

## FINANCIAL PROCEDURES

EFFECTIVE DATE: January 1, 2004; amended July 21, December 1, 2004; July 10, 2005; January 18, June 21, 2006.

RESPONSIBLE PARTY: Treasurer

### I. Receipts

#### A. General Principles

1. The Financial Secretary shall maintain a written record of all receipts.
2. Designated gifts made through the church must be for use by the church in one or more of its activities or for a purpose approved by the church.
3. The church shall reserve the right to limit participation in some activities to those who have paid or have made arrangements to pay in advance. If receipts for an event or activity do not cover expenses, the Financial Secretary is authorized to deduct the balance of the cost from the budget account of the sponsoring officer.

#### B. Procedures

##### 1. Sunday Morning Offering

- a. The Offering Committee, following its written procedures (Section V), shall deposit all money received in the Sunday morning offering by noon of that day.
- b. The Financial Secretary shall retain the envelopes, adding machine tape, detail sheet and duplicate deposit slip. S/he shall record deposits in the proper accounts. S/he shall shred or securely destroy photocopies of checks given to the church after receipt of the monthly bank statement and reconciliation of any discrepancies associated with the bank statement.

##### 2. Checks Received in the Mail

The Financial Secretary, after recording all necessary information, shall deposit checks on Thursday or Friday of the week they are received and shall retain the deposit receipts. S/he shall record deposits in the proper accounts.

##### 3. Money Collected for Other Church Activities

- a. Any church member who collects money for a church activity shall count it after all money is received.

- b. Using a pen, s/he shall fill in (a) the front of the Cash Receipts envelope, signing it after “Counted by.” If the money was not counted s/he shall write “not counted’ before signing name.
- c. S/he shall then put the money in the Cash Receipts envelope and slide the envelope into the opening on the top of the safe.
- d. The Financial Secretary shall remove the envelope from the safe, recount the money, and sign the front of the Cash Receipts envelope after “Received in the church office & Verified by.” If the money has not been previously counted, the Financial Secretary will get another staff or church member to count the money with him/her. That person will also sign the Cash Receipts envelope after “Verified by.”
- e. The Financial Secretary shall deposit the money when s/he deposits the checks, record the amount in the appropriate account, and retain the Cash Receipts envelope and the deposit receipt. S/he shall record deposits in the proper accounts.

#### 4. Receiving Securities

- a. A church member giving securities to Baptist Church of the Covenant (BCOC) should notify (1) his/her brokerage firm, authorizing the transfer, and (2) the Financial Secretary, designating how he/she intends his/her contribution to be used.
- b. The brokerage firm transfers the securities to the broker within that firm that acts for BCOC. That broker immediately sells the securities, which is BCOC’s current standing order with all brokerage firms.
- c. The broker acting for BCOC then sends BCOC (1) a check for the amount received from the sale minus any charges for the sale and (2) a statement giving the name of the donor, the quantity and name of the securities given, the date of sale of said securities, and the charges for the sale.
- d. The Financial Secretary receives the check and the statement (giving the name of the donor, the quantity and name of the securities given, the date of sale of said securities, and the brokerage firm’s charges for the sale).
- e.. S/he shall deposit the check, recording the cash received in the accounts designated by the donor.
- f. S/he shall write a letter of appreciation to the donor, stating the date of sale, number, and name of the securities received. S/he shall keep a copy of this letter in the Stock Gifts file along with the broker’s statement.
- g. To the member’s quarterly contribution statement, the Financial Secretary shall attach a photocopy of the statement received from the broker. (Federal law prohibits the church from

reporting on the contribution statement the cash value received from sale of donated securities.)

- h.. The Treasurer and Finance Committee shall review annually BCOC's process for receiving securities.

## 5. Establishing and Removing Designated Accounts

- a. The Financial Secretary shall have the authority, with the approval of the Treasurer and the Council on Mission financial subcommittee, to establish pass-through designated accounts to handle funds for purposes already approved by the church or authorized in the By-Laws.
- b. If the church receives a gift designated for an activity or purpose not previously authorized by the church, the Financial Secretary shall notify the Chair of the Council on Mission. The Council on Mission shall give the church the opportunity to establish a designated fund for the activity or purpose for which the gift was designated. If the church declines to establish the fund, the Financial Secretary shall return the gift, after first giving the donor the option of changing the gift's designation.
- c. The Financial Secretary, with the approval of the Treasurer and the Council on Mission financial subcommittee, shall have the authority to remove any designated account with zero balance and for which a purpose no longer exists.

