receipts collected for memorials/honoraria should be counted by two people at the visitation/funeral/memorial service. (Church envelopes specific for memorials will be provided to the funeral home in advance of the service.)
- Counters should verify that the gifts are received in an envelope with the donor and amount noted, and document each on a count sheet [Exhibit E].
- The money, checks, and count sheet should be given to the Financial Secretary immediately or stored in the church safe.
- The Financial Secretary will deposit the money in the bank and record the receipts in the accounting program (i.e., Excel worksheet).
- All money should be deposited with the following week's offering deposit.
- The Church Secretary will send a thank you to each donor. A copy of the count sheet or list of donors and associated amounts will be provided to the family for their awareness and personal thank you.
- Specific designation of gifts should be documented in advance [Exhibit F] of the visitation/funeral/memorial service and provided to the Financial Secretary. If a new designated/restricted fund is needed, **such must be approved by** the Finance Committee.
- See the section on "Designated & Restricted Funds" for additional guidance.

Events/Fundraising Events

- Receipts collected for an event should be counted by two people at the event.
- Any cash or check contributions should be handled in the same way as listed above for worship service offerings.
- The money, checks, and count sheet [Exhibit E] should be given to the Financial Secretary immediately or stored in the church safe.
- The Financial Secretary will deposit the money in the bank and record the receipts in the accounting program (i.e., Excel worksheet).
- All money should be deposited with the following week's offering deposit.

- Money received at a fundraising event must be evaluated to determine if any portion of the receipts represent a tax-deductible contribution to the donor. See the section on “Quid Pro Quo Contributions” for additional guidance.

Quid Pro Quo Contributions

- If the donor makes a “quid pro quo” contribution of more than \$75 (that is, a payment that is partly a contribution and partly a payment for goods or services received in exchange to the contribution) the church must provide a written statement to the donor, for contribution purposes, that satisfies the following two conditions:
 1. Informs the donor that the amount of the contribution that is tax-deductible is limited to the excess of the contribution over the value of any goods or services provided by the church in return.
 2. Provides the donor with a good-faith estimate of the value of the goods or services furnished by the donor.
- It is the responsibility of the fundraiser organizer to determine the value of the goods or services being provided.
- The “quid pro quo” rules do not apply to contributions in return for which the donor receives solely what the IRS calls an “Intangible religious benefit” such as that of attending a worship service.
- The Financial Secretary will provide a Contribution Receipt which meets IRS guidelines to all donors who make a “quid pro quo” contribution. This receipt allows for the disclosure of the required information as discussed above.

Non-Cash Receipts (Gifts)

- Gifts of negotiable securities should be sold immediately and converted to cash.
- The Board of Trustees must agree to the receipt of real property and make recommendations to the church regarding the acceptance and use of such gifts.
- Gifts of other personal property (e.g., playground equipment, piano, automobiles) must be approved by the Board of Trustees and, if applicable, the appropriate committee that would use such property in the church’s ministry.
- All gifts will become the property of the church and their use and/or disposal is at the sole discretion of the church, except when a donor has directed the gift for a specific purpose.
- For all gifts accepted by the church, the Financial Secretary will send a donation letter to the donor in a timely manner for tax purposes. The letter will note in detail the type of property donated, but it is the donor’s sole responsibility to justify the tax deduction value. In the case of property exceeding a value of \$500, the donor needs a qualified appraisal to attach to a tax return. The appraisal must be on IRS Form 8283 and submitted to the Treasurer for signature.
- Personal services or the free use of some personal asset may not be donated for tax deduction purposes. Thus, the church may not give a receipt for the value of the use of such property (e.g., tractor, lawnmower) or services performed (e.g., plumber, electrician) for the church. These items will not be included on the contribution statements sent to contributors each year.

Designated & Restricted Funds

Designated funds are monies set aside from the general funds for a specific purpose. For example, the church determines to set aside a certain percentage of the budget/income for missions or property improvements. The church can decide at any time to move designated funds back to the general funds.

Restricted funds are monies given, collected, or donated for a specific purpose. Restricted funds must be used for the purpose they were given, unless permission is granted by the donors or a significant amount of time has elapsed (as determined by the Finance Committee).

FBC has a number of designated and restricted funds. It is important that each of these funds are properly established, receipted, disbursed, and accounted for. For that purpose, the following policy will apply:

- The church may establish such designated and restricted funds and accounts as are needed to further the ministry of the church.
- The church, through the Finance Committee, may establish one or more separate bank accounts for such designated/restricted funds. Multiple designated/restricted funds may be held in one account so long as separate accounting is made.
- No restricted funds shall be received by the church except where the church has approved or established the fund and its related project or activity. Gifts with an unapproved specification will be returned or, at the discretion of the Finance Committee, held conditionally until the church can decide whether it wants to approve this restricted fund.
- Members wishing to establish a new restricted fund should consult with the Finance Committee chair to request the church's consideration of their specified use and any alternatives.
- Documentation of the purpose of each designated/restricted fund, the date of establishment, responsible church board/committee, expected completion date, and how remaining monies are to be distributed shall be kept by the Financial Secretary. **[Exhibit F]**
- Restricted funds will be restricted solely for the specified use and may not be diverted to other purposes without the written authorization of the donor. Because of this, it is advisable to use broad categories so that unused fund balances may be used for similar projects.
- In cases where the restricted fund donor or donor's legal representative cannot be contacted, and a significant amount of time has passed (e.g., 10 years) or the specified use is no longer viable (e.g., money for playground equipment and a playground will not be built on church property), the church can vote to close the fund and move all monies into the general funds or other designated/restricted fund.
- When establishing new designated/restricted funds or promoting designated/restricted offerings, this disclaimer should be printed to reserve the right to move funds: "Should at any time in the future the church vote to close *[the named restricted]* fund, all remaining monies in the fund go into the *[general funds/other designated or restricted fund]* of the church."

- The Finance Committee will report the monthly balance of all designated and restricted funds on the financial statements presented to the church at periodic business meetings and included in the annual report.

Cash Policy

- Cash (from the Sunday offering or other event) will never be given out in exchange for a check.
- Checks will never be accepted that are made payable to cash.

Petty Cash

- The church will not maintain Petty Cash for security or other reasons.

Transferring Money between Accounts

- The Treasurer is authorized to transfer up to the equivalent of \$2000 between the church's accounts monthly with approval of the chair of the Finance Committee. Transfer of amounts greater than this require the approval of the entire Finance Committee and should be reported at the next church business meeting.
- The Board of Deacons is authorized to transfer any amount of money between the Benevolence and Missions Fund accounts monthly. Requests for these transfers are submitted to the Treasurer in writing. [Exhibit G]

Section 4 – Handling of Disbursements

Cash Disbursements - General

- All bills will be paid in a timely manner, either by due date or no later than 30 days from invoice.
- All checks will be written by the church's accounting firm, using its accounting software program.
- No blank checks will be signed at any time.
- The Board of Trustees Chair, Finance Committee Chair and Treasurer are authorized to approve disbursements, ensuring consultation with respective members. These persons will be knowledgeable of the budget and question anything irregular.
- All expenses must be accompanied by an original bill/receipt/voucher.
- Purchases of \$10,000 or greater must have two quotes provided before a purchase is to be made.
- The Treasurer will file all documents and retain them in a secure location at the church according to the church's record retention policy.

