

POLICIES GOVERNING FINANCIAL PROCEDURES

Introduction

We worship through our tithes and offerings. It is a biblical truth that everything we have belongs to God. We are stewards of God's grace and His benevolence.

Churches with member-led governance have the responsibility to protect the integrity and reputation of the church, the church treasurer, and those who are asked to handle money. Church treasurers are gifted and valuable resources of the church. Confidentiality is paramount while dealing with contributions. There are many unique legal rules that apply to church finances. All financial matters of the church must be handled with accuracy, integrity and must be in compliance with the regulations of Canada Revenue Agency www.cra-arc.gc.ca and the Societies Act http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96433_01 Valuable resources to access when questions arise are FEB-PAC www.bcfellowship.ca/ and the Canadian Council of Christian Charities <http://www.cccc.org/>

Fiscal Year

The fiscal year for all church finances shall be January 1 to December 31.

Financial Officers Policy

The congregation shall elect annually such financial officers as may be essential to fulfill the financial management needs of the church including a treasurer and such other officers such as a financial secretary, offering-counting committee, audit committee and investment committee as may be appropriate. The Finance Committee shall, for each officer, establish their duties with job descriptions and assure they function within the financial policies of the church.

It is important to note that these strict guidelines be adhered to not only for the protection of the church's monies, but also for the protection of those charged with handling the monies and the church leadership responsible for its stewardship. It is also important to adhere to guidelines to protect the charitable status of the church.

Note: The Board may act as the Finance Committee until such time as it is deemed necessary to establish a separate committee.

SECTION ONE **Duties and Responsibilities**

Treasurer Policy (must be member of the church)

The treasurer is accountable to the Finance Committee and congregation to disburse all funds received into the church treasury in a responsible and organized manner in accordance with the policies and procedures established by the church. The responsibilities of the treasurer are to work according to the guidelines contained herein which are as follows:

1. To work according to the guidelines contained herein.
2. To supervise the collection and disbursement of all money contributed to the local church budget.
3. Keep accurate records of the money received and disbursed.
4. To prepare quarterly financial reports indicating the financial well being of the church.
5. To be knowledgeable about collecting, counting and recording procedures.
6. To participate in and report regularly to appropriate committees, staff, the Finance Committee and at congregational meetings.

7. To assure there are adequate records documenting the assets of the church for insurance and other purposes.
8. To insure that all church property is appropriately covered by insurance for property and casualty and general liability losses.
9. To insure that all governmental taxes, reporting forms and regulations are met on a timely basis.
10. To notify the bank annually as to bank controls (as per Section 5).
11. To be accountable to the congregation and its committees.
12. Coordinate issuing, monitoring and collection of church credit cards; including establishing credit card limits.

EXCLUSION: This position does not include reconciling financial statements.

Financial Secretary Policy

The financial secretary position primarily receives the funds that come into the church treasury, records the funds, deposits the funds and forwards information about the deposit to the church treasurer. The responsibilities of the financial secretary are to work according to the guidelines contained herein which are as follows:

1. To receive funds from whatever source, providing permanent receipt in a numeric receipt pad, record them, and report them to the church treasurer, the church and its leadership as provided in church policies.
2. To collect offerings received during worship services at the conclusion of the programs/events, making certain that more than one person is involved in collecting and counting the money.
3. To ensure money is deposited in a bank as soon as possible after it is received. All deposits should be made within three (3) days of receipt.
4. To establish a procedure to collect and record money received through methods other than regular offering, including money received through the mail.
5. To produce individual charitable- tax receipt of all donations received during a calendar year in the timeline specified by the CRA
6. To be accountable to the congregation through its designated committees, the Finance Committee, and the staff.
7. To disburse all money contributed to the local church budget, keeping accurate records of how money is spent.
8. To set up a schedule for the Counting Partners

EXCLUSION: This position does not include reconciling financial statements.

