



# **HANDBOOK OF OPERATIONS**

**THE FOURSQUARE CHURCH**

**2020 EDITION**

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## SECTION 1. LICENSED FOURSQUARE MINISTERS

### I. CREDENTIALLED MINISTERS

#### 1. Ministerial Standing

- A. All Foursquare ministers are to be in good standing and subscribe and adhere to the Articles of Incorporation, the Bylaws, the “Declaration of Faith” and the “Minister’s Code of Ethics.”
- B. Requirements and qualifications for licensing and/or ordination are published in the Bylaws (Article 12).

#### 2. Ministerial Credentials

- C. Active credentials are defined as (1) having a current appointment to a Foursquare church, approved Foursquare ministry (i.e., Bible college, corporate or district office) or other board-recognized place of service, and (2) payment of current annual fees. Without one or the other, a minister’s credentials will be placed in an “inactive” status. (Bylaw 12.3.2). Licenses will not be renewed if a minister is not currently under appointment at renewal time.
- D. Maintaining active ministerial credentials (Bylaw 12.3.1) is important for the following reasons:
  - 1. The legal status of the minister to perform marriage ceremonies.
  - 2. Tax benefits, including claiming a housing allowance, extended under the Internal Revenue Code.
  - 3. Continuity of service record and corresponding awards from Foursquare (i.e., 25-, 50-, 60-year awards).
  - 4. Consideration for ordination.
- E. Upon being ordained or receiving a U.S. license, Foursquare ministers receive a certificate which indicates they have been ordained or licensed according to the requirements of the Bylaws.

#### 3. Ministerial Benevolent Fund

The Ministerial Benevolent Fund (Bylaw 9.2.2.C.) is a benevolence fund that is created from a portion of each minister’s annual credential fee. The funds are disbursed by the board of directors, and ministers who have paid the current year’s fees are eligible to apply. These funds are for emergency assistance in cases of sickness or accident.

#### A. Eligibility

1. All licensed Foursquare ministers who have paid the current year's fees participate in the Benevolent Fund program.
2. All licensed Foursquare ministers are eligible to apply for assistance from the fund if his or her credentials are active.

B. The Benevolent Fund is not available for expenses related to dependents, pregnancy, vision, dental care or elective procedures. However, funds may be available for expenses related to medically necessary surgeries for pregnancy, vision and dental care.

C. Visit [4sq.ca/MP11](http://4sq.ca/MP11) to access the application. The application is processed through the district office.

#### 4. Ministerial Liability

The actions of individuals are highly scrutinized in the litigious culture of the United States. In addition to the standards Foursquare holds for its ministers, society holds ministers to certain behavioral and ethical standards. Failure to abide by laws or act in a reasonable manner consistent with societal expectations for clergy conduct can lead to liability to the minister individually, the place of their appointment and The Foursquare Church at large. A Foursquare licensed minister may be recognized by the board of directors as a minister, but they may be serving in a capacity where they are not an employee or agent of The Foursquare Church. A Foursquare licensed minister may be serving in a role that does make them an agent of The Foursquare Church. Thus, in some instances, the church or the entire Foursquare denomination can be held financially responsible for the actions of a single individual employee. Care should be taken in one's actions to protect one's own ministry, as well as the ministry of the church and denomination.

#### 5. Ministerial Achievement Awards

- A. Twenty-five year service award -- Ministers who have completed 25 years of active Foursquare ministry receive a pin and an award at the annual district conference. Recipients are approved by the board of directors; the corporate secretary reviews the questionnaires submitted by the applicants. The decision is based on the information submitted by the applicant and/or from credential records in the Corporate Secretary's Office.
- B. Fifty year service award -- Ministers who have completed 50 years of active Foursquare ministry receive a gold service pin with a diamond and an award at the annual convention. Recipients are approved by the board of directors; the corporate secretary reviews the questionnaires submitted by the applicants. The decision is based on information

submitted by the applicant and/or from credential records in the Corporate Secretary's Office.

- C. Sixty year (and greater) service award -- Ministers who have completed 60 years of active Foursquare ministry receive a gold service pin with 2 diamonds and an award at the annual convention. Additional milestones will be honored as candidates qualify. Recipients are approved by the board of directors; the corporate secretary reviews the questionnaires submitted by the applicants. The decision is based on information submitted by the applicant and/or from credential records in the Corporate Secretary's Office.
- D. Retired ministers -- Ministers who have reached retirement age and have advised the supervisor of their intention to retire will receive a service plaque, presented in the district where they have most recently served. Retirees will maintain their current credential status. Ministers aged 70 and over will receive a waiver of their annual fee and shall continue to have the privilege of participating in the Ministerial Benevolent Fund.

## 6. The Minister's Home and Family

- A. Personal Care – It is essential that ministers have a support system to help them manage times of excessive stress. In many cases, area pastors and district supervisors are able to provide support in times of challenge.
- B. Some challenges are of a sensitive nature and a more confidential counseling setting may be needed. In those cases, ministers are encouraged to contact the Foursquare Leadership Care ministry, which has been established to provide confidential, personal counseling to Foursquare ministers and their immediate families at no cost. The Leadership Care team serves from the Foursquare Center for Spiritual Renewal (CSR) East in Christiansburg, Va. (540.382.7100 ext. 214) and CSR West in Los Angeles (213.989.4252) which provide various types of pastoral care.
- C. In addition to counseling, ministers may access CSR East or West up to one week per year for personal retreat at no cost. Visit [foursquare.org/csr](https://foursquare.org/csr) to learn more about the Center for Spiritual Renewal.

## 7. Foursquare Retirement Plan

The Foursquare Retirement Plan is available to all Foursquare licensed ministers and also is available to lay employees of the following Foursquare employers:

- A. Foursquare Charter, District and Covenant churches in the United States
- B. Foursquare Bible colleges in the United States
- C. Foursquare district offices and camps
- D. Foursquare evangelists and chaplains

E. Foursquare central offices

There are a several benefits to the Foursquare retirement plan:

- A. Licensed ministers may receive a distribution as a ministerial housing allowance (tax-free) within the IRS limit.
- B. A lower expense structure passed on to each participant
- C. A skilled investment committee to steward the plan
- D. A retirement department available to answer questions

Visit [4sqfs.org/retirement](http://4sqfs.org/retirement) for more information on our Foursquare plan.

Contact the Foursquare Retirement office by emailing [retirement@foursquare.org](mailto:retirement@foursquare.org) or calling 888.635.4234, extension 4475.

8. Ministers Individual Insurance Coverage

A. Foursquare Required

1. Vehicles

All Foursquare ministers who own vehicles are required to carry adequate personal insurance (Bylaw 14.4.L). It is required that they carry the following types of insurance in amounts not less than those described below. This section is pursuant to board resolution.

\$5,000	Medical pay
\$100,000/300,000	Public liability and personal injury (occupants of other vehicles)
\$50,000	Property damage (other vehicle)
\$100,000/300,000	Personal injury (occupants of other vehicles)
State Minimum	No fault and uninsured motorists

If questions arise about whether or not a policy meets the required minimums, please call the insurance department (888-635-4234) for further clarification.

B. Other Considerations

1. Health Insurance

All ministers should be aware of the minimum governmental (federal/state) requirements for their own personal health insurance.

2. Life Insurance

It is recommended that all Foursquare ministers carry life insurance. A basic coverage benefit of \$25,000 for ministers 69 years old or younger and \$6,000 for those 70 years or older is part of the ministerial credential fee that is paid annually.

For more information contact the Foursquare Retirement office by emailing [retirement@foursquare.org](mailto:retirement@foursquare.org) or calling 888.635.4234, extension 4475.

#### 9. Other Benefits Available to Foursquare Licensed Ministers

There are many benefits available to Foursquare licensed ministers, such as business discounts, identity theft assistance, will preparation services, and more. Visit [4sq.ca/credentialbenefits](http://4sq.ca/credentialbenefits) to learn more.

#### 10. Pastoral Care/Professional Advice

Pastors are to provide pastoral guidance, prayer and encouragement to the congregation. Discussions between a pastor and congregants regarding personal matters must be treated confidentially. Pastors should not give legal, tax, medical or psychological advice. If a pastor is academically qualified and licensed to give such advice, it should not be done at church nor in the pastor's church office, and the pastor must be clear to state to congregants/clients that he/she is not acting in this capacity as a Foursquare pastor or for the church. (See the following for a sample of pastoral care policies and Section I.V.4. for policies on pastoral care vs. church counseling).

## Pastoral Care Policies

Sound Biblical counsel and compassionate shepherd care are some of the blessings God has given his people in the person of pastors and teachers. We thank God with you that these resources are available as part of the ministry of [Church].

The pastoral counsel you may receive is always provided free of charge (except for occasional nominal materials costs), as an outreach ministry of [Church]. The counsel is pastoral in nature, intended to provide you with sound Biblical instruction and application to the issues of life. The counsel you receive is not intended to be professional mental health care or professional counseling of any kind (e.g., legal, medical, etc.). The pastor you speak with has not received specialized training in medicine, psychology, psychiatry, or law. The pastor has received training in [describe, e.g. Biblical studies, pastoral care from Bible college].

While [Church] will honor the principle of disclosure of information on a "need-to-know" basis, [Church] cannot give any assurance of confidentiality regarding any information you may choose to disclose to the pastor. It is the policy of [Church] to comply with the law regarding reporting to appropriate persons and legal authorities evidence of child abuse, evidence of elder or dependent adult abuse, threat of physical harm to another, threat of self inflicted physical harm, and information that indicates a threat of harm to the congregation and/or ministry of [Church] and International Church of the Foursquare Gospel. The law may or may not allow confidentiality to protect against disclosure. If you have any questions about this, please discuss it with the pastor ahead of time.

As consideration for giving the pastoral care counseling you are requesting, [Church] and you agree that for any dispute arising out of the care relationship between you and [Church] and any employee, agent, or volunteer of [Church], the exclusive forum for resolving the dispute shall be the mediation and conciliation, and if necessary arbitration, services of Christian Legal Society. Any resulting arbitration is mutually agreed to be binding on all parties. Should Christian Legal Society not provide such services in this geographic locale, both [Church] and you agree that you and [Church] will each designate a Christian mediator/arbitrator who will then agree on a third Christian mediator/arbitrator to join them in forming a tribunal to mediate, and if necessary, arbitrate the dispute.

I have read, understood, and agree to be bound by the above stated policies of [Church]. With this understanding, I hereby release [Church], its pastoral staff, and its biblical support team from any legal responsibility for any of my decisions or actions.

Date: \_\_\_\_\_ Signature \_\_\_\_\_

### Authorization to Release Information

I, the undersigned, agree that information I may have disclosed to the pastoral counselor of [Church], may be released to appropriate authorities and persons on a "need- to-know" basis whenever, in the discretion of [Church], the information pertains to evidence of child abuse, evidence of elder or dependent adult abuse, threat of physical harm to another, threat of self-inflicted physical harm, and/or information which indicates a threat of harm to the congregation and/or ministry of [Church] and International Church of the Foursquare Gospel.

I willingly and knowingly release and hold harmless [Church], the agents, employees, and volunteers of [Church], and International Church of the Foursquare Gospel, from all claims of loss, damage, and harm that may arise as a result of the disclosure of the above information.

Date: \_\_\_\_\_ Signature \_\_\_\_\_

[optional intake form]

\_\_\_\_\_ Foursquare Church  
1234 Main Street  
Any town, USA

### Pastoral Care and Prayer Support Agreement

Name \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Day phone ( ) \_\_\_\_\_ Evening phone ( ) \_\_\_\_\_

Birth date \_\_\_\_/\_\_\_\_/\_\_\_\_ Date born again \_\_\_\_\_

Date water baptized \_\_\_\_\_ Date Spirit-filled \_\_\_\_\_

Marital status (Check one) \_\_\_\_\_ Single \_\_\_\_\_ Married

Marital history (Check any that apply) \_\_\_\_\_ Widowed \_\_\_\_\_ Divorced

Occupation \_\_\_\_\_

Are you a member of \_\_\_\_\_ Foursquare Church? \_\_\_ Yes \_\_\_ No

If not, where is your church membership? \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

If a member, in which specific departments of ministry are you involved? \_\_\_\_\_

Person you are seeing \_\_\_\_\_

Reason for appointment \_\_\_\_\_

If this is not your first appointment, please provide the following information:

Name of first person seen \_\_\_\_\_

Number of previous sessions you have you had \_\_\_\_\_

#### Waiver

I the undersigned understand and am fully aware that this conference with the ministerial staff or other Biblical support team member is neither legal, medical, nor psychological, but is based solely upon the Word of God. I further understand that I can choose to receive or reject the information given to me.

With this understanding, I hereby release \_\_\_\_\_ Foursquare Church, its ministerial staff, and its biblical support team from any legal responsibility for any of my decisions or actions.

Signature of person receiving ministry: \_\_\_\_\_ Date: \_\_\_\_\_

## II. THE SENIOR PASTOR

### 1. Qualifications (Bylaw 14.1)

- A. In order to serve as a senior pastor of a Foursquare church, a minister must hold a U.S. license and be filled with the baptism of the Holy Spirit, as well as exhibit the gift of speaking in tongues.
- B. He or she shall subscribe and adhere to the Declaration of Faith, the Articles of Incorporation, the Bylaws, the Minister's Code of Ethics, and the procedures presented in this Handbook of Operation for Foursquare Churches.

### 2. Selection (Bylaw 14.2)

When a Foursquare church is in need of a pastoral change, the district supervisor shall assign a pastor with board approval. Appointments shall be confirmed by the president and shall continue upon the recommendation of the district supervisor and the approval of the board.

### 3. Duties of a Senior Pastor (Bylaw 14.4)

#### A. Spiritual

- 1. Pastors should first cultivate their own spiritual lives, so they will be fully equipped to serve the church.
- 2. The Foursquare pastor's primary focus should be the salvation of souls, edification of the church, and the building up of the body of Christ through preaching, teaching, conducting services, and administering ordinances.
- 3. Pastors are to provide pastoral guidance, prayer and encouragement to the congregation. Discussions between a pastor and congregants regarding personal matters must be treated confidentially. Pastors should not give legal, tax, medical or psychological advice. If a pastor is academically qualified and licensed to give such advice, it should not be done at church nor in the pastor's church office, and the pastor must be clear to state to congregants/clients that he/she is not acting in this capacity as a Foursquare pastor or for the church. (See page 10 for a sample of pastoral care policies and Section I.V.4 for policies on pastoral care vs. church counseling policy).

