First Baptist
HUNTSVILLE

FINANCE MANUAL
2025 Revision

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1. Introduction

The accountability of God's resources must be performed in a manner worthy of His praise and glory. First Baptist Church is a large establishment, receiving and distributing large sums of money, and involving many people. Our goal is perfect righteousness, spiritually and fiscally.

The Finance Manual establishes the policies and practices for those within First Baptist Church who are responsible for handling money regardless of role. The Finance Manual is structured to establish a scrupulous financial accountability system, and provide flexibility for meeting the changing ministries of the church.

Many people are involved in the administration of First Baptist Church resources with varying roles, responsibilities, and accountability. The Finance Committee is responsible to the church for establishing the system and overseeing its operation. In particular, the Finance Committee prepares the Finance Manual. This manual serves as a comprehensive reference for the policies and procedures that govern all aspects of the church's financial management. The system is rigorously disciplined and equitable to the various interests of the church.

The Role of the Finance Committee

The Finance Committee operates under policies and guidelines that have evolved through many years, and which are presented to and approved by the church leaders and the membership at large. When the need arises to alter existing policies and practices significantly, or to place in force new policies of consequence, the committee apprises the Leadership Council and other church leaders of the circumstances and seeks their guidance and concurrence.

Charter

The purpose of the Finance Committee is to monitor contributions and expenses of the church, to assist in the development of the annual budget, to assist in the development of resources for future ministries, to provide for the weekly accounting of church receipts, and to arrange for internal review of church financial policies and practices.

The Finance Committee consists of nine (9) members, each member serving a term of three (3) years. The Church Treasurer serves as an elected officer of the church, serves as a voting *ex-officio* member on the Finance committee and works closely with the committee, with the primary responsibility of check signing. The Business Administrator and Executive Pastor also serve as non-voting *ex-officio* members of the committee.

The Duties of the Committee Are:

1. To lead in planning the fiscal year budget through study of the giving history and a reasonable rate of giving growth, evaluating the reasonableness of budget amounts based on a thorough understanding of the factors affecting the various accounts, analyzing budget requests from church organizations, and consulting with church staff, leaders, and other members.

2. To meet quarterly or as needed with appropriate staff to review all aspects of church financial management.
3. To establish policies and procedures regarding financial and stewardship concerns and to recommend these policies and practices to the church for adoption, as required.
4. To review and authorize weekly church expenditures, devising and implementing an adequate financial check-and-balance and record system.
5. To monitor circumstances that may necessitate an over-budget expenditure or the need for expenditures for unplanned, non-budgeted expenses.
6. To give recommendations in the development of the annual church budget, in cooperation with staff, the Leadership Council, committee chairs and Ministry Team coordinators.
7. To monitor monthly line-item budget expenditures.
8. To provide information on budget and giving status to appropriate church leaders and membership throughout the year.
9. To recommend prudent actions that ensure expenditures are maintained within expected receipts for the fiscal year.
10. To arrange for internal reviews of church financial policies and practices.

Meetings

The Finance Committee normally meets as needed – at least quarterly, usually following the midweek service on the second Wednesday of the month. The Chair may call special meetings as necessary to conduct the church's financial business.

2. Handling of Offerings and Other Receipts

Worship Service Receipts

An offering is received during First Fellowship and Sanctuary worship services. The offering is collected by two church officers or ushers and delivered to the Church Office Lock Box.

On Monday morning, our Accounting Assistants will unlock and remove contents in the Lock Box. The funds are then counted and deposited by our Accounting Assistants to the First Baptist church account in the designated bank. The deposit slip is then entered into the church's bookkeeping system. Cash receipts are verified by at least two people.

If an offering is collected during any additional worship services, two ushers will place the offering in the Church Office Lock Box.

Designated Gifts

Gifts to Cooperative Missions are determined by actual giving to the unified budget of First Baptist Church. The percentage of cooperative gifts to be remitted is recommended by the Missions Committee and Leadership Council and voted on by the church as a part of the overall approval of the church's annual budget. Members may choose to designate the missions portion of their offerings to the Southern Baptist Convention (SBC), the Cooperative Baptist Fellowship (CBF), or FBC Missions by indicating on their offering envelope which entity they support.

Direct contributions may be made to FBC Designated Offering funds. This giving is outside the normal giving toward the church budget. Designated Missions are church approved missions for which direct contributions are allowed. All other monetary gifts shall be received as regular offerings. The Finance Office shall issue all receipts for monetary gifts when the donor can be identified.

Direct Deposit Receipts

Members may choose to have contributions directly transferred from their bank to the church's bank by direct deposit. If a member chooses this option, the account holder must sign an agreement stating that the church may withdraw a certain amount weekly or monthly from the member's bank account. Every week, our Accounting Assistants will print a report of all money transferred into the church's account which will be entered into contribution records. Journal entries will be made by our Accounting Assistants to transfer money into designated funds.

Other Electronic Receipts

Givers may choose to contribute by electronic means through the church's Mosaic system by

ACH withdrawal from the giver's designated bank account or Debit Card. This may also be done directly through their bank's website.

