
United Methodist Church

FINANCIAL POLICY AND PROCEDURES

In scripture, Jesus spoke about the stewardship of life more than any other subject. He spoke of the relationship of money frequently. It is right and spiritually discerning that a congregation be open and realistic about money. While money is not all there is to stewardship, it is significant. Many wise leaders will use the term Financial Resources when speaking of the church's fiscal assets. Financial resources are the money, the knowledge, the skills, the attitudes, the commitment, which help make available those human and physical resources needed to implement the ministries of the church.

The Finance Committee and the appropriate staff will administer fiscal policies of _____ United Methodist Church.

I. Receipts

Church Policy: It is church policy that all monies turned into the office for deposit shall be restricted to the safe or locked compartment. No church monies should be kept overnight in any other area or department.

_____ United Methodist Church currently has several sources of receipts. They are listed below, and defined in more detailed in the following pages.

- A. Sunday Collections
- B. Automatic Bank Drafts
- C. Mailed & Delivered Contributions/Donations
- D. Events including Food Service
- E. Church Programs
- F. Stocks and Bonds Gifts

A. SUNDAY COLLECTIONS

Each Sunday service and classes in the Sunday School shall receive offerings each Sunday (or other services of the church). The ushers or Sunday School treasurer receives the contributions and place them in the properly marked depository articles (money bags) and forwards to the tellers' committee.

The Tellers' Committee is appointed by the Finance Committee and serves on a rotational basis throughout the year to insure a minimum of two counters per Sunday to count all collections received in the services and Sunday School. After the last service, the tellers promptly count the collection. Upon completion of the counting process, the tellers sign the appropriate documentation and all items are then sealed in proper envelopes and placed in the church safe.

On Mondays, the Financial Secretary retrieves the monies from the safe and verifies that all amounts recorded on the receipts form are correct. Contributions from checks and envelopes are then recorded via the Church Contributions Database. After all donations have been verified and recorded, they are prepared for deposit with proper stamped endorsements and deposit slip information completed. The appropriate documentation is completed to indicate how the receipts are to be recorded to the General Ledger accounts with the Journal entries also being completed. The deposit is then taken to the bank with written acknowledgement obtained from the banking institution.

1. MARKED ENVELOPES

IF A CHECK IS FOUND IN AN ENVELOPE FROM EITHER SERVICE OR SUNDAY SCHOOL, the envelope is destroyed and the check placed with all other checks. For envelopes that contain bills and coins, the amount in each envelope is verified on the front and written on the envelope face if it is not recorded. The amounts are then tallied on the envelopes and their total recorded on the line of the receipts report designated "Envelope Totals." This is to insure that envelope totals are recorded. However, bills & coins are taken out and counted with the loose bills and coins for the General Fund. All marked envelopes are kept and bound with a rubber band. Church School monies are counted as General Fund receipts.

2. GENERAL FUND

All coins, currency bills and checks are counted separately and the amounts recorded in the first block marked "General Fund" of the receipts report (see attached copy). The left-hand corner of all checks is examined and any check marked for a specific purpose, i.e. Building Fund, Flowers, or Special offerings is set aside. All coins are then placed in an envelope and marked "COINS;" all checks placed in an envelope and marked "CHECKS" and all currency bills (\$1; \$5; \$10; \$20 etc.) are placed in an envelope and marked "CURRENCY."

3. DESIGNATED GIVING OFFERINGS

All checks marked for specific purposes are counted separately and their total entered for each fund on the receipts report with Designated Gifts block. The intended purpose should be clearly indicated on the report form. These checks are placed in an envelope and marked "DESIGNATED GIFTS CHECKS."

Both parties counting must sign the Receipt Report on lines provided. All items are then sealed in proper envelopes and placed in the church safe.

4. RECONCILIATION AND DEPOSIT

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Finally, the deposit slip(s), all documentation shall be stapled together and directed to the proper recording in the General Ledger software. The packet is then filed in the appropriate "Monthly" file.

B. AUTOMATIC BANK DRAFTS AND OTHER ACH RECEIPTS

As a convenience, the church allows contributions to be processed through Bank Drafts on specific days of the month and are received via ACH systems managed by the church. For automatic bank drafts, a voided check is required in order to list bank routing numbers and account numbers. The monthly amount is tabulated from the initial pledge or as relayed by the donor. The process is automatic monthly without notice except as recorded on Contributions Statements. For all other ACH forms of deposit, the church's web site and appropriate apps are utilized with promotion through the church's media for donor access.

C. OTHER CONTRIBUTIONS / DONATIONS

1. CONTRIBUTIONS MAILED TO THE CHURCH OFFICE

The Financial Secretary shall receive contributions mailed to the church office. If the amount is cash (which is usually discouraged), the amount is recorded before the presence of one other witness (but not the donor). The money is then placed in the safe for the Monday counting. If the contribution is a check, then it is promptly stamped "For Deposit Only" for the appropriate account and placed in a secured location. They are then placed in a secure location for the Tellers to count on Sundays.

