

CHURCH FINANCIAL POLICIES

WHY CHURCH FINANCIAL POLICIES?

Churches are finding it necessary to comply with increasing federal and state government guidelines in operating nonprofit organizations. Church financial policies are tools to help the church avoid conflicts by providing well-written, understandable, and easily followed church policies regarding financial matters. It is important to note that church financial policies will help establish a clear Biblical basis in handling the financial resources God has provided a congregation.

HOW DO WE IMPLEMENT CHURCH FINANCIAL POLICIES?

It would be preferable that church financial policies not be included in the church's constitution and by-laws. Church financial policies should be adopted by a simple majority vote at a regularly scheduled church business conference. This allows for the policies to be amended, deleted, or added as needed by a simple majority vote at future scheduled business meeting.

HOW DO WE WRITE AND DEVELOP CHURCH FINANCIAL POLICIES?

Church financial policies should be written clearly and concisely. The policies should be developed by a committee composed of the Treasurer, Chairman of the Budget and Finance Committees, and at least two other members of the church that deals with financial matters. The pastor may serve as an ex-officio member of this committee. The policies should be direct and to the point. A copy of the church financial policies should be kept in the church office at all times. To facilitate the amendment of policies, each financial policy should be recorded on a separate sheet of paper that is kept in a loose-leaf notebook. Also, the church should not adopt policies the church does not intend to follow.

WE'VE INCLUDED SOME EXAMPLES!

The following material contains sample church financial policies to assist a church in developing its own financial policies. The Baptist General Convention of Texas does not exercise any authority over the Baptist churches in Texas and churches should not assume it must adopt the following material as a legal requirement for its church. Each church's should develop financial policies that are relevant to their own setting and ministry. Every church will have differing needs and should approach their financial policies accordingly.

A SPECIAL THANK YOU!

A "Thank You" is in order for the churches that have helped develop this working document. A number of church financial leaders have furnished different financial policies to make this document possible. Special "Thanks" is also extended to the staff of the Personal Stewardship Office of the Baptist General Convention of Texas.

IT'S YOUR DECISION!

This document is intended to provide churches, pastors, and staff with current and accurate information about the subjects covered. However, such information is not intended to be sufficient for dealing with a particular legal problem, and the authors and distributors do not warrant or represent its suitability for such purpose. The reader should not rely on this document as a substitute for independent legal consultation or Internal Revenue Service and state and local government regulations.

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SAMPLE CHURCH FINANCIAL POLICIES

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A BIBLICAL BASIS

The Apostle Paul writes in I Corinthians 4:2, "Moreover it is required among those who are stewards that they be found faithful." (NIV) The Scriptures are filled with directions for Christian stewardship. Here are some of the Scripture verses that can guide you as you develop financial policies. Deuteronomy 8:18; I John 3:17; 2 Corinthians 8:5; Acts 20:35; Philippians 4:18-19; 2 Corinthians 8:9; Proverbs 3:9-10; 2 Corinthians 9:7; 2 Corinthians 16:2; Luke 6:38; 2 Corinthians 9:11; Deuteronomy 16:16-17; and Malachi 3:10.

KEEP BIBLICAL STEWARDSHIP BEFORE THE CHURCH CONSTANTLY

Stewardship emphasis should be at the forefront of church financial policies. Stewardship is one of the most neglected areas of teaching and training in most of our churches. There are a variety of ways the church can give emphasis to stewardship. As the church responds to God's direction for giving, the church finance guidelines will become increasingly important. Emphasis can be delivered through a special program, sermon series, or campaign. The Office of Personal Stewardship at the Baptist General Convention of Texas is ready to assist you with materials and resources. You can reach them at 214-828-5265.

GUIDELINES FOR CHURCH FUNDS:

UNDESIGNATED OR UNRESTRICTED FUNDS

Members are encouraged to support the ministry of the church through regular gifts and offerings to the general operating budget of the church. Each year a spending plan for the work various ministries is developed through the budget process. The budget directs how the gifts from the congregation will be used. These funds may be used as directed by the church to fund any area of ministry the church may designate. The church reserves the right to move money from one budget item to another to insure adequate resources for ministry areas. The church may authorize the Finance Committee to adjust items within the budget as necessary and report such changes to the church in printed form or in an oral report at a church business conference.