Miscellaneous Receipts

Any funds, contributions or cash collected on behalf of the church should be turned in to the Finance Office immediately upon receipt, unless otherwise specified in this manual. Church funds shall not be held without being accounted for by the Finance Office.

Any time cash is received by the Finance Office two people must be present to count and verify the amount of cash. A copy of the deposit voucher should be kept by the depositing staff or church member to verify against the general ledger account. The deposit voucher should be signed by both parties who agree to the amount of cash within the deposit.

Love Offerings

First Baptist Church policy is to budget the honoraria and expenditures of outside spiritual leadership. However, if the ministerial staff feels a love offering is necessary, the following procedures apply:

1. The ministerial staff is responsible for the recommendation, handling and follow-up for events in which a love offering is used. The Senior Pastor will give final approval.

2. If a love offering is approved, it will be publicized in advance, including information such as time, place, etc. The ministerial staff is responsible for promoting the love offering. The ministerial staff will determine if the promotion should be directed to FBC members or to the appropriate public audience.

3. The responsible Ministerial Staff person will solicit ushers for the love offering event. The ushers will collect all love offering receipts and deposit into the Church Office Drop Box. Our Accounting Assistants will deposit this offering into the First Baptist Church account in the designated bank.

4. The Ministerial Staff is responsible for originating a check request to dispense the offering.

5. Our Accounting Assistants are responsible for obtaining and reporting all tax information of the parties receiving the love offering.

Limitation of Available Cash

In addition to the bank deposits outlined in this procedure, our Accounting Assistants may make other deposits as necessary. The Finance Office will provide safe storage of church funds until those funds can be deposited in the bank.

The Finance Committee general policy is to limit the amount of Petty Cash. Our Accounting Assistants will limit Petty Cash to $200 unless authorized by the Finance

Committee to retain additional funds at FBC.

Confidentiality of Giving

FBC has historically treated individual contributions to the church as strictly confidential. In order to continue this tradition, the following clarification is provided to specify exactly who has access to these confidential giving records

Individual Giving

The only personnel authorized to access individual giving records are those who work in the Finance Office: Accounting Assistant I and Accounting Assistant II. None of these individuals are authorized to distribute individual giving records or disclose giving information to anyone other than the specific individual. This confidentiality applies to non-church members as well as church members and includes the Senior Pastor, other Staff members, and Committee members.

The Finance Committee or Ministerial Staff may request trend data on giving from the Finance Office. All requests for such information shall be in writing or by email. Members assigned the task of handling the offering whether in the worship services or Sunday School are to treat the information as confidential.

Pledges

The only personnel authorized to post or access information relative to individual pledges are those individuals working in the Finance Office: Accounting Assistant I and Accounting Assistant II. In consultation with Missional Business Services, the Stewardship Committee will prepare any summaries in support of stewardship programs, whether during annual stewardship promotion or any follow-up promotions during the year. In the strictest of confidence, the Finance Office will complete mail outs to the membership, which involve individual pledge information.

3. Procedures for Non-Cash Contributions

Stocks, IRAs, Other Negotiable Documents, or Cash Equivalent

When an individual wishes to make a gift of securities to the church, the Staff member or Church member who discusses this with the prospective giver should have the individual contact one of our Accounting Assistants.

After initial contact, our Accounting Assistants will first determine whether the donor is making a gift of securities or a qualified charitable distribution from an IRA. If the donor is giving securities, our staff will clarify whether the gift involves physical stock certificates or shares held in a brokerage account.

If the donor has possession of physical certificates, they may be delivered to our Accounting Assistants or to one of the brokerage firms where the church holds an account. If the securities are held in a brokerage account, our Accounting Assistants will instruct the donor to contact the church’s broker at any of our partner firms to arrange for the transfer into the church’s account.

If the gift is being made through an IRA, our Accounting Assistants will provide the appropriate instructions and church account information needed for the donor to initiate a qualified charitable distribution directly from their IRA custodian.

Upon being notified by the giver, our Accounting Assistants will instruct the broker to sell the stock. The stock will be sold immediately, unless some special consideration warrants holding the gift.

Property

According to the church charter, the Trustees are responsible for church property. The Trustees are responsible for the receipt and evaluation of all property, to preclude the receipt of property not in the church's best interest. The Trustees consider whether the property has a clear title, taxes that are due or may become due, liens on the property, repairs needed, appropriate appraisal, how long it would take to convert the gift to cash, etc. The Trustees seek advice from the church leadership, as deemed necessary. The Trustees are responsible for disposition of the property.

After approval by the Trustees, our Accounting Assistants will provide written acknowledgement of the contribution. Our Accounting Assistants or Business Administrator will inform the Finance Committee of financial transactions related to property.

Other Gifts

The Trustees will approve any gifts not covered by these guidelines.

4. General Expenditures

Church expenditures are approved through a process with multiple levels of checks and balances.