Budgeted Items

- Recurring expenditures, such as utility bills, payroll, mission payments, that were adopted in the church budget, will be paid automatically monthly.
- Expenditures from other budgeted funds, must be informally approved by the related pastor, board, or committee to assure compliance with the approved budget.
- Although prior approval is not required for non-recurring expenditures, it is expected that all expenditures are necessary for and directly related to accomplishing the purpose of the ministry of the pastor, board, or committee; the items will be used exclusively for church purposes.
- Per Article X, Section 1.C.(1) of the Church Constitution & Bylaws, the deacons and trustees, upon approval of their respective boards, can commit up to \$2,000 of their budget without pre-coordination with the Finance Committee.
- Per Article X, Section 1.C.(2) of the Church Constitution & Bylaws, other boards and committees, upon approval of their respective board/committee, can commit up to \$500 of their budget without pre-coordination with the Finance Committee.
- Per Article X, Section 1.C.(3) of the Church Constitution & Bylaws, any financial commitment by all boards and committees will be shared with the Finance Committee at its next meeting.
- Once expenses have been approved and items purchased the Treasurer will instruct the accounting firm to prepare checks or bank transfers for his/her signature.

Over-Spending of Budgeted Items

- The Finance Committee may approve spending over the budget, up to 10%, within an approved budget line item. In the case of unavoidable excess expenses, the

Finance Committee may grant approval for expenses exceeding the 10% limit as long as general funds are available. All spending over budget will be reported to the church at its next business meeting. If the budget over-spending is more than 10%, the church must approve an amendment to the budget showing this increase.

Unbudgeted Expenses

- For emergency/urgent expenditures for unbudgeted expenses, the Finance Committee may grant emergency approval up to \$10,000, as long as general funds are available to cover the expenses. A record of the spending will be reported to the church at the next business meeting. The emergency approval should only be done in an emergency when there is not enough time to secure congregational approval.

Insufficient Funds

- If expenditures exceed available General Funds, the Treasurer will immediately notify the Finance Committee in writing.
- The Finance Committee will call a special business meeting to inform the congregation.
- The Finance Committee will meet weekly to discuss outstanding bills and determine which to pay based upon weekly income, giving priority to pastor salaries and missions. Consideration will be given to borrowing from the Building Fund.
- The Treasurer will communicate with creditors to negotiate alternate payment schedules.

Designated & Restricted Funds

- A disbursement from a designated/restricted fund account may only be for what the funds were received.
- A designated/restricted fund account may not be overdrawn for any reason.
- When a designated/restricted fund account has a “sister” general budget account, the funds from the designated/restricted fund account must be used first before using funds from the budget account.
- Designated/restricted funds should be used in a timely manner.

Missions

FBC provides scheduled and unscheduled financial support to specific missions and individuals in need. The Board of Deacons (BOD) administers money allocated for this financial support:

- Missions - designated to support specific missions monthly (domestic or foreign) that is approved by the BOD. A mission is defined as a religious group or individual/family furthering the kingdom of Jesus Christ.
- Special Missions - designed to support missions (domestic or foreign) above and beyond normal missions giving according to circumstance. A special mission is defined as when a special need arises for furthering the kingdom of Jesus Christ

in our community or to provide extra assistance to any mission family or organization outside our community.

- Benevolence - designated to help individuals in an unexpected financial need and/or another need related to the ministries of the church locally. FBC members' needs are given first priority and the general public second.

General

- Mission support is funded from an allocation of 15% of the total dollar amount of monthly tithes & offerings received at FBC.
- Of the 15% monthly allocation, there are fixed expenditures to missions at the discretion and approval of the BOD. Fixed dollar amounts are set in place for missions or individuals/families that require a fixed commitment for budget purposes. All Fixed Mission payments are made from the General Account.
- After fixed payments for missions are taken out of the 15% monthly allocation, other approved missions receive 74% of the remaining funds from that month's income at the discretion and approval of the BOD. These missions are generally organizations, and payments are made from the General Account.
- Suggested minimum contributions to the organizations which are non-fixed amounts is 2% of the 74% allocation or a flat monthly contribution of \$100.00. Suggested maximum contributions are 15% of the 74% or a flat monthly rate of \$250.00.
- The remaining 26% of the 15% monthly allocation is split between Benevolence for local support at 15%, and Special Missions at 11% for unique and generally non-recurring mission support. These funds are transferred to the Deacon's Fund Account from the General Account at the direction of the church Financial Secretary to the church Accountant.
- All contributions to missions are at the full discretion of the BOD. A mission can be added, removed, or contribution amount changed at any time during the year with a majority vote by the BOD to accept the changes. Changes to the percentage allocation to non-fixed missions, Benevolence and Special Missions can be made annually at FY end, with corresponding edits to this manual
- All disbursements, whether automatically distributed each month or manually for individual circumstances, are disbursed by the church Accountant as instructed by the church Treasurer per request from the BOD.
- When a financial need is brought to the BOD for any purpose, the dollar amount will be discussed and the appropriate fund to be used and a vote will be taken on those parameters. Once approved and documented, the Treasurer will be instructed in writing [**Exhibit G**] to contact the church's Accountant to disburse the funds. These funds are disbursed on checks specific to the BOD's bank account. The Treasurer issues the payments as indicated on Exhibit F.
- When required, the BOD Chair or Vice Chair will call for a vote. A quorum of more than half of the sitting members of the BOD must be present at the time of an in-person vote. If the vote is taken virtually (via email or phone), and

more than half of the members respond, the votes will be tallied and recorded by the BOD Secretary.

- All funds & supported missions will be evaluated on whether they are still relevant and appropriate to the spiritual goals of FBC at the BOD meeting in November and the voted upon amounts will go into effect in the following January and the current year's mission names and total amounts given will be reflected in the annual report.
- In concert with the annual missions' evaluation, the BOD will reconcile all mission payments with the church's Accountant.

Special Missions & Benevolence

- Special Missions and Benevolence funds are disbursed when an organization brings a need to one of the deacons or a pastor, or the need is recognized by the deacons or pastors.
- The BOD will closely monitor the Special Mission and Benevolence funds under its purview to assure the balances do not fall short of being able to provide assistance and that they do not grow too large and are not being put to good use as they were intended. Suggested minimum amount in each fund is \$5,000.00. Suggested maximum amount in each fund is \$25,000.00.
- When a particular fund has reached its maximum threshold, those funds will be transferred to another fund under BOD's purview until such time said fund falls below its maximum threshold. Since the Benevolence Fund and Special Missions Fund are in the same checking account, the transfer from one fund to the other would be internal and the transfer request would be submitted in writing to the Church Treasurer who would then pass on the request to the church's accountant for annotation and reporting purposes.
- If the funds needed for assistance are more than what the appropriate fund balance is, the BOD will determine if the funds should be taken from another fund under the BOD's purview or whether to approach the congregation for donations. If the latter, the pastorate will make the request to the congregation during the Sunday service(s).
- FBC pastors, Board of Deacon Chair, and Board of Deacon Vice Chair are authorized to use immediate discretionary funds from Benevolence funds to assist individuals in the amounts of \$50.00 to purchase gasoline and/or \$100.00 to purchase groceries.
- Generally, the BOD's debit card, held by the Church Secretary, is used to pay for the benevolence item/service(s). However, if an individual approved to utilize the Benevolence funds pays for the item/service(s) up front, he/she will be reimbursed by the church out of the Benevolence fund once **Exhibit G** is turned in to the Church Treasurer. (See section below for policies regarding use of the BOD's debit card.)
- If an individual approaches FBC more than twice for assistance, any additional requests must be presented to the BOD for consideration of approval.

Compassion International

- FBC sponsors two children associated with the Compassion International organization, and the BOD oversees this mission support. Which are monthly fixed payment amounts.
- Unlike other missions, this support payment is funded by the church's Sunday School offering. The offering is deposited on a weekly basis to the Deacon's Fund Account at the direction of the church Financial Secretary to the church's Accountant.
- If the Sunday School offering for the month does not cover the full amount of the committed support, the balance due will be paid from the Compassion International Offering line in the Deacon's Account. Once this fund is depleted, any shortfall will be covered by the BOD's Special Missions funds.

