

COON RAPIDS UNITED METHODIST CHURCH FINANCIAL MANAGEMENT POLICIES

(Approved by the Executive Board on December 30, 2016 - Final Version)

Introduction:

The Coon Rapids United Methodist Church (Church) is governed and led by an Executive Board. The Executive Board is comprised of the Board Chair and the Pastor, as well as the Chairs from the following Church ministries: Worship, Staff Parish Relations, Finance, Trustees, Education/Children's Ministries, and Missions. Part of the Executive Board's responsibilities is to review and approve all policies and guidelines developed by these six Church ministries. The purpose of this document is to set forth the Financial Management Policies that were developed, reviewed and approved by the Church's Finance Committee at their December, 2016, meeting.

Donations to the Church:

Donations to the Church come in many forms: gifts; designated donations; bequests, memorials, and special one-time gifts; gifts-in-kind; and, real property and property. The following describes the financial policies associated with each form of donation:

1. **Gifts:** Gifts are monetary donations and pledges, excluding memorials, bequests and special one-time gifts as defined in #3 below, that are given on an unrestricted/undesignated basis. All such gifts are revenue to fund the Church's ministries within the Ministry Fund (formerly called the General Fund).
2. **Designated Donations:** Designated donations are given by an individual, organization, foundation, business or estate for a particular use, as specified by the donor, and as such are considered restricted in nature. The net proceeds from a fund raising event or solicitation, where the use of the funds raised is specified in the promotion of the event, will be treated as a designated donation. All designated donations will be recorded and kept separate from the Church's Ministry Fund and classified as Designated Funds. Each designated donation or cause will be reported as a separate line item within the Designated Funds category, which is reported on a separate page within the monthly Finance Report generated by the Church Administrator. The monthly report will indicate for each designated line item a beginning fund balance, funds received, funds paid out and an ending fund balance. The only exceptions to this Policy are the following: when a donor specifies a donation go directly towards a specific line item expense contained within the Ministry Fund's approved budget, the funds will be used only for that line item expense; or, when a donor specifies a donation go towards the Congregational Trust Fund, which is governed by a separate Board/Committee outside of the Finance Committee. When designated funds are expended, the expenditure and the offsetting revenue will be recognized in the Ministry Fund as "pass-through" offsetting entries. No expenditures will be made out of any designated fund account without the expressed consent of the Church Ministry Chair responsible for the designated fund. No new designated account or group of accounts may be established within the Church without the expressed consent of the Finance Committee.
3. **Bequests, Memorials and Special One-Time Gifts:** Bequests are donations made to the Church through a will or the settlement of an estate. Memorials are donations to the Church to commemorate a person. Special One-Time Gifts are non-pledged donations received on a one-time basis that were not budgeted. If the donation is a designated donation, the policies indicated in Number 2 above will be applicable. The only additional requirement for a designated donation is for the funds to be used within a two year period for the designated purpose, or used alternately in consultation with the donor or the donor's family. However, if the donation is given towards a formal multi-year fundraising campaign, then the donation is exempt from the two year usage rule. If the donation is a non-designated donation, it will be

handled in the following manner: if the amount is less than \$1,000, the Finance Committee, if necessary in lieu of a Memorial Committee, will decide how best to utilize the funds; or, if the amount is \$1,000 or more, the Finance Committee will initially place and hold the funds in the Designated Fund category as a separate line item and notify the Executive Board of receipt of the donation. The Executive Board will decide whether to invest the funds and/or where the funds will be utilized within the Church and communicate their decision to the Finance Committee in a timely manner.

4. **Gifts-In Kind:** Gifts-In-Kind are non-cash donations of goods and services. The determination to receive such gifts for the Church and the use or disposition of these gifts will be determined by the Pastor or his/her designee(s).
5. **Real Property and Property:** Real property is land, a structure, a part of a structure, or something that is permanently attached to a structure or land. Some examples are: organ, boiler, A/C units, pews, doors, lights, etc. Items not permanently attached are not real property, but would be described as property or equipment, such as: piano, desks, copiers, portable sound equipment, instruments, computers, phones, kitchen equipment, automobile, bus, etc. The Board of Trustees is responsible for determining the receipt or acceptance of any and all real property and property as donations to the Church. If any particular accepted real property or property and equipment donation is determined by the Board of Trustees to be sold and converted to cash, the Board of Trustees shall notify the Finance Committee and will work jointly to determine the best use of the proceeds from the sale.

Budget Policies:

Each Chair of the Executive Board will be requested by the Finance Committee to put together a proposed spending plan during the Fall for the upcoming calendar year. Following the annual Stewardship Campaign, the annual Church Ministry Fund budget will be proposed by the Finance Committee prior to year-end. The Ministry Fund budget will then be reviewed and approved by the Executive Board. The Executive Board will decide if the budget will be presented for approval to the Congregation in January of each calendar year. All Executive Board Chairs will comply with the following Policies regarding the annual Ministry Fund budget:

1. Each Executive Board Ministry Chair is expected to keep expenses at or below their respective approved total budgeted amount (not the individual line items within the budget).
2. The Finance Chair shall notify the Executive Board Chair if it is apparent that the total expenditures in the budget will be exceeded by \$20,000 or 3%, whichever is greater. Additionally, the Finance Chair must notify the Executive Board Chair if it is apparent that total revenues in the budget will not be met by \$20,000 or 3%, whichever is greater. The Executive Board may direct that the budgeted expenditures be reduced during the remaining calendar year or the congregation solicited for additional funds if either of the above two conditions occur.
3. Church equipment that costs less than \$2,000 shall be budgeted for by each Executive Board Ministry Chair annually and expensed from the annual budget.
4. Church equipment that costs \$2,000 or more, or any purchases of, improvements to and repairs of real property regardless of dollar amount are the responsibility of the Board of Trustees and shall be approved by the Trustees to be included in the annual budget.