A photocopy of all mailed checks will be made and the copy kept with the weekly receipt records. Copies of checks received on Sunday are not maintained.

2. CONTRIBUTIONS PERSONALLY DELIVERED TO THE CHURCH OFFICE

Again, the donations are given to the Financial Secretary and the above procedures are followed.

3. RECONCILIATION AND DEPOSIT

The procedures for Reconciliation and Deposit described in the Sunday Collection are also used for Other Contributions / Donations.

D. PROGRAMS

The church has many various programs that generate cash receipts. Some examples of these programs including the Youth, Fellowship events, retreats, etc. The following procedures are to be followed:

1. RECEIPTS. The Financial Secretary shall receive deposit monies and forms from the appropriate staff and/or participants themselves. The monies shall be immediately deposited with the local bank and the appropriate General Ledger account credited.

2. REPORTING. A spreadsheet shall be maintained listing all registered participants and an accurate accounting of their payments and balances. Staff persons or lay leadership shall be made aware on a regular basis the receipts and disbursement of all monies. Check requests must be submitted in advance of the event (one week) for expenses, including budgetary (General Fund) transfers.

3. SALE OF ITEMS. From time to time, Christian goods and services may be offered to the congregation in support of approved church ministries. When items or services are offered for sale, they must meet the following criteria: (1) They must be in direct support of an approved ministry or church activity, (2) They must be offered with no intent of profit, (3) they must meet approved standards of Christian intent as agreed to by the Council on Ministries, and (4) all fund raising activities that are not on-going must have the initial approval of the Finance Committee. If an outside organization that has been invited to offer a program or performance at the church, certain commercial sales can be authorized provided they do not conflict with the church's or the United Methodist Church's standards and that the organization is solely responsible for all activity associated with the marketing and selling of its products. Members or staff who assist the organization in the sale must do so as a volunteer.

E. STOCKS AND BONDS GIFTS

The church occasionally receives stocks and bonds as contribution and the following procedures will be followed.

1. RECEIVING STOCK. A brokerage account is maintained with a local financial institution. All stock and bond bequests are encouraged to be transferred via brokerages for ease of transaction. Should the donor possess actual certificates, they shall be forwarded to the financial secretary who shall forward to the brokerage. In the event of a direct transfer between brokerages, the donor should notify the financial secretary or treasurer.

2. CONVERTING STOCK TO CASH. The broker shall be directed to convert the stock and bond to cash and issue a credit via check payable to _____ United Methodist Church.

3. PROCEEDS. Upon receipt of the check, the financial Secretary shall record and post the gift as a stock contribution (minus any applicable fees) on the donor's contribution

record. The check shall be recorded as a mail-in contribution and procedures followed accordingly. The check shall then be included as part of the deposit for that week.

II. Statements of Contributions

For members pledging and all other contributions over \$_____, quarterly and / or annual statements are prepared and mailed. At any other time by request, a statement can be prepared and mailed detailing all contributions up to that date of request. Statements shall include a record of pledging, giving and balances. Questions and discrepancies should be immediately reported to the Financial Secretary. The Financial Secretary shall maintain discreet confidentiality in all matters relating to personal contributions and shall be the only staff person with a personal knowledge of contributor's donations. The only exception might be that it is pertinent to know if lay leadership nominees have made any contribution to the church during the preceding year. This is to insure that those serving in church leadership positions are on record as supporting the congregation's financial needs. Donor Foundations which forward contributed funds to _____ United Methodist Church will be acknowledged to the foundation.

III. Disbursements

A. GENERAL FUND (BUDGET) EXPENDITURES

1. PURCHASING

Leaders who anticipate the need to purchase literature, equipment, supplies or services should plan in advance to submit purchase requests to the Finance Office. Requests must identify the appropriate budget line item to be charged. Attention should be given that requests are submitted in advance in ensure timely delivery.

For items purchased from a local vendor, a receipt must be obtained and submitted immediately to the Finance Office. Appropriate budgetary line items should be clearly identified (written) on the receipt.

2. CHECK REQUESTS

Leaders who need reimbursement for items purchased or need check sent directly with orders must submit a request. The address of the recipient must be clearly identified along with explanation for the expenditure, budgetary line items to be charged and a signature must accompany. An approval system should be in place. Requests should be submitted in advance for timely processing.

ALL EXPENDITURES OVER \$_____MUST HAVE APPROVAL BEFORE PROCESSING. The approval system shall have the discretion to take the request either to the Trustees or the Finance Committee if deemed necessary.

3. BILLS & INVOICES

Certain items such as utilities or regular payments that do not regularly come before staff persons of lay leadership shall always be directed to the Finance Office. They shall be properly coded and place in line for appropriate payment.

4. PAYROLL

Payroll shall be executed under the supervision of the Treasurer and / or payroll preparation staff/volunteers. This includes the regular distribution of payroll, the paying of required payroll and withholding taxes, the preparing of quarterly and annual IRS reports and the distribution of the W-2s in January of each year.