#### B. Supervisory

1. Pastors shall serve as chairpersons of their respective church councils and shall preside at membership meetings.
2. Pastors shall encourage tithing and financial contribution from the membership so all obligations may be met.
3. Pastors shall appoint certain officers of their respective churches, as set forth in the Foursquare Bylaws.
4. Along with the church council, the pastor must ensure that monies given to the church are handled with strong internal controls and deposited into church bank accounts. The pastor must be a signer on the church bank accounts, along with the treasurer. It is recommended that other signers be added to the church bank accounts as there are times when the senior pastor or treasurer are not available for signing checks. Other signers as authorized by the church council may include, but are not limited to, church employees or church council members. Signers must not be related by blood or marriage. Visit [4sq.ca/offeringmanagement](https://4sq.ca/offeringmanagement) to learn [more about](#) internal controls and offering management.
5. Pastors shall execute such other documents as may be required as pastor.
6. Pastors of Chartered and District churches shall sign no real estate transaction, agreements or contracts unless the statement, "This agreement shall not be effective until approved by the board of directors of the International Church of the Foursquare Gospel" is included above the pastor's name (Bylaw 14.4.E). Pastors are not authorized to sign real estate documents unless specifically instructed to do so by the board.
7. Pastors of Covenant churches shall only sign real estate transactions, agreements or contracts in compliance with The Foursquare Church Bylaws and with proper approval of the congregation and church council.

#### C. Professional or Organizational

1. Pastors should endeavor to attend all Foursquare conventions, district functions, and area functions, recognizing the need for unity and fellowship among the ministerial ranks of The Foursquare Church.
2. Pastors should promote and encourage the membership to participate in national and district functions, to promote loyalty and bring unity and harmony to the Foursquare denomination.
3. Pastors should avail themselves of continuing education, such as conferences conducted annually in each district. They should look for opportunities to build

their ministry skills and sharpen their ministry vision by attending related seminars and ministerial fellowships locally, regionally and nationally.

4. Pastors should endeavor to uphold the pastoral agreement that they sign, affirming their commitment to uphold the policies and Bylaws of the Foursquare organization and bringing their ministries and their churches into compliance in any areas where they may be lacking, whether they are in complete agreement with those policies or not.
5. Pastors should support and promote giving to the extension tithe program, as well as Foursquare Missions International and ensure the church participates in both programs.
6. Pastors should ensure that a thoughtfully created risk management policy is adopted by the church and is understood and carried out by staff and volunteers.
7. Pastors must ensure that a screening process is implemented to check the backgrounds of all volunteers and paid staff who will have contact with minors. The screening process is outlined in The Foursquare Church, Child and Youth Protection Manual. This process must include a thorough application and law enforcement background check. Pastors should be aware of their state requirements for child abuse reporting, and ensure that the church has a clear policy for reporting suspected abuse. Staff and volunteers should view the Child and Youth Protection Training Videos and manual prior to serving with minors. Visit [4sq.ca/CYP](http://4sq.ca/CYP) to learn more about child and youth protection.

#### 4. Compensation of a Senior Pastor (Bylaw 14.5)

- A. The method and amount of the pastor's compensation for services shall be determined by the church council. If the pastor and/or church council need advice regarding an appropriate level of compensation, they should contact the district supervisor and/or area pastor. Following are some guidelines to be considered:
  - a. Review of all salaries should be made on an annual basis by the pastor and church council. Total church staff salaries and contract labor should not exceed 40 percent of the total church non-designated tithes and offerings. The supervisor, or his/her appointed representative, is available to advise the pastor and/or church council. The Compensation Handbook for Church Staff available for purchase from [store.churchlawandtax.com](http://store.churchlawandtax.com) is a good resource which evaluates salaries based on several factors.

- b. Pastors shall endeavor to build the financial and numerical strength of their memberships to a size that will be self-sustaining. This will strengthen the church, as well as the faith and ministry of the pastors.
- c. It is recommended that each church shall allocate from its general funds a specific amount each week to be accumulated and given to the pastor for use in facilitating his or her attendance at the annual Foursquare convention. Should a pastor resign prior to convention time, the convention fund belongs to the church.
- d. The pastor should expect no additional compensation from the church above the salary established by the church council, which is to be paid only to the extent the church receives sufficient tithes and offerings to pay the church's other obligations, except upon the prior approval of the church council, the district supervisor and the board of directors. (Bylaw 14.4.O.4)

## 5. Time Schedule of a Senior Pastor

Every pastor should have a plan for using his or her time each day, according to personal capacity and the needs of the congregation and community. Pastors should allot definite time for family and personal activities. They are encouraged to set aside a "Sabbath" each week for personal reflection, refreshment and relaxation.

## 6. Resignation of a Senior Pastor (Bylaw 14.4.O)

- A. A letter should be submitted to the district supervisor stating the intended date of resignation with as far advance notice as possible.
- B. The resigning pastor shall leave complete records of all activities and business matters of the church for the incoming pastor. This will include records on membership, spiritual reports, monthly reports, inventory of church property and equipment and a listing of any accounts payable or notes receivable.
- C. The resigning pastor should completely release the congregation to the care of the new pastor and refrain from maintaining personal contact with the congregation except with the approval of the new pastor.
- D. Resigning pastors shall waive any claim against the church for unpaid compensation for labor or investment.

## 7. Removal of a Senior Pastor (Bylaw 14.3)

- A. Should the service to the congregation, or the public or private conduct of a pastor become a concern within the membership, the situation may be reported to the area pastor and/or district supervisor by the church council members.
- B. The district supervisor, or his/her appointed representative, may meet with the council and pastor in an endeavor to come to a peaceable solution.
- C. The district supervisor will make a recommendation to the board of directors of his or her findings through these meetings and the pastor's compliance with pastoral responsibilities as outlined in the Bylaws, the Handbook for the Operation of Foursquare Churches, the Declaration of Faith, the application for Foursquare license or ordination and any other compliance issues that may be in effect at that time.
- D. If the pastor of a Foursquare church is not functioning in a manner that promotes the best interests of the church (i.e., failure to abide by the Bylaws, the Declaration of Faith, or the Handbook for the Operation of Foursquare Churches, or the application for Foursquare license or ordination), the board of directors always has the power to terminate his or her pastorate and appoint another pastor for that church.

### III. MULTIPLE STAFFING/ASSISTING MINISTERS

*Due to the legal implications of the title pastor, anyone without current credentials should never be referred to as a pastor, but should instead be referred to as a leader, director, coordinator, etc.*

#### 1. Definition of Multiple Staffing

“Multiple staffing” occurs when the ministerial staff of a church includes the senior pastor and one or more assisting ministers. These assisting ministers most generally serve as assistant pastor, youth pastor, children’s pastor, worship pastor, administrative pastor or other ministry title assigned by the senior pastor. The title “director of...” or “coordinator of...” should be used for staff who do not hold a U.S. license or Ordination.

#### 2. Selection, Role and Compensation of Assisting Ministers

- A. Assisting ministers are sought and selected by the senior pastor along with the counsel of the church council. Assisting ministers report to and serve under the authority of the senior pastor.
- B. The assisting minister must recognize the pastor as the spiritual leader and the chief executive of the church. The assisting minister’s position is a secondary one, and he/she must be in submission to the pastor at all times, giving complete loyalty and cooperation

to the programs of the church. Any areas of irreconcilable differences between pastor and ministry staff should be submitted to scriptural guidelines (Matt. 18:15-17). If that approach does not resolve the issue, the pastor and the assisting minister may seek counsel from the area pastor and/or then the district supervisor. These differences should never be discussed with members of the congregation, and disapproval should never be implied by either party.

- C. It is essential to thoroughly define the duties of each assisting minister so that assigned areas of responsibility are fully understood. A written job description is preferred.
- D. All major plans, programs, and policies of the various departments should be discussed with the senior pastor and should not be implemented without his or her approval.
- E. Assisting ministers often receive smaller salaries than the pastor, and sometimes they serve without compensation. This should not be a factor in their service to the Lord, nor should they express their financial needs to members of the congregation or church council without the pastor's approval. Licensing should not be considered a form of compensation for assisting ministers. Assisting ministers are also subject to the Foursquare policy of paying all outstanding bills of the church prior to the payment of any salaries or benefits to the pastor and/or staff (Bylaw 14.5).
- F. Some churches have an annual review of the salaries, benefits and performance of all the staff. Others review the compensation of each individual assisting minister the month previous to his or her anniversary with the church, thus eliminating the impact on the budget for annual blanket increases. Fairness should be balanced with work performance when determining the amounts of increase given to the various assisting ministers. Churches should be in compliance with state and federal labor laws.

### 3. Spiritual Duties

- A. Pastors should first cultivate their own spiritual lives, so they will be fully equipped to serve the church.
- B. The Foursquare pastor's primary focus should be the salvation of souls, edification of the church, and the building up of the body of Christ through preaching, teaching, conducting services, and administering ordinances.
- C. Pastors are to provide pastoral guidance, prayer and encouragement to the congregation. Discussions between a pastor and congregants regarding personal matters must be treated confidentially. Pastors should not give legal, tax, medical or psychological advice. If a pastor is academically qualified and licensed to give such advice, it should not be done at church nor in the pastor's church office, and the pastor must be clear to state to congregants/clients that he/she is not acting in this capacity as a Foursquare pastor or for

the church. (See page 10 for a sample of pastoral care policies and Section I.V.4. for policies on pastoral care vs. church counseling).

#### 4. Ministry Standards

- A. The senior pastor determines the professional standards to which each assisting minister must subscribe. Accordingly, the senior pastor should exemplify the behavior he or she expects from staff. Specific areas that the senior pastor should define include the following:
  - a. A church's policy regarding office hours, days off, vacation time, sick days, holidays, etc. should be clearly defined in the staff policy manual.
  - b. Expectations for conduct in relationships, especially with the opposite sex, should be clearly delineated in the staff manual.
  - c. Any dress code expectations for church staff should be specified in the staff manual. However, there are certain state and federal restrictions on the clothing requirements that can be made by an employer; senior pastors and church councils should be familiar with these regulations before establishing a staff dress code.
  - d. Assisting ministers should be active participants in church services and in the life of the church and be ready to respond to any need that might arise.

#### 5. The Senior Pastor's Care of Assisting Ministers

- A. The senior pastor should maintain a professional relationship with assisting ministers that demonstrates honor and respect for each person. Preferential treatment of one staff member over another should be avoided.
- B. Assisting ministers should be accorded the respect and honor of the congregation. The senior pastor can set this tone by treating staff members with professional courtesy, openly recognizing their service to the Lord, to the pastor and to the congregation.
- C. The senior pastor should encourage participation of the assisting ministers in community, district and national activities that will enhance their skills and effectiveness in ministry. Seminars, professional associations, district conferences, Foursquare conventions, area minister's meetings, etc. are all beneficial learning experiences for staff members. The senior pastor and church council should try to budget church funds to provide such opportunities for assisting ministers on a regular basis.

## 6. Termination of Appointment for Assisting Ministers

- A. An assisting minister should understand that his or her appointment is terminated when there is a change of senior pastors, thus leaving the incoming senior pastor free to choose workers. It should not be assumed that an assisting minister will replace the senior pastor when a pastoral change occurs.
- B. Please note that this unfettered discretion to terminate an assisting minister upon the appointment of a new senior pastor applies to licensed and/or ordained ministers only. It most certainly does not apply to non-clergy staff such as secretaries, maintenance staff, sound technicians, etc. These non-clergy employees have employment rights, as defined by various state and federal laws. Such persons should not be summarily terminated prior to seeking advice from The Foursquare Church legal department.
- C. The following steps should be taken when an assisting minister terminates his or her appointment:
  - 1. The minister should notify the senior pastor and church council in writing.
  - 2. If possible, termination of the appointment should allow sufficient time for replacement.
  - 3. The minister should work through the district supervisor for a future appointment if he or she is interested in a senior pastor position.
  - 4. It is the responsibility of the senior pastor to notify the district office immediately upon the resignation or dismissal of any credentialed assisting minister.

## SECTION 2. OPERATING FOURSQUARE CHURCHES

### I. LOCAL CHURCH MEMBERSHIP (ARTICLE 13.5)

#### 1. The Law on Church Membership and Church Discipline

- A. In general terms, under U.S. law, the relationship between members and a church consists of an agreement between the parties, a profession of faith, adherence to the doctrines of the church and submission to its government. It is well settled law that (a) the right to determine the qualifications for membership belongs to the ecclesiastical body (in our case, the ICFG bylaws), (b) a determination as to who are “members in good standing” is an ecclesiastical question relating to the government and discipline of the governing church body, and (c) the church’s decision about either matter is binding on the courts. The ICFG bylaws set forth member requirements for Foursquare churches.
- B. Under the law, when people become members of any church, they are agreeing to be submitted to the church’s ecclesiastical jurisdiction. Consequently, it is this “agreement” of membership that gives a church the ecclesiastical authority to exercise church discipline over an individual. A church or minister that attempts to exercise church discipline over a person who has not officially and formally applied for and been accepted as a “member” risks being sued for any number of possible harms done to the non-member. We encourage Foursquare churches to bring individuals into Foursquare membership.

#### 2. The Privileges of Foursquare Membership

- A. Foursquare church membership offers a member the right of voting on all matters of the church in which a vote is authorized. Voting privileges are offered to those 18 years of age and older.
- B. The local church membership meetings allow the membership to elect or ratify church council members.
- C. At convention, also referred to as Foursquare Connection, the local church membership has the benefit of representation. In addition to their pastors, churches may send one voting delegate for every fifty people in the church; these delegates may vote on any business matter conducted by the convention body. (Bylaw 5.5.C).
- D. Church members may suggest, for the consideration of the church council and pastor, ideas for advancement of the gospel in the community and denomination as a whole.

### 3. Admission into Membership by Local Church

- A. The process to receive new members is determined by the local Foursquare church.
- B. Visit [4sq.ca/MembershipCertificates](https://4sq.ca/MembershipCertificates) to access membership certificates and other resources. In addition, you may visit [4sq.ca/BelieveBrochure](https://4sq.ca/BelieveBrochure) to access brochures on Foursquare's Declaration of Faith.
- C. The pastor or designated leadership of the church should confirm that all applicants have met the requirements of membership stated in the ICFG bylaws.