DESIGNATED FUNDS AND GIFTS

Designated gifts for ministry items can be given by any individual. However, the designated fund must be established before the church receives the cash or cash equivalent designated gift.

If the designated gift is a gift of property, not cash or cash equivalent, then the church reserves the right to use the property for purposes designated by the church. The Finance Committee will work to honor the intention of the donor, but the church acting on the recommendation of the Finance Committee reserves the right to use or dispose of the property in a way that most benefits the church's ministry.

The process of establishing a designated fund by the church:

1. Any member of the church or community may request that a designated fund be established.
2. The individual making the gift should present a verbal or written request to the Finance Committee requesting such a fund be established.
3. The Finance Committee must approve the establishment of the requested fund and recommend the establishment of such a fund to the church in business conference.
4. Before the church accepts a contribution for the designated purpose, the designated fund must be approved.

5. If the Finance Committee or the church fails to approve a request for a designated fund, the designated fund cannot be established and the church will not accept the gift.
6. Contributions must be received designated to a specific fund and cannot for a specific individual in keeping with Internal Revenue Service rules.
7. A list of contributors and a record of their contributions shall be maintained to meet Internal Revenue Service record-keeping requirements.

The designated fund as it is established must meet the following requirements. The Finance Committee shall include in their recommendations the following:

1. The purpose of the fund and how it furthers the mission of the church must be presented to the church.
2. The procedures on how the fund will be used.
3. The procedures on how the fund will be closed.
4. The recommendation should include a statement that should any funds remain when the designated account is closed; the donor and or donors have been notified that the remaining funds are being transferred to another designated account or to the general budget.

BENEVOLENCE FUND

The church, in keeping with its stated religious and charitable purpose, has established a benevolence fund to assist persons in financial need. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the availability of funds and the exclusive control and discretion of the Benevolence Committee. The Benevolence Committee may authorize a church staff member or a committee member to disburse funds in emergency situations and shall establish a limit that the designated person may provide in emergency situations. The Benevolence Committee may consider recommendations from anyone, but the committee is not required to honor those recommendations. Donors will not be able to recover a contribution because the committee failed to honor the donor's recommendation.

The church recognizes that assisting persons in financial need is a continuing mission of the church and has established this fund as an ongoing fund. The Benevolence Committee shall develop guidelines for distribution of the fund to avoid misuse of the designated funds. Should at any time in the future the church directs that this fund should be closed, all monies in the fund at that time will be moved to the general operating fund of the church.

The Benevolence Committee should recommend to the church a process to record the benevolence requests. The following documentation for benevolence requests should be recorded for accurate record keeping and should be retained as a permanent record according to Internal Revenue Service guidelines for nonprofit organizations.

1. A complete description of the assistance.
2. The purpose for which the assistance was given.
3. The church or Benevolence Committee criteria for disbursing assistance from the fund.
4. How the recipients were selected.
5. The name, address, and amount distributed to each recipient.
6. Any relationship between a recipient and officers, trustees, or key employees or substantial contributors to the church.

SPECIAL BUILDING AND GROUNDS MAINTENANCE FUND

The church, in keeping with its religious purposes, has established a special Building and Grounds Maintenance Fund. The purpose of this fund is to provide maintenance to the church building, grounds, and equipment as needed beyond budgeted funds. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Building and Grounds Committee or by church action. The committee may consider recommendations from anyone, but in no event is the committee bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that maintain the church building, grounds, and equipment is a practice of good stewardship and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

EXPANSION FUND (BUILDING FUND)

The church, in keeping with its religious purposes, has established a property fund to provide for the future needs and growth of the church. These purposes may include major remodeling, expansion of facilities, or construction of new facilities. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Property Committee or the church. The committee may consider recommendations from anyone, but in no event is the committee bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that maintain the church building, grounds, and equipment is a practice of good stewardship and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

DESIGNATED MISSIONS FUNDS

The church, in keeping with its religious purposes and mission, has established a missions fund to provide resources to assist the church, church members, or other worthy persons or organizations in the spreading of the gospel of Jesus Christ. The fund can also provide resources to church members or others designated by the church for short-term mission trips. The funds may also be used for the purpose of starting new churches and beginning new ministry/mission points within the community or around the world.