Note: The position of Treasurer and Financial Secretary can be held by the same person if necessary.

Reconciliation Secretary Policy (volunteer position)

1. Reconciliation Secretary is a separate role and is appointed by the Finance Committee.
2. Person must not be the Treasurer, Financial Secretary or a member of the immediate family of any of these.
3. Reconciliation of bank financial statements take place at the church and records remain at the church.
4. A Reconciliation Report is provided to the Treasurer, Chairman of the Finance Committee and Lead Pastor.
5. Complies with internal controls set in the Financial Policies and Procedures.

Counting Committee/Team Procedures

1. The counting committee will consist of a minimum of five (5) church members appointed annually by the Finance Committee.
2. Spouses and immediate family members shall not be on the Counting Committee/Team at the same time.

3. A counting team of two (2) counting committee members will count all money received during weekly worship services. Hereafter, this team will be referred to as "Counting Partners."
4. Counting Partners will rotate teams and individuals within the teams each month as scheduled by the Financial Secretary. This ensures that no two people are repeatedly on the same team.
5. Counting Partners cannot be the Treasurer, Reconciliation Secretary or Financial Secretary.

Finance Committee

The Finance Committee consists of 3-5 people appointed by the Board. The lead pastor serves on the Finance Committee.

1. The Finance Committee serves on behalf of the Board to appoint financial officers such as Counting Partners, annual audit team and reconciliation secretary or any others as may be appropriate.
2. The Finance Committee will annually review the financial audit and make any recommendations to the Board.
3. The Finance Committee will annually review the financial policies and procedures and make necessary recommendations to the Board.
4. The Finance Committee may make recommendations for the investment of funds.
5. The Finance Committee will assist with capital campaign strategies.
6. Neither the Treasurer nor Financial Secretary can serve on the Finance Committee.

Note: Immediate family includes grandparents, parents, children, siblings, spouse and grandchildren.

SECTION TWO **Counting and Depositing Procedures for Worship Offerings**

All contributions, based on the Canada Revenue Agency guidelines must be substantiated with offering envelopes. Envelopes must be retained for the time specified by the CRA.

***Copies of official donation receipts** (other than for 10-year gifts) - Must be kept for a minimum of two years from the end of the calendar year in which the donations were made.

***General ledgers or other books of final entry containing summaries of year-to-year transactions and the accounts necessary to verify the entries** - Must be kept for six years from the end of the last tax year to which they relate, while the charity is registered, and for two years after the date the registration of the charity is revoked or, in the case of a corporation, for two years after the day the corporation is dissolved.

Counting and depositing money received during Worship Service

1. At the end of the worship service, the Counting Partners for the day will:
 - Immediately retrieve the bank bag, pick up offering plates and take them to a secured room. (The offering plates should never be left unattended.)
 - Count loose money, record it on an offering report, and set it aside.
 - Each Envelope will be marked according to the contents:
 - "√" (check mark) – means a cheque was enclosed and the amount of the cheque and the amount noted on the envelope match.
 - A large "C" – means cash was enclosed and the amount of cash and the amount noted on the envelope match.
 - A large "X" – means there is a mismatch between what was in envelope and what was reported on the envelope. When there is a mismatch, two Counting Partners must sign the envelope and note in RED the actual amount in the envelope and whether it is cash or check.
 - Stamp "Not Tax Receiptable" on any offering envelope of any contribution that is not tax receiptable and notify the financial secretary to inform the donor.

- Total the amount of the money removed from the envelopes and the amount on the face of the envelopes – totals should agree.
- Stamp all checks with “For Deposit Only” stamp.
- Prepare the deposit slip in duplicate and offering report in triplicate.
- Attach the second copy of the deposit slip to the original of the offering report and file them in a locked file or safe at the church.
- Place all money and deposit book in bank bag and seal/lock it in the presence of both Counting Partners with one person keeping the key (if applicable). One of the designated Counting Partners (or designated people) will take the locked deposit bag to the bank on Sunday after church. The key to the deposit bag should not leave the church.