### 4. Record Keeping for Membership

- A. Each church should have a means for keeping an ongoing list of members that is updated as needed. A backup copy should be kept. If electronic files are used, it is advisable to use a cloud backup or print updated paper copies annually and keep them in fire-safe storage, since technology continues to evolve and older methods may become inaccessible. Membership records are permanent and should not ever be discarded or destroyed.
- B. Records must make a distinction between active and inactive members.
- C. Once a person has become a member of a Foursquare church, he or she is a member until death, withdrawal, transfer, yearlong absence, or dismissal.
- D. An active member is a member who, in the current year, has contributed to the support of the church and/or has attended church services.
- E. An inactive member is one who has not shown activity according to the ICFG bylaws.

### 5. Transfer of Members

Transfer of membership from one local Foursquare church to another, or to any other church, shall be deemed to have occurred when the member applies for and is accepted into membership with that receiving church.

### 6. Dismissal of Members

A member of a Foursquare church may only be dismissed from membership by the process, and for reasons, stated in the bylaws.

## 7. Membership Meetings

- A. The pastor shall call an annual meeting of the church’s members upon not less than two weeks’ prior written notice to church members. It is sufficient to post the written notice in a prominent place at the church. All church council members shall be elected or ratified at this meeting by a majority of the members present. It is recommended that annual numerical, spiritual, and financial reports be presented along with the financial budget and vision for the coming year.
- B. Special membership meetings: Special membership meetings may be called by the pastor, by a majority of the council members with the written permission of the district supervisor, or by the Foursquare board of directors, president, general supervisor or district supervisor.
  - 1. A notice of any special meeting must be given at least one week in advance.
  - 2. The purpose of such special membership meetings shall be stated in the notice of the meeting.
  - 3. Procedure of the membership meeting:
    - a. The pastor is chairperson of the council and shall preside at all membership meetings.
    - b. Council members should be present, along with ministry staff and department heads.
- C. All church business meetings should be conducted by a simplified parliamentary procedure. Strict adherence to Robert’s Rules of Order is not expected, but following along a general simplified version of Robert’s Rules of Order is appropriate and recommended. Visit [rulesonline.com](http://rulesonline.com) for more information on Robert’s Rules of Order.

## II. LOCAL CHURCH LEADERSHIP

### 1. Leadership Standards

Leaders in Foursquare churches must be church members in good standing who show evidence of maturity and a Spirit-led life. The Foursquare “Declaration of Faith” addresses the foundation of our faith in detail and needs to be ascribed to by each church leader. Visit [4sq.ca/declaration](http://4sq.ca/declaration) to view Foursquare’s The Declaration of Faith.

### 2. Selection of Church Council Members (Bylaw 16.1)

- A. The church council shall be selected by the membership at the annual membership meeting either through ratification or an election process.

- B. If a council vacancy occurs, the vacancy should be filled according to the process described in Bylaw 16.1.C.

### 3. Powers and Duties of Church Council Members (Bylaw 16.1)

- A. Upon the election or appointment of new church council members, the pastor shall provide a copy of the Bylaws to each church council member. Members are required to function according to the Bylaws. Visit [4sq.ca/bylaws](http://4sq.ca/bylaws) to learn more about the bylaws of The Foursquare Church.
- B. The church council is to act in an advisory capacity to the pastor concerning financial and property matters affecting the welfare and betterment of the church as outlined in the bylaws. Each council member should be familiar with Section 16.1 of the Bylaws.
- C. The pastor shall discuss with church council all individual members of the pastoral staff prior to engagement or termination.
- D. Council members represent the members of the congregation. Council members shall always endeavor to represent the views of the majority of the members rather than their own views. The members of the council shall always keep confidential matters confined to the council. Confidential information should not be discussed with anyone outside of the church council meeting. Council members should stand in unity behind council decisions.
- E. The church council members shall be responsible to relate any suggestions from the membership to either the pastor or to the other members of the church council when they meet. It will be the responsibility of the pastor and council to determine who should convey the response of the church council and pastor to the individual who submitted the suggestion.

### 4. Other Officers and Offices—Appointed (Bylaw 16.2)

- A. Secretary and Treasurer: The secretary and treasurer shall be appointed by and serve at the pleasure of the church council and the pastor (Bylaw 16.2-16.5).
- B. Elders: Elders in the local church are to spiritually support and partner with the pastor in the spiritual oversight of the church. While the position of elders is not outlined in the Foursquare Bylaws, they are permissible, but do not have any authority under the Bylaws.
- C. Appointed ministry assignments: Appropriate guidelines should be developed and communicated for each of the appointed ministry assignments in order to clarify duties

and ensure effective service. Appointed ministry assignments include, but are not limited to:

1. Lead usher
2. Children's ministry leaders
3. Youth and young adult leaders
4. Director of women's ministries
5. Director of men's ministries
6. Membership secretary

### III. CHURCH COUNCIL

#### 1. Council Members

The Foursquare Bylaws outline the qualifications and duties of council members in Foursquare churches. Each council member must be a church member in good standing who shows evidence of maturity and a Spirit-led life. Because of the responsibilities of a council it is also wise to consider expertise in the area of finance, business and/or property.

#### 2. Church Council Agenda and Minutes

##### A. Agenda

An agenda is simply an outline of the items to be addressed in a given meeting. Time is very valuable and must be used wisely. A poorly prepared agenda usually means that productivity will be limited. Visit [4sq.ca/CouncilForms](http://4sq.ca/CouncilForms) to learn more about the structure church council meetings.

Following are essential components of an agenda:

- Prayer
- Review and approval of prior meeting minutes
- Approval of financial report
- Review Old Business
- New business
- Date of next meeting
- Adjournment
- Prayer

You may also wish to document the council terms of the council members as shown on the sample agenda mentioned above.

##### B. Minutes

The minutes of a meeting are extremely important because they provide an accurate accounting of the occurrences of the meeting. The minutes of local church council meetings have been called into account in legal court proceedings as well as various other legal inquiries. Be wise in what is included in the minutes; sufficient detail of decisions made is important, but certain sensitive detail or issues of debate may or may not need to be memorialized. Use discretion. Such documents should be kept in a safe place, and duplicate copies should be held in case of fire or misplacement. It is also recommended that after verbally approving the minutes of the meeting, the council members sign the permanent record of the approved minutes.

Following is a list of necessary components of good minutes:

- Title (name of church or organization)
- Date
- Names of those in attendance and those who are absent
- Approval of prior meeting minutes, documenting the motion to accept and a second to the motion.
- Review of the financial report presented, documenting the motion to accept and a second to the motion.
- A brief synopsis of business items discussed and decisions made.
- Date of next scheduled meeting
- Adjournment
- Signing of the minutes by secretary

It is a recommended practice to detail any action items that may have arisen during the meeting that need to be completed, separately in the minutes.

Visit [4sq.ca/CouncilForms](http://4sq.ca/CouncilForms) to learn more about the structure church council meetings.

- C. When motions are made, one person makes a motion, and another person must second the motion. Discussion can be held if desired, and then the vote of the motion is held. The voting process can be oral, written, or by show of hands. If there is to be action taken, the minutes must indicate who is to take the action, when a report regarding the action should be given, and to whom the report should be given.

### 3. Records and Reports

Each Foursquare church must keep complete and accurate records of all its activities and financial transactions. These records fall into two general categories: permanent records and current records. Permanent records are those records that must be kept available indefinitely and would include important church dates and membership data. Current records are those records that must be kept for a finite period of time, after which, at the discretion of the pastor and church council, they may be discarded. Such records would include certain financial records. (Bylaw 16.3.4)

## A. Permanent Records

1. Membership: An up-to-date record must be kept of each active and inactive member until death, resignation, transfer, or dismissal, as outlined in Bylaw 13.1.F. Membership records may be kept in a computer system. Computer programs for this purpose are available from a variety of sources. Visit [4sq.ca/SoftwareChart](http://4sq.ca/SoftwareChart) to compare management systems.
2. Property: A record should be kept of all real property by address, legal description, purchase date, and purchase price. Records of completion dates of improvements, including actual cost, should also be maintained. The following are important items that should be maintained by the church:
  - a. A current inventory and valuation of equipment and furnishings.
    - i. Copies of all insurance policies (property, casualty, liability, disability, Workers' Compensation), with expiration dates and annual premium amounts.
    - ii. Property tax statements and receipts, including due dates of tax payments. (In some locations churches must file for annual property tax exemptions; a record of the date for such filing should be kept.)
  - b. Historical: Each local Foursquare church should keep a record of important dates such as completion of construction projects. Key dates such as its opening, its dedication, and its charter, are tracked in The Hub and should be verified for accuracy as events occur. It is recommended the church keep pictures of historical events such as building dedications or charter services.
  - c. Statistical and Spiritual: Each local Foursquare church must keep a complete record of vital statistical data such as baby dedications and water baptisms. Information including names, addresses and dates should be part of these permanent records. In addition, the Foursquare Church Monthly Report for each month of operation should be signed by the senior pastor and a church council member and retained with the church council minutes for the appropriate month as part of the church's permanent records.

## B. Current Records

### 1. Financial

- a. The church treasurer is responsible to receive and disburse all church funds as authorized by the pastor and church council and shall keep a strict account of all financial transactions, ideally with a computerized accounting system. Your district office can recommend some preferred accounting solutions. Church financial statements should be reported to the church

council monthly and a copy kept with the church council minutes. The computerized accounting system should be regularly backed up using a cloud system or another method that is secure and separate from where the accounting system is housed. Annual financial statements should be retained for the life of the church. Visit [4sq.ca/ChartOfAccounts](http://4sq.ca/ChartOfAccounts) to learn more about recommended accounting resources.

- b. Churches must provide adequate donor receipts/statements, which legally must be distributed annually by January 31st of the following year. Visit [4sq.ca/givingtools](http://4sq.ca/givingtools) for resources on charitable giving.
- c. Donor records should be retained by the church for a period not less than seven years. The church treasurer is charged with the responsibility of maintaining the confidentiality of donor records. For this reason donor records should be kept in a locked filing cabinet with access strictly supervised, or in a computer database that is password protected.
- d. Church bank accounts should be maintained with financial institutions that allow access to canceled checks either with the bank statement or online.

#### C. Reports

Foursquare churches must complete the Foursquare Monthly Church Report (FMCR), each month. This form may be completed online via The Foursquare Hub. The “missional report” requests spiritual and numerical data pertaining to the church; the “financial report” requests important financial data. A signed copy by the senior pastor and a church council member of each month’s FMCR should be retained in the current records of the church.

#### D. Additions

1. Furniture and Equipment – Charter and District Churches should report annually on the Foursquare Annual Church Report any purchased/donated furniture and equipment (including vehicles) valued at \$10,000 or more which are acquired in the year of the report. purchased or donated that year, Leased equipment should not be included on this report unless the leased equipment will be purchased when the lease expires.
2. Land and Buildings –Charter and District Churches must process all property purchases or donations of land or buildings, or any form of lease, through the Foursquare properties department via the district office. Building remodeling costs valued at \$50,000 or more must also be processed through the Foursquare properties department via the district office. Visit [4sq.ca/propertytools](http://4sq.ca/propertytools) to learn more about Foursquare’s property process.

3. Hunting on Church Property - Hunting of any kind and firearms target shooting are prohibited on all Foursquare occupied property (property either owned or leased). In the event any wild animal control efforts are needed, permission must be obtained from the central office operations department before proceeding with hunting, trapping or similar activity to address the problem.

#### E. Disposals

1. Furniture and Equipment – Charter and District Churches should provide a detailed list of furniture and equipment (including vehicles), with an original cost of \$10,000 or more, which are sold or disposed of during the current fiscal year to the Foursquare accounting department
2. Land and Buildings – All land and buildings, owned by Charter and District Churches, sold or otherwise disposed of must be processed through the Foursquare properties department via the district office. Visit [4sq.ca/propertytools](https://4sq.ca/propertytools) to learn more about Foursquare’s property process.

#### F. Aligned Business Income

Aligned business income is income generated by a trade or business operated by the church. Some examples of aligned business income are a church-operated school or daycare, bookstore, coffee shop, thrift store, or other retail operation. Aligned business income is reported separately from church operation income and donor restricted funds on the FMCR. Visit [4sq.ca/FMCR](https://4sq.ca/FMCR) to learn more about reporting aligned business income.

#### G. Unrelated Business Income

Some aligned business income activities may be considered unrelated business income and may be subject to tax by the Internal Revenue Service (IRS). Unrelated business income (UBI) is defined as an income generating activity that constitutes a trade or business, is regularly carried on, and is not substantially related to the church’s exempt purpose as outlined in the articles of incorporation. There are cases where rental income from church-owned property may be considered UBI. When UBI generates more than \$1,000 in gross revenue, the entity may be required to file a 990T with the Internal Revenue Service (IRS) and pay tax on the net profit. There are several exceptions to the UBI rules; please contact your district office for any questions.

- H. Property Tax Exemption-A church that holds real property may jeopardize some or all of the church property tax exempt status with a municipality if they operate an aligned business or allow other organization to operate on church property. It is recommended churches with an aligned business first confer with the district office and then with the

municipality where the property resides, to determine if the property tax exemption is at risk and its impact on the church.

#### 4. Church Records and Reports: How Long to Keep Them

Following is a checklist of how long to keep church records and reports. This list is subject to change as governmental and accounting regulations are amended.

##### A. Church

###### 1. Permanent

- a. Council and membership minutes
- b. Weddings, membership, baby dedications, water baptisms
- c. Leases, loans, deeds, contracts
- d. Annual financial statements (income statements and balance sheets)
- e. EIN assignment letter
- f. Church establishment letter
- g. Current proof of state registration of church name
- h. Current bank signature cards
- i. Background checks

###### 2. Seven years

- a. Charitable donation receipts
- b. Receipts for business expense reimbursements
- c. Housing allowance designations
- d. Foursquare Monthly Church Reports
- e. Bank records: checkbook register, bank statements, canceled checks or copies of canceled checks, deposit slips
- f. Employee benefit plans

###### 3. Ten years from date filed

- a. Payroll records and income tax forms (W-4, W-2, 1099, etc.)