## II. Expenditures

### A. General Principles

- 1. No one shall make a purchase without authorization by a manager of the account from which the money will come.
- 2. When practical, account managers shall make purchases in excess of \$500 from the lowest acceptable bidder among at least three bidders.
- 3. Account managers may spend more than amount budgeted for any one item but may not spend more than the total amount budgeted for the account without permission from the Council on Mission. The Personnel Account managers, however, may not alter church-approved salaries.
- 4. In emergencies, the Council on Mission may authorize unbudgeted expenditures not exceeding \$500. With the concurrence of the Deacons, the Council on Mission may authorize emergency unbudgeted expenditures up to \$1,000. The church shall authorize all unbudgeted expenditures in excess of \$1,000.
- 5. The Financial Secretary shall make no payment without a Check Requisition signed by a manager of the account from which the money will come.

6. The Financial Secretary shall issue a stop-payment order for a lost or stolen check only if that check was for an amount greater than \$100 and if it was written to someone with whom the church does not conduct business on a regular basis.
7. The Financial Secretary shall withhold FICA from the wages of all employees who are not contractors (i.e., performing similar functions for other companies or institutions).
8. At the end of the fiscal year, the Financial Secretary shall transfer all unspent budget funds (with the exception of those for Capital Improvements and for Computer Cost) into the General Fund. Unspent funds for Capital Improvements (Property Account) shall be transferred to the designated fund Capital Improvements; unspent funds for Computer (Office Account) shall be transferred to the designated fund Computer Cost.
9. The Financial Secretary shall disburse all designated funds in strict accordance with the designation.
10. The Financial Secretary shall not cash personal checks.
11. No account manager may authorize donations in the name of Baptist Church of the Covenant be sent to an outside entity that has not been approved by the church.

## B. Procedures

### 1. One-Time Payments

- a. The account manager shall fill in a Check Request form, sign his/her name after "Requested by," and give the form and invoice or receipt for the purchase to the Financial Secretary.
- b. The Financial Secretary shall cut the check.
- c. In the privacy of the Financial Secretary's office, the Treasurer, the Assistant Treasurer, or another person designated by the church shall ascertain that the payment is properly authorized by the Check Request form, that the requested funds will be taken from the proper account, and that the form matches the invoice or receipt. S/he shall then sign his/her name after "Approved by" on the Check Request form and shall sign the check.
- d. A second designated check signer shall countersign the check in the privacy of the Financial Secretary's office.
- e. The Financial Secretary shall mail the check, retaining invoices, receipts, and request forms, and shall record payments in the proper accounts.

### 2. Regularly Occurring Payments

- a. Before the beginning of the fiscal year the Financial Secretary shall prepare a schedule for each regularly occurring obligation, showing the dates and amounts (approximate for utilities) to be paid.
- b. S/he shall fill in the Check Request form for each obligation, attach the form to the schedule and give it to the account manager.
- c. After ascertaining that the schedule matches the budget, the account manager shall fill in the Check Request form, sign it after "Requested by," and return the schedule and form to the Financial Secretary.
- d. Steps b through e under Section IV.B.1 shall then be followed.

## C. Credit Card Use

### 1. General Principles

- a. The Office Administrator has custody of all church credit cards and keeps them in a locked space to which she alone has access.
- b. Credit card use is limited to these persons: Pastor, Minister of Education and Ministries, Minister of Music, Office Administrator, and Assistant Office Administrator. Designated users, other than the Office Administrator and Assistant Office Administrator, may authorize another person to use a card for a specific purpose.
- c. Credit card use is limited to purposes specified below:
  - 1). Oil company credit cards may be used to purchase fuel for a church-owned vehicle or for a trip made on behalf of the church of more than 25 miles.
  - 2). Home Depot and Office Depot cards may be used with those companies for purchases authorized by a budget or designated account manager.
  - 3). VISA card may be used a) for expenses incurred by those traveling out of town on behalf of the church; b) to order literature or other items from suppliers who require credit card payment; and c) by the five designated users to extend hospitality on behalf of the church in such ways as purchasing meals for prospects.
- d. Credit card use for any purpose or in any manner not expressly permitted by these policies and procedures is prohibited.
  - 1). The church shall have the right to obtain full reimbursement from any person who uses a church credit card in a manner inconsistent with these policies and procedures.
  - 2). The Office Administrator is not authorized to issue a credit card to any individual who has previously used a card in a manner inconsistent with these policies and procedures. The

