



CROSSROADS CHURCH

FINANCIAL POLICIES

AS ADOPTED 2024

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Policy Defined

A policy defines and states the church's position on or practice in a particular matter. It is an expression of a course of action that guides the church in attaining its stated vision, mission, and purpose. A policy defines the church's attitude on a particular matter in response to its routine operations.

General Statement of Policy

Crossroads Church is a tax-exempt qualified non-profit organization operating under Section 501 (c) (3) of the U. S. Internal Revenue Code. The church has selected to use a calendar year to report on its financial operations.

The Financial management of Crossroads Church shall be conducted by the elders with assistance from the Administrator.

Crossroads Church adheres to generally accepted accounting principles applicable to non-profit organizations in the United States, as set forth by the various bodies, including the American Institute of Certified Public Accountants.

A key focus of Crossroads Church is to properly steward the resources God has given us. One area of such obedience is demonstrated in Christian stewardship in the giving primarily of cash and other assets to support the ministries of the church. The administration of these gifts requires obedient stewardship and accountability by the management of the church to handle, within limitations, all such gifts in the manner designated by the contributors. It is recognized also that non-members donate to Crossroads ministries, and therefore, these policies shall refer to all contributors. Acknowledging that God is the provider of these resources to be used for the accomplishment of His work, the safeguarding of such resources is vital to assuring the contributors that their contributions are handled in the same manner of obedience to stewardship that is expected of them.

The financial policies must be approved by the elders and then presented to the church membership for approval at regularly scheduled church family meetings. The administration of these policies shall be the responsibility of the elders supported by the Administrator. A Financial Procedures manual shall be maintained to support the Financial Policies and used to train the staff.

The Financial Policies shall include the following:

Annual Budget

It shall be the practice of Crossroads Church to prepare an annual budget (financial plan) that focuses on the ministries that support its vision, mission, and purpose. This annual financial plan is dependent upon the continued stewardship of its members. The annual budget is the comprehensive financial plan that reflects the allocation of expenses for its recognized

ministries, actions, and other expenses of operations from the anticipated support of its members. It becomes the major control device by which the church can measure its ministry appropriateness and evaluate its ability to achieve success in attaining its vision, mission, and purpose. It also serves as a basis for reporting financial stewardship to the church.

The budget is to be developed by the elders and staff of Crossroads Church. Operating and capital needs shall be shown as separate line items within the budget. Additionally, a month-by-month ministry plan for all areas shall be developed. The budget shall be approved by the elders and presented to the Finance Committee for review and approval as outlined in the Bylaws of Crossroads Church.

Any construction of campus facilities and its related equipment needs shall be approved under a separate budget with separate financing considerations as outlined in the Bylaws of Crossroads church.

Financial Transparency

Crossroads Church offers the highest level of financial transparency to its members. At a minimum, this financial transparency should be displayed through financial updates at least twice a year during family meetings. Additionally, if a church member would like to review detailed financial records of the church, they should request such in writing to a Crossroads Church elder, who will support their request to ensure the respective member can review financial records as needed.

Audits

It shall be the policy of Crossroads Church to have a financial audit or review conducted every 5 years by an independent firm of Certified Public Accountants. This external audit shall be conducted by a firm whose staff has no relationship to the church or its membership.

Internal audits shall be conducted for the church annually to ensure adherence to generally accepted accounting principles, proper safeguarding of church assets, and efficiencies in other operational areas. These internal audits will include reviews of cash receipts and disbursements and an internal audit report that church members can request and review.

Contributions and Offerings

It is the intention of Crossroads Church to honor the instructions accompanying the gift of each contributor. However, Crossroads Church will

not comply with any request that violates the spiritual laws of God, the restrictions due to its nonprofit status, the stated bylaws of its membership, or the laws of any governmental agency to which it may be accountable for its actions. It cannot comply with requests that may endanger its ability to continue as a church or would lead to a significant loss of other contributions.

It shall be the policy of Crossroads Church to accept contributions as outlined below from members and non-members and to provide an acknowledgment of the receipt of such gifts as may be required. Cash contributions that do not have adequate information about the gift or the contributor will not be acknowledged.

Cash, Checks, Marketable Securities

Cash and checks are received on an ongoing basis from contributions in the form of tithes and offerings.