The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Missions Committee or the church. The committee may consider recommendations from anyone, but in no event is the committee bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that spreading the gospel is the primary purpose of the church and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

DESIGNATED MINISTRY FUND

The church, in keeping with its religious purposes and mission, has established a missions fund to provide resources for the church and its various ministries as needed above available budget funds. The ministries are, but are not limited to, the following: music ministry, youth ministry, children's ministry, adult ministry, senior adult ministry, women and men's ministry, and evangelism. The church welcomes contributions to the fund and donations may be requested for a specific ministry of the church provided the church has budgeted funds in the general budget for that ministry. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Finance Committee or the church. The Finance Committee or the church may consider recommendations from anyone, but in no event is the committee or church bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that ministry is a vital part of the church's purpose and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

LOVE OFFERINGS FUND

The church, in exercise of its religious and charitable purposes, has established a love offering fund. The purpose of the love offering fund is to honor laborers in the field with a financial gift. The church welcomes contributions to the fund. However, the love offering will be considered taxable income to the recipient. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Finance Committee or the church. The Finance Committee or the church may consider recommendations from anyone, but in no event is the committee or church bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that ministry is a vital part of the continuing mission of the church and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

MEMORIAL FUND

The church, in exercise of its religious and charitable purposes, has established a memorial fund to honor the memory of deceased individuals, or to honor service by church members or staff. The administration of the fund, including all disbursements, is subject to the availability of funds and under the exclusive control and discretion of the Finance Committee or the church.

The Finance Committee or the church may consider recommendations from anyone, but in no event is the committee or church bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the committee failed to honor the donor's recommendation.

The church recognizes that the memorial fund is a vital part of the continuing mission of the church and has established this fund as an ongoing fund. Should at any time in the future the church vote to close this fund, all monies in the fund at the time will go into the general operating fund of the church.

ANNUAL BUDGET PROCESS

The Finance Committee will present for church approval a comprehensive budget at least one month before January 1.

FISCAL YEAR

The church fiscal year shall begin January 1 and conclude December 31.

SECURE FINANCIAL RECORDS

The church will be responsible for maintaining adequate financial records in the church facilities. These records shall include but are not limited to records of: individual contributions to the general operating fund, contributions to the designated funds, and disbursement of funds. Members can request to review financial records by submitting a written request to the Finance Committee. The Finance Committee will make the financial records available with a valid

request only. The Finance Committee will determine which requests are considered to be valid. The church financial records or copies will not be removed from the church premises without the prior approval of the Finance Committee. The Finance Committee, working with the Church Treasurer, will develop a backup system to secure the records in the event of a fire or natural disaster. Finance records should be backed up at least twice each week and kept in a safe and secure location.

PROVIDE FINANCIAL REPORTS

Monthly financial reports of receipts and expenditures shall be made available to the membership of the church. This may be done by a synopsis in the church bulletin or newsletter. At least quarterly, a financial report should be presented to the congregation in a business conference. The treasurer shall provide a report for the Annual Church Profile each year. An annual summary financial report should be prepared for the congregation.

ANNUAL REVIEW OF FINANCIAL RECORDS

The financial records of the church shall be reviewed annually by at least a three member ad hoc committee appointed by the Finance Committee. If the ad hoc committee has a concern about anything in the financial records, the Finance Committee shall develop and recommend audit procedures to the church. The Finance Committee should recommend to the church that an accountant who is not a church member be employed to audit the church financial records. The previous procedures should become a permanent part of the financial process.