Approval Process

With the exception of payroll disbursement, all church expenditures are initiated by a Purchase Order or by a Check Request. Forms are included in the Appendix. The Finance Office must receive requests for payment no later than 2:00PM on Tuesdays or as directed by the Finance Office. Special circumstances requiring issuing of checks on an emergency basis require notification of a Finance Committee member.

Purchase Order and Group Trip & Event Estimate

A Purchase Order or a Group Trip & Event Estimate is required if the purchase will be $1,000 or more.

Purchase Orders and Group Trip & Event Estimates will be submitted to the Finance Committee and approved through our credit card platform (preferred) or the Purchase Order paper form in advance of the procurement. A Purchase Order is not necessary if a Group Trip & Event Estimates has been submitted for the same expense. Additionally, Group Events or Trips where budget outlay is projected to be less than $1000 are not required to have a Group Trip or Event Estimate approved.

Purchase Orders associated with payments made toward a monthly, quarterly, or annual contract — as well as the regular purchase of curriculum materials — need only be approved on a one-time basis. Finance Committee members may sign subsequent checks for monthly payments made toward these approved Purchase Orders. The same Finance Committee Member should not sign both the check and associated purchase order or check request.

Purchase Orders and Group Trip & Event Estimates must contain the proper account numbers and signatures of the appropriate department head or committee chair. Purchase Orders and Group Trip & Event Estimates should include an accurate cost estimate. The cost estimate can rely on current billings for the same material on prior purchase orders or direct contact with the vendor by email, telephone or in person. A statement, invoice, or receipt must be attached to the Purchase Order or Group Trip & Event Estimate before payment can be made.
Purchase Orders are required for all Capital Equipment purchases. Capital Equipment is defined as any asset with a useful life of greater than one year and a value of $1000 or more.

Purchases made by First Baptist Church shall be limited to those materials and supplies intended for exclusive use in church programs. Church members and staff are not allowed to purchase materials through the church for personal use.

Finance Committee members will approve, reject, or return for additional information all Purchase Orders or Group Trip & Event Estimates. If an objection is raised, a majority vote is required for approval. Two Finance Committee members are required to sign the Purchase Orders or Group Trip & Event Estimates.

Check Request

A Check Request is required for every check, except under the following circumstances: checks for payroll or checks issued to cover billing on an approved purchase order. Staff reimbursements for purchases made with their personal card are reimbursed through our online platform Ramp.

Check Requests should be submitted to the Finance Office. Once our Accounting Assistants determine the validity and accuracy of the Check Request, one of them will sign the Check Request and submit it with the check to the Business Administrator for signature for values less than $1000. Our Accounting Assistants will keep a record of all such checks issued during each week for review by the Finance Committee. After review, the Finance Committee will indicate final approval of the expenditures by signature of at least one member of the Finance

Committee on the weekly record.

Check Requests should be held for Finance Committee approval if our Accounting Assistants or Business Administrator feel the Check Request has conditions that need to be brought to the attention of the Finance Committee.

Authorizing Signatures for Checks

On a weekly basis, Finance Committee members approve check requests, purchase orders and other documents, and sign the checks. All Finance Committee members, the Church Treasurer, and the Business Administrator are authorized to sign bank checks as well as procurement approval documents. The same Finance Committee Member should not sign both the check and associated purchase order or check request.

The Business Administrator is authorized to sign checks for less than $1000 with an authorized check request. Without regard to the $1000 limit, the Business Administrator may sign payroll checks and authorize direct deposit payroll vouchers as determined by the annual budget and/or directives from the Personnel Committee; however, any payroll check exceeding $1,000 requires two signatures. The Business Administrator may sign medical reimbursement checks up to $1,000, when our Accounting Assistants have validated the reimbursement.

Except as noted above, checks less than the $1000 limit require the signature of a Finance Committee member or the Business Administrator. Checks for $1,000 or more require the signatures of two Finance Committee members.

Use of Credit Cards

Credit cards in the name of First Baptist Church will be issued to the ministerial staff and others on staff as determined by the individual's supervisor. These cards should not be used for personal expenditures. Credit card use does not exempt anyone from submitting a Purchase Order if the expense is $1000 or more. Receipts shall be submitted digitally through our credit card platform within 72 hours of purchase allowing the Finance Office to pay credit card statements in a timely manner. Charges made for meals will be routed by our credit card platform to the Executive Pastor for approval. An explanation of who was present and a brief purpose of the meal will be required. The Business Administrator will follow this approval process for the Executive Pastor. Misuse of credit cards and failure to follow proper procedure will be addressed with the offending staff member by the Business Administrator. Continued misuse and improper procedure will be referred to the offending member's supervisor for corrective action.

Petty Cash Funds

FBC maintains a petty cash fund for minor purchases. The department head in charge of each fund may approve expenditures from these funds. The department must maintain receipt records, including a petty cash voucher to explain the expense and line-item code. The department must submit a Check Request to replenish the petty cash fund; a summary of all expenditures and receipts must be attached.