Reimbursements

- The church will reimburse reasonable ministry-related business expenses personally incurred by a minister, employee, or volunteer. Subject to budget limitations, these expenses will include:
 - Business use of automobile, up to the current IRS standard mileage rate.
 - Business travel away from home including transportation, lodging, and meals on overnight trips.
 - Convention, conference, and workshop expenses.
 - Continuing education expenses
 - Subscriptions, books, and media resources, if related to ministry or employment.
 - Entertainment/hospitality expenses, if business connection requirement is met. All entertainment/hospitality expenses must show amount, date, place, business purpose, and business relationship for each person entertained.
- The minister, employee, or volunteer will account for each allowable expense in writing at least every 30 days to the Treasurer. Documentation will include the amount, date, place, business purpose and business relationship of any person entertained for each expense. A receipt will accompany the documentation.
- The minister, employee or volunteer will submit requests for reimbursement of expenses using the "First Baptist Church Expense Log" form [Exhibit H]. All requests must be approved by the employee's immediate supervisor (usually the pastor). Expenses of the pastor or volunteer must be approved by the Finance Committee Chair.
- Under this accountable arrangement, the church will not report reimbursed amounts as taxable income on the minister's or employee's Form W-2. The minister or employee should not report reimbursed amounts as income on Form 1040.
- The total amount reimbursed to ministers, employees and volunteers annually will be limited to the amount budgeted under the related compensation or program, as approved in the church's annual budget.

Church Credit & Debit Cards

- The church maintains four credit cards and two debit cards, with one debit card specific to the Board of Deacons' (BOD) use (which is associated with a bank account designated for special mission and benevolence funds).
- It is the church's policy to issue credit cards to the pastors and Church Secretary and debit cards to the Church Secretary and BOD to facilitate the planning and purchase of supplies, materials, and other items required in the pastors,' and church board and committee ministry areas.
- The Church Secretary is responsible for two credit cards and both debit cards. These cards are personally used and distributed to either the board/committee chairs or those designated by the chairs for use as appropriate. For the BOD's' debit card, the pastors, board chair and vice chair are automatically authorized for use. Other deacons may use the card with prior approval of the chair.
- Traditionally, one church credit card is used for recurring expenses (i.e., software, telephone, member contact, equipment leases, etc.) and the other for non-recurring items and supplies.
- Credit cards are the preferred card of use, except for expenses specific to the Board of Deacons. The church-specific debit card is to be used as a back-up to the church's credit cards (i.e., when credit card limit is reached, is not accepted).
- Limits for these credit and debit cards will be based on reasonable expectations of the monthly ministry requirements and will be determined by the Treasurer. Current limits are \$1,000 monthly for three credit cards, \$2000 monthly for the Associate Pastor's credit card, and a \$1,500 daily transaction for each debit card.
- An original receipt will document all credit and debit card purchases/expenses. The receipt must be provided to the Treasurer with a completed Expense Log [Exhibit G] monthly, and no later than 5 days after the month's end.
- The pastors will complete their individual expense logs and the Church Secretary will complete an expense log for all charges to the two credit and debit cards in his/her possession. The BOD will complete an expense log for all charges to its debit card.
- Prior to submission to the Treasurer, the Church Secretary will reconcile the documented expenses and associated receipts for all expense logs. If incomplete, the secretary will obtain needed information/receipt from the responsible party.
- The Treasurer will reconcile the expense logs to the credit card and bank statements monthly, typically within 10 days of the statement's receipt.
- Proper use and accountability of credit and debit cards are documented in a Credit & Debit Card Agreement, which each pastor, Church Secretary and BOD chair must sign [Exhibit I].
- Misuse of the card or violation of the Agreement will result in a written reprimand to be maintained by the Treasurer. A subsequent misuse or violation will result in the termination of the pastor, secretary or individual BOD member's card privileges. The card will be returned to the Treasurer.
- The Treasurer is responsible for obtaining and maintaining all credit card agreements.
- Requests to increase the credit and/or debit card limit must be submitted and approved by the Finance Committee.

- The Treasurer provides six months of receipts and expense log envelopes to the Church Secretary for storage in a secure location.

Church Charge Account

- The church maintains a charge account at the local Price Chopper grocery store for purchase of groceries and supplies for church ministry activities (e.g., communion, funeral dinners, youth events).
- The pastors and church board and committee members can charge purchases for items that are within budget and required for the pastors, and church board and committee ministry areas.
- An original receipt and pink charge ticket will document all store charges. Both items must be provided to the Treasurer with a completed Expense Log [Exhibit H] monthly, and no later than 5 days after the month's end.
- The pastors will complete their individual expense logs and the Church Secretary will complete an expense log for all other store charges.
- Prior to submission to the Treasurer, the Church Secretary will reconcile the documented expenses and associated receipts for all expense logs. If incomplete, the secretary will obtain needed information/receipt from the responsible party.
- The Treasurer will reconcile the expense logs to the grocery store bill monthly, typically within 10 days of the statement's receipt (via email).
- Misuse of the charge account will result in a written reprimand to be maintained by the Treasurer. A subsequent misuse or violation will result in the termination of the pastor, board, and/or committee's charging privileges. The Treasurer will notify the grocery store accordingly.

Section 5 – Reporting and Records

Bank Statements

- Bank accounts will be reconciled on a monthly basis by the church accounting firm. Copies of the bank statement, with the reconciliation attached, will be retained for use during the yearly audit.
- A member of the Finance Committee should periodically review the monthly reconciliations and initial the reconciliations as proof of review. The Treasurer will retain copies of these documents, and they will be maintained in a secure location at the church with other accounting records.

Church Financial Reports

- The Treasurer will provide the Finance Committee with the following reports, and a high level summary of the financial reports and fund balances for review on a monthly basis:
 - Budget vs Actual - Deacons Fund
 - Budget vs Actual - GMB
 - Statement of Activities – All Funds
 - Statement of Financial Position
 - Statement of Financial Position by Fund
- The Finance Committee will provide the congregation with the “Budget vs Actual – Deacons Fund” and “Budget vs Actual - GMB” report and this same high-level summary at each quarterly and annual business meeting.
- The Financial Secretary will retain a hard copy of these monthly and annual reports, and the file will be maintained in a secure location at the church with other accounting records.

Governmental and Other Reporting

Secretary of State Information Report

- Information reports are required by every business on file with the Kansas Secretary of State
- Reports are required biennially every two years, in even years, by June 15.
- The Church Treasurer completes and submits the report with the required fee (\$80 currently).

American Baptist Churches Central Region Report

- FBC reports annually to the American Baptist Churches organization about its membership and high-level financial activity.
- The Church Secretary completes the administrative portion of the report and obtains the financial information from the Church Treasurer to complete the report.
- The Church Secretary submits the report via the organization’s website by the established due date, generally in late March early April.

Church Copyright Licensing International (CCLI)

- To ensure compliance with copyright laws for use of licensed Christian music and media, FBC maintains a CCL license with this organization. This license covers print and streaming of music and media.
- This license allows FBC to access free lyrics through SongSelect, to store and project song lyrics, print songs, create arrangements, translate songs, and record worship services for archive and limited distribution.
- Reporting of licensed music used in worship services is required weekly to facilitate fair and accurate distribution of royalties to songwriters.
- FBC's Worship Leaders are responsible for this reporting and it is done manually.
- The license fee is paid by check on an annual basis (\$741 currently).

NOTE: FBC's license with Christian Video Licensing International is for movie use and does not contain a reporting requirement (\$305.57 currently).

Kansas Department of Revenue Sales & Use Tax Entity Exemption Certificate

- FBC maintains a sales and use tax exemption certificate to facilitate tax exempt purchases of tangible personal property and /or taxable services.
- The certificate must be renewed every four years by November 1.
- The Church Secretary submits the renewal request and maintains both the certificate and signed copies for use in the secretary's office filing cabinet.