Cash Policy

- I. Checks will never, under any circumstances, be cashed out of Sunday offerings, weekday receipts or any other money.
- II. Checks will never be accepted that are made payable to “Cash.”

Receipts Policy

Unless noted, all receipts are considered non-restricted receipts and are to go into the general budget. Those gifts that are restricted (designated) may only be accepted if the Finance Committee has approved an account for the designation or approved with the church ministry plan (budget).

SECTION THREE **Cash Policy and Receipts Policy**

Monies received on days other than Sunday

Payments and Offering Procedure

- I. A numbered receipt book in triplicate is used for all money and checks received during the week. All three (3) copies are required to void a receipt.
- II. Fundraiser and activity payment money.
 - A. All cash and checks from fundraising events
 1. Two people count the money and write a signed receipt indicating fundraising event and amount.
 2. The money is placed in a locked deposit box at the church along with two copies of the receipt secured/locked in the presence of both people preparing deposit.
 3. Two signatures are required to verify the deposit into the lock box.
 4. Lock Box contents are counted with the next Sunday offering.
 - B. All cash and checks received by church officers and staff
 1. People receiving money or checks will write a numeric receipt using triplicate receipt book indicating purpose for money, amount, sign receipt, and then give or mail the original receipt to donor.
 2. The second copy of the receipt, money, and/or check will be given to the Chairman of the Counting Partners for depositing process.
 3. Staff members are not to keep money in their offices. All receipts are to be placed in the office/church safe/secure location for processing by the Counting Partners.

SECTION FOUR **Special Collections Policy**

Fundraisers & Special Collections Policy

All fundraisers and/or solicitations by a member/church group/organization must be approved by the Finance Committee prior to launching the campaign. Approved projects will then be designated as “church” or “non-church” projects. Monies collected for church projects must go through the counting procedures and will go through the church books and will be tax receiptable. (eg: raising funds for the sanctuary chairs,) Non church projects are those that the church leadership endorses and may be communicated through the church, but do not

qualify to go through the church books (eg: member going on a mission trip through a non-Canadian organization, child solicitations for school fundraising,). It will be clearly communicated to potential contributors that monies for non-church projects do not go through the church books and are not tax receiptable.

Members and guests may not be approached individually to contribute prior to, during, or after a worship service or meeting until their request has been approved. All promotions must be handled in the bulletin, newsletter, website or multi-media with a designated location for the fundraiser with receipts and authorized personnel on hand to handle the funds. When personal services are rendered, charitable contribution credit WILL NOT be given.

Members and guests of the congregation are not to be solicited for funds (offering/sell of an item) without the approval of the Finance Committee or by the church. Boys and girls often want to sell items to members and guests for school or other organizations. This may only be done when:

- a. The child/youth requests a date on the calendar to set up a display
- b. The display location is assigned to the child/youth by the church secretary
- c. The child/youth may only solicit at the display
- d. No funds will be handled by the church – this is only a service to the child/youth

Compassion Fund

Benevolence is an activity that the church supports. Refer to the Compassion Fund Policy

Christian Education

Christian education is an activity that the church supports. Requests for support should go through the finance committee.

Discipleship Training

Discipleship training and leadership training are activities that the church supports. Requests for support should go through the finance committee or the appropriate sub-committee (eg: Vince Shier Memorial Leadership Training Fund)

Special Notation on Love Offering:

A “love offering” is for the person/group in which the offering is being collected. (eg: musician, visiting missionary etc.) Church expenses are not taken from the love offering. When the church budgets an event and elects to take an offering to defer costs, this offering is not to be called a “love offering.” A church may elect to have an “event offering” to defray costs of the meeting (both honorarium and expenses, etc). Event expenses could be a line item in the church budget and event offerings received to fulfill the expenditures of the event.