Approved petty cash funds are as follows:

Business Office.................................... $200
Heart of the City Kids (HCK).............. $300
Kitchen $250

Cash Advances

Cash Advances may be requested for trips, camps, and other situations, using a Check Request. The Check Request must include a summary of expected receipts and expenses for cash advances made for church sponsored trips and camps for groups of three or more persons. The Finance Office will disburse the cash advance check within a cash advance envelope (see Appendix for sample).

Many activities require the pre-payment of fees or deposits and may impose late or cancellation fees. The department head is responsible for avoiding these fees, as best as possible, by submitting timely check requests to the Finance Committee for approval.

Any remaining cash and appropriate receipts must be returned to the Finance Office no later than 30 days after the event or trip using the same cash advance envelope. The returned envelope must have the expense details completed and be signed by the requester. The Finance Committee will not approve additional cash advances if outstanding documentation on previous requests is delinquent.

Deadline for Requests for Disbursement of Funds

Department Heads and Committee Chairs should request disbursements of funds a week in advance of the date on which the check is required. The deadline for requests is at 2:00 p.m., every Tuesday. Checks will be processed on Wednesday and dated on Thursday. Any request made after the deadline will be processed the following week. The deadline for payroll time records is noon on Mondays. Payroll checks will be dated on Thursday as well. Emergency needs may be requested; emergency work is defined under Section 8 of this manual.

Clarifying Check Requests

If the Finance Committee receives a check request that is unclear, any committee member may ask for additional clarification. The check request will not be approved until the questions are cleared up.

5. Personnel

The staff of First Baptist Church is employed or called to serve the church in various capacities as defined by the Personnel Committee with the approval of the church. To properly carry out their job responsibilities, the staff will request use of funds and make expenditures in keeping with the procedures outlined here. Should there be a conflict between this section and the Personnel Manual, the latter shall take precedence.

Salary Administration

Each staff person is responsible for completing all necessary forms, such as declaration of annuities, W-4, declaration of housing allowance (for ordained staff only), and other forms required by the IRS. Prior to December 31st of each year, the staff will complete the necessary forms and give them to the Finance Office. These forms are available in the Finance Office.

FBC will pay employees or contract labor by check or direct deposit.

Employee Definition

<u>Church Employees</u>

Individuals who perform services for FBC will be treated as employees as determined by IRS regulations and Personnel Committee policies.

<u>Contract Labor</u>

Individuals not treated as employees will be treated as independent contractors and are required to provide a completed W-9 form to the Finance Office prior to commencing work for FBC. Independent contractors will receive a Form 1099 annually, in accordance with IRS regulations.

Staff Education

Various members of the church staff are allowed funds for staff education as defined for use by the Personnel Committee. The Staff may use their FBC Credit Card (preferred), request a cash advance, use a check request to pay the event vendor, or use personal money and get reimbursed after the event. In all cases, the Staff are required to submit all the receipts from the event.

Honoraria Expenditures

The purpose of an honorarium is to express appreciation and/or pay expenses of people involved in performing a function, at the request of the church.

An honorarium may be given to individuals and groups when they perform a function for the church. Individuals or groups whose honoraria are determined by contract or performance agreements will be approved on an individual basis. The minister sponsoring the event, in consultation with the Executive Pastor, will sign all performance agreements and determine the sum of the honoraria.

All requests for honoraria will be submitted on a check request form with all information provided (including proper tax identification) as early as possible prior to the date needed.

Individual ministry funds may be added to expenses for travel, accommodations, and meals, for people coming from outside Huntsville.

Travel and Entertainment

Those who travel and entertain for First Baptist Church should be guided by a policy of moderation. In short, expenses should not be excessive.

Hotel Accommodations and Travel

FBC travelers (staff or member) and those arranging accommodations for church guests should seek basic economies in scheduling modes of transportation and types and levels of accommodations.

Airlines' lowest customary standard or coach class service should be sought and reserved sufficiently in advance to obtain the most favorable rate. The use of a personal car may be approved when the total cost (auto, lodging, food, etc.) associated with the travel time does not exceed the cost of common carrier. The Executive Pastor approves use of a personal car for staff travel. Staff mileage will be reimbursed at the rate approved by the IRS.

6. Operations Requiring Fees

The church supports major activities that collect fees to offset or partially offset expenses. The church also has a significant investment including capital equipment and the underwriting of a substantial amount of fixed and variable operating expenses. These activities, though in some cases primarily for church members, are often available to non-members as well.

Food Service

The kitchen facilities are to be used for the enhancement of fellowship and church program activities. The Food Services Director, under the supervision of the Business Administrator, is responsible for the supervision of the kitchen facilities, its equipment and supplies, and the employees who help support its operation.

Wednesday Evening Fellowship

The Food Services Director recruits two volunteers who collect payments at the time of each meal and issue meal tickets. The two volunteers who collect money prepare the deposit slips and seal the cash receipts in an envelope. All money is turned over to the Food Services Director. This individual will reconcile the number of tickets issued, count the amount of money collected, and deposit it in the Finance Office. Two people must be present while counting the cash of the deposit. The Food Services Director will keep a copy of the deposit voucher to compare with the general ledger total. The receipts are locked up overnight for safekeeping.