SPECIAL FUNDRAISING EVENTS

The biblical practice of financing the work of the church is through the faithful giving of tithes and offerings through the church. The Finance Committee must approve all fundraising events. Contribution credit will not be given for items purchased at a fundraising event per Internal Revenue Service rules.

MISSION GIVING

The church believes in the biblical basis of mission giving as commissioned by the Lord Jesus Christ in Matthew 28:18-20. The church will commit to give at least thirteen to fifteen percent of its undesignated gifts to mission causes through the Cooperative Program and associational missions.

SPECIAL MISSION OFFERINGS

The church supports and encourages all church members to give to special mission offerings over and above their tithes. The church recognizes and participates in national, state, and associational special offerings promoted by the Southern Baptist Convention, the Baptist General Convention of Texas, and the local association.

DISBURSEMENT OF FUNDS

The Church Treasurer and other designated individuals shall be responsible for the disbursement of church funds according to the budget adopted by the church or as otherwise directed by the church. Two signatures are required for the disbursement of funds by check. Funds shall not be disbursed without an adequate receipt or invoice being provided by the individual or vendor requesting the funds. Normally, requests for funds should be given at least one week in advance.

CONTRIBUTION STATEMENTS

If requested, contribution statements will be provided to each donor of the church.

CHURCH BANK ACCOUNTS

The Church Treasurer in consultation with the Finance Committee will determine the need for specific accounts and be authorized to open and close church bank accounts at the direction of the church. Only bank accounts controlled by the church may be allowed to use the church's federal identification number.

RESERVE FUNDS

The goal of the church will be to maintain two months of reserve funds to be used in the case of emergency or temporary budget shortfall.

PROPERTY AND LIABILITY INSURANCE

The church will insure the church property at the fair market replacement value. At least every two years the church shall designate an ad hoc committee to review the church's current property and liability insurance coverage. The Building and Grounds Committee should conduct a church safety audit annually.

CHURCH CREDIT CARD USE

When goods and services are procured for the church, the vendor should be requested to direct bill the church so payment can be made directly to the vendor. This is especially important for large purchases since it will allow the financial officers to arrange to make incremental payments if necessary.

Church credit cards may be made available to church staff members with the finance committee's approval. Annual credit card fees will be charged to the ministry budget line item of the person to whom the card is issued. These cards are to be used only for purchases for use by the church. Statements and sales receipts must be submitted to the church treasurer. Payment will be made directly to the credit card company. Statements must be submitted in a timely manner so as to avoid late charges. Late charges incurred because of late submittal will be the personal responsibility of the individual.

CHURCH USAGE FEES

Church members and nonmembers can reserve the church facilities for personal use if the reservation is not in conflict with the church's schedule. The finance committee will be responsible for determining the fees for the usage.

ACCOUNTABLE REIMBURSEMENT POLICY

In accordance with IRS regulations 1.162-17 and 1.274-5(e), the _____ Baptist Church hereby establishes a reimbursement policy for all ministers and employees with the following terms and conditions.

1. The church will reimburse only reasonable ministry-related business expenses incurred by a minister or employee. Subject to budget limitations, such expenses will include:
 - a. Business use of automobile, up to the current IRS standard mileage rate;
 - b. Business travel away from home: transportation, lodging and meals on overnight trips that are business related;
 - c. Convention, conference, and workshop expenses;
 - d. Educational expenses, if otherwise qualified as an itemized deduction and within IRS limits;
 - e. Subscriptions, books and tapes, if related to ministry or employment;
 - f. Entertainment/hospitality expenses, if business connection requirement is met;
 - g. Cell phone charges if required for the convenience of the church.

2. The minister or employee will account for each allowable expense in writing at least every sixty (60) days. Documentation will include the amount, date, place, and business purpose and business relationship of each expense. A receipt will accompany the documentation.

3. The minister or employee will return advances that exceed actual business expenses within 120 days.

Under this accountable arrangement the church will not report reimbursed amounts as taxable income on the minister's or employee's Form W-2. The minister or employee should not report reimbursed amounts as income on Form 1040.