Any gift of marketable securities is received at fair market value on the date of transfer. The dollar value of the allowable deduction to be taken by the contributor is not to be determined by the management or staff members of the church. It is the practice of management to liquidate the securities as quickly as possible in order that the funds may be used in accordance with the contributor's instructions.

Both Unrestricted and Temporarily Restricted Funds have been established by the management for use in accountability. The Unrestricted Fund shall be known as the General Fund. The Temporarily Restricted Fund shall be known as Designated Fund, which may have other specific names when established.

Unrestricted Funds

Unrestricted funds are placed into the General Fund cash accounts and used for the general support of the ministries, campus operations, personnel, debt repayment, and capital expenditures.

Temporarily Restricted Funds

Temporarily restricted funds are placed into the designated fund as directed by the contributors. Crossroads reserves the right to limit and/or restrict designated funds that do not clearly agree or meet its vision and biblical purpose. It also reserves the right to review at any time any conditions placed by the contributor to determine if such conditions may be prohibitive to the church in meeting those objectives. It further reserves the right to review at any time constraints

placed on the use of those funds by the contributors to determine if such constraints will prohibit the church from achieving its vision and biblical purpose.

Any restricted (designated) funds that lay dormant for a period of 12 consecutive months or no longer have a use for the designated purpose are eligible to be re-directed to another designated fund or purpose based on the need and agreement of the elders.

It shall be the policy, whenever possible, to adhere to the wishes of the contributor as to the specific use and time constraint.

Acknowledgments

Acknowledgments of all contributions to the church are provided to each contributor where possible. These acknowledgments are to be in compliance with the IRS Code Sec. 170(f) (8) and are sent to all contributors regularly.

Handling Weekly Collections of Cash and Checks

It shall be the policy of the church that at least two persons are present when monies are counted for deposit.

It shall be the policy of the church to deposit all funds received by the church as quickly as possible (weekly at a minimum) to its bank accounts to ensure proper stewardship of contributions.

Non-Cash Contributions

Non-cash contributions of property such as automobiles, furniture, jewelry, artwork, or other such assets may be received by the church and shall be handled in a similar manner as marketable securities. Individuals donating materials and/or supplies may receive contribution credit if the receipt is submitted with the donor's name, project name, or purpose, and the donation value is shown. This contribution credit will be given on the contributor's annual giving statement.

Clothing given to various ministries within the church is not acknowledged by receipt. Contributors who want a receipt for such contributions are encouraged to contact other charities that receive such gifts and will provide receipts for their contributions.

Benevolence for Individuals

Contributions cannot be received for the benefit of specifically named individuals. This is in violation of the Internal Revenue Code and the supporting regulations and could affect the church's non-profit status. However, the church accepts designated contributions for the work of its benevolence ministry for the general use of individuals and families.

Donated Services

Crossroads Church relies on its members to provide their time and talents for the benefit of its ministries and programs. A substantial number of unpaid volunteers make significant contributions which enhance the programs, ministries, and fundraising activities of the church. Any measurement of the value of this contributed time and talent pool in accordance with generally accepted accounting principles would be acknowledged accordingly in the financial statements.

Currently the Internal Revenue Code and regulations do not require any reporting of income to the individuals whose services may be recorded in the audited financial statements of Crossroads Church.

Gifts Given to Memorialize or Honor Others

It shall be the policy of Crossroads to accept gifts into temporarily restricted funds in honor of or to memorialize individuals. These funds shall be subject to the policies established for temporarily restricted funds as stated above. The contributor shall receive an acknowledgment of the gift.

Internal Operations

Accounting Staff/Volunteers

The staff is composed of the Administrator. The job description(s) are approved by the elders and are located in the Appendix of the Personnel Manual.

Crossroads Church elders reserves the right to increase or realign the staff/volunteers as may be required to adequately perform the responsibilities required in these Financial Policies.

Accounting Policies and Operating Procedures

Accounting and operating procedures shall be maintained to support the Financial Policies of Crossroads Church.

The purpose of the Accounting Policies and Operating Procedures manual is to ensure at least three key elements of responsible stewardship which the elders of Crossroads Church has determined are very important: (1) safeguarding assets, (2) establishing good internal control over the assets, and (3) the segregation of duties among the staff/approved volunteers to whom these responsibilities have been entrusted.

Accordingly, this Manual has been written to enable the staff to understand their role in responsible stewardship in the administration of such gifts, expenditures of funds for the needs of the ministries of Crossroads Church, and to properly train staff related to their job assignments.