Financial Sub-Committee of the Council on Mission must determine whether said individual is eligible for continued card usage.

## 2. Procedures

a. To use a credit card, fill out the top portion of the Request to Use Credit Card form, obtain the signatures of 1) an account manager for the budget or designated account from which payment will come and 2) a designated user other than the Office Administrator, and present it to the Office Administrator. The card user, not the Office Administrator, is responsible for securing both signatures.

b. The Office Administrator will issue the card, fill out the middle portion of the Request to Use Credit Card form, and file it until the card is returned.

c. The person issued the credit card returns it to the Office Administrator as soon as possible after its use, along with receipts documenting each and every purchase. The person who fails to turn in receipts prior to the receipt of the credit card's monthly billing statement should expect to be asked to pay the charges.

d. The Office Administrator fills out the bottom portion of the Request to Use Credit Card form and after returning the credit card to safe storage, files the form and receipts for referral when the credit card statement comes.

e. The Office Administrator files form and receipts with credit card statement after the bill is paid and expenses are credited to the appropriate budget and designated accounts.

## III. Account Managers

### A. Budget Accounts

<b>Account Name</b>	<b>Lay Manager</b>	<b>Staff Manager</b>
Personnel	Staff Committee Chair	Pastor
Pastor	Staff Committee Chair	Pastor
Education	Education Committee Chair	Minister of Education and Community Ministries
Worship	Worship Committee Chair	Minister of Worship
Office	Staff Committee Chair	Pastor
Property	Property Committee Chair	Pastor
Missions	Council on Mission Chair	Minister of Education and Community Ministries
Ministry	Ministry Committee Chair	Minister of Education and Community Ministries
Council on Mission	Council on Mission Chair	Pastor
Congregational Life	Congregational Life Committee Chair	Pastor

Church Communications	Church Communications Committee Chair	Minister of Worship
Deacons in Pastoral Care		Pastor
General Fund	Treasurer and Finance Committee	No staff manager

#### B. Designated Accounts

<b>Account Name</b>	<b>Lay Manager</b>	<b>Staff Manager</b>	<b>Purpose</b>
Building Fund	Council on Mission Chair	Pastor	New construction needs and extra payments on mortgages. Est. Oct 2003.
Capital Improvement Fund	Property Committee Chair	Pastor	Capital needs. If possible, maintain balance of at least \$2,000 for emergencies. Est. Jan 1985.
Children's Activities	Education Committee Chair	Minister of Education and Community Ministries	A pass-through fund for children's activities. Est. Oct. 2005.
Choir Robes	Worship Committee Chair	Minister of Worship	Purchase of choir robes. Est. Apr 2001.
Church Retreats	Congregational Life Committee Chair	Pastor	A pass-through fund for church retreats. Est. 2004.
Columbarium	Columbarium Committee Chair	Pastor	To establish columbarium that will be paid for by those purchasing niches. Est. July 2004.
Computer Cost	Staff Committee Chair	Pastor	To purchase, maintain computer hardware and software. Est. Oct. 2005.
Cuba Partnership	Ministry Committee Chair	Minister of Education and Community Ministries	Partnership with Baptist church in Cuba (Alliance of Baptists program). Est. Oct 1998.
Defibrillator	Defibrillator Committee Chair	Pastor	To purchase, maintain defibrillator, and train persons to use it. Est. April 2004.
Drinks	Property Committee Chair	Pastor	A pass-through fund for the soft-drink machine.
Education Fund	Education	Minister of	Additional education needs. Est. Jan