If it is believed that the church's interests are best served in the utilization of a payroll service for the purposes of preparing payroll for the church staff. This shall also include the regular distribution of payroll, the paying of required payroll and withholding taxes, the preparing of quarterly and annual IRS reports and the distribution of the W-2s in January of each year.

Payroll shall be _____ (bi-weekly, semi-monthly or monthly) for the professional and support staff and monthly for contract employees. All staff shall receive W-2s at the end of each year and are treated as employees of the congregation. Personnel Policies shall not conflict with Financial Policies in any areas or else, the two must be resolved. Classification otherwise of employee status (i.e. appointed, non-appointed but ordained, etc.) are in the purview of Staff-Parish Committee's policies. Contracted employees paid more than \$600 annually shall receive a Form 1099 at the end of the year.

All required taxes shall be withheld as well as FICA taxes being matched according to the status of the employee as determined by Staff-Parish Committee's designation.

B. DESIGNATED GIVING EXPENDITURES

All Designated Giving Expenditures shall be followed in the same manner as General Fund expenditures for purchase requests, reimbursements and bills/invoices.

C. DISBURSING PAYMENTS

Weekly, the Treasurer will determine cash flow and required/requested expenditures, always maintaining \$_____in the General Fund checking account. All forms shall be tabulated with appropriate account numbers and totaled for check processing. The forms (check requests, invoices, etc.) shall be forwarded for check production and co-signature.

The Treasurer shall sign. Checks will then be distributed either through mail or interoffice mail. Checks not presented for payment to the bank within 60 days shall be voided. All checks shall be professionally printed with security features included.

D. POSTING TO GENERAL LEDGER

Once the checks have been written, posting to the general ledger via software shall be conducted by the Associate Pastor. If any questions or discrepancies are indicated, it shall be his/her responsibility to inquire until fully satisfied these policies have been followed.

IV. Finance Committee

A. COMMITTEE MEETINGS

The Finance Committee is organized under *The Book of Discipline* of the United Methodist Church ¶258.4. In addition the Disciplinary requirements, the committee shall meet at least quarterly in the months of _____. They shall review the Treasurer's reports and conduct other business related to the church finances. Other meetings can be called at the discretion of the Chairperson or the Treasurer or any two members of the committee with written notification in advance to each committee member. At called meetings, only those items specified as the agenda may be considered.

B. ORGANIZATION

The Finance Committee shall organize itself as necessary with a vice-chair and a secretary to record the minutes. It shall enlist additional officers as needed or organize sub-committees as needed to carry out its functions. It shall plan for the church annual pledge campaign (if conducted), enlisting lay leadership and work teams to insure a successful campaign.

C. AUDITS

Fiscal audits will be conducted both internally and externally. Internally, two members of the finance committee along with the chair shall meet on a quarterly basis with the treasurer or financial secretary to examine all bank statements, receipt reports and disbursement check copies along with appropriate documentation. Appropriate documentation shall be returned to the Finance Committee chair. In the event of serious irregularities or questions, the finance committee shall be notified.

An annual external audit or review shall be conducted by a certified accounting agency contracted by the Finance Committee on a _____ basis. Their report shall be

forwarded to the finance committee chairperson and subsequently presented to the entire committee.

D. ANNUAL BUDGETING

The Finance Committee is charged with general oversight of budgeting and monitoring income and expenditures. A budget is a comprehensive financial plan that reflects the specific amounts of money allocated from anticipated income for supporting the church's ministries and related expenses for a definite period of time, usually the calendar year. The budget becomes a device to measure ministry appropriateness, function, success and evaluation. The budget forms the basis for reporting fiscal stewardship to the church.

The responsibility for preparing program, missional and church facility budgets lies with appropriate lay leadership and church staff. In September of each year, budget forms for the ensuing year shall be prepared and distributed to the appropriate leaders. The leaders, along with their respective committee or group of advisors, shall assess the needs and make recommendations for the next budget year. Line items and amounts are submitted that are in line with goals and objectives for the coming year. Proposed budgets are returned to the Finance Office by mid October, totaled and then presented to the Finance Committee at its November meeting. If a pledge campaign is utilized, a fixed determination of dollar amounts shall be used to set the proposed budget, Upon the Finance Committee approving the budget based on projections, history or pledged or some combination thereof, it shall forward its recommendation to the Church Council at its November meeting.

The Finance Committee can make additional recommendations to the Council, such as approval of certain areas, total rejection of the budget or re-submit portions of the budgets to lay leadership, staff and/or committees for revision. Finance Committee cannot arbitrarily alter line items without consent of the program personnel charged with presenting those amounts.

Only a Charge Conference can approve appointed pastoral compensation and benefits. The Church Council shall forward such recommendations of those items to the annual Charge Conference. All other budget recommendations lie with the approval of the Church Council alone.

V. Amendments

The financial policies and procedures are a working document in process at all times. They serve to systematize the financial processes of _____ United Methodist Church to insure internal control and accountability. They may be amended by the Finance Committee upon a 2/3rd majority at any normal Finance Committee meeting or a specially called one for that purpose. However, any such amendments must be submitted in writing to each member of the committee in advance of the meeting set for deliberation.