A tool to assist churches in complying with governmental regulations and reducing church conflict.
CHURCH FINANCIAL POLICIES

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CHURCH FINANCIAL POLICIES

PURPOSE:
Church Financial Policies are tools to help the church comply with increasing federal and state government guidelines in operating nonprofit organizations. Also, church financial policies can help churches avoid church conflicts by providing well-written and understandable church policies on financial matters. Finally, church financial polices help establish a clear Biblical basis in handling the financial resources God has provided a congregation.

ADOPTION AND AMENDMENTS:
Church financial policies should not be included in the church’s constitution or by-laws. The church financial policies should be adopted by a simple majority vote at any regularly scheduled church business conference. Likewise, the church financial policies can be amended, deleted, or added by a simple majority vote at any regularly scheduled business conference.

WRITING GUIDELINES:
Church financial policies should be written clearly and concisely. 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.

SAMPLE CHURCH FINANCIAL POLICIES:
The following material contains sample church financial policies to assist a church in developing its own financial policies. Churches should not assume it must adopt the following material as a legal requirement for its church. Each financial policy must be developed after careful consideration of the implementation of the church’s own setting and ministry. For instance, while it is a good accounting practice to have two signatures on checks, this might not be reasonable or acceptable in each church setting.

GRATITUDE:
A special word of appreciation is extended to the churches of the Georgia Baptist Convention who have helped develop this working document. A number of church financial leaders have furnished different financial policies to Church Financial Services to help make this document possible.

DISCLAIMER:
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 upon this document as a substitute for independent legal consultation or Internal Revenue Service and Georgia Department of Revenue instructions.
SAMPLE BAPTIST CHURCH  
CHURCH FINANCIAL POLICIES

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BIBLICAL BASIS
“Having land, sold it, and brought the money, and laid it at the apostles’ feet.” Acts 4:37 (KJV) The financial responsibility of the church is to be a wise steward of the resources God has entrusted to this fellowship. The church is accountable to its membership to make sure the resources of the church are handled with the highest level of trust and integrity as possible. Ultimately, the church is responsible to God for the stewardship of its funds. If a financial conflict arises, the instruction in Matthew 18 should be followed as a guiding principle.

STEWARDSHIP EMPHASIS
The church needs to conduct an on-going stewardship emphasis. The emphasis can be delivered through a special program, sermon series, or campaign.

UNRESTRICTED GIFTS
Members are encouraged to support the ministry of the church through regular gifts and offerings to the general operating budget of the church. The general operating budget is a comprehensive spending plan for the church’s ministries.

DESIGNATED GIFTS
Individuals can give designated gifts for the ministry of the church. 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 or finance committee reserves the right to use the property for the purpose of the church. The church or finance committee will try to honor the intention of the donor, but the finance committee or church reserves the authority to use or dispose of the property that best fosters the church’s ministry.

The process of establishing a designated fund by the church:
1. Any member of the church or community may request the establishment of a designated fund.
2. The member must present a verbal or written request to the church or finance committee.
3. The church or finance committee must approve the establishment of the requested designated fund.
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 receive any money.
6. A list of contributors and their contributions is maintained for Internal Revenue Service record-keeping requirements.
The established designated fund must meet the following requirements in writing by the finance committee or church:

1. The purpose of the fund and how it furthers the mission of the church must be stated.
2. Procedure on how the fund will be spent must be recorded.
3. The procedure on how the fund can be closed should be stated.
4. The policy should state how to disperse any money left in the fund after the fund is closed.

BENEVOLENCE FUND
The church, in exercise of its religious and charitable purposes, 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 exclusive control and discretion of the benevolence committee or church. The benevolence committee may consider recommendations from anyone, but the committee is not bound in any way to honor the recommendations. Donors will not be permitted 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. Should at any time in the future the church vote to close this fund, all money in the fund at that time will go in the general budget of the church.

Also, the benevolence committee or church should record the required Internal Revenue Service documentation for benevolence requests. The following documentation for benevolence requests should be recorded for accurate record keeping:

1. A complete description of the assistance.
2. The purpose for which the aid was given.
3. The church or benevolence committee’s objective criteria for disbursing assistance under the benevolence 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, directors, or key employees or substantial contributors to the Church.

BUILDING AND GROUNDS FUND
The church, in exercise of its religious purposes, has established a building and grounds fund to maintain the church building, grounds, and equipment. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the control and discretion of the building and grounds committee or church. The committee may consider recommendations from anyone, but in no event is the committee bound in any way 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 maintaining 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 money in the fund at that time will go in the general budget of the church.

**PROPERTY FUND**
The church, in exercise of its religious purposes, has established a property fund to provide for the future needs of the church for major repairs, major remodeling, expansion, or construction of facilities for the church. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the control of the property committee or church. The church may consider recommendations from anyone, but in no event is the church bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the church failed to honor the donor’s recommendation.