Endowment Fund	Committee Chair  Council on Missions Chair	Education and Community Ministries  Pastor	2001.  Toward Endowment with WMU Foundation. Est. September 2005.
Flowers	Worship Committee Chair	Minister of Worship	A pass-through fund for Sunday morning sanctuary flowers.
Food Services	Congregational Life Committee Chair	Pastor	A pass-through fund for meals.
Gardner Mission Fund	Don and Esther Gardner		For Don and Esther Gardner's mission work in Africa. Est. Sept. 2002.
International Classes	Director(s) of International Ministry	Minister of Education and Community Ministries	Internationals ministry. Est. Oct. 2003
Kenya Passport General	Ministry Committee Chair	Minister of Education and Community Ministries	For youth and chaperone to travel to and attend Passport in Kenya. Est. 2005.
Latin American Mission	Grace and Francisco Marquez		Latin American needs. Est. Oct 2003.
Mission Trip Participants	Ministry Committee Chair	Minister of Education and Community Ministries	For individual participants in mission trips sponsored or approved by BCOC. Est. Mar. 2005.
Mt Meru University	Jack Brymer	Minister of Education and Community Ministries	To assist Mt Meru University in Arusha, Tanzania. Est. Apr 2003.
Music Fund	Worship Committee Chair	Minister of Worship	Additional music needs. Est. Oct 2003.
National/International Missions	Council on Mission Chair	Minister of Education and Community Ministries	Distributed as donors designate. Est. Oct. 2003.

New Building Items	Council on Mission Chair	Pastor	Gifts for specific items in new building (plaque for foyer, outside signage). Est. Oct 2003.
Organ Fund	Worship Committee Chair	Minister of Worship	To add to organ. Est. Oct 2003.
Playground Fund	Education Committee Chair	Minister of Education and Community Ministries	Playground. Est. Mar 2001.
Pre-paid Pledge	Treasurer	Financial Secretary	To account for pre-paid pledges until the year for which it was pledged. Est. Oct 2003.
Rogers Benevolence Fund		Member of ministerial staff	Emergency assistance at member of ministerial staff's discretion. Est. May 1994.
Special Projects	Ministries Committee Chair	Minister of Education and Community Ministries	A pass-through fund for short-term projects. Est. Oct. 2005.
Stone Building	Property Committee Chair	Pastor	Income from and expenses for Stone Building, with profit to be used to retire mortgage. Maintain, when possible, balance of \$2,000 for emergencies. Est. Jan 2001.
Van Purchase	Property Committee Chair	Pastor	To purchase van. Est. 1999.
World Hunger	Council on Mission Chair	Minister of Education and Community Ministries	Distributed as donors designate. Est. Oct 2003.
Youth Activities	Education Committee Chair	Minister of Education and Community Ministries	To support youth activities. Est. 1990.
Youth Scholarship Fund		Minister of Education and Community Ministries	To assist youth who want to attend out-of-town youth activities. Est. Nov 1996.

#### IV. Schedule

Date	Who's Responsible	Action
May 15	Council on Mission	Employ auditor to examine financial records of previous year.
July 1	Financial Secretary	Forward all remaining funds in National/International Missions and World Hunger funds
July 31	Council on Mission/Treasurer	Instruct account managers to prepare requests. Inform congregation that budget preparation is beginning.
August	Account managers	Prepare budgets.
September 7	Account managers	Submit written budget requests, with justification for changes, to Council on Mission and Treasurer
September 7-14	Financial Secretary	Prepare tentative budget for Council on Mission and Treasurer
September/October	Council on Mission/Treasurer	Prepare budget
October	Financial Secretary	Amend budget as necessary
October	Council on Mission	Present budget to church
November	Staff/Council on Mission/Treasurer	Conduct pledge campaign
December	Financial Secretary	Collect and compile pledges
December	Council on Mission/Treasurer	Give budget and procedures to all account managers
December 31	Financial Secretary	Forward all remaining funds in National/International Missions and World Hunger funds

## V. Offering Counting Procedure

Counting should always be done by a minimum of two individuals, never by a person alone.