Kansas Department of Revenue Project Exemption Certificate

- FBC must request a project exemption certificate to facilitate tax exempt purchases of tangible personal property, labor services, machinery, equipment, and/or tools provided by contractors, subcontractors, and/or repairmen.
- The Church Secretary submits requests approved by the Board of Trustees and maintains both the initial and completed certificate in the secretary's office filing cabinet.

Contribution Statements (for tax purposes)

- Contribution statements (for tax purposes) will be prepared on a yearly basis in the format required by the IRS. Contribution statements should be provided to the donors quarterly (no later than the end of the following month), and annually (no later than January 31).
- Records will be secured and/or inaccessible when not being used during the normal course of church operations. The software used to record and track contributions will be password protected. Only the Treasurer, Financial Secretary and their backups will have access to these records.

Record Retention

- All financial records will be stored for four years. This includes offering envelopes as these document gifts by donors.

Backup of Financial Computer

- Financial records should be backed up daily, by both the Financial Secretary and church accounting firm.
- The church accounting firm will quarterly send the Treasurer a copy of all records, which will be stored in a secure location at the church.
- An off-site (or cloud) backup should be done monthly as a protection against fire or theft. Off-site storage should meet legal (including General Data Protection Regulation) and liability requirements.

Release of Financial Information

Requests from non-church members

- All requests from non-church members for church financial information must be made in writing. All such requests will be forwarded to the Finance Committee. The Finance Committee will review all such requests and determine if the request will be granted. If the request is approved, the Finance Committee will also authorize and make the reply.

Requests from church members

- Annual budgets and monthly budget summaries will be provided to any FBC church member upon request. All other financial requests must be forwarded to the Finance Committee. Every effort will be made to meet the member's request if the request is reasonable and appropriate under the circumstances, as determined by the Finance Committee.
- The Finance Committee will forward all requests regarding personnel matters (i.e., salaries, benefits, etc.) to the Chairman of the Board of Deacons for follow up with the member.

Section 6 – Other Issues

Salaries & Benefits

- The church Personnel Policy Manual [*pending* development] covers employment policies and benefits as well as what is taxable and non-taxable. Benefits may include (and are not limited to) salary, additional insurance, retirement pay, love offerings, bonuses, housing/accommodation, vacation days, sabbatical, benefits in kind, transportation package, and/or cell phone.
- The Church Secretary will be responsible for maintaining records of staff salary packages and benefits.
- All ministers and employees must receive payroll through direct deposit, except when extenuating circumstances exist. Exception requests will be handled by the Finance Committee and decisions documented both with the church accounting firm and in the employee's personnel file.
- Bonuses and housing allowances will be included on all minister's and employee's Form W-2. Exception requests will be handled by the Finance Committee and decisions documented both with the church accounting firm and in the employee's personnel file.

Insurance & Physical Property

- Insurance coverage of the church will be reviewed by the Board of Trustees at least once a year to ensure adequate coverage is in place.
- Insurance coverage bids will be secured at least every three years to verify premiums are competitive and coverage is adequate.
- The Board of Trustees are responsible for making a video of each room in the church annually and storing off-site or in the cloud to have a "picture" of furnishings in case of fire, vandalism, theft, or other catastrophic event.
- Paper records of church physical property (e.g., land, buildings, equipment), insurance coverage, records of purchases, contracts, leases, and sales should be maintained at a secure location at the church or financial institution.

Banking Authorization

- The Finance Committee will recommend and the church will approve all persons authorized to have bank access (sign checks, make bank transfers, online banking, etc.).
- No more than one person in a family will hold bank authorization.
- No more than one church staff member will hold bank authorization.
- Only the Finance Committee Chair and Treasurer can open and close bank accounts. Both signatures are required for such action, along with approval by the Board of Trustees Chair.

Bidding & Contract Process

- Certain procurements of the church require a bidding and contract process. All repairs and improvements of \$10,000 or greater require two competitive bids.

- While members possessing business and/or technical skills, knowledge and experience are encouraged to serve on committees to share that expertise in fulfilling the mission of the church, to prevent conflicts of interest (real or perceived), the church will follow the Conflict of Interest Policy.
- To start the process, a well-defined scope of work must be developed and shared with the Finance Committee and Trustees. Prior to advertising the bid to reputable contractors, notice must be provided to church members so that they have an opportunity to either personally submit bids, if qualified, or contact individuals they may know who may be qualified to complete the project. An exception exists where confidential financial or personal information may be comprised such as in a financial audit.
- Bid proposals shall include contact specifications, pricing, terms of payment, warranties (if applicable) and schedule for completion of work
- Bids must be submitted to the church office and opened by the Finance Committee Chair or designee who will record the bids.
- The bids will then be shared with the appropriate committee or board for technical evaluation and recommendation. Evaluation factors will include price, quality of work, and/or product, service, and overall best value.
- Once the evaluation committee has reviewed the bids, the Trustees must also review and approve the bids prior to any further procurement action.
- In situations where funds have been previously approved by the church through the budgeting process and the funds are to be spent in strict accordance of the approved budget, no further approvals are needed beyond the Finance Committee.
- In situations where sufficient funds are not available and/or funds may be spent on procurements not clearly identified in the church approved budget, the Finance Committee must present a recommendation to the congregation for approval in order to proceed. Once approval is received by the church in a business meeting, a contract will be entered into with signatures of both parties and a paper copy maintained at a secure location at the church.
- In major projects exceeding 25% of the church budget, additional controls will be implemented, including the requirement for sealed bids to be submitted to the church office and opened by two or more members of the Finance Committee.

Borrowing Authority

- Only the congregation, meeting in a regular or specially called meeting with proper notice, may approve the borrowing of any funds from any source.
- All contracts and/or loans are signed by the Trustees after congregational approval.

Section 7 – Audits

- An internal audit will be conducted annually on the church financial records by an Audit Committee.

- The audit is not a sign of distrust, but rather a mark of responsibility and good stewardship. The committee will assist the church in fulfilling its stewardship responsibilities by helping ensure that resources have been managed in the proper fashion, and is therefore authorized to have access to all financial material of the church.
- The committee will consist of a minimum of two church members who have financial or accounting experience and are not involved on a regular basis with the church financial accounts.
- The selection of the auditors will be determined by the Finance Committee, and no member will serve more than a three-year consecutive term.
- Should the church request an external audit, the committee is responsible for engaging the external auditor and will work with them as needed.
- The committee will use this manual as a foundation for devising an audit protocol. The audit criteria will be proposed by the auditors and approved by the Finance Committee. [Exhibit J]
- Audit test work will be documented and maintained in a secure location at the church for reference during future audits. The audit work will be performed based on sampling selections.
- The committee will submit a detailed, confidential report of findings to the Finance Committee at the conclusion of each audit. This report will include noted deficiencies along with recommendations for improvements related to financial reporting, procedures, internal controls, and efficiencies, as applicable.
- The committee will also prepare a statement of the audit for inclusion in the church's annual report to the congregation.

Section 8 – Conflict of Interest Policy

ARTICLE I Purpose

As a ministry initiated and sustained by God, First Baptist Church of Louisburg (FBC) has a mandate to conduct all of its affairs decently and above reproach both in the sight of God and man. That accountability includes a commitment to operate with the highest level of integrity and to avoid conflicts of interest.

As a nonprofit, tax-exempt entity, FBC depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the IRS and state corporate and tax officials view the operations of FBC as a public trust, accountable to both governmental authorities and members of the public.

Among the FBC pastors, employees, boards and committees, there exists a fiduciary duty, which carries with it a broad and unbending duty of loyalty. The pastors, employees, boards, and committees are responsible for administering the affairs of the FBC honestly and prudently, and for exercising their best care, skill, and judgment for the sole benefit of FBC. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with FBC or knowledge gained there from for their personal benefit. The interests of FBC must have the first priority, and all purchases of goods and services must be affected on a basis that secures for FBC full competitive advantages as to product, service, and price.