On Thursday, our Accounting Assistants open, verify the amounts on the envelopes, and carry the Wednesday supper receipts to the bank for deposit.

Church Sponsored Meals

For meals held other than during normal working hours, a representative from the group needing food service shall make advance arrangements with the Finance Office for depositing of money collected.

Non-Church Sponsored Meals

It is the responsibility of the Food Services Director to determine menu prices and to invoice contracting organizations.

Heart of the City Kids (HCK)

The Heart of the City Kids Director under the supervision of Minister to Kids and Families, administers the Heart of the City Kids program. The HCK Ministry Team provides leadership to the ministry and its activities, as well as advising, consulting with, and supporting the HCK Director.

Payments may be made online (preferred) or hand delivered to the HCK office. Cash payments are discouraged, but in the event, one is taken, a written receipt is required.

Payments should be recorded and receipts deposited on a regular basis. Checks should be stamped "For Deposit Only" and a deposit voucher prepared. All receipts are turned in to the Finance Office once the deposit is completed. At no time shall petty cash exceed $300.
The Director and/or Assistant Director will review delinquent accounts as needed. A published "Delinquent Policy" should be a part of all applications for daycare and should be distributed periodically to parents as a reminder. The Minister to Kids and Families, in consultation with the HCK Director, must approve continued enrollment if any parent is delinquent past the HCK-established grace period.

The FBC Finance Office will provide online access to general ledger reports to the HCK Staff. These reports will be balanced with the HCK general ledger, which is maintained online, checking to verify deposits and check requests. After reconciliation, the Director or Assistant Director will present to the HCK Ministry Team a monthly statement of income versus expenses. These reports will be provided to the Finance Office monthly.

Upon creation of the HCK fiscal budget, the Minister to Kids and Families will be responsible for presenting it to the Personnel Budget Sub-Committee for approval.

If requested by the Finance Committee after an overdraft of the HCK fund balance, the Finance Committee, the HCK Director and Assistant Director, and the Minister to Kids and Families will meet as needed until the problem is resolved.

The HCK Scholarship Fund is administered by the HCK Director and the Minister to Kids and Families. The fund is expended on a case-by-case basis, with input from the HCK Ministry Team.

Other Operations Requiring Fees

Weddings

For FBC members, a deposit is required at the time of application approval. Other fees are detailed in the confirmation letter prepared and mailed by the Wedding/Reception Coordinator. These fees are due thirty days in advance of the scheduled date. All fees are deposited in the Use of Facilities line item.

In addition to the requirement for members, non-members shall make a refundable damage deposit. This deposit will be held until the scheduled ceremony has taken place. The Wedding/Reception Coordinator will request a refund for the non-member if there are no damages. Any damages will be repaired using the damage deposit; any remaining deposit will be refunded.

The Wedding Reception/Coordinator will be responsible for ensuring that all charges are collected.

Special Events

Collection of fees and payment of expenses for camps, trips, crafts, special classes, etc., is the responsibility of the particular ministry area involved in that event. This responsibility includes:

- Adequate documentation as to who has paid and timely depositing of fees to the Finance Office. No fees will be held for longer than one week after receipt.
- Appropriate documentation for all expenses and timely submission of check requests and cash advances to the Finance Office.

Our Accounting Assistants will be responsible for reconciling expenses and income from the special event.

7. Contracts and Procurement

Service Contracts

Maintenance contracts relative to the physical plant will be reviewed annually by the Business Administrator and submitted to the Trustees for approval, before inclusion in the proposed annual church budget. All other contracts will be initiated and administered by the Business Administrator.

To assure proper coverage, the Trustees, working with the Business Administrator, will review contracts for building and vehicle insurance annually. At least once every three years, insurance coverage will be open for bid to assure adequate coverage at the most reasonable rate.

Contracts for Discrete Work or Fixed Assets

Whenever the church requires fixed assets or is in need of repairs or new construction that cannot be done by church employees or volunteer personnel, contracts will be issued against an approved line item in the budget. To assure proper utilization of the church's resources, the following guidelines will apply:

1. For expenditures up to $5,000, contracts will be issued with an approved purchase order and accompanying statement or bid.

2. The church will obtain multiple bids on contracts over $5,000, as provided below:

    - For values from $5,000 to $15,000, contracts will be issued with an approved purchase order, attached contract, at least two bids, and written approval by Chair of Trustees. Oral approval is acceptable with written approval obtained as soon as practical.
    - For values over $15,000, contracts will be issued with an approved purchase order and attached contract, at least three bids, and written approval by the Chair of Trustees.
    - When sole source contracts are presented, the request shall state why competition should not or cannot be obtained.

3. Emergency work may be contracted for as needed with appropriate paperwork provided as soon as possible. Emergency work is defined as correction of a situation that threatens to delay important use of the facilities, potential damage to the facilities or of the safety and well-being of personnel.

4. The Trustees will manage contracts for major renovation, building expansion, or addition of new facilities.

Lease Agreements

The Trustees will manage lease agreements as needed to insure proper usage of church resources.