##### B. Personnel Records

###### 1. Permanent

- a. Employee manuals or handbooks (1 copy, including all revisions)
- b. Background checks

###### 2. Maintained 3-7 years, after termination of employment

- a. USCIS R1 Visa application documents for immigrants we sponsor to obtain an R1 visa (7 years, after termination of employment)
- b. Contracts of employment (7 years, after termination)
- c. I-9 forms (3 years after hiring or 1 year after termination, whichever is later)

3. Maintained 6 years after termination of employment (for items c-f, if employee leaves under circumstances making a lawsuit against the employer reasonably foreseeable, then retain for the applicable statute of limitations).
  - a. Employment applications
  - b. Testing records
  - c. Job descriptions
  - d. Signed employee statements
  - e. Performance reviews
  - f. Dismissal records

#### C. School

1. Permanent
  - a. Student files and transcripts
  - b. Annual reports
  - c. School committee/agenda minutes
2. Three years
  - a. Attendance records
  - b. Applications of students who registered but did not enroll
  - c. Records indicating the racial composition of the student body, faculty, and administrative staff for each academic year.
  - d. Records to document that scholarships and any financial assistance are awarded on a racially nondiscriminatory basis.
  - e. A copy of all brochures, catalogs, and advertising dealing with student admissions, programs, and scholarships.
  - f. A copy of all materials used by or on behalf of the school to solicit contributions.
3. Ten years from date filed
  - a. Payroll

#### D. Camps

1. Camp registrations (25 years)
2. Activity release forms for minors (Permanent)
3. Activity release forms for adults (5 years)

#### E. Other

1. Insurance policies (Permanent)
2. Injury incident reports involving a child (Permanent)
3. Injury incident reports involving an adult (5 years)

#### 5. Pastors' Personal Records

Ministers should keep records that document their ministry activity, in addition to records that are maintained by the local church. Such records would include information about churches pastored, denominational offices held, building construction supervised, as well as records of special events. While the church is required to keep records pertaining to marriages, funerals, and baby dedications, pastors should consider whether they want to keep a copy for themselves of the ones they administer.

#### IV. CHURCH BUDGET AND BOOKKEEPING

##### 1. Money Management

Proper money management calls for an effective and efficient computerized accounting system and strong internal controls to track financial transactions and reduce the risk of asset loss. The accounting system should generate financial reports, that can be understood by persons who are not formally trained in accounting. It is recommended that the individual selected to oversee the bookkeeping responsibilities of the church should be an individual experienced in accounting and government regulations specific to churches. Church financial reporting requires consistent attention to the evolving accounting needs and internal control policies. An alternative to hiring an individual to handle the bookkeeping responsibilities is to hire a firm specializing in church bookkeeping. These companies are a good value when compared to time spent on bookkeeping when handled by an individual unfamiliar with accounting or church regulations. Please consult your district office for a preferred vendor list. Visit [4sq.ca/AdminOrientation](http://4sq.ca/AdminOrientation) for more information on internal controls.

##### 2. Preparing a Church Financial Plan/Establishing a Budget

- A. One key to recording and reporting financial information is a "chart of accounts." It is a list of every account in an accounting system to which sources of income and expenses may be applied. Visit [4sq.ca/ChartOfAccounts](http://4sq.ca/ChartOfAccounts) to learn more about recommended accounting resources that align with The Hub.
- B. Establishing a budget outlines the plans, financial commitments, and expectations the pastor and leadership have for the church. A budget helps a church spend with confidence, align a budget with vision, and builds unity and common focus for the church staff, church council and leadership. Visit [4sq.ca/AdminOrientation](http://4sq.ca/AdminOrientation) for more information on budgets.

##### 3. Forecasting Income

Calculate average per-adult weekly unrestricted giving from previous year:

$$\frac{\text{Average Weekly Tithable Income}}{\text{Average Weekly Adult Attendance}} = \text{Weekly Per Capita Giving}$$

Anticipate median adult attendance for current year based on growth trends identified by graphing attendance for previous 12 months.

Multiply per capita weekly giving by anticipated average adult attendance by 52 to predict income for the coming year.

$$\frac{\text{Weekly Per Capita Giving} \times \text{Anticipated Annual Adult Attendance}}{\times 52} = \text{Anticipated Annual Tithable Income}$$

The budget should be constructed to reflect that mission and vision.

As the budget is prepared church income and expenses may be separated into three categories, donor restricted, operating and aligned business to align with The Hub FMCR report.

#### 4. Donor-Restricted

- A. Donor-restricted offerings are donations given by a donor to a fund set up by the church council. The church must set the funds aside and spend the funds according to the purpose for which the fund was established.
- B. If the project or purpose for which the restricted donation was created is abandoned, and if the donor does not give written approval to use it for another project or purpose, then the following steps should be taken:
  - 1. If it is possible to return the money to the donor, then it must be returned.
  - 2. If it is not possible to return the money to the donor, then it may be transferred to a similar fund by the church council, subject to the approval of the Foursquare legal department.
- C. Visit [4sq.ca/FMCR](http://4sq.ca/FMCR) to learn more about donor restricted income and expenses (chapters 13-15 on the FMCR tutorial video).
- D. Foursquare Missions – Local churches are required to participate in our worldwide effort to reach the lost and disciple believers abroad by receiving monthly general missions offerings (Bylaw 13.4.A.4) and encouraged to participate in cross-cultural ministries

involving people from local congregations. These mission offerings are considered donor restricted income.

- E. If a church council decides to spend money from tithable income on missions, this is considered a church operating general mission expense and is not considered a donor restricted mission expense. A church may send their missions giving electronically to FMI by logging into the church page of the Foursquare Hub and navigating to the payments tab.

## 5. Church Operating Income and Expenses

It is helpful to separate church operating expenses into two categories: fixed and variable. Fixed expenses are expenses that do not fluctuate regardless of the number of people attending the church. Some examples of fixed expenses are rent, utilities, payroll, mortgage, repairs and maintenance. Variable expenses are expenses that do fluctuate based on the number of people attending the church. Ministry expenses are an example of variable expenses. Separating expenses into fixed and variable categories allows the pastor and church council to assess the amount of money available for ministry and the amount needed solely for operations. Recommended percentages are outlined in the Ratio Percentages later on page 39 of this handbook.

## 6. Fixed Expenses

- A. Foursquare Extension Tithe (Bylaw 13.4.A.3) – The principle of tithing extends beyond the individual to the congregation. Tithing ten percent is the chosen covenant practice of The Foursquare Church, based on Biblical principles.
- B. As members of The Foursquare Church, local Foursquare churches are "dedicated unto the cause of interdenominational and worldwide evangelism." The strategy for fulfilling this mission involves planting and establishing local churches, empowering those churches to evangelize in ways which are sensitive to the local culture, and for them in turn to send forth laborers for Kingdom-building both here and abroad. Fulfillment of this strategy requires the financial support of all Foursquare churches and is the basis for participation of local churches in the Foursquare Extension Tithe Program. The Extension Tithe should be remitted to The Foursquare Church each month. The extension tithe can be remitted electronically using the payments tab in The Foursquare Hub.

Calculating the Extension Tithe:

Unrestricted Gifts x 10% = Extension Tithe

SS/CE Offerings x 10% = SS/CE Tithe

Extension Tithe + SS/CE Tithe = Total Tithe

SS refers to Sunday School Tithe

CE refers to Christian Education Tithe

The SS/CE Tithe helps fund our nationwide NextGen collaboration.

- C. Loan Payments – Local Foursquare churches are required by our Bylaws, after payment of the extension tithe (Bylaw 16.1.F.2), to meet all loan payments before spending in other areas. The principal and interest payments on a mortgage are both reported under church operating expenses on The Hub FMCR-financial report.
  
- D. Personnel Expenses –The following personnel-related expenses should be included when preparing a budget:
  - 1. Ministry salaries
  - 2. Other salaries
  - 3. Payroll Taxes/Social Security Tax/Medicare Tax
  - 4. Healthcare
  - 5. Retirement – A qualified 403(b) retirement plan is available through the Foursquare retirement department. Visit [4sqfs.org/retirement](https://4sqfs.org/retirement) to learn more about Foursquare Retirement program.
  - 6. Ministers' Housing Allowance - Foursquare ministers can exclude from their income, for federal income tax reporting purposes, the fair rental value of a parsonage provided to them, plus a parsonage allowance to the extent it is used to pay for parsonage-related expenses. If a minister owns or rents a home, they may exclude that portion of their income that they designate in advance to their church council (which must be documented in the church council minutes as a housing allowance) and used to pay housing-related expenses, so long as the amount does not exceed the fair rental value of the house furnished including utilities. Visit [4sq.ca/HousingAllowance](https://4sq.ca/HousingAllowance) to learn more about housing allowance. To learn more about church compensation visit [4sq.ca/ChurchHR](https://4sq.ca/ChurchHR).
  
- E. Outside Contract/Independent Contractor Services-A church may contract with an individual to provide services to the church, but are not, according to IRS standards, an employee. These individuals are considered independent contractors. Examples of independent contractors may be visiting speakers, lawn care companies, cleaning companies, etc. Visit [4sq.ca/IndependentContractors](https://4sq.ca/IndependentContractors) to learn more about independent contractors.
  
- F. General and Administrative Expenses are expenses such as utilities, repairs and maintenance, rented or leased equipment, office expense, postage and shipping, phone expense, cable and internet expenses, etc.

## 7. Variable Expenses

- A. Ministry Expenses – The local church exists primarily for the sake of reaching out to the lost and building disciples. This budget category identifies ministry-oriented expenses, which should be considered when anticipating ministry expenses:
1. Children’s, youth, and adult ministry
  2. Office operation
  3. Advertising/printing
  4. Camping programs
  5. Local benevolence
  6. Radio and television ministry
  7. Other ministry-related expenses
- B. The training of men and women for full-time Kingdom service has long been a Foursquare tradition. Local Foursquare churches and local church members are encouraged to participate in the funding of educational institutions. The local Foursquare church should consider cooperating financially with Foursquare Bible colleges. (Bylaw13.4.B.4).
- C. No matter how careful the church is expenses will arise during the year which do not conveniently fit into any of the financial planning categories which have been created. For this reason wise planners should try to allocate 10 percent of their total operating income for savings or unanticipated expenses.

## 8. Aligned Business Activity

Income centers may be set up to track the income and expense of aligned business activities of the church such as thrift store, rental income, café, resource center, etc. Recommendations for recording and reporting this information in your accounting software can be found by using the recommended chart of accounts outlined in the next section.

## 9. Maintaining an Accurate Church Bookkeeping System

Though it is possible for churches to keep adequate financial records using manual bookkeeping systems, use of a computerized bookkeeping system is highly recommended. Such a system provides easy means for bill-paying, tracking donor restricted income and expenses, generating financial reports, internal controls and more. There are several accounting systems for churches, please contact your district office for recommendations. Visit [4sq.ca/quickbooks](http://4sq.ca/quickbooks) to learn more about QuickBooks.

## 10. Preparing Monthly Financial Statements

A template of the financial side of the Foursquare Monthly Church along with detailed instructions and tutorial video's can be found at [4sq.ca/FMCR](http://4sq.ca/FMCR).

## 11. Monthly Financial Statements

- A. Statement of Financial Position or “Balance Sheet” – A balance sheet is a report that shows the financial position of a business (in our case a local church) at a given point in time. It lists assets, liabilities and equity. The balance in the following types of accounts is reported on a balance sheet: bank accounts, accounts receivable, current and fixed asset accounts, accounts payable, current and long-term liability accounts and equity accounts. The balance sheet is an important document to examine when assessing the overall financial health and credit-worthiness of a church. A balance sheet should be generated each month and reviewed with the local Foursquare church council during its monthly meeting.
- B. Statement of Financial Activities or “Income Statement” – An income statement is a report that covers a specific time period, such as a month, a quarter, or a year, which shows income, expenses and the change in net assets or “net income” or “net loss”(equal to income minus expenses). The Foursquare Monthly Church Financial Report is similar to an income statement. This report, like the balance sheet, is an important document to prepare and review during monthly church council meetings. It warns church leaders of financial shortfalls, permitting them to take appropriate action before such shortfalls become disastrous.
- C. Budget to Actual “Income Statement” – A comparative financial statement is similar to an income statement; however, it contains additional information. In parallel columns it reports budgeted amounts next to actual amounts so that decision makers can see what took place in a given fiscal period compared to what was predicted would take place. It is recommended that this report be printed for the monthly church council meetings. If this report is used, it is not necessary to produce the income statement mentioned above.
- D. Fund Disposition Worksheet-This worksheet is used to track the ongoing balance of restricted funds from one year to the next. If this worksheet is used, it should be presented to the council on a monthly basis. Visit [4sq.ca/donorfunds](http://4sq.ca/donorfunds) to learn more about the fund disposition worksheet. Visit [4sq.ca/quickbooks](http://4sq.ca/quickbooks) to learn more about using this worksheet with QuickBooks

## 12. Ratio Analysis

- A. Mortgage-to-income – This figure is helpful in assessing a church's ability to make monthly mortgage payments. It is stated as a percentage and is calculated by dividing the amount of the mortgage payment (principal and interest) by the amount of the church's average

monthly income (tithable and other non-designated) times 100. This figure should not exceed 30 percent.

- B. Payroll-to-income – This ratio is important for helping pastors and church councils determine the amount of income that may be utilized for payroll costs and outside contract expenses. It is stated as a percentage and is calculated by dividing the amount of total payroll expenses (including salary, housing, benefits, employer tax contributions, and outside contract labor) by the church's operating income times 100. This figure should not exceed 35% if the mortgage-to-income ratio is 30%. If the mortgage-to-income ratio is 25% or less, then this figure should not exceed 40%.
- C. Fixed Expenses as a Percentage of Income-This ratio is used to determine the amount of operating income being spent on fixed expenses (including the Foursquare extension tithe). It is stated as a percentage and is calculated by dividing the total fixed costs by the total operating income times 100. This figure should not exceed 75%.
- D. Variable Expenses as a Percentage of Income- This ratio is used to determine the amount of operating income being spent on variable expenses (including the Foursquare extension tithe). It is stated as a percentage and is calculated by dividing the total variable costs by the total operating income times 100. The average for variable expenses is 15%.
- E. Debt Service Coverage Ratio-This ratio is used to determine the financial ability of the church to service its loan. It is stated as a percentage and is calculated by adding the mortgage payment (principal and interest) to the net income or loss and dividing this by the mortgage payments (principal and interest.) times 100. This figure at a minimum should be 110%.
- F. Gain in Reserve as a Percentage of Income-This ratio is used to determine the amount of additional money available for savings or emergencies after payment of the operating expenses. It is stated as a percentage and is calculated by dividing the net gain or loss by the total operating income times 100. This figure at a minimum should be 10%.

### 13. Opening a Church Bank Account

The following information should be considered when opening church accounts:

- A. The bank itself is not necessarily relevant, but how the bank assesses charges is very important. Look at the fee schedules for small business checking accounts at several banks in your area, and choose the one that offers the most services for the lowest fee. Pertinent questions are listed below:
  - 1. What are the returned check fees?
  - 2. What are the monthly service charges?