The purpose of the conflict of interest policy is to protect First Baptist Church of Louisburg, KS (FBC) interest when it is contemplating entering into a transaction or arrangement or making a decision that likely benefits the private interest of a pastor, employee, board or committee member, or member of FBC or might result in a possible excess benefit transaction under Section 4958 of the Internal Revenue Code, or otherwise constitutes a conflict of interest (actual, indirect or perceived) relating to the underlying facts, situation or persons impacted as determined by the Finance Committee). This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations or churches.

ARTICLE II Definitions

Section 1: Interested Person

Any pastor, deacon, trustee, employee, consultant or member of a committee or board with powers delegated by FBC's Constitution & Bylaws, (i) who has a direct or indirect financial interest, as defined below, or (ii) who has an actual, indirect, or perceived conflict of interest relating to the underlying situation or decision being considered, is an

interested person. For clarity, merely having a different opinion does make someone an interested person and does not constitute a conflict of interest for these purposes.

Section 2: Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (a) An ownership or investment interest in any entity with which FBC has a transaction or arrangement, or
- (b) A compensation arrangement with FBC or with any entity or individual with which FBC has a transaction or arrangement, or
- (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which FBC is negotiating a transaction or arrangement, or
- (d) A potential ownership or investment interest in or relating to any donation of real or personal property (tangible or intangible).

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial (including compensation to a family member).

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the Finance Committee decides that a conflict of interest exists.

ARTICLE III Procedures

Section 1: Duty to Disclose

In connection with any actual, possible, or perceived conflict of interest, an interested person must disclose the existence of the potential conflict of interest and any relevant underlying facts or circumstances, including any financial interest of the interested person or a member of his or her family or a related party, and be given the opportunity to disclose all material facts to the Finance Committee.

Section 2: Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all relevant or material facts, and after any discussion with the interested person, he/she shall leave the Finance Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining committee members shall decide if a conflict of interest exists.

Section 3. Procedures for Addressing the Conflict of Interest

- (a) An interested person may make a presentation at the Finance Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- (b) The Finance Committee chair shall, if appropriate, appoint a disinterested person or team to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Finance Committee shall determine whether FBC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Finance Committee shall determine by a majority vote of the disinterested members whether the transaction, arrangement or decision is in FBC's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Section 4: Violations of the Conflicts of Interest Policy

- (a) If the Finance Committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Finance Committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

ARTICLE IV

Records of Proceedings

The minutes of the Finance Committee meeting shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Finance Committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V

Compensation

- (a) A voting member of the Finance Committee who receives compensation, directly or indirectly (including compensation to a family member), from FBC for services is precluded from voting on matters pertaining to that member's compensation.
- (b) No voting member of the Finance Committee is prohibited from providing information regarding compensation.

FBC Financial Policy & Procedures Manual
ARTICLE VI
Annual Statements

Each pastor, deacon, trustee, employee, consultant or member of a committee or board member with delegated powers shall annually sign a statement (**Exhibit K**) which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands FBC is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII
Periodic Reviews

To ensure FBC operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to FBC's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

ARTICLE VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, FBC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Section 9 – Whistleblower Policy

FBC requires church leaders, volunteers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of FBC must always model biblical behavior, practice honesty and integrity in fulfilling responsibilities, and comply with all applicable laws and regulations and policies and procedures of the church.

For purposes of the policy, the definition of misconduct, dishonesty, and fraud includes but is not limited to:

- Immoral or unbiblical activities
- Acts which are inconsistent with church policy
- Theft, misuse, or misappropriation of church assets
- Misstatements or irregularities in ministry or financial records and reporting
- Illegal activities
- Forgery or alteration of documents
- Any other form of fraud

Reporting Responsibility

This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that FBC can address and correct inappropriate conduct and actions. It is the responsibility of all employees, volunteers, and members to report concerns about violations or suspected violations of law, policies, values, or regulations that govern the church's operations.

No Retaliation

It is contrary to the values of FBC for anyone to retaliate against any employee, volunteer, or member who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation or principle governing the operations of FBC. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

Additionally, no employee shall be adversely affected because they refuse to carry out a directive which the employee reasonably believes is unbiblical, constitutes fraud, or is a violation of state or federal law.

Harassment, Intimidation or Victimization

Harassment, intimidation, or victimization of the reporting individual for providing information in accordance with this policy by anyone affiliated with the church will not be tolerated. In addition, the provision of such information shall not in any way influence, positively or negatively, the carrying out of routine evaluation or disciplinary procedures by church leaders as stated in the church's Personnel Policy Manual [*pending development*].

Reporting Procedure

FBC has an open-door policy and suggests that employees share their questions, concerns, suggestions, or complaints with their supervisor. If you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with the senior pastor. Supervisors are required to promptly report complaints or concerns about suspected ethical and legal violations in writing to the senior pastor who has the responsibility to investigate all reported complaints. Employees with concerns or complaints may also submit their concerns directly to the Chairman of the Board of Deacons.

Investigation of Complaint

The senior pastor is responsible for ensuring that all complaints about unethical or illegal conduct are promptly investigated and resolved. Upon receipt of a complaint the Senior Pastor will promptly advise in writing the Chairman of the Board of Deacons, who shall then determine whether an investigation is appropriate, the form it should take, and who if anyone else should be notified. The complainant will be informed that follow-up has or is occurring within two weeks after receipt of the complaint.

The Board of Deacons shall receive a report on each complaint and a follow-up on the action taken.

Accounting and Auditing Matters

The senior pastor shall immediately notify the Chairman of the Finance Committee of any concerns or complaint regarding church or ministry accounting practices, internal controls or auditing and work with the Finance Committee until the matter is resolved.

Acting in Good Faith

Anyone filing a written complaint concerning a violation or suspected violation must be acting in good faith and have reasonable and credible grounds for believing the information disclosed indicates a violation of the applicable biblical guideline, law, regulation, policy, practice, or procedure of the church. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Individuals considering such a report should be advised that anonymity cannot be assured if an external investigation or criminal proceedings relating to the report occur.

Dissemination and Implementation of Policy

This Policy shall be disseminated in writing to all affected constituencies. FBC shall adopt procedures for implementation of this Policy, which may include:

1. Documenting reported violations.

2. Working with legal counsel to review the reported violation and determine an appropriate response.
3. Requesting an outside auditor or legal counsel investigate the complaint.
4. Keeping the church leadership and, where appropriate, the congregation informed of the progress of the investigation.
5. Interviewing employees and volunteers.
6. Requesting and reviewing relevant documents, phone, and electronic transmissions.
7. Preparing a written record of the reported violation and its disposition, to be retained in the permanent records of the church.

DRAFT

Exhibits - Documents/Forms

Exhibit A - Pro 31 Terms of Engagement

(See page 8)



278 Fairlane Dr. • PO Box 715 • Louisburg, KS 66053 • Office 913.837.3131 • Cell 913.709.5309 • Fax 913.837.1425

January 1, 2020

Dear First Baptist Church of Louisburg:

We appreciate the opportunity to provide payroll services to First Baptist Church of Louisburg. To ensure an understanding between us, this letter sets forth the terms of our engagement as well as the nature and limitations of our services to you.

Payroll Calculation Services

We will provide the following payroll services:

- Calculate payroll for your employees on a frequency suitable for your company.
- Provide reports for manual entry into your system or for informational purposes.
- View and print paystubs or paychecks and provide direct deposit for your employees.
- Calculate federal and state payroll taxes based on the deposit frequency you have set up.
- Prepare federal and state payroll tax forms as required and file and pay electronically if your state supports this.
- Prepare Forms W-2 and W-3 and file electronically, and print duplicate copies as needed.
- View, save or print archived payroll information, tax forms and paystubs.

