

**LIZELLA BAPTIST CHURCH**  
**FINANCIAL POLICIES AND PROCEDURES**  
**OCTOBER 2009**

Reviewed and updated 1/2014  
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## INDEX

I	Fiscal Year	1
II	Budget	1
III	Approval of Expenditures	1
IV	Procedure for Expenditure of Church Funds	2
V	Reduction of Budget	3
VI	Protecting Non-Profit Status	3
VII	Purchasing Process	3
VIII	Benevolence Ministry Distributions	3
IX	End of Year Contributions	4
X	Receipts	4
XI	Stewardship Committee Responsibilities	4
XII	Financial Policies	5
XIII	Financial Reporting	6

Note: Included in Procedures Manual are copies of Tax Facts for Churches

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**Reviewed and Updated January 2022**

**I Fiscal Year:**

The fiscal year of the church shall begin January 1 and end December 31 of each year.

**II Budget:**

An annual budget covering all undesignated receipts and operating expenditures shall be developed by the stewardship committee prior to each new fiscal year. All ministries that participate in the church budget shall be instructed to submit their requests to the Stewardship Committee when requested (Mid Sept-Mid Oct) each year. Proposed expenses shall be clearly detailed and documented before being submitted to the Stewardship Committee.

A copy of the proposed annual budget shall be made available to each family at least one week prior to a scheduled public discussion of its contents, and in advance of church action.

Subsequent to approval, the stewardship committee will provide an itemized list by line item(s) showing amounts approved and with the assistance of the church Treasurer and Assistant Treasurer shall monitor the administration of the budget. At a minimum, this group shall review actual receipts and expenditures in relation to budgeted amounts, funds received and available (on a monthly basis) and investigate significant differences to determine what if any corrective measures are to be taken.

**III Approval of Expenditures:**

- A. Expenditure of funds in the adopted budget must be authorized by the Chairperson, Assistant Treasurer, and at least two other members of the Stewardship Committee or a majority vote by the committee, to ensure the availability of funds. The ministry for which the funds were approved must submit a purchase order request as available in the church office from the Financial Secretary/Office Manager.
- B. Expenditures shall not exceed the allotment for any budget line item, nor shall expenditures be transferred from one budget line to another except by the following procedures:
  - 1. The Stewardship Committee may approve over-expenditures of ten percent of any line item based on need and funds available without budget amendment.
  - 2. Funds may be transferred from one line item to another by request with approval of the Stewardship Committee based on availability and need without budget amendment.
  - 3. Ministerial staff members may transfer funds of \$1,000 or less from one line item to another within their ministry area(s) *after* notification to the Stewardship Committee and approval.
- C. Additions or line item transfers to the initially approved budget may be made as follows:
  - 1. Items costing \$5,000 or less may be added by the Stewardship Committee without church approval so long as funds are available and a majority of committee members vote in favor of the change(s). Proposed expenditures that are not included in the adopted budget must be submitted to the Stewardship Committee and include the total

cost, purpose and degree of urgency. Unbudgeted expenditures of \$5,001 or more must have the church's approval. Notice of the vote on the proposed expenditure shall be given to the congregation one week prior to the business meeting wherein the proposed expenditures will be presented for vote. The presentation must include a plan by the Stewardship Committee for funding the expenditure.

