

MYRTLE GROVE BAPTIST CHURCH

Finance Procedures Manual

01/13/2022

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I. PURPOSE

- A. The objective for these procedures is to develop an understanding of and commitment to the biblical concepts of individual and corporate stewardship by **ensuring** that sound procedures are instituted for receiving, counting, depositing, recording, disbursing, and reporting gifts of the church membership.

II. GENERAL INFORMATION

- A. God is the source of all blessings, temporal and spiritual. All that we have and are, we owe to Him. Christians have a spiritual debtorship to the whole world, a holy trusteeship in the gospel, and a binding stewardship in their possessions. They are therefore under obligation to Serve Him with their time, talents and material possessions. They should also recognize all this is entrusted to them for use to the glory of God and for helping others. According to the Scriptures, Christians should contribute of their means cheerfully, regularly, systematically, proportionally and liberally for the advancement of the Redeemer's cause on earth. This is in keeping with the Baptist Faith and Message.
- B. We believe God has established a means by which His church is to carry out its financial duties. Furthermore, we believe the giving of tithes and offerings is God's plan, not only for financing His work through His church, but also as a means of allowing us to grow spiritually through our giving.

III. RESPONSIBILITY

- A. The Finance Committee shall be the custodian of all money, financial records and valuable papers. A safe-deposit box shall be provided for the Church Administrator to utilize for the safekeeping of valuable items. The Church Administrator shall meet with the Finance Committee and provide this committee with all financial reports requested with the help of the Financial Ministry Assistant. A treasurer's report (with a format approved by the Finance Committee) shall be supplied to the committee members once per month. A copy of this report will also be included in the monthly business meeting package.
- B. The Counting Committee shall work with the Treasurer, Financial Ministry Assistant and Finance Committee in aligning the duties of the Counting Committee with the requirements of the church's accounting system to insure proper documentation and the confidentiality of all gifts and offerings. At least three members shall be present to assist in the counting of the tithes and offerings received during church services. The Church Counting Procedures are contained in the Myrtle Grove Baptist Church By-Laws and in Section VII of these procedures.

~~C. The Purchasing Committee shall review all purchase orders for clarity, appropriateness, proper documentation and completion of information in all fields before approving purchase orders. The duties of this committee are contained in the Myrtle Grove Baptist By Laws and in Section VI of these procedures.~~

D. All checks drawn against any account owned by Myrtle Grove Baptist Church shall be countersigned by two of the following persons:

1. Chairman of the Deacons
2. Church Treasurer
3. Vice Chairman of the Deacons
4. Associate Treasurer
5. A Designated Member of the Finance Committee

No person may sign a check made payable to themselves or a person to whom they are related.

No persons will have the authority to prepare checks for signatures unless the proper authorizations ~~and the approved purchase orders~~ for purchase have been obtained and the goods or services have been received by the Church as indicated by a receiving report signed by the individual receiving the goods or services certifying that the goods are in proper working order and/or services have been satisfactorily performed. Any check prepared and processed prior to the receipt of the goods or services must be approved by the Church Administrator.

Statements received for payment shall be balanced with the ~~approved purchase orders~~ invoices for payment; except for those instances as outlined in Section IIIB of the Purchasing Procedures. Should any statements received contain unapproved purchases, the Financial Ministry Assistant must contact the department head, the committee chairman, the staff member or the organization's leader involved for further clarification and approval. The unapproved purchase will be reported to the Church Administrator for further review if necessary.

E. A petty cash fund shall be maintained by the Financial Ministry Assistant for miscellaneous expenses. The Finance Committee shall determine the amount of the petty cash.

1. No purchase shall exceed \$100.
2. A petty cash voucher will be completed prior to the disbursement of money.
3. Receipts must be provided to the Financial Ministry Assistant within three business days in order to close out the petty cash voucher.
4. The ~~Financial Ministry Assistant~~ Counting Committee shall balance this account monthly, or each time this fund is replenished, whichever is sooner to insure proper documentation of the disbursements from this fund.

F. Any changes to these ~~guidelines~~ procedures shall be approved by the Finance Committee and recommended for adoption at the next church business meeting.