8. Local Ministries

Community Benevolence Fund

The Church has established a Community Benevolence Fund. The intent of this fund is to meet the critical needs of non-church members. The Minister to Missions administers the Community Benevolence Fund.

It is standard procedure to have checks made out to the ultimate receivers (i.e., utility company, landlord, doctor, dentist, etc.) rather than to the person in need.

Church members may contribute designated gifts to the Community Benevolence Fund, but they may not designate the recipient. Gifts should be given directly to the Finance Office or in a regular offering. If a staff member receives designated gifts on behalf of the church, all funds, whether check or cash, should immediately be forwarded to the Finance Office.

Deacon Benevolence Fund

The Church has also established a Deacon Benevolence Fund, administered by the Deacons. The intent of this fund is to meet critical needs of church or Sunday School members, since a mechanism exists to care for needs of non-members.

Since requests are usually urgent, the process usually needs prompt action and is handled easier by emails rather than waiting for a meeting. The Deacon Benevolence Chair (or Deacon Benevolence Vice-Chair in the absence of the Chair) consults with the committee either by email or in a meeting, and obtains a committee consensus for responding to the request. The Deacon Benevolence Chair (or Vice-Chair), preferably by email, notifies the Executive Pastor whether the request is approved by a majority of the committee. The Executive Pastor then arranges for the payment to be issued appropriately.

It is standard procedure to have checks or payments made out to the ultimate receivers (i.e., utility company, landlord, doctor, dentist, etc.) rather than to the person in need, maintaining the confidentiality of the recipient.

Church members may contribute designated funds to the Deacon Benevolence Fund, but they may not designate the recipient. Gifts should be given directly to the Finance Office or in a regular offering. If a staff member receives designated gifts of this kind on behalf of the church, all funds, whether check or cash, should immediately be forwarded to the Finance Office.

The Deacon Benevolence Committee Chair or Vice-Chair will share the number of requests granted at the next regularly scheduled Deacons' Meeting.

Beulah Ware Music Education Scholarship

The purpose of the Beulah Ware Music Education Scholarship is to help fund the maximum number of promising college students who are studying music and who have been or are currently members of First Baptist Church.

The Music Ministry Team will recommend scholarship candidates to the Trustees. The Trustees will administer the fund under the guidelines establishing the Scholarship.

9. Assets Management

Property

The Trustees are responsible for property. The Finance Committee will receive a quarterly update from the Chair of the Trustees or Business Administrator with emphasis on obtaining any pertinent documentation of transactions. The Business Administrator will maintain copies of legal documents. The Trustees maintain original deeds or paperwork in the church's safety-deposit box, coordinated with the Business Administrator and our Accounting Assistants.

CASH

Bank Accounts

The church maintains bank accounts where excess funds are invested. The Finance Committee oversees these accounts to assure that maximum earnings are obtained.

Certificates of Deposit (CDs) and Other Investment Accounts

CDs will be reviewed annually or as they mature. Our Accounting Assistants will request interest bids from at least four (4) banks to determine the best rate of return. These bids need not be in writing. Upon approval of the Finance Committee, the CD will be renewed at the bank with the best rate of return.

The Finance Committee is authorized to make other bank deposit investment arrangements that it deems are in the best interest of the church, provided that such investments are reasonably protected from loss. This includes overnight sweep arrangements where excess cash is applied to either overnight investment accounts or against outstanding church debt. It is understood that the Finance office will maintain accurate records that will detail both actual cash balances as well as the amounts of excess cash applied to either overnight investments or outstanding debt.

Miscellaneous Checking Accounts

The Finance Committee must approve any checking account carrying the name of First Baptist Church (FBC) or use of FBC's federal identification number. First Baptist Church assumes no liability for unauthorized checking accounts.

10. Authorization

General Guidelines

The church fiscal year begins each October 1 and continues through September 30. Church staff and Chair of each Committee, or Ministry Team are authorized to expend funds from their respective line items. Our Accounting Assistants are responsible for determining if a request is duly authorized.

To avoid any potential or implied conflict-of-interest, all transactions will be authorized with an "arms-length" approach. For example, no subordinate shall be allowed to authorize reimbursements for his or her supervisor; family members will not be allowed to authorize expenditures for one another; no one will be allowed to authorize expenditures for himself. The Business Administrator or Executive Pastor may authorize these transactions with prior approval, in the event of the absence of the department head.

Our Accounting Assistants will be allowed to authorize the following

payments: Payroll Tax Deposits and Payments
Debt Retirement
SBC, CBF, and MBA Mission Payments

Special Missions Offerings
Payroll Garnishments
Use Tax Payments
Medical Reimbursement Accounts
Dependent Care Reimbursement Accounts

Payroll

The Personnel Committee, Executive Pastor, or Business Administrator will notify Missional Business Services in writing of any changes to permanent staff payroll, including pay raises, insurance deductions (including cafeteria plan selections), housing allowance, and annuity deductions. All Administrative and Support Staff will be required to complete employee time records.