3. Is a minimum balance required to have a reduced or no monthly service charge?
  4. Is there a limit to the number of checks you can write each month without extra charges?
  5. Does the bank offer interest-bearing checking accounts, and is a minimum balance required?
- B. Charter and District Churches may have more limited options in choosing a bank account because of ICFG's subordinate unit structure. Banks that do not understand the structure may try to open the account as an unincorporated business or unincorporated association. This is not permissible for two reasons: (1) legally it exposes the pastor, staff and church members to potential legal liability; and (2) it would be a misrepresentation to banks of the ICFG structure. Opening an account as an unincorporated business or association puts the individual church members at risk. If a church incurs debt that the church can't pay, the bank can take action against the individual church members to collect the debt. If the church would like a referral for banks that understand the Foursquare structure, please contact your district office.
- C. Banks require several documents when opening business accounts. The documents are used to authenticate the organization and comply with federal banking laws. You will need the following:
1. Proof of personal identification, e.g., a driver's license.
  2. EIN Assignment Letter -The IRS should have sent a letter to the church with its assigned employer identification number (EIN) when the church was established. The bank will require this letter when opening the account. This letter is extremely important and often requested when official documents of the church are needed. The church should keep this document in their permanent files. Charter and District Churches should send a copy to the corporate secretary's office. If the church is unable to locate their letter, Charter and District Churches should contact their district office. Covenant Churches should contact the IRS.
  3. Church Establishment Letter - At the Charter or District Church's inception, the corporate secretary's office sent a letter from the Foursquare Board of Directors recognizing the establishment of the Foursquare church. This letter may be needed when establishing the bank account. The church should contact the district office if they are unable to locate this letter. Covenant Churches will not have this letter, nor will they need it.
  4. Subordinate Unit Letter - The church should have received a subordinate unit letter from ICFG establishing the church as a subordinate unit of ICFG's Federal 501(c)3 tax-exempt status. The church may need this letter to set up a bank account. Charter and District Churches should have received this letter. Covenant Churches should have received this letter if they are part of ICFG's group tax exempt 501 (c) 3 exemption. The church should contact the district office if unable to locate this letter.

5. ICFG Articles of Incorporation-The bank may request [ICFG’s Incorporation and Exemption Documents](#) when setting up the bank account for a Charter or District Church. These documents are proof of the establishment of ICFG’s corporation (our parent company). Visit [4sq.ca/bylaws](#) to learn more about our Articles of Incorporation and bylaws. Covenant Church’s have their own Articles of Incorporation and should supply those to the bank when opening an account.
6. Proof of State Registration of Church Name(s) – After the Charter or District Church is registered with the IRS as an official entity, the district office should have registered the legal and slogan name, if there is one, with the local authority. A Covenant Church will register their name with the local authority. A bank may refer to the slogan name as a fictitious business name (FBN). The state may have sent a formal letter acknowledging the registration of the legal and FBN. If a written acknowledgment was received, the church should bring a copy to the bank when establishing the bank account. The church should keep this document in their permanent files as this is considered a legal document. A Charter or District Church should send a copy to the corporate secretary’s office.
7. The bank account must be opened in the EIN of the church, not ICFG’s EIN. If there was an ICFG legal matter that resulted in attachment of ICFG’s bank account, the church bank account could be attached because it was opened with ICFG’s EIN.
8. Money for an opening deposit.

#### 14. Completing a Resolution

- A. After you complete the paperwork, the bank will give you a document known as a resolution, which will need to be filled out and returned. The resolution is similar to a signature card on a personal account and will contain the signatures of all those authorized to sign on the church’s accounts, as well as a listing of the officers. Each bank’s resolution will be unique, but the information needed should be the same or very similar.
- B. Below is a listing of what the resolution will ask for and the appropriate response:

The organization:	The church’s legal name
Doing Business As (DBA):	The church’s slogan name, if one is used. Banks also refer to this as a FBN.

*(NOTE: Always use the church legal name on the account. Never use the slogan name as the sole name on the account.)*

The officers:	President – The senior pastor treasurer, secretary, members of the church council, or core team
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*(NOTE: Article 16 of the bylaws require signers be unrelated by blood or marriage.)*

Signers: Those people who will be authorized to sign church checks one of the signers must be the senior pastor.

*(NOTE: Two (2) signatures are required; the signers may not be related by blood or marriage.)*

Facsimile signatures: Signature stamps are discouraged as this may compromise the internal controls of the church.

- C. The resolution needs to be copied and kept in the church files; the original must be returned to the bank after the signatures have been obtained. A new resolution will need to be filed each time the signers are changed. NOTE: During pastoral transitions, the outgoing pastor should prepare the resolution for the new pastor. (Since 9/11, banks in many locations will require that outgoing officers sign off on resolutions for incoming officers to prevent fraud.)
- D. Business checks, not personal-type checks, must be used. Regardless of the type of checks ordered, be sure the bank prints two signature lines. Even though banks do not always recognize and/or honor two signatures, it is a Bylaw requirement.

## 15. Compensation, W-2s, 1099s and 941s

- A. Church compensation is a very complicated topic. Foursquare recommends churches use payroll companies specializing in clergy compensation to prepare payroll to avoid costly fines and penalties with the IRS. The district office can provide a preferred payroll provider list.
- B. The Foursquare Church is one corporation, with the member churches as subordinate units. The Foursquare board of directors has ultimate oversight and supervisory control over all Foursquare ministers. A senior pastor is appointed to the local church by a district supervisor, who then directly oversees the minister. This oversight and control meets IRS criteria for the ministers to be considered clergy employees. Therefore, all Foursquare credentialed ministers should be paid with a W-2, not a 1099-Misc by the church where they are employed. There are very few instances for which a Foursquare credentialed minister should be given a 1099-Misc. Please notice that the portion of a minister's income that is designated as housing allowance may either be reported in box 14 of the W-2 or in a separate letter. The housing allowance should never be included in Box 1 of the W-2 as wages. Visit [4sq.ca/HousingAllowance](http://4sq.ca/HousingAllowance) to learn more about housing allowance and to see a sample letter.
- C. It is a best practice for a minister to submit for reimbursement business expenses to the church, under an accountable plan, subject of course to the funding ability of the church.

Accountable plans are described in the training videos mentioned at the end of this section.

- D. An employer reports W-2 income and payroll tax withholding on a quarterly IRS 941 form. Technically, the requirement to file the 941 is not based on whether or not there is W-2 income; the requirement is based on whether or not taxes are withheld. However, even if taxes are not withheld, Foursquare recommends that churches submit a 941 whenever there is W-2 income. One benefit of this policy is that a W-2 without a corresponding 941 may generate notices from the IRS.
- E. A copy of the 941 must be sent to the IRS. Only employees are covered by workers' compensation insurance. An independent contractor receives a 1099 and is not covered by workers' compensation insurance.
- F. Ministers are considered employee's for income tax purposes, but are considered self-employed for the withholding of social security and Medicare tax. Ministers are fully responsible for the payment of the social security and Medicare tax.
- G. Disbursement of funds to missionaries and mission organizations located outside of the United States are governed by very specific US tax regulations and subject to anti-terrorism laws. Adherence to these regulations is extremely important as the US government works directly with banks to watch disbursements made outside of the United States as part of the US Patriot Act of 2001. Please consult your district office for guidelines on funding foreign mission activity. FMI is aware of and adheres to government regulations for contributions churches and individuals make to FMI missionaries, organizations or projects. If the church is only making contributions outside of the United States through FMI, they may disregard this section.
- H. Church compensation and human resource practices, such as setting up an accountable plan, establishing a housing allowance, complying with the fair labor standards act, and more are essential topics the church must be knowledgeable about to stay in compliance with government regulations. There are various videos and written documents on church compensation, human resource practices and other administrative topics available searching those topics in the news and resource section of [foursquare.org](http://foursquare.org).
- I. Visit [4sq.ca/QB1099](http://4sq.ca/QB1099) for step by step instructions on filing 1099's with the IRS.

## 16. Personal Loans Prohibited

The use of church funds to make personal loans to pastors, staff or members is prohibited.

## 17. Electronic Giving

Electronic giving can be facilitated usually within a computerized donor management software. To maintain donor records and simplify the bank reconciliation process, it is recommended that the merchant service provider chosen provides batched donation information that can be easily matched to the bank reconciliation. The district office can provide recommendations for software and merchant service providers. A process for logging and reconciling electronic donations can be found by searching electronic donations on the news and resource section of [foursquare.org](https://foursquare.org).

#### 18. Church Credit Cards or Lines of Credit with Purchase Order System

In many cases, churches have preferred relationships with specific vendors that allow authorized persons to make purchases on account. By prescribing a system that involves the church council in establishing credit limits and authorized purchasers the church may effectively foster a system with better internal controls than what is possible through the issuance of checks (that may be falsified or tampered with) and physical receipts (that may be lost). Visit [4sq.ca/CreditDebit](https://4sq.ca/CreditDebit) to learn more about the credit card policy.

#### 19. The Foursquare Hub

The purpose of The Foursquare Hub is to provide a relational database and reporting system for the entire Foursquare denomination. For a user name and log in, please call your district office. Several tutorial videos have been created to explain the reason for The Foursquare Hub, provide instructions for navigating The Hub, completing the FMCR and completing the Annual Report. In addition, several written instructions have also been prepared. Visit [4sq.ca/FMCR](https://4sq.ca/FMCR) to learn more about reporting.

### V. LEGAL ISSUES

#### 1. Church Registration and Employer Identification Number

- A. Charter and District Foursquare Churches are not organized as independent legal entities. Rather, they are recognized by the board of directors and registered with federal government authorities as subordinate units of International Church of the Foursquare Gospel. Therefore, unless the church is working with the district towards Covenant Church status, individual Charter and District Churches should not seek separate incorporation; all incorporation processes relate to International Church of the Foursquare Gospel. In addition, no local church needs to request the acknowledgement of the federal government of its tax-exempt status. (Many local churches will, however, have to request acknowledgement from their state or local government in regard to sales and use tax, or property tax, if tax-exempt status is granted to churches in those states.)

- B. The registration of a new church as a Foursquare church triggers insurance requirements for that local church. Registration also triggers additional government reporting requirements for the parent corporation. As such, it is important not to “jump the gun” in registering a new church earlier than is actually necessary. Usually, a church plant’s need (1) for legal status to be able to conduct business in its community, or (2) for liability insurance coverage for its activities while its planting team meets together prior to the plant’s public launch, can be met in different ways. Please contact the district office to request information on establishing a bank account or insurance coverage for a church plant.
- C. A new church will generally need to be registered once it has developed to a point where it is necessary to independently account for tithes and offerings, be identified as a separate organization in its community, and/or have separate insurance coverage for its activities. This typically happens at the point where most new church plants are ready to launch as full-service churches in their local communities.
- D. New church registrations are processed by the district office, which will provide the necessary paperwork.
- E. For more information on these subjects, contact your district office.

## 2. Operating Daycares, Preschools and K-12 Christian Schools

Foursquare churches that desire to start a Daycare, Preschool, and/or K-12 Christian School must be Covenant status and be accredited with an outside academic accreditation organization.

When considering the operation of a Daycare, Preschool, and/or K-12 Christian School at the local church, please contact the National Church Office for things to consider and the necessary next steps.

## 3. Adult Bible Education in the Local Church

Foursquare Bible institutes, schools of ministry and Emerging Leader Network (ELN) programs may undergo annual certification by the Foursquare board of directors. Certification should not be confused with accreditation. Certification means that the program is recognized by Foursquare and is in good standing. Accreditation is a lengthy process of approval by a federally-recognized accreditation association, and often takes 8-10 years to accomplish. Please contact the National Church Office for things to consider and the necessary next steps.

#### 4. Care Giving vs. Counseling

A. Some Foursquare churches in the past have added to their staff persons whose specific ministry and professional training is counseling. This practice is not recommended. Before employing such a professional, churches should consult with their district and the Foursquare legal department to determine advisability in light of legal and insurance requirements. Foursquare churches should not use the terms “counsel,” “counseling” or “counselor.” In their place, the terms “care giver,” “biblical counsel,” “scriptural guidance” and “pastoral care” should be used. The following are some of the things to keep in mind:

- a. All pastoral care provided by a local Foursquare church, whether by the senior pastor, assisting ministers, other paid staff, or volunteers should be based first and foremost on Scripture.
- b. The Foursquare Insurance General Liability policy covers “all clergy” (pastors and lay ministers). The general liability policy does NOT cover professional activities such as would be rendered by an accountant, a physician, a lawyer or a licensed mental health care professional.
- c. Pastoral care givers should be on staff as volunteers or at a set salary or hourly wage without receiving a percentage of any donations received by the church. Counseling on a fee basis must not be conducted in conjunction with the church’s ministry and MUST NOT be conducted on church property. Fee-based counseling comprises a separate business activity, which MUST NOT have any connection with the ministry of the church.
- d. Tax exempt coverage is at risk when pastoral care givers receive a percentage of fees. Monies given to a licensed counselor must not be made payable to the church.
- e. There is no liability insurance coverage extended under Foursquare insurance to counselors receiving money direct from counselees. This constitutes a separate business and would exclude them from the church’s liability insurance coverage.
- f. It is strongly recommended that Foursquare churches require all who receive pastoral care from church staff or volunteers to sign a waiver of liability. (See “Pastoral Care Policies” on page 10)
- g. Those providing pastoral care are strongly discouraged from receiving any money as a consideration for giving pastoral care, even if the money is termed as a “donation.” The exchange of money for services is an indicator of a professional relationship between the care giver and the parishioner. The greater the appearance of a professional relationship, e.g. mental health care counselor/counselee relationship, the more the pastoral relationship will be

subject to the standards and requirements of a professional relationship. Thus, a greatly increased risk of liability is created.

- h. Ministers and lay care givers should never hesitate to refer a person in need to a qualified professional in the community whenever the individual's needs exceed the abilities of the ministry care giver.