SECTION FIVE **Cash Accounts Procedures**

- I. The Finance Committee appoints up to 4 people, who must be members, authorized to sign checks.
 - A. Two signatures are required. One signature must be the financial secretary
 - B. No more than one person in a family is authorized to sign checks.
 - C. Signers should not sign checks to themselves or immediate family members. Checks to the Financial Secretary should be signed by 2 other signers.
 - D. Pastoral staff cannot be authorized to sign checks.
 - E. Checks must not be signed and left blank.**
 - F. People signing checks review and initial all bills/invoices before signing checks ensuring that the appropriate reimbursement request form has been filled out and

- approved. The person is accountable for checks signed and should question anything irregular.
- II. Reconciliation of bank/investment accounts.
 - A. The Finance Committee designates a person (Reconciliation Secretary) to reconcile all bank accounts on a monthly basis. This person will not handle any money, deposits, approve bills, or sign checks. The Finance Committee does periodic reviews of the reconciled statements and compares to the financial reports provided by the Financial Secretary/Treasurer.
 - B. All savings and checking accounts are reconciled monthly.
 - III. Bank Controls
 - A. The bank is notified in writing annually:
 - 1. All cheques made payable to the church must be deposited to an appropriate church account (not cashed).
 - 2. A letter of authorization from the Church Treasurer or Finance Committee Chairman is required to open new accounts in the church's name with the church's tax number.
 - 3. A letter of authorization from the Church Treasurer or Finance Committee Chairman is required before any changes are made to the present accounts in the church's name with the church's tax number.
 - B. The bank sends the bank statements directly to the church office (by name of church) designated for reconciling and never to an individual's home.
 - C. All bank accounts must be established by using the church's name and/or tax identification number. All accounts should be reported on the financial reports.

SECTION SIX

Disbursement Procedures

- I. Budget Expenses
 - Authorization to approve bill payment.

The line item of the church ministry plan (budget) has assigned to it the name(s) of those authorized to make decisions related to the line item. These individuals are knowledgeable of the position of the budget and should question anything irregular, as they are accountable for bills they approve.
 - A. Receiving merchandise
 - 1. All merchandise received is verified with the invoice or packing slip and signed by person(s) receiving merchandise. These records are then given to the Financial Secretary.
 - 2. All purchases of budgeted items over \$50 must have prior approval of the individual responsible for that line item of the budget (staff member). (See J – Levels of Authorization for details)
 - B. Approval for payments of bills.

Church designated person approves all bills before they are paid. Bills will be stamped "Approved" and signed by people approving payment.
 - C. Verification of all designated gifts.

Each month the person designated to reconcile bank statements verifies amount of the checks for designated gifts against amount shown in financial report and in accordance with any special accounts.
 - D. Salaries

Employees are paid according to amount set up in current church budget.
 - E. Hourly Pay
 - 1. All employees keep written record of their time spent working, sign time sheets approving time, and then give to their supervisor for approval.

2. Supervisors will verify time and approve payment of time sheet before paycheck is written. Any daily, out-of-the-ordinary work schedule will require supervisor's initials.

F. Benefits

Any benefits, such as insurance and retirement paid directly to an employee, are reported as taxable income. Love gifts given by the church are also reported as taxable income.

G. Credit Cards

1. Two business credit cards may be acquired with the Finance Committee approved limit for church authorized purposes; one for the lead pastor and one to sign out at the pastor's discretion.
2. The credit cards are kept in the church office; people getting a credit card must sign an in and out log with the time allotted for use determined by the need.
3. Receipts are required at the time the credit cards are turned in. Credit cards are signed out and turned in using the designated two sided pouch.
4. Credit cards are used for church business only – no exceptions.
5. Receipts must be approved and reconciled with statement before payment is made. Any discrepancies need to be followed up.
6. After reconciliation the new balance is paid in full to avoid paying a finance charge.
7. Use of church credit card is the total responsibility of the user.
8. The Church Treasurer may terminate staff credit cards in case of abuse by notifying the bank.