The church recognizes that planning for future needs 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 money in the fund at that time will go in the general budget of the church.

**MISSIONS FUND**
The church, in exercise of its religious purposes and mission, has established a missions fund to provide resources for the church, church members, or other worthy persons or organizations spreading the gospel of Jesus Christ. The fund can also provide resources to church members or other worthy individuals for short-term mission trips or support of long-term missions. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the control and discretion of the missions committee or church. The missions committee may consider recommendations from anyone, but in no event is the committee bound in any way 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 money in the fund at that time will go in the general budget of the church.

**MINISTRY FUND**
The church, in exercise of its religious purposes and mission, has established a ministry fund to provide resources for the church and its various ministries. The ministries are, but not limited to, the following: music ministry, youth ministry, children’s ministry, adult ministry, senior adult ministry, Sunday School, WMU, Men’s Ministries, Discipleship Training, 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 control and discretion of the finance committee or church. The finance committee or church may consider recommendations from
anyone, but in no event is the finance committee bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the finance committee or church 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 money in the fund at that time will go in the general budget of the church.

LOVE OFFERING 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 exclusive control and discretion of the finance committee or church. The finance committee may consider recommendations from anyone, but the committee is not bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution because the committee failed to honor the donor’s recommendation.

The church recognizes that the love offering fund is 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 money in the fund at that time will go in the general budget 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. The church welcomes contributions to the fund in memory of loved ones. The administration of the fund, including all disbursements, is subject to the exclusive control and discretion of the finance committee or church. The finance committee may consider recommendations from anyone, but the committee is not bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution because the committee failed to honor the donor’s recommendation.

The church recognizes that the memorial fund is 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 money in the fund at that time will go in the general budget of the church.

BUDGET PRESENTATION
The finance committee will present a budget for church adoption at least one month before January 1.

FISCAL YEAR
The church fiscal year shall begin January 1 and conclude December 31.
FINANCIAL RECORDS
The church will be responsible for maintaining adequate financial records at the church facilities. 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 valid. The church financial records or copies will not be removed from the church premises without the finance committee’s approval.

FINANCIAL REPORTS
Monthly financial reports of expenditures and receipts shall be made available. At least quarterly, a financial report should be presented to the congregation in a business conference. An annual summary financial report should be prepared for the congregation.

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 over the financial records, then an accountant who is not a church member will be employed to help resolve the concern.

FUNDRAISING EVENTS
The normal practice of financial operations of the church is for members to give their tithes and offerings through the general budget of the church. The finance committee must approve all fundraising events. Contribution credit will not be given for items purchased at a fundraising event.

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 unrestricted gifts to mission causes through the Cooperative Program and associational missions.

MISSION OFFERINGS
The church supports and accepts the national, state, and associational special mission offerings promoted by the Southern Baptist Convention, the Georgia Baptist Convention, and the 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. Two signatures are required for the disbursement of funds. Likewise, funds shall not be disbursed without an adequate receipt or invoice being provided by the individual requesting the funds. Normally, requests for funds should be given at least one week in advance.
CONTRIBUTION CREDIT STATEMENTS
If requested, contribution credit statements will be provided to each donor of the church.

CHURCH BANK ACCOUNTS
The church treasurer in consultation with the finance committee will be authorized to open and close church bank accounts under the control and authority 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 value. At least every two years, the building and grounds committee should review the church’s current property and liability insurance coverage. Also, the building and grounds committee should conduct a church safety tour annually.

CHURCH CREDIT CARD USAGE POLICY
When goods and services are procured for the church, the vendor should be requested to bill the church so payment can be made directly to the vendor. This is especially important for large purchases since it will allow the finance office to arrange to make incremental payments when needed.

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 Sample 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:
   - Business use of automobile, up to the current IRS standard mileage rate;
   - Business travel away from home: transportation, lodging and meals on overnight trips;
   - Convention conference and workshop expenses;
   - Educational expenses, if otherwise qualified as an itemized deduction and within IRS limits;
   - Subscriptions, books, and tapes, if related to ministry or employment;
   - Entertainment/hospitality expenses, if business connection requirement is met.
   - 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 60 days. Documentation will include the amount, date, place, 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 Sample 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 Sample 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, therefore, 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 Sample Baptist Church or any complaints by a vendor or other non-employee against an employee of the Sample 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 should 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 should be provided to 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 common 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

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 attending the church for six months before serving in a children or youth ministry.

5 References should be checked on anyone working with children or youth. The reference checks should be completed on all paid and volunteer workers.

6 A criminal background should be conducted 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 like the application or other personnel documents must be kept confidential and in a secure location.

8 The church should comply fully with Georgia’s child abuse reporting statute. The church leadership should be informed of any suspicion of child abuse.