<b>Counter #1 (at adding Machine)</b>	<b>Counter #2 (assistant)</b>
At the end of the service, collect offering and other items from the offering plates and bring them to the counting room.	Collect offering if #1 is not available.
Get offering counting supplies (blank envelopes, deposit slips, check deposit stamp, detail sheet) and place them on the counting desk.	
Place offering plate contents on the desk and separate the items. Envelopes go to Counter #1, loose checks and loose offering go to Counter #2. Visitor forms, prayer requests and other such items go to the Church Secretary.	
Open each envelope and verify the amount contained in it. Write the amount found in the envelope in the top right corner (even if it does not agree in amount with the envelope). Look at any check to see if there are designated amounts listed on the checks. If so, add these amounts to the envelope in the correct place. Verify that the total for designated gifts plus budget offering adds to the total of the check or the cash contained. If an envelope contains a check from someone who is not a member of the church (or a regular visitor), add that person's name, address and phone number from the check to the envelope if it is not already filled in.	Count the loose offering and make an envelope for this amount showing "Loose Offering" as the giver. Make envelopes for loose checks. Write the amount found in the envelope in the top right corner (even if it does not agree in amount with the envelope). Look at any check to see if there are designated amounts listed on the checks. If so, add these amounts to the envelope in the correct place. Verify that the total for designated gifts plus budget offering adds to the total of the check or the cash contained. If an envelope contains a check from someone who is not a member of the church (or a regular visitor), add that person's name, address and phone number from the check to the envelope if it is not already filled in.
If one counter finishes the task before the other, help the other counter complete the work.	
Collect checks from each counter. Photocopy checks. Make an adding machine tape showing the amount of each check. (This will be attached to the checks when the bank deposit is made.)	Count the paper money and have the total available for Counter #1. Count the coins and have the total available for Counter #1.
Collect the envelopes and make an adding machine tape showing the amount of each envelope.	Endorse each check using the church's "For Deposit Only" stamp.
Verify that the total amount of the check plus cash tape is the same as the total amount on the envelope plus loose offering tape. If these amounts are the same, proceed. [If these amounts differ, then have Counter #2 read the check amounts to Counter #1 to make sure that these were entered correctly. If errors are found, make another adding machine tape. If there is no error found here, then have Counter #2 read the envelope amounts to Counter #1 to make sure that these were entered correctly. If errors are found, make another adding machine tape. If there are no errors found at this point, separate the checks and match them to the amount shown on each envelope to make sure that they were transferred correctly. If still no errors are found, enlist the help of the Financial Secretary in finding the error. If the Financial Secretary is not present, place all of the materials (envelopes and checks and cash) in a large envelope and leave it in a locked location for the Financial Secretary to examine on the next working day.]	
Separate the envelopes that have designated gifts showing on them. Enter these designated gifts on the detail sheet. The total of these designated gifts subtracted from the total offering will be the amount showing for the General Budget. The total of the Envelopes plus Loose Offering should match the amount shown on the Deposit slip going to the bank. The envelopes, photocopies of checks, adding machine tape, duplicate deposit slip and detail sheet are to be left for the Financial Secretary's records.	Make a deposit slip for the bank showing the dollar amount of currency, of coinage and of checks. Make a duplicate deposit slip for the Financial Secretary. The deposit envelope should contain this deposit slip, the adding machine tape showing each check, all checks (properly endorsed) and coinage (in a small separate envelope showing the amount). This envelope should be sealed for deposit.
Sign the detail sheet.	Sign the detail sheet.
Take the deposit envelope to the bank by noon of that day.	Put away the counting supplies in the designated area.

## VI. Acceptance and Distribution Policies for the Baptist Church of the Covenant Endowment established in 2005 with the Woman's Missionary Union Foundation

### A. Definition:

An endowment is money or an asset given to an institution which will be protected and allowed to grow to provide an income into the future.

### B. Background:

Believing stewardship of an individual's total assets is biblical, the Endowment Committee proposed the establishment of an endowment for channeling discretionary funds over and above the tithe and other offerings to the church budget for the future financial support of the missions/ministries of BCOC. (This may include emergency or special needs of the church as part of the ministry interpretation.) Members will be encouraged to name the church in their wills for final distribution of all or a portion of their assets at death.