G. The Finance Committee shall issue temporary guidelines for expenditures should fiscal problems arise. These guidelines shall be followed until the fiscal situation improves. *(This is not new language it is being moved from another section of the procedures.)*

IV. RECEIVING, COUNTING AND DEPOSITING OF GIFTS AND OFFERINGS

A. OFFERINGS

1. Two people are required to deposit money bags into the drop safe and sign the log. Indicate the date, bag number and offering category in the log.
2. Sunday School: The Records Secretary and another person shall deposit the money bag in the drop safe after all Sunday School records are collected. They shall complete the log entry with the information listed in Item #1.
3. THE OFFERING SHOULD NEVER BE COUNTED DURING THE WORSHIP SERVICE.
4. ~~Morning~~ **Worship** Service: After collection of the ~~morning~~ offering, two deacons/yokefellows shall place the offering in the money bag and place the deposit bag in the drop safe. They shall complete the log entry with the information listed in Item #1.
5. ~~Evening Service: Two deacons/yokefellows shall deposit the evening offering following the same procedure from the morning service in Item #4.~~
6. Special Offerings: Please follow procedures as directed by the Church Administrator and/or Church Treasurer.
7. Two keys are required to withdraw contents from the drop safe. Holders of the Guard Key are the Church Administrator and the Financial Ministry Assistant. Holders of the second key are the Counting Committee Chair and a designated member of the Counting Committee. Either the Church Administrator or the Financial Ministry Assistant shall first insert their key in the guard key slot, and then the Counting Committee member will insert his/her key in the second slot to open the safe.
8. Counting Committee: Key holders mentioned in Item #7 will withdraw money from the drop safe. Those committee members shall withdraw the money bags, sign and complete the log entry indicating the date and the bags number(s) withdrawn.
9. After the offerings have been counted, two members shall ~~return~~ **deposit** the funds ~~to~~ **in** the bank ~~for deposit~~.

B. MONIES RECEIVED DURING THE WEEK

Monies received during the week or otherwise turned in for miscellaneous reasons will be deposited as necessary by the Financial Ministry Assistant. The Financial Ministry Assistant will retain the deposit slip. **If the Financial Ministry Assistant is unavailable, the funds shall be**

placed in the safe. These funds will then be counted and deposited by the counting committee.

C. WEEKDAY EARLY EDUCATION MONIES

Monies received by the Preschool Learning Center staff shall be properly credited to the accounts of the Preschool Learning Center. ~~and deposited by the Financial Ministry Assistant of the church.~~

D. MEMORIAL GIFTS

The memorial gift will be deposited into the fund designated by the donor.

E. ESTATE GIFTS

1. If a will or trust has provisions specifying the purpose for which such funds are to be expended or governing conditions for the funds received through an estate gift, the Finance Committee will evaluate the purpose and means of governing the funds and recommend to the church if such conditions are in keeping with the best interest of the church. The church must then accept estate gifts that specify either purpose or governing conditions, which must be met in order to receive funds.
2. The church should not receive any bequest in a will or participate as beneficiary of a trust in any way that might result in conflict within the church or confusion as to the utilization of the resource or might cause an undue financial burden to the church.
3. If a will or trust does not have provisions specifying either the purpose or the governing provisions to be met in order to participate as a beneficiary of an estate gift, the Finance Committee will evaluate and review the needs of the church and recommend to the church how such gifts are to be spent and administered. The church will then consider the recommendation from the Finance Committee during a church business meeting.

V. RECORDING OF GIFTS AND OFFERINGS

- A. The Financial Ministry Assistant shall insure proper recording of each family/contributor's gifts to the church **through the financial software used by the Church.**
- ~~B. The Financial Ministry Assistant shall insure that all financial records are up to date. The Treasurer shall work with the Financial Ministry Assistant to ensure that the duties of the Financial Ministry Assistant are aligned with the church's accounting system for accurate posting of the giving records.~~

- C. Annual contribution statements shall be mailed to every person who has a giving record documented by the church.
- D. Quarterly statements will be provided upon request.

VI. PURCHASING PROCEDURES

- A. A **Supply Purchase Request Form** shall be prepared by the intended purchaser and approved by the appropriate committee chairman, department head or organizational leader. ~~In addition, the Available funds must be verified by The Financial Ministry Assistant~~ **verifies that funds are available for this specific purpose. The Church Administrator must approve all purchases totaling up to \$1,499.99. Purchases totaling \$1,500.00 up to \$4,999.99 must be approved by the Finance Committee. Any purchase of a single item costing \$5,000 or more will be approved by the Church at its next regularly scheduled Business Meeting. for the Purchasing Committee, and screened by the Church Administrator. The request will be effective for 30 days.**
- B. All activities or acquisitions which will result in the expenditure of church funds must be documented by a properly approved ~~purchase order for a minimum of~~ **Purchase Request Form at least** two weeks prior to the incurring of expense.
 - i. Exceptions to this policy are as follows:
 - 1. Utilities
 - 2. Personnel Salaries and Expenses
 - 3. Insurance
 - 4. Social Security
 - 5. Emergency Situations
 - 6. Debt Services
 - 7. Cooperative Program
 - 8. Associational Missions
 - 9. General Literature
 - 10. Maintenance and Contracts
 - 11. Fire Protection
 - 12. Storm Water Fees
- C. ~~The purchase shall then only be authorized by the Purchasing Committee if the following conditions are met:~~
 - 1. ~~There is sufficient money available in the appropriate budget item against which the purchase is to be charged and the request does not exceed \$1,500.00.~~