H. Petty Cash

The church will maintain a small petty cash fund for minor purchases.

I. Purchases of \$1000 or greater whether budgeted or not, the purchases of equipment, supplies (other than curriculum or food service), repairs, and/or construction are to have a minimum of two quotes provided before a purchase is to be made. If the purchase is not in the budget, advance authorization from the Finance Committee must be obtained. Items budgeted must have authorization from the Treasurer or chairman of the Finance Committee prior to committing the funds. Support local business when reasonable. The Finance Committee has the authority to approve reasonable and affordable extra spending for an amount up to 5% of the total approved yearly budget.

J. Levels of authorization - Procedure

- a. Pastor may authorize budget expenditures up to \$500
- b. Church staff may authorize budget expenditures up to \$200 within their approved budgets. The pastor should approve expenditures over \$200, that are within their approved budgets. For expenditures which go above the approved budget, requests should go to the Board for approval.
- c. Pastor with the Board Chair may authorize budget expenditures up to \$2500.
- d. Budgeted expenditures above \$2500 must come to the Board for approval
- e. Pastor, with the Full Board may authorize non-budget expenditures up to 5% of the total approved yearly budget with the Church being informed in writing of the decision within seven business days of the decision.
- f. In an emergency, with the consent of two-thirds of the Board, the pastor, and the treasurer all agreeing; the treasurer may expend funds beyond the budget for any line item up to \$1,000 for operational contingencies, and up to \$5,000 for emergency repairs. This provision is only intended to be utilized when the need is sufficiently compelling and there is inadequate time to secure congregational approval. When this authority is utilized, the Board shall advise the church of its action in the next congregational business meeting or special called business meeting duly notified.

SECTION SEVEN **Designated Funds**

A registered charity cannot issue an official donation receipt if a donor has directed the charity to give the money to a specified person or family. In reality, such a gift is made to the person or family and not to the charity. However, donations subject to a general direction from a donor that the gift be used in a particular program operated by the church are acceptable, provided that no benefit accrues to the donor, the directed gift does not benefit any person not dealing at arms' length with the donor, and decisions regarding utilization of the donation within a program rest with the charity.

Designated Funds Policy

- A. The lead pastor or Board may establish such designated funds as may further the ministry of the church, and shall for all such funds assure separate accounting and reporting. Because designated funds may ONLY be used for the designated purpose, it is advisable to use broad categories (i.e.: Music Ministry rather than Organ Fund, Foreign Mission Trip rather Romania Mission Trip) so any unused fund balances may be used for other similar projects.
- B. No monies shall be received by the church except where the church has established the fund and its related project or activity. Gifts with unapproved designations may be returned, or may at the discretion of the lead pastor or Board be held conditionally until they can assess whether they wish to establish such an approved designated fund.
- C. Designated funds, which do not have a disclaimer, shall be restricted solely for the designated use and may not be diverted to other purposes without the written authorization of the donor(s).
- D. The Treasurer shall provide an annual report to the church on the status of all designated funds.
- E. All designated funds will be communicated to the church at the AGM.
- F. Gifts other than cash (eg. physical property) must be referred to the lead pastor for review before accepting on behalf of the church.
- G. Not every gift may be accepted (i.e.: cash with conditions/designations or property).
- H. Large gifts (cash or other) must be referred to the lead pastor before accepting on behalf of the church.

