

MILFORD HILLS UNITED METHODIST CHURCH

FINANCIAL POLICIES AND PROCEDURES MANUAL

With over 2300 verses, the Bible speaks often and definitively about money. Our responsibility is the extending of Christ's love through the business of receiving, distributing and reporting gifts given by God's people to support our mission to

"Love, Serve, and Live as Christ"

I. RECEIVING FUNDS

Milford Hills United Methodist Church currently has several sources of receipts.

- A. **SUNDAY COLLECTIONS.** Each Sunday service shall receive offerings during worship (or other services of the church). At least two unrelated people count the weekly church offerings for deposit, prepare a detailed voucher, and deposit slips for necessary accounts. The deposit slips and money are placed in a night deposit bag and dropped in the F&M Statesville Blvd. branch night depository. Deposits are made by the bank and verified by the Treasurer. The Financial Secretary is given the voucher sheets and envelopes for all of the deposits made and verifies that all amounts recorded on the receipts and the vouchers are correct. Contributions are then recorded by the Financial Secretary through the Database "Servant Keepers." Vouchers are sent to the firm of Davis Group, CPA, and recorded for monthly financial reports.
- B. **MAILED & DELIVERED CONTRIBUTIONS/DONATIONS.** Bank checks (representing donor drafts) and other donations made via mail, placed in the church's secure mailbox, or brought "in-person" are retrieved and handled by the Administrative Assistant. Offerings envelopes are prepared and placed in an envelope and taken to the counters' room to be included with the Sunday night deposit. Monies are kept in a locked, secure location until taken to counters.
- C. **AUTOMATED DEPOSITS.** MHUMC uses an online donation system called "Tithe.ly" where donations can be made directly to the church and designated for donor's choice. The system deposits those in Operating account and the financial secretary keeps a spreadsheet for designations. At the end of each month, The Financial secretary sends a "Tithe.ly" voucher with a request to the Treasurer for monies that need to be moved to other accounts. These are then sent to the church bookkeeper at Davis Group.

D. **PROGRAMS.** The church has many various programs that generate cash receipts. Some examples of these programs including the Youth, Fellowship events, retreats, etc.

1. **RECEIPTS.** The secretary, treasurer, or the account administrator shall receive and then monies are deposited with the local bank by the Treasurer or the account administrator (Director of Youth, Young Adult, and Children's Ministries) and the appropriate General Ledger account credited.

The financial secretary and the Treasurer have access to all church accounts and as such act as an internal audit.

2. **REPORTING.** A spreadsheet shall be maintained listing all program participants and an accurate accounting of their payments and balances. Staff persons shall be made aware on a regular basis the receipts and disbursement of all monies.

3. **SALE OF ITEMS.** From time to time, Christian goods and services may be offered to the congregation in support of approved church ministries. When items or services 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.

E. MISCELLANEOUS INCOME

1. **SALES TAX REFUND.** All sales tax paid on purchases made through the church are eligible to be submitted for refund. Our bookkeeping service captures this information from invoices submitted and fills out and submits forms twice a year. Refunds are mailed to the church usually about a year after submission. Sales Tax Refunds are deposited into the General Fund.

2. **FACILITY USAGE.** Church facilities, including both indoor and outdoor spaces, are rented to organizations/groups upon approval by the

Board of Trustees. Rental fees collected are deposited into the General Fund as Facility Usage.

F. **STOCKS AND BONDS GIFTS.** The church occasionally receives stocks and bonds as contributions and the following procedures will be followed.

1. **RECEIVING STOCK.** MHUMC utilizes the services of the United Methodist Foundation when donor request is made. The Financial Secretary assists the donor with filing out necessary paperwork for the UM Foundation.
2. **CONVERTING STOCK TO CASH.** The broker shall be directed to convert the stock and bond to cash and issue a credit via check payable to Milford Hills United Methodist Church.
3. **PROCEEDS.** Upon receipt of the check, the financial Secretary shall record and post the gift as a stock contribution (minus any applicable fees) on the donor's contribution record. The check shall be recorded as a mail-in contribution and procedures followed accordingly. The check shall then be included as part of the deposit for that week.