## 5. Political Activities

- A. ICFG, and all Foursquare churches, have been granted tax exempt status by the federal government pursuant to Internal Revenue Code section 501(c)(3). This means that Foursquare churches do not pay federal income taxes on most kinds of income received by the church, and those who make financial donations to a Foursquare church are able to deduct these donations as charitable contributions on their individual tax returns.
- B. With the grant of exemption from taxation, federal law also imposes some restrictions on the political activities of Foursquare churches. Continued enjoyment of tax-exempt status is contingent upon strict compliance with the "rules" pertaining to church political activities.
- C. Foursquare churches may not "participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office." This is an absolute prohibition, meaning that even a minor violation can cause an organization to lose its tax-exempt status.
- D. Prohibited activities – The IRS has identified 5 types of activities that it deems as violations of the prohibition against participating in a political campaign for a candidate for public office: (1) endorsement of candidates, (2) making donations to a candidate's campaign, (3) engaging in fund raising on behalf of a candidate, (4) distributing statements of or about candidates, and (5) becoming involved in any other activity that may be beneficial or detrimental to any candidate.
- E. Distribution of "voter education" materials. Voter education materials which are truly neutral in content and format may be legally distributed. The problem, however, is that such materials, while nominally designated as intended merely to "educate," have often been in reality thinly veiled or blatant endorsements of candidates. Distribution of such materials by the church or at a church service, in the foyer, etc., is a clear violation of the law.
- F. Foursquare ministers as individual citizens. Ministers in their capacity as an individual private citizen may support any candidate they choose "so long as those ministers do not in any way utilize the organization's financial resources, facilities or personnel, and clearly and unambiguously indicate that the actions taken or statements made are those of the

individual and not of the organization.” The IRS has determined that “when a minister of a religious organization endorses a candidate for public office at an official function of the organization, or when an official publication of a religious organization contains an endorsement of a candidate for public office by the minister, the endorsement will be considered an endorsement by the organization.” So, though the minister is free as a private citizen to endorse and in other ways support a political candidate for office, the minister may not do so at a church service, church event, in a church bulletin, etc.

G. Permitted activity – Churches may have political candidates address the congregation so long as (1) overt campaign activities (recruiting volunteers, fund raising, etc.) are avoided, (2) the same opportunity is afforded to all other qualified candidates, and (3) the congregation is informed before or after the speech(s) that the church does not endorse any candidate for political office.

H. In addition to the absolute prohibition of activities regarding political candidates, federal law also limits a tax-exempt organization’s ability to involve itself in political issues. This limitation is only slightly less stringent than those regarding candidates. Section 501(c)(3) of the Internal Revenue Code prohibits exempt organizations from engaging in “substantial efforts” to influence legislation. In a nutshell, this means that the church can occasionally speak out regarding political issues, pending legislation, etc. without difficulty. But, if the primary focus of the church’s attention and activities becomes political in nature rather than spiritual, the church will probably run afoul of this legal prohibition. There is no “bright line” test of what constitutes “substantial efforts.” Therefore, churches should exercise great wisdom and caution in regard to political issues.

## 6. Threats of Violence and Concealed Weapons

Foursquare pastors and church leaders should notify local law enforcement of any threats or acts of violence at any church function or event, as well as any threats or acts of violence directed toward church personnel, members or attendees.

Visit [4sq.ca/SafetyProtocol](https://4sq.ca/SafetyProtocol) to learn more about our safety protocol.

Visit [foursquare.org/activeshooter](https://foursquare.org/activeshooter) for active shooter training.

## 7. Undocumented Individuals and Church Involvement

A. If an undocumented individual (without proper immigration papers) attends a church, here are some guidelines regarding the individual’s involvement in the church. Clearly, employment is prohibited, but other levels of involvement are permitted as follows. An undocumented individual:

1. May be a member.
2. May be a volunteer.
3. May be a church council member.
4. May apply for licensure.

B. There may be times when a church asks an individual who is not a US citizen or does not have a permanent US work visa to speak at their church. Payments made to these individuals are handled differently than payments to US citizens or those with a US work visa because of their foreign status. Regardless of how the church describes the payment (gift, blessing, honorarium), if the money was given to the individual as a thank you for speaking at the church, this is compensation and must be treated accordingly. The reporting of these payments will depend on a few factors such as the country they are from, type of visa they are traveling on, length of stay in the states, etc. In some cases, payment may be a violation of law. Please consult your district office prior to making payment as there are instances where the church may not be able to compensate an individual.

## 8. Registered Sex Offenders and Church Attendance

If a registered sex offender attends a church and reveals his past to the pastor or some other church leader, the church is advised to follow the guidelines listed below. Being on a sex offender registry is a matter of public record, so there is no expectation of privacy regarding this information. Boundaries may be difficult to enforce, but they should be established as a pre-requisite to the person's attending the church.

### A. People to inform:

1. District supervisor must be informed.
2. Church staff, especially those who work with minors should be informed.
3. Church leaders (elders, council members, ministry leaders) should be informed.
4. Any disclosure to the congregation should be done only with the advice and assistance of the Foursquare legal department.

### B. Boundaries regarding the individual's church attendance and access to church facilities:

1. He/she should have a mentor to whom he/she is accountable on a weekly basis, and who should coach him/her in the observance of the following boundaries:
  - a. He/she will be assigned a monitor whenever he/she is at the church facilities.
  - b. He/she should have a finite list of church activities he/she may attend and the parts of the church facility that may be accessed.
  - c. He/she may not be in the children or youth areas.
  - d. He/she should always enter and exit through the same main entrance.

e. He/she should only use one designated restroom.

C. Boundaries regarding the individual's interaction with church members:

1. He/she is free to interact with adults in the church.
2. He/she must take prior steps before spending time (at the church, a home or elsewhere in the community) with any church family with minors present.
3. Before spending time (at the church, in a home or elsewhere in the community) with any church family with minors, the individual should inform his or her mentor, and request that the mentor inform the family so that the family can make an informed decision.

D. Conditions and boundaries for serving in the church:

1. He/she should attend the church regularly for a minimum of one year.
2. He/she should be accountable to a group in the church, led by his or her mentor, for a minimum of one year.
3. He/she may only serve in those areas which do not involve any contact with minors and which occur in public, open, easily visible areas.

## 9. Copyright Permissions

### A. Music

1. Churches that project song lyrics onto an overhead screen or copy song lyrics into song sheets must either have permission of the copyright owner, or a license to use the lyrics. One of the easiest ways to obtain such a license is to purchase a subscription to a service such as Christian Copyright Licensing International (CCLI). Visit [ccli.com](http://ccli.com) to learn more about Christian copyright licensing.
2. A license is not needed for use of published hymnbooks/songbooks, or for music that is in the public domain (for example, most hymns published before 1940 are in the public domain).

### B. Movies, DVD clips, TV clips

1. Copyright warnings on movies and other audiovisual works (including DVDs, Blu-Rays and movie streams or downloads) specify authorization for personal home use only. Public screenings – including within a church – require special permission. According to the Federal Copyright Act of 1976, violations may result in fines of up to \$150,000.

2. Churches have the option of purchasing a license from services such as Christian Video Licensing International (CVLI), which has partnered with the Motion Picture Licensing Corporation (MPLC) to provide licensing for churches to show movies, etc. Visit [cvli.com](http://cvli.com) to learn more about video copyright licensing.. It is important to note that not all movie productions are covered under CVLI. Screening of some movies/video productions requires direct purchase of a license from the producers.

### C. Additional Copyright Permissions

In addition to the aforementioned media resources, there are areas within the church that require copyright permission (e.g., the use of photographs or video clips, often found on the internet, etc.). Having a license for a single location or single site is not always the same license you need for streaming, multi-platform and multi-sites; be sure you have all necessary licenses for your use of copyright material.

## VI. INSURANCE

### 1. Insurance (Bylaws 14.4.J & L; Bylaw 17.6)

- A. Coverage. All Foursquare churches are required, in accordance with Foursquare bylaws, to insure real estate, building contents, vehicles, activities and employees (workers' compensation). It is recommended that each church be insured through the Foursquare Insurance Program which is administered by Arthur J. Gallagher & Co. Visit [4sq.ca/insurance](http://4sq.ca/insurance) to learn more about Foursquare Insurance Program.
- B. If a church chooses to use an insurance provider other than the Foursquare Insurance Program, the local church (using the church legal name) shall be named as the insured and International Church of the Foursquare Gospel must be named as additional insured on all policies, using the local church address and the following requirements must be satisfied:
  - a. A complete copy of all outside insurance policies shall be filed with the Foursquare insurance department when the policy is acquired by the local church and annually or at each renewal date a new binder shall be filed with the Foursquare Insurance Department. If the policy is mailed to the church , you must advise your outside insurance company that a copy must be mailed to the Foursquare Insurance Department. Whenever a new policy is acquired through a new company a complete new policy needs to be sent in as well.
  - b. The amounts of coverage shall be determined by the Foursquare board from time to time. Please contact the Foursquare insurance department for the current list of types and amounts of coverage.

- c. The policies shall be placed preferably with "A-" to "A++" carriers as listed in Alfred M. Best's insurance guide. Reciprocal or assessable mutual companies are not acceptable.
  - d. Claims – For churches within the Foursquare Insurance Program, detailed claim procedures are included in the insurance website [www.foursquare.org](http://www.foursquare.org). You may call Gallagher directly at 833-813-5580. Please be prepared to give the following information:
    - 1. Church legal name and ID number
    - 2. Date of the occurrence
    - 3. Detailed description of the injury/accident and the name and age of the person injured, if applicable
- C. Do not assume a claim is covered or not covered. The validity of a claim should be determined after the claim has been reported. If in doubt, call the Foursquare Claims Administrator for assistance (213-989-4403). Please keep a copy of all claim paperwork in your files for future reference.
- D. Lawsuits -- Churches and ministers may be sued just as any other entity or individual. Lawsuits are commenced by an aggrieved party filing a complaint with the court. The court then issues a summons, which is a legal notice to the person being sued (the defendant) of the lawsuit and the need to defend himself or herself. Whenever a church or minister is served with a Summons and Complaint, the senior pastor must immediately contact Foursquare's legal department (213-989-4210), their district office, and the Foursquare insurance claims administrator (213-989-4403). In addition to those three points of contact to be made, if the church is insured outside of Foursquare insurance program, you also must contact your insurance carrier. Foursquare's legal department will guide you through the process and work with the insurance carrier in providing an attorney to assist the church and/or pastor in defending the lawsuit. Do not attempt to defend the case in any way (e.g., through an attorney in your local congregation).
- E. Health and accident insurance -- Health and accident insurance covers medical care costs associated with injury and illness which are not otherwise paid by any other form of insurance. This coverage is not available through the Foursquare insurance program. This insurance is recommended, but it is not required.

## 2. Pyrotechnics

- A. In response to a request for guidelines, the Foursquare board of directors adopted the following policy regarding pyrotechnics. The guidelines listed below will help you comply with both safety and insurance requirements:

- a. Hire an outside contractor licensed in the handling and use of pyrotechnic special effects for each event.
  - b. Require the contractor to submit a written plan well in advance of each event in order to allow review and revision by Foursquare personnel, city and county government agencies, insurers, and others. The plan should specifically account for variables arising from indoor events (ceiling heights, exits, etc.) and outdoor events (weather, adjacent structures, etc.).
  - c. Require the contractor to obtain and provide copy of a permit for use of pyrotechnic materials and devices from the local fire department or other applicable government agency having jurisdiction over the event.
  - d. Require the contractor to obtain and provide proof of liability insurance, naming International Church of the Foursquare Gospel as an additional insured. The required policy limits should be no less than \$5 million dollars per occurrence, issued by an insurance carrier admitted in the state where the event will occur with a financial Best rating of "A" or better.
  - e. Require the sponsoring church or camp, etc. to develop and have in place a written emergency plan to deal with any accidental occurrence (e.g. fire or personal injury).
  - f. Establish appropriate verbal and physical barriers to ensure that all Foursquare personnel, volunteers, and event attendees have no contact with the pyrotechnic materials or devices; this would include set up before the event and clean up after the event.
- B. Each of the following steps must be implemented in order for a camp, school or church to conduct a pyrotechnics event:
- a. Sponsor (camp, school, church) requests "Pyrotechnics Compliance Form" from the district.
  - b. Sponsor completes the form, attaches copies of the following as required by the policy, and sends it to the district at least 45 days prior to the date of the proposed event:
    - License of contractor licensed in the handling and use of pyrotechnics
    - 1. Written event plan by the contractor.
    - 2. Use permit from the local fire department or applicable government agency.
    - 3. Proof of contractor's liability insurance, naming International Church of the Foursquare Gospel as an additional insured.
    - 4. Written emergency plan by the sponsor.
    - 5. Statement signed by contractor which agrees to prohibit all Foursquare personnel and event attendees from any contact with pyrotechnics.

- c. District reviews form and attachments for accuracy and completeness, and coaches sponsor accordingly.
- d. District presents completed form to district supervisor for approval.
- e. District presents completed form and attachments to insurance services department to confirm compliance with policy.
- f. District communicates response of insurance services department to the sponsor. If the insurance services department indicates any areas in which the form or attachments fail to comply, the district will advise the sponsor to make the necessary corrections in order to resubmit the form and attachments to the insurance services department.
- g. Sponsor includes in event registration or application form a statement that advises parents that pyrotechnics will be included in the event.

## VII. REAL ESTATE TRANSACTIONS

*\*This section of the Handbook applies to Charter and District Churches, and not to Covenant Churches. Covenant Churches should refer to the Foursquare Bylaws for the minimal requirements for real estate transactions.*

### 1. The Elements of a Property Transaction

- A. The creation of a lease, lien, trust deed, grant deed, mortgage, or other general building contract(s) requires a church to meet the criteria below and to progress through the following steps. Check with your district supervisor before signing any real estate transaction. If you are required to sign any document(s), be sure that the contingency "Subject to the approval of the governing board of the International Church of the Foursquare Gospel" is included above your name.
  - 1. All Foursquare Monthly Church Reports (FMCRs) have been submitted.
  - 2. The full amount of the church's extension tithe remittance has been received for the past year.
  - 3. Contribution has been made to Foursquare Missions International (FMI) as described in the ICFG bylaws.
  - 4. All insurance and loan payments are current.

5. District supervisor gives approval to proceed.
6. Membership votes on the proposal in a formal membership meeting.
7. Forms submitted to the district office.
8. District supervisor reviews forms and submits a request to the board of directors.
9. Upon board approval, central offices process documentation, including a board resolution specifying the parameters of the transaction.
10. The senior pastor then may inform the congregation of the board's decision and carry out the resolution.

## 2. Easements/Right of ways

- A. An easement is a right given by an owner of a property so another person or entity can use a portion of the land for special purposes, such as roads, gutters, curbs, sidewalks, telephone and electric lines, etc. The board of directors must approve all transactions that encumber church property, easements included.
- B. Normally the entity desiring an easement will provide the necessary documentation, including an engineer's drawing to outline, with land measurements, and exactly what is being requested. As easements grant legal right for someone to enter and use the property, the documentation should be complete and accurately detail the rights and usages of both the church and the requesting agency. See Appendix A, Section 1 for step-by-step guidelines. Visit [4sq.ca/propertytools](http://4sq.ca/propertytools) to learn more about the easement process.