SECTION NINE **Memorial Gifts and Fund**

Memorial Gifts and Fund Policy

- A. The lead pastor may establish a Memorial Gifts Fund for receiving and accounting for designated gifts in memory/honor of members and others associated with the church or its friends. Upon establishment of such a fund, a committee will be formed to administer that fund. For each memorial project, a specific committee will be formed by the lead pastor.
- B. The Memorial Committee shall establish appropriate use of such memorial gifts and authorize expenditures of the funds for purposes it deems appropriate. The committee may identify priority projects or ministries toward which such gifts are allocated. While specific interests of donors will be considered, the committee retains the authority and responsibility to use the funds in a manner appropriate to the purposes of the church. All gifts are received subject to this principle.
- C. A *Book of Memorial Fund Gifts* [or *Book of Memory*] may be maintained by the committee that registers memorial gifts to the church. The following information may be included in the book: the name of the person in whose memory/honor the gift is given, the date and occasion for the gift if applicable, the name(s) of the donor, and a description of the gift. When the funds are used, a note may be made in the book as to the use.

- D. Where Memorial Funds are used to purchase a tangible asset, a memorial marker will be placed on the object noting that it was made possible by the Memorial Fund.
- E. Donations made to the church in someone's memory/honour will be acknowledged immediately with a letter from a church representative on behalf of the church to the family informing them that a donation has been made in their loved one's name and the name of the donor(s) may be stated.

SECTION TEN **Reimbursements**

Church designated person must approve all reimbursements before payment is made. Reimbursements should be paid separate from employee salary.

- I. Business Reimbursement
 - A. Substantiated (documented) business expenses of employees are to be reimbursed from the budgeted church funds in accordance with church approved reimbursement policy and limit set up in Budget. Entertainment expenses should be substantiated paid receipts for all purchases, names of the people involved, and business purpose. Reimbursement payments are made monthly unless prior arrangements are made. This includes expenses for items such as convention/conferences, library, continuing education, meals and entertainment, and travel.
- II. Reimbursement for Travel
 - A. Employees are reimbursed from the budgeted church funds for business related travel on a per km basis as determined by the Finance Committee. A travel log is required for verification of all travel expenses.
- III. Budget Reimbursement
 - A. Budgeted expense items for the church purchased by staff or church members are reimbursed up to the limit stipulated in the budget upon presentation of a paid receipt.
 - B. Receipts should be paid in a timely fashion.
- IV. Flow-Through Accounts
 - A. Reimbursements for flow-through accounts are limited to available funds at the time. Balances on expenses may be paid at a later date if money comes into the account.

SECTION ELEVEN **Contributions**

Contributions

- I. Total contribution postings must always equal "Total Envelopes" on offering report.
- II. Designated Accounts
 - A. All gifts received will be recorded as tax-receiptable or non tax-receiptable based on CRA guidelines.
 - B. Retention of offering envelopes:
Retain all offering envelopes for six (6) years after date of annual statement.
 - C. Designated Compassion Funds:
 - i. Church members wishing to give tax-receiptable gifts to approved individuals should contribute through a Compassion Fund.
 - ii. All gifts are deposited to the Fund and the funds are dispensed at the sole discretion of the Compassion Fund Committee.
 - iii. All gifts are directed to the Compassion Fund and not the individuals by name.

III. Payment for expenses

Payment for any church related event expenses will not be recorded as contributions.

IV. Contribution Statements

Annual tax receipts are mailed to the donor by the end of February each year.

V. Non-monetary or tangible gifts (gifts in-kind):

Gifts in-kind are donations of non-monetary or tangible items received by the church for which contribution statement of receipt should be given (i.e. stocks, jewelry, cars, real estate property, etc.)

1. Church records of these gifts in-kind should reflect both revenue and expense at fair market value at date of donation.

Reports

1. Financial Reports

The Treasurer and such other officers, as necessary, provide financial reports at each AGM. A comprehensive written financial report and accounting of the previous year's receipts and disbursements is presented to the membership at the AGM of the new fiscal year and a summary published in the church newsletter. This report includes comparisons of actual revenues and expenses compared to budget figures.

All bank accounts are established by using the church's name and/or tax number. All accounts are reported on the financial reports.