G. **BEQUESTS.** Bequests made to MHUMC are received by the MHUMC Trustees. Bequests may include designated or undesignated gifts consisting of stocks, bonds, cash, or other proceeds from retirement accounts. Stocks and bonds (as well as other financial instruments) are converted to cash as described above and deposited in the Legacy Endowment account following the Legacy Endowment policy. The Trustees may accept designated gifts of stocks, bonds (as well as other financial instruments). If accepted, they will be converted to cash and deposited in the appropriate account.

II. **STATEMENTS OF CONTRIBUTIONS**

For all identified contributions, quarterly statements are prepared and mailed, emailed or hand-delivered by the Financial Secretary. At any

other time by request, a statement can be prepared and mailed detailing all contributions up to that date of request. Statements shall include a record of pledging, giving and balances. Questions and discrepancies should be immediately reported to the Financial Secretary. The Financial Secretary shall maintain discreet confidentiality in all matters relating to personal contributions.

III. DISBURSEMENTS

A. GENERAL FUND (BUDGET) EXPENDITURES

1. **PURCHASING.** Leaders who anticipate the need to purchase literature, equipment, supplies or services should plan in advance to submit requests via the church office. Requests must identify the appropriate budget line item to be charged. Attention should be given that requests are submitted in advance to ensure timely delivery. For items purchased from a local vendor, a receipt must be obtained and submitted immediately via the church office. Appropriate budgetary line items should be clearly identified (written) on the receipt. For church credit card charges, purchasers must fill out a Credit Card Charge Form which includes a signature from the staff in charge, committee chair, etc.
2. **CHECK REQUESTS.** Leaders who need reimbursement for items purchased or need check sent directly with orders must submit a check request form (available in the church office). The address of the recipient must be clearly identified along with explanation for the expenditure, budgetary line items to be charged, and invoice/receipt if applicable. Requests should be submitted in advance for timely processing. Weekly, check requests should be submitted by Tuesday afternoon submitted to Davis Group CPA with checks returned on Thursday for authorized signatures and disbursement. All expenditures over \$500 must have approval before processing. The approval

needs to come through the Committee Chair and given to the Treasurer to determine timing of the payment.

3. **BILLS & INVOICES.** Certain items such as utilities or regular payments that do not regularly come before staff persons are directed to the church office. Paperwork will be sent to the bookkeeper with notations as to the Budget Line to be charged. Recurring payments such as utilities, conference payments including apportionments, pastor's pension, etc. are paid online by the administrative assistant by request and supervision of the Treasurer. Online Payments forms are then attached to receipts and sent to the bookkeeper.
4. **CREDIT CARD.** MHUMC has two F&M Credit Cards which are in a locked drawer in the Administrative Assistant's office. As with check requests, staff persons, committee chairs, designates may purchase items using the church credit card. The Administrative Assistant will ensure that credit card charge forms are filled out and approved. For purchases over \$500, prior approval must be obtained before the purchase is made ensuring that purchases do not endanger exceeding of credit card limit.
5. **PAYROLL.** Payroll shall be executed under the supervision of the Treasurer by Davis Group, CPA. This includes the regular distribution of payroll, the paying of required payroll and withholding taxes, the preparing of quarterly and annual IRS reports, and the distribution of the W-2s in January of each year. Payroll shall be semi-monthly (15th and last day of month) for the professional and support staff and monthly for contract employees. All staff shall receive W-2s at the end of each year and are treated as employees of the congregation. Personnel Policies shall not conflict with Financial Policies in any areas or else the two must be resolved. Classification otherwise of employee status (exempt, non-exempt) are in the purview of

Staff-Parish Relations Committee's policies. Contracted employees paid more than \$600 annually shall receive a Form 1099 at the end of the year. All required taxes shall be withheld according to the status of the employee as determined by Staff-Parish Relations Committee's designation.

B. DESIGNATED GIVING EXPENDITURES. All Designated Giving Expenditures shall be followed in the same manner as General Fund expenditures for purchase requests, reimbursements and bills/invoices.

C. DISBURSEMENT PROCESS. Weekly, the Treasurer will determine cash flow and required/requested expenditures, overseeing the balance to ensure sufficient funds are available. Check requests, bills, and credit card charges are sent to the bookkeeper for processing. The forms (check requests, invoices, etc.) are returned to the church office and filed. The Administrative Assistant maintains an Accounts Payable spreadsheet which is updated weekly before checks are distributed. All checks will include the signature of either the Treasurer or Financial secretary as well as another authorized signer. Checks will then be distributed either through mail or interoffice mail. Checks not presented for payment to the bank within 60 days shall be voided. All checks shall be professionally printed with security features included.