A summary payroll time sheet will be submitted for all hourly employees with the original time sheets attached. This summary sheet will notify Missional Business Services of any changes to payroll and will be authorized as follows:

Kitchen	Food Services Director
HCK	HCK Director or Assistant Director
Child Care	Minister to Kids and Families or Associate Minister to Kids and Families
Other	Business Administrator

The Business Administrator may authorize payroll in the event of the absence of a department head.

11. Budget Administration

Budget Development Process

The Budget is developed under the joint activities of the Finance Committee, Ministerial Staff, Trustees, Leadership Council, and other individuals or committees who may have responsibility for budget line items. The goal is to ensure that the budget development process is consistent and that the funding of individual line items reflects the ministry priorities and desires of the church. The entire church has opportunity to provide input to the budget as it evolves.

The following process and timeframe should be used for the development of the FBC budget. This process and timeframe may be modified to meet the needs of the church provided that any changes are properly publicized.

Key	Activity	Plan
1	Budget Submittal & Finance Committee Review	July & August Meetings
2	Leadership Council Budget Review	August Meeting

3	Presentation of Budget to Deacons	September Deacon Meeting
4	Presentation of Budget to Church & Church Adoption	September Called Church Business Meeting

The Church Finance Office, Missional Business Services, and the Executive Pastor, compiles the budget Information for approval. The Finance Committee will review revenue and expenditures for the purpose of projecting income for the coming year. This activity should be accomplished no later than the end of July. The Finance Committee will then suggest a budget total for the next fiscal year to the Leadership Council.

The Leadership Council will negotiate any modifications to reach a proposed budget. This activity will be completed no later than its August meeting.

The Leadership Council presents the budget recommendation for approval to the Deacons at the September meeting.

The Finance Committee Chair will present the recommended budget to the church at the called September Called Business Meeting.

Budget Anomalies

Budget anomalies occur when the budget performance deviates from established expectations. Budget deficits or excesses can be the result of giving or spending differences from what was expected. The Finance Committee reviews the budget performance monthly and evaluates each line item on a case-by-case basis. Any budget adjustments required will be done in cooperation with the Executive Pastor and budget line-item responsible individuals. The Finance Committee will discuss any negative impacts on the budget from giving or spending with the Leadership Council as needed.

Possible actions of the Finance Committee could consist of the following:

1. Request of an overall budget reduction or increase at any time during the year based on giving projections and expenditures,

2. Proposal of an adjustment of individual line-item budgets (up or down) as coordinated with the responsible budget line-item individual, or

3. Proration of non-fixed budget line items to achieve budget integrity.

Budget Control Process

Every budget line item is the responsibility of one person or position – a staff member, chair of a committee, or head of a program. The budget control process requires the full cooperation of individuals responsible for budget line items. It is essential that these individuals monitor their areas of responsibility and operate within their budget authorization. They should immediately notify our Accounting Assistants when a potential problem manifests itself.

<u>Responsibility</u>

Each individual with budget line authority (staff members, committees, or programs of work) is responsible for managing his/her budget within the amount approved by the church and is expected to maintain line-item integrity. The responsible individual is expected to make our Accounting Assistants aware of any problems (increased or decreased need) with the budget item as soon as the condition appears. No expenditure beyond the approved funding level shall be initiated without prior and formal agreement of the Finance Committee.

<u>Monitoring</u>

The Finance Committee monitors the line-item budget expenditures on a monthly basis for problems or potential problem areas. Our Accounting Assistants or Immediate Supervisor will meet with responsible budget managers as needed to resolve budget problems. The Finance Committee will initiate appropriate actions to ensure that the budget as authorized by the church is carried out.

Budget Exceptions

The Finance Committee must approve all expenditures beyond the budgeted amounts. For any items forecast to overrun the annual budget, the Business Administrator will meet and discuss possible resolutions with the line-item responsible party.

Disbursements should be charged to the proper line item even if it causes an over-run within that budget item. Line-item integrity assists the Finance Committee in determining future budget requirements.

From time-to-time, requests for non-budgeted expenditures occur. Under this circumstance, the committee/person bringing the non-budgeted request shall submit a fully detailed proposal to the Finance Committee. The Finance Committee will get Church approval of all non-budgeted expenditures before authorizing commitments for spending (except in emergencies). If the proposed expenditure exceeds $50,000, a two-step approval process is necessary with voting on the request delayed until the following scheduled business meeting, except in emergencies. Emergency work is defined under Section 8 of this manual.

Handling of Year-End Surplus Funds

Each year in November, the Finance Committee will prepare a financial report to be presented to the church at the Quarterly Business Meeting. The report will describe the prior year's total income and disbursements.

The Finance Committee policy is to maintain a working capital reserve equal to two weeks' budget requirements. Surplus funds are calculated by subtracting the actual total budget disbursements and the working capital reserve from the actual total budget income. During the November or February meeting, the Finance Committee will notify the church on the amount of surplus funds.