I

Our Responsibility

We will process your payroll at a frequency established by you. We will accept payroll data through email or over the phone. We will not accept payroll data via text or any other social media. We will calculate all payroll tax amounts due and report to you the timing and manner by which they will need to be paid. Should your compensation plan include retirement plan benefits, we will account for them through payroll. The contribution to the plan will be left to you, unless other arrangements are made with us. The management of the retirement plan will be your responsibility. Any other payroll deductions will be accommodated on a pre-arranged, agreed-upon basis.

We will be responsible for generating and mailing year-end W2s to each of your employees.

All year-end reports will be electronically submitted to the federal and state agencies when applicable.

Your Responsibility

We do not escrow your payroll taxes. You will make tax payments or payroll tax filings as needed, and you will input information for each payroll in your accounting software, if not maintained by us. You will pay employees by direct deposit or paper checks.

FBC Financial Policy & Procedures Manual

You will maintain sufficient funds in your bank account to cover payroll expenses and related tax liabilities. Failure to do so could result in termination of our payroll services.

You will be responsible for any employee verification and keeping your employee files in a secured place.

It is your responsibility to provide employees with their paystubs each pay period.

When employees are hired or terminated, the Employee Hire and Termination Form must be completed and submitted to us in a timely manner.

It will be your responsibility to approve the payroll summary before any payrolls are fully completed.

Our Fees

Based on the information you provided, you will be running payroll for 2 employees on a semi-monthly frequency, and 5 employees on a monthly frequency, in 1 state, beginning in January.

Our fees for this service are:

- \$58 per payroll run; monthly accounting fee of \$295 per month
- W2s are billed at \$15 each with a \$35 set up fee (includes mailing the W2s and submitting all year-end payroll reports)
- 1099s are billed at \$15 each with a \$35 set up fee (includes mailing the 1099s and submitting all year-end 1099 reports)
- Additional services will be charged at our accounting rate of \$85 per hour. Below is a list of possible additional services:
 - Multiple states tax filings
 - Retirement contributions
 - Garnishments calculations and reporting
 - Health insurance
 - Payroll data gathering
 - Workers' compensation audit and reports
 - Payroll related tax notices (tax mitigation work will be engaged separately)
 - Commission/Tip/Bonus calculations
 - Payroll data entry into accounting system if not maintained by us
 - Extra payroll data received after regular payroll is processed

Payments

Payroll services will be invoiced on a monthly basis. Invoices will be sent via email and are due upon receipt.

Services not Provided

We will not audit or verify the information that you provide to us or enter into your payroll account. If an amount appears unusual, we will call it to your attention. However, we are not responsible for the detection of errors, irregularities, theft, fraud or illegal acts. We do not provide legal services and cannot act on your behalf with the IRS, state, or any other entity.

Unless otherwise arranged, we will not update payroll tax or employee information, process your payroll, make tax payments, or file tax forms for you without a pre-arranged agreement.

Approvals

Before any payrolls are completed, we will send a payroll summary for your review. The direct deposit (or paychecks) will not be completed until we received your approval.

We are pleased to have you as a payroll client and hope that this will begin a long and pleasant association. Each of us, however, retains the right to terminate this engagement at any time.

Upon termination, a final invoice for the current month and any other unpaid amounts will be sent to you. It is your responsibility to download payroll information for your records prior to terminating this agreement.

Please sign and date a copy of this letter and mail it to PO Box 715, Louisburg, KS 66053 or email it to nancy@pro31accounting.com.

This initial fee is based on the information you provided. Later invoices will be adjusted as necessary to reflect the actual number of active employees and states during the prior month.

Sincerely,

Pro 31 Tax and Accounting LLC

Acknowledged:

[FIRST NAME] [LAST NAME]

Date

Exhibit B - Budget Request Form*(See page 11)*

FIRST BAPTIST CHURCH BUDGET REQUEST FORM

To:	20__ Finance Committee
Request Date:	
Requesting Committee/Board/Officer:	
Committee/Board Chair Signature:	
Prior FY Budget Amount:	\$
Amount Requested:	\$
<p>Explanation of all included items:</p> <ul style="list-style-type: none"> new and existing operating and capital expenses schedule/timing of expenditures (monthly or quarterly) increases or decreases in existing items from previous year's budgeted amount <p>If multiple categories are apply, address each one separately.</p>	

Exhibit C – Offertory Count Sheet/Envelope

(See pages 13,14)

Offertory Count Sheet	
Today's Date	_____
Service (1st or 2nd)	_____
Cash (Amount)	_____
Checks (Count)	_____
Envelopes (Count)	_____
Observer (Sign)	_____
Counter 1 (Sign)	_____
Counter 2 (Sign)	_____
Discrepancies	_____
Final Secretary (Sign)	_____

Instructions:

- We ask that there are two counters and, if possible, one observer.
- Confidentiality is extremely important. Please work in a way where you do not see who the checks are from.
- Do not open Envelopes.
- Each counter counts the following to doublecheck each other.
 - Count all checks, face down.
 - Count all cash.
 - Count all envelopes.
- The observer enters all amounts in the space provide on the left of this envelope.
- The observer places all cash, checks, and envelopes in this envelope and seal.
- Observer and counters sign this envelope in the space provided to the left.
- Place this envelope in the safe while all the counters and observer are watching.

Exhibit D – Sunday School Offering Count Sheet/Envelope

(See page 14)

**FIRST BAPTIST CHURCH
SUNDAY SCHOOL COUNT SHEET
Compassion International Offering**

Date _____

OFFERING	
Coin	\$
Currency	\$
Checks	\$
TOTAL OFFERING	\$
Counter Signatures:	
1)	
2)	
Discrepancies:	
Financial Secretary Signature:	

Exhibit E – Count Sheet

(See pages 13,14,15)

FIRST BAPTIST CHURCH COUNT SHEET

Date _____

OFFERING	
Coin	\$
Currency	\$
Checks	\$
Envelopes	\$
Direct Deposit	\$
First Option	\$
Subsplash	\$
TOTAL OFFERING	\$
Designated/ Restricted Fund Offering	
Building Fund	\$
Youth Fund Raising Account	\$
Ukraine:	
Elisey	\$
Mykola	\$
Coffee Fund	\$
AWANA	\$
Sunday School (Compassion International Mission)	\$
Other _____	\$
Other _____	\$
Other _____	\$
Other _____	\$
Total Designated/ Restricted Fund Offering	\$
Counter Signatures:	
1)	
2)	

Exhibit F – Designated & Restricted Fund Form

(See page 17)

First Baptist Church
Designated & Restricted Fund Form
(Including Memorial Funds)

Date of Request:	
Requester of Fund:	
Name of Fund:	<input type="checkbox"/> General <input type="checkbox"/> Building <input type="checkbox"/> Youth/Children <input type="checkbox"/> Other
Complete this section only if "Other" Fund selected above	
Purpose of Fund:	
Date Fund to be Established:	
Date Fund to be Completed (estimate):	
Source(s) of Monies	
Distribution of Monies While Active:	
Disposition of Any Monies at Fund Completion:	
Responsible Board/Committee:	

Note: Should at any time in the future the church vote to close the above designated or restricted fund, all remaining monies in the fund go into the general funds or other designated/restricted fund of the church.