## 3. Demolition

Removal or demolition of all buildings, including sheds that have been put on a foundation on the church property, must be board-approved in advance of the demolition. In many cases, the city will require that the church obtain a permit to remove a building. Please check with your city government to determine their rules and procedures. The construction materials in older buildings may have lead and asbestos contamination; the church must be prepared to pay a local company to remove these hazardous materials in a safe manner. The church should receive a receipt when the building has been demolished. See Appendix A, Section 2 for step-by-step guidelines. Visit [4sq.ca/propertytools](http://4sq.ca/propertytools) to learn more about demolition process.

#### 4. Lease Out

When a church leases its facilities to another church or civic group, the lease must be approved by the board of directors. In some cases, leasing out or receiving income from an organization that uses the church's property could change the church's property-exempt status. Please use the ICFG-approved lease-out agreement form, available from your district office. See Appendix A, Section 3 for step-by-step guidelines. Visit [4sq.ca/propertytools](https://4sq.ca/propertytools) to learn more about lease outs.

#### 5. Loan Refinance (outside)

See Appendix A, Section 4.

#### 6. Loan Refinance (IFLF)

See Appendix A, Section 5.

#### 7. Lease Extension/Replacement

See Appendix A, Section 6.

#### 8. Property Sales/Disposals (Bylaw 17.4)

- A. Sales of any church property should be discussed with the district supervisor before action is taken at the local level. After obtaining the supervisor's permission, discuss the matter with church leadership. When leadership is in agreement, a membership meeting and vote should be called according to Bylaw 13.5.12. Bylaw 17.1.C and 17.4 give direction on how to proceed with the membership vote.
- B. To establish a fair market price for the property, have the property appraised or have a market analysis done by a real estate broker. Also, be sure to determine the original cost of the property. The board of directors must approve the sale price.
- C. A cover letter by the pastor should accompany the Purchase and Sale Agreement. It should include the reason for the sale, what the proceeds of the sale are to be used for and any other pertinent information.
- D. The complete step-by-step process for the sale of properties is described in Appendix A, Section 8. Visit [4sq.ca/propertytools](https://4sq.ca/propertytools) to learn more about property sales.

## 9. Leases (Bylaws 17.1)

- A. Lease versus rental/license – If the agreement you enter into is for exclusive use it is considered a Lease. If on the other hand it is shared space or non-exclusive use it is a rental or license. Whether a lease or month-to-month tenancy, all such agreements must be reviewed and approved by the board of directors.
- B. Before agreeing to proceed with the lease of any property, check with the zoning commission of your city or county. It is recommended that you obtain a conditional use permit and may be required by your local municipality.
- C. The insurance department will not extend insurance coverage to a leased building prior to the effective date of the lease or the approval of the board. Allow at least three weeks for review and approval by the Board of Directors.
- D. You should not sign any agreement for ICFG without the clause, "Subject to the approval of the governing board of the International Church of the Foursquare Gospel" being inserted above your signature. To be legal, all documents must be signed by authorized corporate officers. If you are asked to sign any other document, contact the district office for guidance first.
- E. The process for lease approval is detailed in Appendix A, Section 9.

## 10. Loans (Outside)

All loans must be approved by board of directors of The Foursquare Church and must be secured in the name of ICFG, with the legal name of the church included. The process for obtaining loans is detailed in Appendix A, Section 10.

## 11. Loans (IFLF)

The International Foursquare Loan Fund (IFLF) has two primary functions in support of the mission of The Foursquare Church:

- A. To service property acquisition and improvement loans (both internal and from outside lenders) to facilitate the expansion of ministry in the local church, and
- B. To provide a mechanism for local churches to earn interest income on their idle funds while these funds are used to support loans to other Foursquare churches. For more IFLF information see Appendix A, Section 11.

## 12. Acquisitions (Purchases, Donated Properties and Adoptions) (Bylaw 17.1)

- A. Whether a church purchases property and/or buildings or receives donated property, board approval is required, and the first steps require contacting the district office. For specific procedures, see Appendix A, Section 12.
- B. In order to take a tax deduction for donated property the donor will need an IRS form 8283 with section B completed. This section requires signatures by the church, a qualified appraiser and the donor. See IRS publication 526, form 8283 and the separate instructions for form 8283. These may be obtained on [www.irs.gov](http://www.irs.gov). Please contact the properties department for specific instructions on receipting donations of property. Donors may also consider donating property through a trust or other planned giving instrument. For more information contact the Foursquare Planned Giving representative at (855) 807-8504.
- C. Sometimes donors wish to give property to the church in return for a sale price that is less than the fair market value (FMV) of the property. This permits the donor to take a tax deduction for the difference between the sale price and the FMV. This is called a “bargain sale” and must also be substantiated on Form 8283 Section B. See IRS publication 526 for details regarding a bargain sale.

## 13. Environmental Reports for Property Acquisitions

Environmental disclosures and property inspections are required for all property acquisitions. More information on these procedures is found in Appendix A, Section 13.

## 14. New Construction and Remodeling

- A. See Appendix A, Section 14 for an overview of the required process for construction and remodeling.
- B. Foursquare has a construction consultant who provides guidance to churches that undertake construction and remodeling projects. For more information, contact your district office or Property Services.
- C. It is important to communicate with local governmental agencies prior to beginning the process. Be aware of and able to comply with zoning laws, permit, bond and inspection requirements, and any other local regulations that are pertinent to the project.
- D. Contact Foursquare Insurance before beginning the project to ensure all necessary coverage is in place.

## 15. Property-Restricted Savings Withdrawals

Church property savings accounts are intended for property needs of the church. However, new policies approved by the board allow for exceptions and can be approved through the district. Details on the definition of property needs, required documentation and process steps are found in Appendix A, Section 15.

## **Addendum A**

### **I. PROPERTIES**

#### **1. Easements/Right of Ways**

##### **A. Policy**

1. District supervisor approval.
2. Executive committee approval via “FTR -fast track report.”
3. Review of all agreements / Property Services (gov’t-utility) or Legal Dept. (private).

##### **B. Documentation Required**

1. Letter of explanation from pastor.
2. Legal documents.
3. Signed PT form by council and pastor.

##### **C. Process Steps/Roles & Responsibilities**

###### **1. Church**

- a. Church has reports current in the HUB.
- b. Membership vote approving terms of request.
- c. Contacts district and forwards the documentation required above.

###### **2. District**

- a. Verifies stewardship including tithing & reporting.
- b. Approves and forwards to Property Services

###### **3. Property Services**

- a. Reviews documents for accuracy (recommends correction when necessary).
- b. Sends PT Form to church for council signatures.
- c. Church Council signs PT form and returns to Property Services.
- d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary’s Office for signatures, processing and approval by the board of directors.

###### **4. Corporate Secretary’s Office**

- a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 2. Demolition

### A. Policy

1. District supervisor approval.
2. Executive committee approval via "FTR - fast track report."
3. Must adhere to local environmental regulations.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Signed PT Form by council and pastor, including environmental adherence agreement language.

### C. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required above.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 3. Lease Out

### A. Policy

1. District supervisor approval.
2. Executive committee approval via "FTR - fast track report."
3. Use of approved ICFG lease-out agreement.
4. Maximum 5 year term.
5. Property Services review of all agreements.

### B. Documentation Required

1. Letter of explanation from pastor.
2. ICFG-approved lease-out agreement.
3. Signed PT Form by council and pastor.
4. Insurance verification (ICFG is additionally insured).

C. Underwriting Guidelines

1. Does not violate property tax exemption.
2. Lessee is properly insured naming ICFG as additionally covered.
3. UBIT or other local tax obligations will be considered.

D. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required above.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

#### 4. Loan Refinance (outside)

Any extension, modification or refinance that is greater than 90 days.

##### A. Policy

1. Amortization remains consistent with original term.
2. District supervisor approval.
3. Executive committee approval via "FTR - fast track report."
4. Property Services review of all agreements.

##### B. Documentation Required

1. Term sheet or commitment letter.
2. Signed PT Form or term sheet by council and pastor.

##### C. Underwriting Guidelines

1. Refinances requesting additional funds must show the ability to cash flow the loan payments and fixed expenses do not exceed 80% of monthly gross undesignated income.
2. Amortization shall remain consistent with the original term unless additional funds are requested above or beyond 25% of current balance.

##### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Contacts district and forwards the documentation required above.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 5. Loan Refinance (IFLF)

Any extension, modification or refinance that is greater than 90 days.

### A. Policy

1. Amortization remains consistent with original term.
2. District supervisor approval.
3. Financial conditions:
  - a. \$500,000 or less a .25% renewal fee on current IFLF maturing loans (may be paid in cash or added to the loan).
4. Executive committee approval via "FTR - fast track report."
5. Loan workouts:
  - a. Loans where the church is unable to meet the current loan terms will be in workout status.
  - b. One year maximum term with quarterly review.
  - c. Monthly payments will be determined based on the church's capacity to pay based on a review of the church's financial statements.
  - d. Monthly payments will be applied to principal only.
  - e. Interest rate will be adjusted on a quarterly basis to the weighted average credit line interest rate.
  - f. Payments received on non-accrual loans may be applied to principal only.

### B. Documentation Required

1. Signed PT term sheet by council and pastor.

### C. Underwriting Guidelines

1. Refinances requesting additional funds must show the ability to cash flow with loan payments not to exceed 30% or fixed expenses not to exceed 80% of monthly gross undesignated income.
2. Amortization shall remain consistent with the original term unless additional funds are requested above or beyond 25% of current loan balance.

### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Contacts district for initial approval.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.

- d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
- a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 6. Lease Extension/Replacement

Any lease, license or rental extension agreement that renews or extends a current lease or a new location that replaces the location and purpose of current lease.

### A. Policy

1. Seven year maximum term including any automatic extensions.
2. District Supervisor approval.
3. Executive committee approval via "FTR."
4. Property Services review of all agreements.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Legal documents.
3. Signed PT Form by council and pastor.

### C. Underwriting Guidelines

1. When lease payment is increased by more than 10% of previous year, church must show ability to cash flow with fixed expenses not to exceed 80% of gross undesignated income.
2. No substantial decrease in attendance or tithable income (10%) from previous year.
3. Lease matrix will apply.

### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Contacts district and forwards the documentation required above.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 7. Property Sales/Disposals

### A. Policy

1. Sales price must be within 10% of substantiated market value (Broker opinion of value or appraisal).
2. Membership approval and council certification.
3. District supervisor approval.
4. Property Services review of all agreements.
5. Full Board for any sales over \$2,000,000.
6. Receivables are acceptable only under the following:
  - a. Property is free and clear of encumbrances.
  - b. Down payment will cover all closing costs and delinquent insurance and or subsidized loan payments against the church on any property.

### B. Proceeds

1. Closing costs and fees.
2. Pay off all outstanding loans attributed to the subject property.
3. Pay off all delinquent insurance or loan subsidies.
4. Remaining net proceeds are placed in a restricted IFLF savings account for future needs of the church.

### C. Documentation Required

1. Letter of explanation from pastor.
2. Signed PT Form by council and pastor.
3. Legal documents (sales agreement).

### D. Underwriting guidelines

1. N/A

### E. Process Steps/Roles & Responsibilities

1. Church
  - a. Church has reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Membership vote approving terms of request with council certification.
  - d. Contacts district and forwards the documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.

- d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
- 4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 8. Leases

### A. Policy

1. Membership approval and council certification for new leases.
2. District supervisor approval.
3. Executive committee approval.
4. Property Services review of all agreements.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Membership vote approving terms of request with council certification.
3. Agreements.
4. ICFG Addendum signed by owner

### C. Underwriting Guidelines

1. According to lease matrix.

### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 9. Loans (outside)

### A. Policy

1. Church is a chartered member.
2. Membership vote with majority approval and council certification on terms for loans.
3. District supervisor approval.
4. Executive committee approval via "ET" for loans over \$1,000,000 and full board for all loans over \$2,000,000 (new money).
5. Property Services review of all agreements.
6. Loan terms and conditions:
  - a. No pre-payment penalties.
  - b. Amortization not to exceed 25 years.
  - c. No financial covenants.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Term sheet, commitment letter or loan documents.
3. Signed PT term sheet by council and pastor.
4. Construction loan draws
5. Draws are approved by Property Services.
  - a. Each draw request should be documented by pay reconciliation.
  - b. Each item \$10,000 or over includes a receipt of payment, cancelled check or vendor statement showing invoice was paid.

### C. Underwriting Guidelines

1. Loan payment is 35% or less than gross undesignated income and fixed costs are less than 80% of gross undesignated income.
2. Church has 20% down payment of total acquisition or project.
3. Loans greater than \$2,000,000 of new money must be presented to full board.

### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Reports current in the HUB.
  - b. Letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.

- d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
- 4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 10. Loans (IFLF)

### A. Policy

1. Membership vote with majority approval and council certification of terms for loans.
2. District supervisor approval.
3. Loan terms and conditions:
  - a. Loan maximum \$500,000.
  - b. Standard term 20 years with 5 year interest rate reset.
  - c. .75% origination.
  - d. Auto debit for monthly payments (.5% rate increase if not on auto debit).
  - e. Fixed rate loans only.
  - f. 5% late fee for payments received 15 days after the due date, minimum fee \$25.
  - g. No construction loans.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Signed PT term sheet by council and pastor.

### C. Underwriting Guidelines

1. Loan payment is 35% or less than gross undesignated income and fixed costs are less than 80% of gross undesignated income.

### D. Process Steps / Roles & Responsibilities

1. Church
  - a. Reports current in the HUB.
  - b. Letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 11. Acquisitions

### A. Policy

1. Church is a chartered member.
2. Membership vote with majority approval and council certification for purchases.
3. District supervisor approval.
4. Property Services review of all agreements.
5. Property inspection.
6. Environmental adherence according to attached policy and guidelines.
7. Insurance adherence.
8. Executive committee approval via "ET" for any purchases over \$1,000,000 and full board for all purchases over \$2,000,000.

### B. Documentation Required

1. Letter of explanation from pastor.
2. Signed PT Form sheet by council and pastor.
3. Agreements and or addendums.
4. Appraisal or broker's opinion of value.
5. Property inspection and applicable environment reports.