In September 2005, the members of BCOC in church conference voted to establish the Baptist Church of the Covenant Endowment with Woman's Missionary Union Foundation (WMUF). BCOC retains full ownership of the funds. The funds may be moved to another foundation upon 2/3 vote of the membership in church conference. Only the gain or interest posted by the WMUF annually may be distributed. (It is suggested that the endowment make no distributions until after accruing the sum of \$100,000. This will allow for growth.) Individuals may make separate endowments (minimum of \$10,000) or create annuities (minimum \$10,000) and trusts (suggested minimum of \$100,000) with expressed BCOC purposes with WMUF. The same guidelines and procedures will apply to the acceptance and distribution of funds.

### C. Procedures and Guidelines (adopted in church conference in April 2006)

#### Making a Gift to the BCOC Endowment

1. The acceptance policy will be in line with the policy established by the WMU Foundation, a 501(c) 3 not-for-profit organization under the laws of Alabama.
  - a. BCOC will accept unrestricted gifts of cash and securities for BCOC. (By transferring stocks and bonds to the church from the individual's brokerage, there may be a capital gains tax savings as allowed by law. The donor will be notified BY THE BROKER (NOT THE CHURCH) concerning the value of the gift. Paper securities are received by the church, but will be immediately redeemed Please consult with a tax advisor before making a gift.) Bequests through a will are always welcomed. (Donors should make the checks out to BCOC and earmark them for the BCOC ENDOWMENT.) If you wish, you may call the Financial Secretary for the number of a church member who will speak with you concerning your gift: 205-328-0644.

- b. WMU Foundation will work with an individual to establish an endowment (\$10,000 minimum for BCOC. WMUF is able to accept cash, tangible personal property, securities, real estate, oil and gas interests, remainder interests in property, life insurance, Charitable Remainder Trusts, Charitable Gift Annuities, Charitable Lead Trusts, Retirement Plan Beneficiary Designations, Bequests and Life Insurance Beneficiary Designations. You may call WMUF President David George 205-408-5525 for further information.

#### Guidelines for Distributions from the BCOC Endowment

- 2. Criteria will include but not be limited to the following:
  - a. The worthiness of the project. Need is not to be the sole determinant. (For example, grants to students, capital improvements, mission trips, grounds, ministries or support groups at BCOC may be considered.)
  - b. The number of requests must be considered in line with the amounts available.
  - c. The future success of the project and ongoing expense will be a determining factor.
  - d. Recommendations of the pastor, staff members, and BCOC members will have priority over other requests.
  - e. Consideration must be given for the overall ministry/mission of BCOC.
  - f. The Endowment Committee in discussion with the Finance Committee must determine the financial strength of the endowment/church and the economy annually. The Finance Committee shall periodically (at least annually) review the endowment's assets to determine how the assets should be invested (i.e. the mix of equities, bonds, and fixed income) with the Council on Mission making the final decision.
  - g. BCOC should propose and direct the use of funds in the project. Although there are worthy entities separate from BCOC, the committee recognizes that gifts are made for the purposes of BCOC.
  - h. Application should be made on the form provided through the BCOC Financial Office and returned completed for the use by the Endowment Committee by October 1 each year (after the endowment has reached \$100,000). The recommendations will be presented to the Finance Committee for presentation to the Council on Mission.
- D. Changes to the Procedures and Guidelines will depend on a majority vote of the church in conference.

Application for a Grant from the  
Baptist Church of the Covenant Endowment

AMOUNT REQUESTED \_\_\_\_\_

PURPOSE \_\_\_\_\_

DATE of PROJECT \_\_\_\_\_

NAME OF APPLICANT \_\_\_\_\_

RELATIONSHIP OF APPLICANT TO THE PROJECT \_\_\_\_\_

\_\_\_\_\_

DESCRIPTION OF THE PROJECT \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

HOW WILL THE FUNDS BE USED? \_\_\_\_\_

WHO WILL ADMINISTER FUNDS? \_\_\_\_\_

WHAT IS THE DATE THAT THE FUNDS ARE NEEDED? \_\_\_\_\_

At the end of the project you should report on the value of the project, the number of people impacted, stories/comments from the participants/pictures for publication and give a complete financial reporting of the funds. Any unused funds should be returned to BCOC Endowment.

Please sign that you agree: \_\_\_\_\_