Exhibit G – Missions and Benevolence Funds Request Form

(See page 18,21,22)

FIRST BAPTIST CHURCH Missions and Benevolence Funds Request Form

Amount Requested: \$ _____ Date Funds Needed: _____ Frequency of Payment: _____ One time _____ Monthly _____ Other: _____ Fund Designation: _____ Missions _____ Special Missions _____ Benevolence		Purpose: _____ Check Request _____ Cash Request _____ Other: _____ Distribution Method: _____ In Person Contact Phone/E-mail: _____ _____ Mail Address: _____ _____
Description of Need: 		
Requested By: _____ Date: _____ Pastor / Deacon		
Approved By: _____ Date: _____ Treasurer		

Exhibit H – Expense Log

(See pages 23, 25)

EXPENSE LOG FIRST BAPTIST CHURCH Louisburg, KS

***NOTE: Each item below **MUST** have a detailed receipt.

***This form **MUST** be signed.

MONTH/YEAR: _____

DATE	VENDOR	ITEM PURCHASED	PURPOSE/EVENT	AMOUNT
Cardholder Name: _____			Signature: _____	
			Date of Signature: _____	

Exhibit I – Credit & Debit Card Agreement

(See page 24)

FIRST BAPTIST CHURCH CREDIT & DEBIT CARD AGREEMENT

First Baptist Church of Louisburg, KS is providing you with a credit card and/or debit card. The church will be responsible for the payment of the credit balance incurred each month, and debit deductions from the church bank account. You, as a member of the staff, are charged with the responsible use of this credit and/or debit card. Acceptable charges must be within the budget adopted by the church, and include expenses specifically related to the conduct of ministry for your area of responsibility within the church, or to those to whom I allow to use the card. **Substantiation (receipts) of all charges is required.**

I, _____, in my capacity as _____, in signing this statement, agree to the following conditions set forth by the church Finance Committee, with regard to the issuance of a credit and/or debit card held by me:

- I will use this credit and/or debit card for church business purchases related only to church ministries and church business, over which I have authority or those to whom I allow to use the card.
- I will account for my purchases to the Treasurer each month within the billing cycle using the established credit & debit card substantiation report supplied by the Treasurer.
- I will forfeit my credit and/or debit card upon termination of employment and/or upon request by the Chairperson of the Finance Committee, and I will be personally responsible for any purchases that have not be accounted for at the time of forfeiture of the card.
- I am aware that misuse of the credit and/or debit card will result in a written reprimand and/or termination of card use privileges.

Staff Member Signature

Date

Treasurer

Date

Exhibit J – Audit Criteria*(See pages 10,31)***GENERAL**

- ☐ Do minutes from annual business meeting of audit year include
 - Approval of budget?
 - Approval of monthly, quarterly, and/or annual financial reports?
 - Approval of material expenditures?
 - Comments on extraordinary gifts or donations?
- ☐ Was copy of audit report from prior year on any deficiencies and Finance Committee's response to deficiencies included in church's annual business meeting reports?

FINANCIAL REPORTS

- ☐ Are monthly financial reports prepared on a timely basis and submitted to the Finance Committee?
- ☐ Do the financial reports include all funds (unrestricted, temporarily restricted, and permanently restricted)?
- ☐ Do the financial statements include all bank accounts?
- ☐ Are account balances in the financial system reconciled with amounts presented in financial reports?
- ☐ Are annual financial statements reconciled to annual budget?

CASH RECEIPTSGeneral

- ☐ Are cash handling procedures in writing?
- ☐ Are procedures established to care for offerings and/or monies delivered or mailed to the church office between services?

Offering Counting (Church & Sunday School)

- ☐ Are at least two unrelated members of the counting committee present when offerings are counted?
- ☐ Are money counters rotated so the same people are not handling the funds each week?
- ☐ Are Offertory count sheets/envelopes signed and dated?
- ☐ Are two members of the money counters in custody of the offering until it is placed in the church safe? Lead member of Sunday School offering until placed in offering box?
- ☐ Did Financial Secretary verify that the contents of the offering envelopes are identical to the amounts written on the outside of the envelopes? Are these counted separately and listed separately on the count sheets? Are offering envelopes kept with the counting sheets?
- ☐ Are Financial Secretary count sheets/envelopes retained and reconciled with deposits, and all discrepancies resolved?
- ☐ Are donor-restricted funds properly identified during the process of counting offerings?
- ☐ Are Sunday School offerings properly identified and designated?

Depositing of Funds

- ☐ Are all funds promptly deposited? Compare offering and other receipt records with bank deposits.

- ☐ Are all checks restrictively endorsed for deposit only?
- ☐ Are all receipts deposited intact? Receipts should not be used to pay cash expenses.
- ☐ Do offering and money counters' recording sheets equal bank deposits?

Designated/Restricted Funds

- ☐ Are donations for designated/restricted purposes properly recorded in the accounting records?
- ☐ Are designated/restricted funds held for the intended purpose(s) and not spent on operating needs?

DONATION RECORDS/RECEIPTING

- ☐ Are individual donor records kept as a basis to provide donor acknowledgments for all contributions?
- ☐ If no goods or services were provided (other than tangible religious benefits) in exchange for a contribution, does the receipt include a statement to this effect?
- ☐ If goods or services (other than intangible religious benefits) were provided in exchange for a contribution, does the receipt inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and the value of any property contributed by the donor over the value of the goods/services provided, and provide the donor with a good faith estimate of the value of such good/services?
- ☐ Are donors issued quarterly and annual contribution statements showing each donation?
- ☐ Do donations on weekly count sheets equal amounts on donor records?

OTHER INCOME

- ☐ Is there income from fund raisers, memorials, or other sources? Are these counted and listed separately on the count sheets?
- ☐ Are income and expenses separated in financial system?

CASH DISBURSEMENTS

- ☐ Are disbursement procedures in writing?
- ☐ Are all disbursements paid by check or credit card?
- ☐ Is written documentation available to support all disbursements?
- ☐ Are any disbursements made to individuals (for benevolence, scholarship)?
- ☐ Are pre-numbered checks used and used in sequence? Account for all the check numbers including voided checks.
- ☐ Are all checks made payable to specific payees?

BUDGET MANAGEMENT

- ☐ Are overspending of budgeted items appropriately approved by the Finance Committee?
- ☐ Are emergency unbudgeted items appropriately approved by the Finance Committee?

MISSIONS

- ☐ Are monthly allocations calculated correctly and reflected appropriately on financial reports?
- ☐ Are monthly allocations divided correctly among Fixed Missions, Special Missions and Benevolence, and used only for those specific designations?

CREDIT CARDS

- ☐ Are receipts available to support proper fund categorization?
- ☐ Are receipts compared to credit card statements and do they match?
- ☐ Are credit cards used per established policy?

ACCOUNTS PAYABLE

- ☐ Is there a schedule of unpaid invoices including vendor name, invoice date, and due date?
- ☐ Are any of the accounts payable items significantly past-due?
- ☐ Are there any disputes with vendors over amounts owed?

BANK STATEMENT RECONCILIATION

- ☐ Are written bank reconciliations prepared on a timely basis?
- ☐ Are the bank reconciliation reports signed and dated?
- ☐ Are there any checks that have been outstanding over three months?

SAVINGS AND INVESTMENT ACCOUNTS

- ☐ Are all savings and investment accounts recorded in the financial records?
- ☐ Are earnings or losses from savings and investment accounts recorded in the books?
- ☐ Are transfers and/or withdrawals properly documented?

LAND, BUILDINGS, AND EQUIPMENT RECORDS

- ☐ Are there detailed records of land, buildings, and equipment including date acquired, description, and cost or fair market value at date of acquisition?
- ☐ Was an equipment physical inventory taken at year-end? Is there either a written or video inventory of property?
- ☐ Have the property records been reconciled to the insurance coverage?

INSURANCE POLICIES

- ☐ Is there a schedule of insurance coverage in force? Reflect effective and expiration dates, kind and classification of coverage's, maximum amounts of each coverage, premiums, and terms of payment?
- ☐ Does church adhere to policies and procedures requiring background checks for all employees and anyone working with children?

AMORTIZATION OF DEBT

- ☐ Is there a schedule of debt such as mortgages and loans?
- ☐ Have the balances owed to all lenders been confirmed directly in writing?
- ☐ Have the balances owed to all lenders been compared to the obligations recorded on the balance sheet?

BANKING SIGNATORIES

- ☐ Who has signatory on bank accounts?
- ☐ When was this last verified?

SAFETY DEPOSIT BOX

- ☐ Does the church have a safety deposit box? If so, is there a record of what is stored in the box?