D. POSTING TO GENERAL LEDGER. MHUMC employs the use of a bookkeeping service, currently Davis Group, CPA who oversees all postings to the general ledger. If any questions or discrepancies are indicated, it shall be the responsibility of the Treasurer to inquire until fully satisfied that these policies have been followed.

E. RECORD KEEPING BY COMMITTEE CHAIRS/STAFF IN CHARGE, ETC. After Budget has been approved, the Finance Committee will communicate to Committee Chairs, Staff in Charge of Budget Line, or Committee Designee by committee as to their approved budget for the year. These persons shall monitor expenditures in order to ensure that requests are within budget limits before requests are made. Any purchase request that will exceed the amount remaining in the budget line must, even if it is deemed a necessity,

must be approved by the Finance Committee before approval for payment. This includes all payments made from that budget line whether by check, credit card charge, or request for personal reimbursement.

IV. FINANCE COMMITTEE

- A. **COMMITTEE MEETINGS.** The Finance Committee is organized under The Book of Discipline of the United Methodist Church ¶258.4. The committee shall meet at least quarterly. They shall review the Treasurer's reports and conduct other business related to the church finances. Other meetings can be called at the discretion of the Chairperson or the Treasurer or any two members of the committee with written notification in advance to each committee member. At called meetings, only those items specified as the agenda may be considered.
- B. **ORGANIZATION.** The Finance Committee shall organize itself as necessary, including a secretary to record the minutes. It shall enlist additional officers as needed or organize sub-committees as needed to carry out its functions. It shall plan for the church annual pledge campaign (if conducted), enlisting lay leadership and work teams to ensure a successful campaign.
- C. **AUDITS.** Fiscal audits will be conducted internally on an annual basis by the Audit Team which consists of members approved by the Nominations Committee. Because all financial reports are prepared by an external accounting group monthly financial reports are reviewed on a monthly basis by the Finance Committee. Restricted Savings Account and Restricted Memorial spreadsheets are prepared and sent to the Church Treasurer on a weekly basis where they are reviewed and corrections sent as needed. Appropriate audit documentation shall be returned to the Treasurer. In the event of serious irregularities or questions, the Finance Committee shall be notified. The annual audit

reviews bank statements, disbursements, etc. and makes necessary recommendations to follow the Local Church Audit Guide as provided by the administration of the Western North Carolina Conference.

D. ANNUAL BUDGETING. The Finance Committee is charged with general oversight of budgeting and monitoring income and expenditures. A budget is a comprehensive financial plan that reflects the specific amounts of money allocated from anticipated income for supporting the church's ministries and related expenses for the calendar year. The budget forms the basis for reporting fiscal stewardship to the church. The responsibility for preparing program, missional and church facility budgets lie with appropriate lay leadership and church staff. At the end of September of each year, budget forms for the ensuing year shall be prepared and distributed to the appropriate leaders. The leaders, along with their respective committee or group of advisors, shall assess the needs and make recommendations for the next budget year. Line items and amounts are submitted that are in line with goals and objectives for the coming year. Proposed budgets requests are returned to the church office by the assigned deadline and then presented to the Finance Committee. Upon the Finance Committee approving the budget based on projections, history or pledged or some combination thereof, it shall forward its recommendation to the Church Council. The Finance Committee can make additional recommendations to the Council, such as approval of certain areas, total rejection of the budget or re-submit portions of the budgets to lay leadership, staff and/or committees for revision. Finance Committee cannot arbitrarily alter line items without consent of the program personnel charged with presenting those amounts. Only a Charge Conference can approve appointed pastoral compensation and benefits. The Church Council shall forward such recommendations of those items to the annual Charge Conference. All other budget recommendations lie with the approval of the Church Council alone.

V. AMENDMENTS

The financial policies and procedures are a working document in process at all times. They serve to systematize the financial processes of Milford Hills United Methodist Church to ensure internal control and accountability. They may be amended by the Finance Committee upon a 2/3rd majority at any normal Finance Committee meeting or a specially called one for that purpose. However, any such amendments must be submitted in writing to each member of the committee in advance of the meeting set for deliberation