2. Members Financial Records Rights/Access

Members have access to the principal financial reports of the church including budgets, periodic financial reports, annual financial reports and reports from auditors. Members do not, however, have access to individual donor records, except records of their own giving. Such individual donor records are confidential and available only to those who must have the information to carry out their assigned duties. Members have access to quarterly financial reports by request. The individual making the request has access to printed documents in the church office during normal office hours. No copies of the documents will be made – all records remain in the church office.

When staff salaries and benefits are not itemized in the budget or financial statement, this information must be requested from the Finance Committee. Church members have the right to view itemized personnel salary and benefits. No copies of the documents will be allowed.

Capital Reserve Account:

The church establishes and maintains a separate designated capital reserve account, which is a different account, at the financial institution from the account where all other designated funds are held. Monthly contributions are made to this account until the appropriate balance is reached. Once the balance is reached, no additional deposits are necessary. Funds moved from this designated account are approved by the Finance Committee.

Other Financial Reports and IRS Forms

If the church is an employer, it is subject to many provincial and federal labor, and other tax laws. The church carefully reviews their duties of reporting and complying under these laws, and consults their financial and legal advisers.

SECTION TWELVE

Financial Policy Reviews

Financial Policy Review

The purpose of a Financial Policy Review is to evaluate how well the adopted policies are being observed and if the implemented policies are efficiently achieving the desired purpose. Properly conducted annual reviews can reinforce adopted policies, reveal weakness in implementing policies, and expose policies that may not be effective.

- I. A Financial Policy Review is performed annually without notification to people involved in implementing policies. The people performing the review randomly select three months for the review. Any cross-referencing with Church Bylaws needs to be reviewed annually.
- II. Committee
 - B. A report of the review is first shared with the lead pastor and the Finance Committee and will be presented to the congregation at the following AGM. The Audit Committee will recommend any financial policy changes to the Finance Committee.
- III. Cash
 - A. Review cancelled checks in the bank statements to verify no checks were made payable to cash.
 - B. Look at checks payable to the church to verify they were deposited and not cashed.
- IV. Bank Accounts

Once a year write a letter to banks with which you do business and request a list of accounts with balances using your church's name and/or tax number. Verify these accounts being reported on financial reports.
- V. Receipts
 - A. Review rotation list for Counting Partners to make sure teams and individuals are being rotated each month (see Section 1).
 - B. Confirm the Counting Partner taking the deposit bag to the bank does not have the deposit bag key in his or her possession while the deposit is in their custody (see Section 2).
 - C. Ascertain that any money collected outside of Sunday services is counted the first following Sunday and is not handled in between the time of deposit and the time of counting (ie. deposited money remains in the lock box).
 - D. Compare Offering Report to:
 1. Total amount of deposit slips.
 2. Total of envelope offerings to total amount posted.
 - E. Review procedure for canceling checks with "For Deposit Only" and "Not Tax Receiptable" to make certain all policies are being properly implemented.
 - F. Make sure that the "Counting Partners" pickup offering plate collections promptly at the end of the service.
 - G. Verify the bank deposit bag is sealed in the presence of at least two people with one keeping the key and the other taking the deposit bag(s) to the bank.
 - H. Ascertain a receipt is written for all special collections money and that it matches the deposit.
 - I. Make certain a receipt is written for all incoming money and the original receipt was given or mailed to the donor(s).
 - J. Confirm all money receipted was promptly deposited by comparing amounts to bank statement.
- VI. Disbursements
 - A. Make certain all bank statements are reconciled monthly. The Finance Committee designates a person (Reconciliation Secretary) to reconcile all bank accounts on a monthly basis.
 - B. Review major paid bills for proper posting to the books – both designated and undesignated accounts:
 1. Proper receipts attached
 2. Proper approval (signatures)

- 3. Proper posting to books
 - 4. Trace payments to canceled checks and bank statements
 - C. Check all time sheets for supervisor's approval signature and approved payment and posting to payroll.
 - D. Verify time sheets, substantiated business travel and receipts for business travel.
- VII. Contribution Records
- Make sure contribution statements properly identify tax receiptable contributions.