PAYROLL

- ☐ Are taxable benefits reported appropriately – salary, housing, love offerings, benefits in kind?
- ☐ Do payroll amounts equal contract terms?
- ☐ Is income tax being calculated and paid correctly?
- ☐ Is Workers' Compensation insurance being carried, if required?
- ☐ Are personnel files kept for each employee? If yes, where are they stored and who has access to them? How long are they retained?
- ☐ Are performance appraisals being done? Are evaluation forms written and signed by the supervisor and employee?
- ☐ Are the legal requirements for employment being followed? Is it documented?

FEDERAL REPORTING OBLIGATIONS

- ☐ Does the church have a letter from the IRS assigning the church its federal tax ID and tax-exempt status?
- ☐ Does the church (or Accounting Firm) file on a timely basis the following forms, as applicable? Federal payroll tax forms Form 941, Form W-2, Form 1099-MISC. ☐ Are Secretary of State Information Reports submitted timely every two years?
- ☐ Is CCLI reporting submitted weekly for both services?

CONFLICT OF INTEREST

- ☐ Are annual reporting statements signed by required personnel?
- ☐ Are disclosed conflicts of interest handled as directed by policy?

Exhibit K – Conflict of Interest Annual Reporting Statement

(See page 35)

First Baptist Church Conflict of Interest Annual Reporting Statement

First Name:	Last Name:
Email Address:	Phone Number:

I have carefully read and understand the Conflict of Interest policy of the First Baptist Church of Louisburg (FBC), a charitable and tax-exempt entity. In signing this certificate, I agree to comply with the policy and have considered not only the literal expression of the policy, but also its intents. I hereby certify that, except as hereinafter stated, I do not, to the best of my knowledge: (1) have any of the relations with any person or firm of the classes listed above; and (2) I have no interests conflicting with the interests of FBC, nor do I have any relationship that may appear conflicting.

THE EXCEPTIONS ARE: (see examples below)

If any situation should arise in the future which I believe may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the Finance Committee directly or through my immediate superior.

Signature:
Date:

Examples of Conflict of Interest that need to be disclosed:

- I (or a party related to me) hold, directly or indirectly, a position of financial interest in an outside concern from which the church secures goods or services.
- I (or a party related to me) render directive, managerial, or consultative services to, or am an employee of, any outside concern that does business with FBC.
- I have accepted gifts or other benefits from any outside concern that does, or is seeking to do, business with FBC.
- I have participated in management decisions concerning transactions that affect or benefit me, my family, or my personal financial interests (other than ordinary management decisions on employment matters such as compensation).
- I (or a party related to me) have been indebted to FBC at some time during the above stated period. If so, please note the nature, date, terms, and amount.)
- FBC has been indebted to me (or a party related to me) at some time during the above stated period. If so, please note the nature, date, terms, and amount.)

Appendix A – Procedures

Treasurer

[Pending Development]

Financial Secretary

Procedures

1. Counting and Depositing Church Offerings
 - a. Sunday afternoon or time determined (within 3 days from the offerings were collected), meet Assistant Financial Secretary at the church to count offerings and other monies that have been put into the safe.
 - b. Count Sunday School monies and write deposit ticket to deposit into Deacon's Benevolence Fund for the Compassion International mission.
 - c. Count offerings (cash and checks) and record on the count sheet **[Exhibit D]** if the monies go into general fund, building fund, missions, etc.
 - d. Endorse checks with deposit stamp.
 - e. Record the information on the count sheet and staple any other information that should be kept to the counting sheet.
 - f. Record on individual tithing sheets the amounts of offerings given that week.
 - g. Write deposit ticket for general bank account to deposit monies.
 - h. After counting the offerings, money is taken to the First Option Bank night drop box and dropped into the drop box.
2. Charitable and Memorial Gifts
 - a. The Financial Secretary will record Memorial Gifts and any charitable contributions given to First Baptist Church on an individual tithing sheet.
 - b. The Church Secretary will send out a memorial thank you to those giving a monetary gift.
3. Subsplash Giving
 - a. On Wednesdays, Subsplash deposits monies given to the church into the church checking account.
 - b. On Wednesdays, the Financial Secretary will log onto Subsplash account and print off the amounts given per individual.
 - c. On Sundays, when recording individual giving amount on tithing sheets, the Subsplash giving amounts from the prior week will also be recorded.
 - d. The Subsplash amounts will also be added to the counting sheet as Subsplash.
4. Direct Deposits to First Baptist Church through First Option
 - a. Anyone that chooses to make a direct deposit to First Baptist Church will fill out paperwork stating the amount, the time of month, and where it is to go, such as Building Fund or General Fund, and will give the paperwork to the Financial Secretary.
 - b. The Financial Secretary will contact the bank and set up the direct deposit information with the bank. The direct deposit will continue until the member tells the Financial Secretary to halt it.

- c. The Financial Secretary will record the direct deposits on the individual's tithing sheet.
 - d. The Financial Secretary will check the online account at the bank to determine that the monies were deposited.
5. Monies dropped off at First Option Bank for First Baptist Church
- a. Weekly, First Option Bank sends, through email, the Financial Secretary copies of any checks dropped off at the bank for First Baptist Church.
 - b. The Financial Secretary records any deposits dropped off at First Option Bank to the individual's tithing sheet.
 - c. The Financial Secretary takes and drops off (into deposit safe outside of the bank) all monies collected throughout the week to First Option Bank on Sundays after counting and recording.
6. Recording/Reporting/Reconciliation
- a. The Financial Secretary keeps track of all monies deposited and of the different funds that were requested by the individuals in an Excel spreadsheet.
 - b. The Financial Secretary sends weekly deposit/Subsplash amounts to Pro 31, the Treasurer, Financial Committee Moderator, and the Assistant Financial Secretary for the deposit information.
 - c. The Financial Secretary reconciles with Pro 31 all monies deposited after Pro 31 reconciles with the bank after Pro 31 receives bank statement.
 - d. Money received for fundraisers or dinners will not be recorded as a contribution.
7. Contribution Statements
- a. Quarterly and annual contribution statements will be given to donors no later than the last day of the relevant statement month.

Church Staff Relations Committee

The FBC Church Staff Relations Committee (CSRC) annually reviews the church staff's compensation (e.g., salary, housing allowance) and benefits (e.g., continuing education, conference/convention attendance, sick leave, vacation). and provides the Finance Committee with recommendations on changes for consideration in the budget preparation process. This activity supports open communication between the staff and congregation and the church's responsibility for staff professional and personal wellbeing.

Procedures

1. By October 1, request from the Treasurer:
 - a. Payroll summary of paid staff for the current fiscal year;
 - b. History of raises and/or cost of living increases for staff for past three fiscal years; and
 - c. Fiscal-year-to-date financial reports showing income and expenses.
2. During the month of October, schedule and conduct individual meetings with paid staff to address the needs and concerns of the staff and of the congregation, as presented to the CSRC throughout the year. During these meetings, staff may request changes to their salary package as to housing allowance and cash salary.

- a. Minutes of these staff meetings will be held confidentially by the Chairman of the CSRC
3. Assess compensation and benefits for each staff based on the performance of their job responsibilities (considering information members presented to the CSRC), their history of raises and availability of funds as reflected in financial reports.
4. Develop recommendation of any adjustment to each staff's compensation and benefits. In some years, no changes will be made. If employees have requested changes, whether accepted or not, include those requests in the recommendation.
5. By November 10, forward recommendation to the Finance Committee Moderator for a decision on whether to include any compensation and/or benefit adjustments in the budget. With the recommendation, request feedback from the Finance Committee within 30 days.
6. Store the report to the Finance Committee Moderator with other financial documents at the church.

Updates to FBC Financial Policies Procedures Manual

Date	Changes	Approval
XX/XX/XXXX	Updated manual to reflect: 1. 2. 3. 4.	Finance Committee

DRAFT