SEXUAL HARASSMENT POLICY

Purpose

All employees of _____ Baptist Church have the right to work in an environment free from all forms of illegal discrimination and conduct which can be considered harassing, coercive, or disruptive, including sexual harassment. The position of the _____ Baptist Church is that sexual harassment is a form of misconduct that undermines the integrity of the employment relationship.

Responsibility

It is the responsibility of the personnel committee and each employee to ensure full compliance with this policy.

Definition

Unwelcome sexual advances, requests for sexual favors, and other verbal and physical conduct of a sexual nature constitute sexual harassment when

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Policy

1. No employee, whether male or female, shall be subject to unsolicited and unwelcome sexual overtures or conduct, either verbal or physical.
2. Sexual harassment shall not include occasional and appropriate compliments of a socially acceptable nature.
3. Sexual harassment does refer to behavior that is not welcome, that is personally offensive, that debilitates morale, and that interferes with work effectiveness.
4. Such behavior may result in disciplinary action up to and including dismissal.

Complaints Procedure

1. Complaints of sexual harassment should be brought to the attention of the personnel committee.
2. The employee is also free to make the complaint directly to any supervisory personnel.

3. Supervisory personnel receiving a complaint of sexual harassment shall immediately contact the personnel committee.
4. After notification of the employee's complaint, a confidential investigation will be initiated immediately by the personnel committee.
5. After the investigation has been completed, a determination will be made regarding the resolution of the complaint by the personnel committee.
6. The church will cooperate fully with law enforcement officials in a criminal investigation.

Non-Retaliation

This policy prohibits retaliation against employees who bring, in good faith, sexual harassment charges or assist in the investigation of such charges. Any such employee shall not be adversely affected in terms and conditions of employment, nor discriminated against or discharged because of such activity.

Non-Employees

In addition to the above, any complaints of sexual harassment by an employee against vendors or other non-employees who do business with _____ Baptist Church or any complaints by a vendor or other non-employee against an employee of the _____ Baptist Church shall be reported and investigated in the same manner as stated in this sexual harassment policy.

CHILD ABUSE PREVENTION POLICY

1. Any volunteer or paid worker who works with children age 18 or under shall be given the legal definition of child abuse in writing, as well as the policy of the church on the reporting of child abuse. Annual child abuse training will be provided to the children and youth workers. The definition and training should help the workers identify child abuse. While exact definitions differ from state to state and between military and civilian regulations and laws, most definitions agree on several elements of an abused or neglected child:

“...a child whose physical or mental health or welfare is harmed or threatened with harm by acts or omissions of his/her parent or other person responsible for his/her welfare.” *U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, Administration on Children, Youth and Families*

NOTE: The church would do well to contact Child Protective Services or a credible adoption and/or child care agency to enlist a trained professional to conduct training for Children and Youth workers. CPS can also provide a relevant definition of child abuse for your area.

2. The church has adopted the “two adult” rule which requires a minimum of two adult workers to be present in each situation involving the supervision of the children and youth.
3. Children and youth church leadership should supervise children and youth ministries on an ongoing basis and make unannounced visits into classes or other program sites from time to time.
4. Every paid and volunteer children and youth worker should have an application on file with the church. The application should include relative questions pertaining to working in a children or youth ministry. A volunteer children and youth worker should be a member or have been attending the church for six months before serving in any capacity in a children or youth ministry.
5. References should be checked on anyone working with children or youth. The references checks should be completed on all paid and volunteer workers. No one should be allowed to work in either children or youth ministry, until reference checks are completed.
6. A criminal background check must be completed on all employees and volunteers having ministry responsibilities with children 18 years old and under.
7. Each children and youth worker should be interviewed personally by the supervisor of the respective ministry area. Documentation of the interview, such as the application or other personnel documents, must be kept confidential and in a secure location.
8. The church should comply fully with the Texas child abuse reporting statute. The church leadership should be immediately informed of any suspicion of child abuse.