SECTION THIRTEEN

Miscellaneous Financial Policies and Procedures

Church Property

Church Property (data projectors, snow blower, computers, vehicles, etc) may not be taken from the church for personal use. The exceptions are tables; a designated group of tables may be checked out stating the date of return. The facilities staff person will review exceptions.

Document Retention Policy (Seven Years)

The church, through its officers and staff, permanently retains the following records and documents: Articles of Incorporation, Constitution, statement of faith, Finance Committee minutes, contracts of hire (for the duration of hire), church bylaws and policies, titles to property, membership rolls, minutes of church business meetings (congregational and AGM), annual financial reports, audit reports, copyrights and trademark registrations, legal correspondence, and such other documents whose permanent retention is required by congregational action. These documents are maintained in a secure location under the control of the church. Physical and original documents shall not be removed from the church.

Audits

The Audit Committee conducts or arranges for an annual audit of a type and nature the church deems appropriate (internal or external). An external audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An external audit gives the church reasonable assurance about whether the financial statements are free of material misstatement. In the event external auditors are used, they may make recommendations for improvement based on their findings. The committee conveys the report of the auditors to the church leadership, Finance Committee and congregation.

Bonding

The church requires the bonding of any elected, volunteer or paid staff that handles the funds of the church.

SECTION FOURTEEN

The Church Budget

Budget Process

- I. The lead pastor annually requests each staff person or committee with budget line items, to evaluate their programs and submit a budget request to the lead pastor and the Finance Committee chairperson.
- II. The Finance Committee and the lead pastor will evaluate budget items in line with the mission and vision and financial stewardship of the church to draft a proposed budget.
- III. After review by the Board, the proposed budget is distributed to the membership (not less than two weeks before the AGM) where it will be presented for adoption. The budget is

submitted for approval, by majority vote, at the church's AGM or at such other time as set by the church to approve an annual comprehensive budget.

Budget Publication

On adoption, the budget is published and made available to all church members. Financial status reports to the membership are structured to reflect the budget, and actual receipts and expenditures reported in the budget categories.

Budget Effects

The budget constitutes the limits of authority for the leadership to expend funds and establish the basic categories of accounting. The treasurer or other leadership have no authority to expend funds except where authorized by the budget, separate congregational authorization or church policies.

- I. If the Finance Committee determines there is a cash flow problem or other factors requiring financial restraint, it imposes temporary spending limits in one or more categories, and/or recommends to the church specific budget adjustments.

Budget Changes and Adjustments

- I. Proposed budget changes greater than 5% of the total annual budget during the fiscal year will go through the following process. All such proposals are first presented to the Finance Committee. Upon approval by the Finance Committee they are presented to the congregation for final approval.
- II. Budget changes less than 5% of the total annual budget can be approved by the Board.
- III. In an emergency, with the consent of two-thirds of the Board, the lead pastor and treasurer all agreeing, the treasurer may expend funds beyond the budget, only to be utilized when the need is sufficiently compelling and there is inadequate time to secure congregational approval. When this authority is utilized, the Board will advise the church of its action in the next congregational business meeting.

SECTION FIFTEEN **Borrowing Authority**

Borrowing Authority

The borrowing of any funds from any source must be approved by the congregation at an extraordinary meeting (as per the by-laws).

SECTION SIXTEEN **Definitions**

Account Type/Title	Description/Restrictions	Notes
Operating Account (unrestricted)	Checking Account	Handles most bills/payments/payroll
Designated Account (temporarily restricted)	Funds temporarily restricted	May only be used for the specific purpose as designated by the donor. Designation is released when funds are used for their designated purpose.
Capital Reserve Account (contingency)	Funds may or may not be immediately available	Contingency reserve for special needs – secondary to the church general operations budget.