- ~~2. Approval must be given by the Church for any expense over \$1,500.00 even if monies are available in the appropriate budget item against which the purchase is to be charged.~~
- D. ~~All non budgeted items must be approved by the Finance Committee and the Church.~~
- E. No ~~area~~ **line item** in the budget can be exceeded unless approved by the Finance Committee and the Church. **The request from the Finance Committee will come to the church in the form of a budget amendment if operating funds are being used.**
- F. When out-of-pocket or personal funds are to be used for a purchase or acquisition and reimbursement is expected from the church, those purchases, or acquisitions must first be approved through the stated purchasing policy guidelines before reimbursement will be considered. Receipts are ~~necessary~~ **required** for reimbursement.
- G. The purchaser must obtain a **Tax Exempt Form** from the Financial Ministry Assistant before making these purchases. **Because the church is a tax-exempt entity, state and local taxes will NOT be reimbursed.**
- H. If advance funds are requested to cover anticipated costs, and approval is obtained **from the Church Administrator**, then receipts for monies expended shall be turned in to the Financial Ministry Assistant along with any unspent monies. All receipts need to be turned in within five business days.
- I. **If the Financial Ministry Assistant is not available to verify funds are available for a requested purchase, the Church Administrator shall verify the funding.** ~~authorized to prepare the purchase orders which will be presented to the Purchasing Committee.~~
- J. ~~The Finance Committee shall issue temporary guidelines for expenditures should fiscal problems arise. These guidelines shall be followed until the fiscal situation improves.~~ ***This was moved to Section III***
- K. ~~Designated Funds can only be spent for the purpose of the designation unless the account is closed with the approval of the Finance Committee and the Church.~~ ***This was moved to Section VII***

VII. DESIGNATED FUND POLICY

- A. The Finance Committee must approve the establishment of a designated fund:
- B. Any new designated fund line items must relate to a budgeted ministry. Exceptions would be those designated fund line items that are established in support of a specific fund-raising

endeavor or event or reserve fund line items such as the emergency fund and insurance deductible.

C. Any new designated fund must meet the following requirements as approved by the Finance Committee:

1. The purpose of the fund and how it furthers the mission of the church must be stated.
2. Procedure on how the fund will be spent must be recorded. *[Including the Minister, Ministry, or Committee responsible for management of the designated fund]*
3. The procedure on how the fund can be closed and how to disburse any money left over after the ~~fund is exhausted~~ **purpose has been accomplished or discontinued** must be stated.

Designated Funds can only be spent for the purpose of the designation unless the account is closed with the approval of the Finance Committee and the Church.

~~VIII. EMERGENCY FUND POLICY~~ **UNEXPECTED/UNBUDGETED EXPENDITURES**

When an unexpected expense **arises**, there are three **sources of** funds (beyond the budget line item) possible to draw from: Designated Funds, Capital Escrow Funds and Emergency Funds. Designated funds will always be used first, as decided and voted by the Finance Committee. If no Designated Fund exists to cover the expense, or if there are insufficient funds in the **Designated Fund**, then the Capital Escrow Fund will be used to cover the expense. If neither of the first two funds address the expense or are insufficient to cover the expense, then Emergency Funds may be allocated to cover the remainder of the expense. If the committee cannot be consulted; the Church Treasurer, Finance Committee Chairperson **and Church** Administrator will come to a consensus as to how the expense will be paid.

Dollar amounts ~~were~~ **are** set to limit how Capitol Escrow would replenish the Emergency Fund. Any excess of \$5,000.00 in the Capitol Escrow account will be transferred to the Emergency Fund until the Emergency Fund totals ~~\$25,000.00~~ **45,000.00**.

IX. DISBURSEMENT OF FUNDS

A. All documentation for payment shall be attached together, with an **Invoice, Statement, Supply and Purchase Request Form, or Purchase order** serving as a cover sheet. **Statements will only be used to verify prior payments were received and all purchases accounted for. All checks**

will have as supporting documentation an invoice and a statement that the item(s) have been received and/or service(s) have been performed to the satisfaction of the Church.

B. Checks will be signed by two of the following:

1. Chairman of the Deacons
2. Church Treasurer
3. Vice Chairman of the Deacons
4. Associate Treasurer
5. A Designated Member of the Finance Committee

If there are people in the list of five that are related, they cannot be the two signatures.