Lease and Maintenance Agreements:

1. The Finance Committee shall be involved in the discussion of any lease agreements for equipment to be used by the Church if they are for more than one year of service or involve

cumulative lease payments of more than \$1,000 annually. All lease and maintenance contracts, regardless of dollar amount, shall be approved by the Board of Trustees.

2. All lease and maintenance agreement costs will be budgeted for in the annual Ministry Fund budget by the Board of Trustees.

Soliciting Congregational Funds:

All Church Committees should include any potential spending of funds into their annual Ministry Fund budget process for any material cause or mission activity needing funding. This will help reduce the frequency and need to solicit funds from the congregation. The soliciting of funds, whether included in the budget process or requested separately in a plea to the congregation, shall contribute to the goals and objectives and support the mission statement of the Church. Any direct soliciting to the congregation not included in the Church's Ministry Fund budget that has a goal to raise \$500 or less must be reviewed and approved by the Pastor, barring any conflict of interest, prior to solicitation. If the solicitation is for a Pastor or staff member leaving the Church, it must be approved by the Staff Parish Relations Chair prior to solicitation. If the goal is to raise more than \$500, the solicitation must be pre-approved by both the Finance Committee and the Pastor. These dollar limit policies will also apply to fundraising activities that may not be a direct solicitation from the pulpit, but rather an advertised event in the worship bulletin or the Church Newsletter, a table set up in Wesley Hall, a planned dinner event, the selling of products, a silent auction, etc. These fundraising events highlight a specific ministry and they develop and sustain community within the Church, as well as enthusiasm for its ministries. Solicitations from either the General United Methodist Church or the Minnesota Annual Conference are exempt from this policy. The Pastor, in coordination with the Church Office staff and calendar, will make the determination as to the timing of any and all direct solicitation of funds to the congregation and fundraising events.

Internal Control Policies For the Church:

Receiving Church Money:

1. All money received in through the mail shall be placed in the Church safe on the same day as received.
2. Money received through the offering plate shall be placed in the Church safe immediately following the service in which it was received.
3. Two unrelated people shall count and record the offerings each Sunday, or by exception on Monday, in accordance with the written instructions prepared by the Church's Recording Secretary maintained in the Counter Room. Upon completion of recording and preparing offerings for bank deposit, the monies shall be secured in a locked bank deposit bag and placed back in the Church safe until it is brought to the bank for deposit.
4. The deposit shall be taken to the Bank on Monday, or by exception on Tuesday, by a person authorized by the Finance Committee.

Recordkeeping Requirements For All Church Ministry Groups:

1. All cash, checks or other assets received shall be deposited and recorded in a timely manner within the appropriate savings, checking or CD/investment account. All bills shall be paid in a timely manner to avoid late fees and other charges.
2. All checking and savings account deposit and withdrawal activity shall be recorded in a transaction register (or within QuickBooks). A separate register shall be maintained for each year's transactions. The register shall contain the date, amount and nature of each transaction. The account register shall be reconciled against the Bank statement

within 30 days of receiving the Bank statement. Checking account statements are normally received monthly and savings account statements are normally received either monthly or quarterly. The reconciliation clearly needs to support and reconcile the difference between the transaction register and the Bank statement. Any and all differences shall be researched and resolved in a timely manner or, if unresolved, reported timely to the Finance Committee.

3. Any and all bills or disbursements paid shall be supported by proper documentation, such as an invoice, cash register receipt, credit card statement, etc. If 20 or more checks are written monthly, a folder shall be set up to support each months checks written. If less than 20 checks are written monthly, the supporting documentation shall be stapled to the monthly Bank statement to support the checks cleared that month.
4. Routine monthly or quarterly accounting reports shall be provided back to each group's Board, Committee or reporting structure. The report shall provide enough detail for each account (savings, checking, CD/investment) to indicate beginning balance, receipts, disbursements and ending balance. If a formal budget has been developed, then the report shall show enough detail to support each budgeted line item of income and expenses variance between budget and actual.
5. Bank signature cards shall have more than one individual authorized to sign on any particular account in order to provide adequate back-up in the event of vacations, injury, illness or other unforeseen circumstances.
6. No depository or investment account may be set up using the Church's Federal Tax ID number without the expressed consent of the Finance Committee prior to opening of any such account.
7. On occasion, a particular check may not clear an account in a timely manner. If several months have passed and the check has not cleared, the Church shall attempt to locate the payee and determine if a replacement check needs to be issued. If the payee is located, place a stop payment on the original check and issue a replacement check. If the payee cannot be located and three years have passed, a State form must be completed and the funds must be turned over to the State as unclaimed property. These requirements are to comply with the State of Minnesota Escheat Laws.

Church Audits:

The Finance Committee shall ensure that all Church financial records and Ministry accounts will be audited annually by a qualified person as required under Church Conference Paragraph 258.4c, 2000 Book of Discipline and recorded on Form 12 as provided by the Conference. The audit will be performed annually beginning around the end of February as of the prior year-end (December 31). The results of the audit will be reported annually to the Church Executive Board and the Conference no later than April 30.