The Finance Committee will suggest to the Leadership Council how the surplus funds should be expended. The Leadership Council will determine and present a final recommendation to the church at a business meeting and will expend the surplus as directed by the church.

12. Accountability

The church will use the cash basis of accounting in the preparation of its financial statements. Our Accounting Assistants, along with Missional Business Services, will maintain church records and financial statement in accordance with this basis of accounting.

The monthly financial statement prepared by Missional Business Services will report cash receipts and cash disbursements by church-established line items, the balances in all church bank accounts, designated fund balances, information about outstanding church debt, and other information deemed significant by our Accounting Assistants or Finance Committee (e.g. significant non-cash assets and liabilities).

The Finance Committee will review monthly the following data provided by Missional Business Services and our Accounting Assistants:

- Monthly Financial Statement
- Check Register with associated Check Requests and supporting documents
- Giving and Expenditure Trend Data
- Designated Giving and Expenditure Data

The Finance Committee will review annually the following data:

- Year End Financial Statement
- Investment Statements
- Church Loan Status

The Finance Committee will provide the most recent monthly financial statement to the church at its quarterly business meeting, and the Chair will give a report to the church at the meeting. The Finance Committee will provide the most recent Financial Statement to the Deacons at their monthly meeting.

The Finance Committee meetings are open to staff for review and discussions of the church finances and programs.

The Finance Committee will commission an internal review Ministry Team to review the financial operating procedures, accounting practices, and the financial records to determine the truthfulness and accuracy of reporting.

13. Review and Amendment

This financial manual will undergo a complete review every three years. Any interim changes will be subject to consideration by the Finance Committee; the committee must approve the manual by a two-thirds vote prior to recommending it to the church for approval.

The committee agrees that no changes are to be made in the manual without such formal approval, and that such amendments will be documented in written form, dated and made a part of controlled copies of the manual in use by the committee, church staff, and others to the extent possible. The committee agrees that informal, marginal notes will be unacceptable as a form of amendment.

Appendix – Forms

TRANSFER VOUCHER

FIRST BAPTIST CHURCH OF HUNTSVILLE, AL

DATE:________________________

CHARGE (DEBIT) ACCOUNT #:________________________

Account Name:______________________________

CHARGE (DEBIT) ACCOUNT #:________________________

Account Name:______________________________

CREDIT ACCOUNT #:______________________________

Account Name:________________________________

CREDIT ACCOUNT #:______________________________

Account Name:________________________________

REASON FOR TRANSFER:____

____

____

AMOUNT: $____________________

____________________________ ____________________________

Authorizing Signature (Debit) Authorizing Signature (Credit)

FIRST BAPTIST CHURCH

PURCHASE ORDER
XXXX

600 Governors Drive
Huntsville, AL 35801
256-428-9400

DATE:____________________

Please authorize procurement of the following materials/supplies:

ACCOUNT #:________-______________

ACCT NAME:________________________

____
SIGNATURE OF DEPT HEAD

FROM________________________________

____
STREET ADDRESS

____
CITY STATE ZIP

QUANTITY	DESCRIPTION	PRICE PER ITEM	TOTAL

Budgeted for current year? ___Yes ___No If no, explain:____________________________________

CHECK NUMBER:________________

DATE:________________________

____
FINANCE COMMITTEE MBR

____
FINANCE COMMITTEE MBR

IMPORTANT

Our Purchase Order number must appear on invoices, packages, and correspondence. Please advise us if unable to deliver by date required.

CHECK REQUEST

FIRST BAPTIST CHURCH OF HUNTSVILLE, AL

ISSUE CHECK TO:______________________________ DATE:______________________

______________________________ AMT:$______________________

______________________________ Discount:$______ Ck amt:$__________

Collections made to offset this request:$__________

EXPLANATION:____

____

ACCOUNT #:______-__________ $__________ ACCT NAME:____________________

ACCOUNT #:______-__________ $__________ ACCT NAME:____________________

ACCOUNT #:______-__________ $__________ ACCT NAME:____________________

ACCOUNT #:______-__________ $__________ ACCT NAME:____________________

Budgeted for current year? ___Yes ___No If no, explain:______________________________

CHECK ONE: ______MAIL

AUTHORIZING SIGNATURE:______________________________ _____RETURN

(REQUESTS DUE IN ACCOUNTING OFFICE BY 2:00 P.M. ON TUESDAYS)

FOR FINANCE OFFICE USE ONLY:

ADVANCE BALANCE RETURNED:$______________________

____
FINANCE COMMITTEE MEMBER

DATE OF CHECK______________________________

____
FINANCE COMMITTEE MEMBER

CHECK NUMBER______________________________

Return to the Finance Office

Cash Advance Envelope

Name_______________________________________

Account Number ______________________________

Check Number ________________________________

Date_______________________________________

Amount ____________________________________

Event ______________________________________

Details of Expenses: (Enclose ALL receipts)

DATE	DESCRIPTION	AMOUNT

TOTAL ....___________

Amount Returned ....___________

Additional Funds Requested ....___________

Check Number:____________

Date: ____________________

Signature

Date of Return:_______________________________