~~X. THE PURCHASING COMMITTEE~~

~~A. All purchase orders shall be signed by the Financial Ministry Assistant as to the availability of budgeted funds before being forwarded to the Purchasing Committee (see Purchasing Procedures). **Two members of this committee shall consider all requests for approval.**~~

~~Approval will be indicated by their signatures. Two committee members' signatures are required before the Financial Ministry Assistant can process a purchase order for payment.~~

~~B. No checks are to be written or purchases made until purchase orders are signed, except in situations as listed in the exceptions in the Purchasing Procedures. Comparison buying shall be done to obtain the most for our money, not necessarily the cheapest price. All reimbursements must have properly identified receipts that have been made out to MGBC. If partial or full refunds are due, the responsible person should complete a purchase order and file it with the Financial Ministry Assistant. The Financial Ministry Assistant will submit purchase orders to the Purchasing Committee members on a weekly basis for consideration.~~

~~XI. COUNTING COMMITTEE PROCEDURES~~

~~A. The Counting Committee shall be responsible for counting all monies received during church services, preparing detailed deposit **records**, making bank deposits, and forwarding the copy of the deposit slip to the Financial Ministry Assistant.~~

~~B. The Counting Committee will also mark and arrange contribution envelopes alphabetically for the Financial Ministry Assistant.~~

~~C. The offerings shall be deposited in the night deposit box by two deacons and/or yokefellows. The committee chairperson plus one other member shall go to the bank on the next business day and retrieve the bank bags. The bank bags then shall be taken to the room in which the committee is waiting.~~

D. The following procedures shall be used:

1. The Counting Committee Room shall be carefully selected using the following criteria: an interior room with no windows and no outside door.
2. All loose money shall be separated, counted, and recorded on a contribution envelope. ~~On the back of the envelope, monies shall be listed by denomination.~~
3. Envelopes will be made for all loose checks. This ensures the correct amount shall be credited to the contributor.
4. The envelopes shall then be divided into separate trays: cash into one tray and checks into another tray. Envelopes with no money in them shall be marked with a zero. If an envelope has both cash and check in it, it shall be passed to the Chairperson to make the correct notations on the envelopes.
5. The cash envelopes are opened first, the money is **removed**, and the amount is recorded in the right upper-hand corner with a "C" (e.g. C \$10). Cash placed in an envelope without a name is checked to see if the envelope number is a current number. If so, the contributor's name and the amount are listed on the envelope. Once all the cash envelopes are opened and verified, the chairperson shall run a tape as follows: (1) Total all the budget amounts and then all the designated amounts; (2) Add the two amounts together plus the loose cash to get the total cash. This must balance with the cash.
6. The check envelopes are then opened, and handled in the same manner as the cash envelopes with the following exceptions:
 - a. Do not put a "C" by the verified amount.
 - b. Be certain that all check envelopes have the contributor's name on the **envelope**.
 - c. Be certain that the check is signed and made out correctly.
 - d. Be certain that the numerical amount and the written-out amount are the same (the bank uses the written-out amount).
 - e. The Chairperson runs a tape on the check envelopes, and then the envelopes are arranged alphabetically.
7. The checks are totaled by two members. They make two tapes, one of the tapes goes to the bank with the checks, and the other tape is attached to the detailed deposit record.
8. The designated gifts envelopes shall be divided into the proper accounts and a tape made for each account. Memorials are to be listed separately.

9. The Chairperson shall fill out the detailed deposit record and attach all tapes to it. The Chairperson and another member shall sign **and return** the detailed deposit record and the validated deposit slip to the Financial Ministry Assistant.

XII. THE BUDGET PROCESS

- A. The Financial Ministry Assistant will provide **Budget Request Forms** to the church leadership ~~by the end of May,~~ **in June** in advance of the Finance Committee's review. These forms must be returned to the Financial Ministry Assistant by mid- July. A copy of each request will be provided to the Chairperson of the Finance Committee.
- B. The Financial Ministry Assistant will prepare a budget spreadsheet of the previous year, current year, and the proposed budget requests for ~~comparison to~~ the Finance Committee.
- C. The Finance Committee will begin the budget process in August. They will then review the budget spreadsheet comparisons for each individual account item. The original **Budget Request Forms** from the church's leadership will be available for reference as needed. The Finance Committee will have their recommendations recorded in a separate column of the spreadsheet.
- D. Once the recommendations have been complete and approved by the Finance Committee, the proposed budget will be forwarded to the Deacons for review by October 1.
- E. The church membership will then be given the opportunity to review these **recommendations with** the Finance Committee in an open Question and Answer forum ~~by~~ **before the November Church Business Meeting.**
- F. The church membership will vote by secret ballot **at the November Business Meeting.** ~~before December 1st~~ The approved budget will then be entered into the computer for January of the upcoming fiscal year.

W/9; 1099 Process

The Church shall be in compliance with W/9 and 1099 requirements of the Internal Revenue Code.