### C. Underwriting Guidelines

1. Clear title with title insurance.
2. Broker's opinion of value or appraisal.
3. Acquisitions above \$2,000,000 will be submitted to the full board.
4. Church must clearly indicate the ability to pay all new expenses relating to property.

### D. Process Steps/Roles & Responsibilities

1. Church
  - a. Reports current in the HUB.
  - b. Request letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.
  - b. Approves and forwards to Property Services
3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
4. Corporate Secretary's Office

- a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

## 12. Environmental Reports for Property Purchases

When bringing a property into Foursquare by purchase, gift, or adoption, it is necessary to make sure no environmental problems exist that could render the property unusable, or require expensive cleanup. The same process is needed whether the property is vacant land, a church facility, a house, or whether it is purchased, donated, or brought into Foursquare by adoption. To keep this paper simple, we will use the term “purchase” to represent all methods of taking a property into Foursquare.

The environmental condition of a property is determined from the following inspections and reports. Also, our purchase negotiations and decisions concerning the property will be hinged on what these reports tell us. All inspections and reports should be addressed to International Church of the Foursquare Gospel.

PT-21: This is our environmental disclosure form to be completed by the seller within a few days of initiating the purchase and submitted to the district office as part of the request package. This form should be considered a report from the seller, disclosing to us the condition of the property and any environmental issues we should know about. The report is to the “best of the seller’s knowledge” which is often incomplete, unprofessional, and in some cases non-existent (when the seller didn’t occupy the property). If the seller refuses to complete the form, the property should be visually inspected by the local church and filled out to the best of their ability, with a notation that the seller refused to complete and sign the form.

The PT-21 may show items that need further investigation, and may indicate an environmental report already exists. If a report exists, it should be requested and reviewed. If items needing further investigation are noted, qualified and licensed professionals should be consulted to determine the extent of concern and the means of correction.

Property Inspection: If the property includes a structure (building, house, condo, etc.), a structural inspection should be ordered within 10 days of initiating the purchase. If the structure was built before 1981, the local church should seek and hire an environmental professional to inspect the structure and prepare a report that must be addressed to International Church of the Foursquare Gospel. It should also hire a qualified professional to inspect the soundness of mechanical and structural elements of the structure. The type of professional and qualifications for these inspections may vary by state depending on each state’s licensing requirements; in any case a qualified licensed professional should be sought who will inspect and report the items we request.

Vacant land is screened for environmental issues by obtaining an environmental report, which is ordered by the district office (see below EDR report). A Phase 1 will be required if the EDR comes back as an “elevated risk.”

A building is also inspected for environmental issues. The site is screened by an EDR report, but if the building was built before 1981, the building also requires a physical hazardous materials inspection by a qualified licensed professional to determine the presence of contaminants (asbestos, lead paint, PCBs and radon gas) and recommend methods of abatement. Below are brief descriptions of each of these materials. Beyond environmental concerns, the structure and mechanical systems also should be inspected for structural integrity, safety and maintenance issues – call Property Services for details.

Asbestos is a microscopic mineral fiber that, if inhaled, can lead to cancer. It is found in many building materials, including insulation for piping, boilers, furnaces; fireproofing; floor and ceiling tiles; adhesives; walls, ceilings and siding; etc. Fibers embedded in lung tissue over time may cause serious lung diseases including: asbestosis, lung cancer or mesothelioma.

Lead is a highly toxic metal that was used for many years in products found in the interior and exterior of homes and other buildings. Lead paint is commonly found in walls, windowsills, baseboards, stair rails, porch railings, and other painted surfaces. Lead can cause a range of health effects, from behavioral problems and learning disabilities, to seizures and death. Children 6 years old and under are most at risk, because their bodies are growing quickly.

Radon is a cancer-causing natural radioactive gas that you can't see, smell or taste. It seeps into buildings from the surrounding soil. The EPA ranks indoor radon among the most serious environmental health problems facing people today. Radon is the leading cause of lung cancer among non-smokers and the second leading cause of lung cancer in America, claiming 20,000 lives annually.

Professionals should be screened by the church to assure they are qualified with adequate experience and properly licensed in accordance with their state's requirements to perform the required inspections.

The property inspector should be shown the completed PT-21 so any items of concern can be addressed in the inspection report. It is also recommended that the inspector be given a copy of the EDR, or Phase 1 report if there are items that should be included in the inspection.

EDR report (also known as TSP or Screen report): This report is ordered by Property Services following receipt of the request package; the cost (about \$145) is passed on to the local church with a copy of the invoice and report. Foursquare orders all their reports from EDR (Environmental Data Resources, Inc.), thus saving about 40% off the normal fee.

This report is a collection of data posted by environmental agencies. The agencies are listed in the report along with maps of the immediate area, geological charts showing water flow and

elevation, location of nearby environmental problem sites, and a summary of the report information concerning each site.

Each report rates the property as “elevated risk” or “low risk.” If the property is “low risk,” it is acceptable, but further investigation must be done if it is “elevated risk.” It is important to know that the report only collects data and notes the location of the sites in relation to the target site (the property being purchased). The risk rating is determined by a variety of factors which may include the nearness of the contaminated sites, irrespective of whether the sites are still active or cleaned up.

Board policy requires the church perform a Phase 1 for any “elevated risk” report.

**Phase 1 Report:** This report can only be performed by a qualified licensed environmental professional. The local church should hire a professional who will be able to prepare a report in a timely and expert manner. The cost may range from \$1,000 to \$5,000 depending on the property and complexity of issues. The report focuses on the target property and consists of a visual inspection of the target site and research of records concerning the target site and surrounding properties. The completed report will address all items of concern and note any further investigation that would be required. If further work needs to be done, the Phase 1 report will call for a Phase 2 testing.

**Phase 2 Report:** The Phase 2 inspection is more comprehensive and may be up to 2 or 3 times more expensive than the Phase 1; the price will depend on the complexity of issues and size of property. This report can only be performed by a qualified licensed environmental professional; it may be done by the same inspector who did the Phase 1 (if qualified to do a Phase 2), or the local church may elect to hire someone else. Consider asking seller to pay part or all of the costs for this report.

The Phase 2 inspection will involve core samples of water and soil that will be analyzed for contaminants. This report should give a clear picture of environmental risks associated with the property and enable the board to determine whether the property should be purchased. A Phase 3 remediation report will be required if the parties desire to clean up the reported contamination.

**Professionals:** It is of utmost importance to be sure professionals meet the state and federal requirements to perform the various inspections we request. Their written certification of qualifications should be included as part of the report. Please contact Property Services in advance of any testing to confirm the qualifications of any professional(s) performing your environmental inspection(s).

### 13. Construction/Remodel

A project includes the following: 1) the footprint of the building is increased or altered, 2) a structural change to the building is made, e.g. changes to a load-bearing wall, roof, etc.

#### A. Policy

1. Majority approval by church membership and certification of council for projects.
2. District supervisor approval.
3. Property Services review of all agreements.
4. Executive committee approval via "ET" anything over \$1,000,000 and full board for all Projects over \$2,000,000.

#### B. Documentation required

1. Letter of explanation from pastor.
2. Signed PT Form by council and pastor.
3. Agreements and or addendums.
4. Plans and specs.
5. Ongoing construction documentation:
  - a. Draws are approved by Property Services.
    - i. Each draw request should be documented by pay reconciliation.
    - ii. Each item \$10,000 or over should include a receipt of payment, cancelled check or vendor statement showing invoice was paid.
6. Finished Project:
  - a. Full pay reconciliation.
  - b. Occupancy permit.
  - c. Lien releases showing property is clear.

#### C. Underwriting guidelines

1. 25% contingency funds available added to total project costs.
2. Executive committee approval via "ET" anything over \$1,000,000 and full board for all projects over \$2,000,000.
3. Church must clearly indicate the ability to pay all new expenses relating to property improvement.
4. COC insurance coverage for cost of project.
5. Contractor indemnification for environmental hazards.
6. Church has hired a bondable General Contractor

#### D. Process steps/Roles & responsibilities

1. Church
  - a. Reports current in the HUB.
  - b. Letter of explanation from pastor.
  - c. Membership vote approving terms of request.
  - d. Contacts district and forwards the documentation required.
2. District
  - a. Verifies stewardship including tithing & reporting.

- b. Approves and forwards to Property Services
- 3. Property Services
  - a. Reviews documents for accuracy (recommends correction when necessary).
  - b. Sends PT Form to church for council signatures.
  - c. Church Council signs PT form and returns to Property Services.
  - d. Creates story page for board (if necessary) and forwards documents to Corporate Secretary's Office for signatures, processing and approval by the board of directors.
- 4. Corporate Secretary's Office
  - a. Copies are scanned and original signed documents are sent back to appropriate party and distributed to all departments accordingly.

#### 14. Restricted Savings Withdrawals

##### A. Policy

- 1. Savings accounts are intended for property needs of the church. However, new policies approved by the board allow for exceptions and can be approved through the district.
- 2. Property needs are defined as the following:
- 3. Real property improvement.
- 4. Maintenance repairs (paint, roof, HVAC, etc.).
- 5. Land improvement (landscaping, parking or permanent signage, etc.).
- 6. Tenant improvements (build-outs).
- 7. Trade fixtures (chairs, tables, sound equipment etc.) excludes office equipment, desks, computers and ministry related items).

##### B. Documentation required

- 1. Signed request from pastor including item invoices, totals and amount requested.
- 2. Signed approval from district supervisor.

##### C. Process steps/Roles & responsibilities

- 1. Church
  - a. Contacts district and forwards the documentation required.
- 2. District
  - a. Forwards documentation and approval to IFLF department for disbursement.

## **Addendum B**

### **I. INAPPROPRIATE SEXUAL BEHAVIOR**

Inappropriate sexual behavior manifests in many ways. Society and cultural is constantly shifting, and in recent years there has been a spotlight on those who have used their authority or influence over others to engage in, coerce, or promote sexual behavior. As the church, we must walk with far greater righteousness than society, both in terms of our individual actions/interaction, and in our organizational response to allegations, concerning situations, and inappropriate sexual behaviors.

The Foursquare Church takes issues of inappropriate sexual behavior very seriously, and require that all our ministers do so in the context of their local churches. We want to encircle people with both support in prayer and support in healing, and lovingly hold accountable those that have acted in a manner that does not exemplify Christ and His church.

#### **A. When should I contact my district supervisor?**

If a licensed minister at your church or any staff person at your church engages in an act within Levels Two - Four from the following list, you are required to contact your district supervisor for counsel and possible next steps. Discretion should be used as the situation may require suspension and/or revocation of credentials. If a volunteer engages in an act within Level Four from the following list, you are required to contact your district supervisor for counsel and possible next steps. Discretion should always be used.

#### **B. What situations may be handled by local leadership?**

Level One offenses, from the following list, may be handled by local church leadership and may not necessarily require contacting the district office. Discretion should be used by local leadership with great sensitivity to the matter at hand, and do not hesitate to contact the district office if you have questions or need guidance.

## II. FOUR LEVELS OF INAPPROPRIATE SEXUAL BEHAVIOR

While the four levels below plus the information about sexual harassment provide a helpful tool for determining both the severity of such sexual behavior and the appropriate response, these are simply tools to help The Foursquare Church in addressing inappropriate sexual behavior, and the Board may use or modify these levels on a case-by-case determination as the Board deems necessary or appropriate, in the Board's sole discretion. This behavior includes but is not limited to the following:

### Level One: Legal non-intrusive sexual behavior

- Illicit sexual fantasy
- Compulsive masturbation
- Pornography (in all its forms, except illegal pornography)

### Level Two: Legal intrusive sexual behavior (some behavior may be illegal in some states or countries)

1. Indirect
  - Visiting strip joints
  - Cross-dressing
  - Indecent liberties (brushing up against someone for a sexual thrill without his/her permission or knowledge)
  - Phone sex
  - Obscene phone calls
  - Online or Virtual Affairs (e.g., non-face-to-face meeting)
2. Direct
  - Affair(s)
  - A married person engaging in a romantic or emotionally dependent relationship (even if non-sexual in nature)
  - Anonymous sexual encounters
  - Sexual promiscuity, including premarital sex

### Level Three: Lesser illegal sexual behavior

- Soliciting prostitutes
- Voyeurism, including social media
- Exhibitionism

### Level Four: Major illegal or severe sexual behavior

- Molestation
- Incest
- Rape
- Clergy sexual misconduct/sexual abuse of power (even in cases where it may not be illegal, it is severe)

- Child pornography and other forms of illegal pornography
- Any sexual behavior involving a minor in any way

### Sexual Harassment

Some include sexual harassment in the category of "sexual misconduct." While there may be some validity to this, for our purposes in this document it will be listed separately so that appropriate disciplinary actions can be administered. Sexual harassment can take place at any of the four levels outlined above; some may be lesser forms, calling for admonishment and instruction, or some may be very egregious (e.g. sexual favors), calling for severe discipline or termination. This is why sexual harassment may fall into Level Two-B, Level Three and Level Four. Courts have recognized, in general, two forms of sexual harassment:

Quid Pro Quo - When someone in a position of authority subjects someone of lesser authority to unwelcome advances and compliance is explicitly or implicitly made a condition of employment or promotion.

Hostile environment - When the person in authority (directly or indirectly) creates an intimidating, hostile or offensive environment. The conduct must be severe and pervasive enough that the victim, as well as any reasonable person, would find the environment to be hostile and abusive.

The following is a list of examples of sexual harassment. This list is illustrative and not exhaustive.

- Initiating unwelcome sexual activity.
- Using subtle questioning to determine someone's sexual behavior or availability.
- Creating offensive rumors concerning the appearance or sexual behavior of someone.
- Describing a parishioner, employee or student using sexually explicit language.
- Repeatedly asking a parishioner, employee or student for a date.
- Telling sexual jokes.
- Demanding sexual favors from an employee in exchange for job security.
- Offering an employee compensation or work benefits in exchange for sexual favors.
- Displaying sexually explicit pictures.
- Sending sexually explicit letters, cards, or other materials to a parishioner, employee or student, whether through digital means (e.g., cell phone, social media outlets, etc) or tangible means.
- Stalking a parishioner, employee or student to pursue a personal relationship.
- Touching a parishioner, employee or student in a sexually offensive manner.
- Placing obscene phone calls to a parishioner, church employee or student.
- Touching oneself sexually in the presence of a parishioner, employee or student.
- Blocking a parishioner, employee or student's pathway to force physical contact.
- Using gestures or staring considered sexually offensive by a parishioner, church employee or student.