#### **IV Procedure for Expenditure of Church Funds:**

- A. Except for fixed expenses, no expenditure of church funds above \$500 shall be made without first obtaining a properly approved purchase order (requisition) from the church's Financial Secretary/Office Manager, approved by the Stewardship Committee and the Ministry Leader seeking the expenditure. Requests above \$500 need a majority of committee members approval.
- B. In obtaining service, repairs and maintenance (other than through existing contracts and except in emergencies), obtain two or more estimates and choose the one that best meets the needs of the church as to quality, type, price and terms.
- C. Check Signing Authority: All checks, including payroll checks, are required to have two signatures. The individual with check signing authority include the Treasurer, Assistant Treasurer, and Financial Secretary/Office Manager.
- D. Mileage and Expense Reimbursement: The church shall reimburse mileage cost of applicable staff in accordance with the standard business mileage allowance set forth by the Internal Revenue Service. To be reimbursed, the staff member shall submit in writing to the Financial Secretary the number of miles driven on church business each month and other documentation required by the Internal Revenue Service. Any and all expenses for which a church employee or member seeks reimbursement must be reported to the Financial Secretary in writing, accompanied by applicable receipts and proper documentation. Expenses for conferences, service or missions will be reimbursed according to US GSA per diem rates for the destination location.
- E. Credit Cards: The church may utilize credit cards for convenience of carrying out church business. These cards are to be used exclusively for church expenditures and should only be used by church staff members or their designee(s). These cards are to be safeguarded at all times. Designee(s) must sign out the church card. Receipts are to be submitted to the Financial Secretary along with a description of the purchase. No new credit cards are to be obtained without prior knowledge of the Pastor, Treasurer, Assistant Treasurer, Finance Chair. All must be in agreement of the need.
- F. Disbursement of Designated Funds: Funds disbursed from any current or future designated fund should meet the following requirements.
  - 1. At least three representatives should be in agreement of the need: A pastoral staff representative, a stewardship representative, and the current ministry head over the designated fund. If there is no ministry head, then an additional representative of

stewardship or pastoral staff should be contacted. The Stewardship Committee as a whole should be notified as an FYI with decision made.

**V Reduction of Budget:**

If because of reduced income during the year, the Stewardship Committee deems it necessary to reduce the overall budget, the committee shall prepare a proposed budget amendment detailing any revisions by expenditure line item(s) and present it to the church membership for church action.

**VI Protecting Non-Profit Status:**

In order to protect the nonprofit status of the church, the following policies shall apply regarding the designation of gifts, and establishing of accounts for distribution of such gifts to individuals/

- A. Please see attached Tax Facts Information: Items below are a small example from Tax Facts.
  - 1. Contribution must be made for the use of the church, not simply “passed through” to an individual or ministry to receive contribution credit.
  - 2. Contributions for individuals will not be given contribution credit unless it is made to the general benevolence fund not designated for an individual.
    - a. Exception: Designated money to an individual going on mission trip will receive contribution credit.
  - 3. Fundraisers must be for the benefit of the entire church or a group/ministry as a whole. Money donated cannot benefit one individual, but rather the whole group. If the money is used for only those who participated, the money is taxable income.
- B. It will be the responsibility of the Treasurer and Financial Secretary/Office Manager to keep current tax laws available for review and attached with the procedure manual.

**VII Purchasing Process:**

- A. Budgeted Items: the approval and recording process for budgeted expenditures shall be as follows:
  - 1. Routine service items such as utilities, established maintenance contracts, etc shall not require approval prior to purchase/payment. Invoices for these items should be reviewed by the Financial Secretary and/or Treasurer/Assistant Treasurer for processing of payment, properly classified reflecting the budget line item, and then filed as support documentation.
  - 2. All non-routine service items and all goods above \$500 shall require approval prior to purchase.
  - 3. Requisition forms for purchases above \$500 shall be available in the office or from the Financial Secretary/Office Manager.

NOTE: Checks will be issued for payment or reimbursement twice weekly, on Monday or Thursday, depending when paperwork was received.

**VIII Benevolence Ministry Distributions:**

- A. Benevolence disbursement shall be approved by the Benevolence Committee. Supporting documentation shall be filed as support for the distribution.
- B. For requests larger than \$400, it is recommended that the Deacon Chair and/or Pastor be involved in the disbursement of Benevolence Funds, if not already serving on the committee.

**IX End of the Year Contributions:**

Contributions received around the end of the calendar year shall be credited to the tax year in which the contribution arrives in the church office, unless it is clear that the donor made the contribution in the earlier tax year, and in the case of the check, where the check is dated as the earlier year and received in the church office on or before January 3<sup>rd</sup>. A year end contribution credit statement will be made available to all contributors in the month of January annually for the prior year.

**X Receipts:**

- A. Sunday Morning Tithes and Offerings: A church offering shall be received each Sunday morning during regular worship service(s). Upon receiving the offering, the designated ushers will take the offering to the Stewardship Committee to be counted and posted. After the offerings have been counted and posted, the deposit is to be taken to the night depository at the bank. If, for any unforeseen reason, the money cannot be taken to the bank after counting, it is to be placed in the church safe by the Financial Secretary/Office Manager or Church Treasurer.
- B. Sunday Evening/Wednesday Evening Tithes and Offerings: Any offerings collected on Sunday or Wednesday evening shall be placed in the safe and counted with the next week's Sunday morning offering.
- C. Mail and Hand-delivered Receipts: Any contributions or other monies received by mail or hand delivery during the week shall be given to the Financial Secretary/Office Manager to be placed in the safe and included with the next deposit made.
- D. Revival and Designated Love Offerings: Offerings given for special events are to be counted at the time of the event if possible. If payment is due to an individual for services rendered, the money should be counted and placed in the safe or taken to the night depository.