Additionally, to ensure all transactions are handled in a consistent manner, detailed procedures utilizing such tools as checklists and other methods of analyses have been prepared for each significant general fund budget account or for specific job functions such as payroll. These procedures are applicable to all fund accounts for which the staff has responsibility. These procedures should help to avoid problems when staff are absent or a position is in transition. Accounting policies and procedures should be maintained on an ongoing basis and reviewed and approved by the elders annually.

Procurement of Goods and Services

Within the approved budget, each Ministry or Program shall have the ability to procure the goods and services required for the needs of its ministry. However, only elders are authorized to sign contracts on behalf of Crossroads Church.

Expenditures over \$500.00 shall require the additional approval of the Finance Team.

Construction related costs and procurement of goods and services associated with the development of the campus facility, which are contained in a separate budget, would have a process for approval of such goods and services as a part of the development of the construction plan. An interim separate fund shall be established for such projects for the purpose of accounting for both the contributions received and the expenditures of the project.

Payments for Goods and Services

Various ways to pay for goods and services shall be established to enable the church to best manage its resources. Among the choices are charge

accounts, credit cards, reimbursement for out-of-pocket expenses, invoices or statements from the vendor, and recurring electronic payments in accordance with approved contracts.

Separate policies shall be developed to ensure proper accountability for reimbursement of out-of-pocket expenses and use of credit accounts. See Addendum 1.

Cost Recovery

Where we have a cost recovery event or activity (ie, camps, mission trips, sports events, fees, uniform cost, travel expenses, etc.) for which individuals are paying all or a portion for their participation, those funds must be in hand and deposited prior to funds being disbursed to pay for these costs. Once funds have been disbursed, the church cannot generate a refund to individuals who do not participate or who cannot attend the respective event. Some exceptions may be made to this policy if a program area wishes to pre-pay some part of an event or activity for a clear and compelling reason, such as cost savings, and has designated funds which could be used to cover the expense prior to participant funds being collected.

Individual and Group Solicitation of Volunteers

It shall be the policy of Crossroads Church relative to the solicitation and utilization of volunteers that:

Volunteers shall not be solicited for projects that conflict with the church's regular worship services and programming unless they are service and/or mission projects directly sponsored by the church. (Exceptions may be made upon conversations with the elders).

Volunteers shall not be solicited to participate in activities designated to raise funds for other organizations or any ministry of Crossroads Church without church approval. Because we believe fundraising activities undercut the unified funding provided for all church ministries through regular tithes and offerings, we do not endorse such activity without church authorization. Requests for such actions should be presented to Crossroads Church elders.

Sales of Merchandise and Services

It shall be the policy of Crossroads Church to offer to its membership Christian goods and services in support of the approved Church ministries, i.e.: t-shirts, books, etc. When these items are offered for sale, they must meet the following criteria: (1) They must be in direct support of an approved ministry or church activity, (2) They must be offered with no intent of profit

except as outlined below, and (3) They must meet approved standards of Christian intent as agreed to by the elders.

It shall be the policy of Crossroads Church to assist select ministries to recover funds to offset expenses related to special trips or events such as youth, adult choir, mission trips, or conferences. Contributions above the costs of goods and services shall be applied to the ministry's budget account for special trips or events but not for the benefit of any individual. These events are most often held to enable a broader range of participants to be involved.

Reporting

It shall be the policy of Crossroads Church to keep its members apprised of their stewardship through biannual reports of financial operations presented at the biannual family meetings. It will be the responsibility of the elders to initiate and produce such reports.

Maintaining Reserve Funds

It shall be the policy of Crossroads Church to keep reserves available. It is recommended that 2 months of expenses be kept in undesignated reserves. However, the final amount is to be determined by the elders according to the financial position and health of Crossroads Church.

Data Privacy

It shall be the policy of Crossroads Church to do its due diligence to protect the privacy of its contributors. The elders shall be responsible for appointing the individual(s) who have access to contributors giving information. If an individual has access to either funds and/or contributor information, they shall be required to pass a background check.

ADDENDUM 1

Reimbursements

Reimbursements will be provided only in specific situations, such as when a last-minute purchase is necessary, and prior arrangements to obtain a church card from staff were not possible. In these cases, approval from either the Lead Pastor or the Finance Team Lead must be obtained before making the purchase. To receive reimbursement, a receipt must be submitted to the Church Administrator within 30 days of the purchase date.