**XI Stewardship Committee Responsibilities:** Overseers of the yearly budget including income, expenditures and the unforeseen.

- A. The Stewardship Committee shall be responsible for weekly counting and deposits of contributed monies.
- B. This Committee shall consist of six members, including the Assistant Treasurer or said number in By-Laws. At least two people shall be present for counting purposes. One or two members of the Stewardship Committee or one member and an appointee. The Treasurer

or Financial Secretary may serve as alternates as needed. The Chair of this Committee shall be elected by the members of the Committee.

- C. All members of this Committee shall keep contributions in complete confidence. Individual financial contributions are not to be discussed with others.
- D. Beginning in Mid-September of each year, the Stewardship Committee will be responsible for collecting budget requests to be used in determining the budget for the upcoming year. It is then their responsibility to evaluate and formulate a new budget to be presented to the church for approval.
- E. At the beginning of a new church year, each new member will be assigned an existing member to help them become familiar with procedures of counting and posting.
- F. The Stewardship Committee under the leadership of the Chair shall work with the Personnel Committee under the leadership of that Chair in a combined effort when the necessity occurs concerning payroll additions and/or corrections concerning personnel, including existing and new hires. Decisions should be based on the current budget requirements. Any increase to the current budget would need to be voted on by the church body.

## **XII Financial Policies:**

- A. Investment Policy: The church shall invest surplus funds in appropriate investment vehicles taking into consideration the time of the investment, the purpose of the funds, and the church's conservative nature. The Church Treasurer, the Trustees and the Stewardship Committee shall be responsible for making investment decisions. At no time shall the church's funds be placed in an investment in which there is substantial risk of losing the principal portion of the investment without church approval. This policy applies to excess operating funds, as well as to special funds established by the church or by donor designations. In the event a donor specifies that a particular investment strategy be applied to their contributed funds, their request shall be honored, this policy notwithstanding.
- B. Excess Funds Policy: Any excess operating funds of the church (as determined by the Church Treasurer and Stewardship Committee) should be handled in a manner as to what would benefit the church most at the current time (transferring funds to higher interest accounts, CDs, additional payments on outstanding debts, etc).
- C. Records Retention Policy: The church shall retain indefinitely the minutes of its business meeting, Stewardship Committee meetings, Long-Range Planning Committee meetings and Deacon Meetings. It shall also retain indefinitely copies of audit records (if performed), financial statements (treasurer's reports), general ledgers, real estate records, contracts, leases, and other legal documents and correspondence. Bank statements, W2's (if applicable), payroll tax returns, journals, canceled checks, deposit slips, paid invoices, giving records, employee expense records, and similar items should be kept for 5-7 years. Fixed asset records should be maintained for at least the life of the asset. Prudent judgement should be used regarding retention of all other significant documents.

### **XIII Financial Reporting:**

- A. **Monthly Reporting:** On a monthly basis, the financial statements/treasurer reports shall be prepared and made available to the Stewardship Committee for review. Financial statements shall be presented at quarterly meetings by the Treasurer or their designee. The financial statements shall include (as a minimum) a copy of the quarterly budget including income and expenditures and current standings of all other church accounts.
  
- B. **Audits:** Internal and external when requested by the church body, Pastor, Treasurer, Stewardship Chair, or Trustee. The internal audit may be performed by no less than three qualified individuals. Knowledge of the individuals are to be approved by the Pastor and Stewardship Chair. The external audit shall be performed by an independent certified public accounting firm.

NOTE: Church members and others who contribute to the church are encouraged by the Stewardship Committee to give undesignated tithes and offerings. Undesignated funds are used to pay the financial cost of church operations and the church's ministries.

Changes to these policies and procedures must be voted on and approved by the church. They must be submitted in writing and be distributed to the church one week in advance of a regular scheduled business meeting, at which time they may be adopted upon a majority vote of those present and voting.