

This document shall be reviewed by the Finance Committee annually and revised as needed.

The Finance Committee must understand the importance of focusing upon God's abundance rather than what may seem to be the congregation's scarcity of assets. Budgeting needs to be realistic; that is, aware of past giving patterns. At the same time however, the committee must challenge the congregation to focus upon God's vision for them and the community of which they are a part. God has plans and a way of providing for them. The Finance Committee occupies the key position of reminding the church of this central reality. All members are stewards seeking to discern how much of God's money with which they are entrusted they should offer on a regular basis.

BEING A FINANCIALLY VITAL CONGREGATION

- a financially vital congregation is transparent in its relationship with money, think missionally about budgeting and fundraising, and engages in financial best practices. These are goals of First UMC, Waverly.
- the Finance Committee will be composed of no fewer than five and no more than nine church members. There will be three classes of three people, each serving three years. The Financial Secretary (s) shall be ex-officio members. The membership shall be approved by the Church Council and Charge Conference. The Committee shall meet at least six times per year. The chair will meet with the Pastor each month of the year.

RESPONSIBILITIES OF THE FINANCE COMMITTEE

- review the monthly Financials and provide feedback to various Committee Chairs regarding particular items of concern.
- mission Shares will be paid monthly unless advised otherwise by the Finance Committee.
- stewardship focus for the congregation will be reviewed at each meeting. Finance Committee will review options for the annual Fall Stewardship Drive at the June and August meeting. (see details below under Missional Budgeting and Fundraising).
- the Finance Committee shall develop an annual budget for presentation to the church council each fall. (see details below under Missional Budgeting and Fundraising).
- the Finance Committee, in cooperation with the Trustees, shall recommend any special projects that extend beyond the general budget in accordance with the guidelines from the Book of Discipline (see paragraph 2544).
- the Finance Committee will oversee an annual audit of the financial records.
- after the budget of the local church has been approved, additional appropriations or changes in the budget must be approved by the Church Council.
- annually, the Finance Committee shall prepare a report to the Church Council of all designated funds that are separate from the current expense budget.
- in addition, the Finance Committee will address other responsibilities as noted in this document and in the UM Book of Discipline, Paragraph 258.4.

BOOKKEEPING AND MONTHLY REPORTS

- Bengtson & Associates, PC (or firm designated by the Committee) shall provide all needed financial documents including a monthly Statement of Assets, Liabilities and Net Assets-Modified Cash Basis, a monthly Statement of Changes in Net-Assets-Modified Cash Basis, plus supplementary information with a budget overview that compares income and expenses to date with the budget.
- First UMC will provide Bengtson & Associates, PC with a Weekly Funds (deposit) report, ongoing Vouchers for expenditures as needed, and monthly Payroll Vouchers. Bengtson & Associates provides First UMC with a periodic Balance Sheet, Offering Report, Budget Overview, Transactions by Account Report, and Benevolence Report.
- The Contract with bookkeeper shall be reviewed annually by the Finance Committee.

CHURCH TREASURER (presently Dawn Schomaker)

Relationships

- shall attend Charge Conference, Church Council meetings (the committee on finance when requested)
- shall have working relationship with financial secretary, finance chair, conference treasurer, Bengtson's and pastor

Disbursements

- shall submit vouchers (from proper individuals/committees, with proper fund #'s) to Bengtson & Associates, PC to pay bills of the church.
- shall submit vouchers to Bengtson & Associates, PC for all payroll checks (shall give copy of time records for staff with hourly wages to Pastor for each payroll)
- checks shall be written only for authorized purchases. Two authorized signatures are needed for each check.
- payroll checks and electronic payroll transactions shall only be initiated for pay that has been authorized.
- pay rate changes shall only be made after they have been authorized by the church council or charge conference. Such changes will be communicated in writing with authorization from the Church Council Chair and Pastor to Bengtson & Associates, PC.
- promptly remit on a monthly basis to the Conference any Conference benevolence funds on hand
- reviews cash balance with Pastor and Finance Chair each month to ensure that adequate cash is maintained in checking accounts at all times
- shall see that Bengtson & Associates, PC prepares and files all payroll related tax returns (quarterly and annual), including 941's, W-2's, state and local withholding taxes, 1099's, etc.
- if the church pays an unincorporated entity or non-employee \$600 or more in any calendar year we shall furnish that individual or entity with a Form 1099-MISC by January 31 of the following year and file the appropriate copies to the IRS by February 28.
- shall see that Bengtson & Associates, PC keeps track of all income/disbursements and provides needed reports

Reporting

- maintain an adequate system to file and store documentation and receipts related to disbursements
- receives summary cash deposit information related to contributions from the financial secretary
- assure that Bengtson provides the Finance Committee with a monthly report that summarizes cash receipts and disbursements for the month and year to date.
- assure that Bengtson & Associates, PC provides the Finance Committee with a monthly report on cash activity that took place in each fund.
- maintain a system to retain financial records for up to seven years.
- maintain a system to shred documents as needed.
- provide a quarterly giving statement to each donor to recap their YTD giving as directed by the Finance Committee.

Items the Treasurer does not do:

- count and deposit the offerings or other cash
- reconcile any church bank accounts
- sign checks
- conduct the annual audit
- serve as financial secretary for the church

FINANCIAL SECRETARY (presently Rick VanGerpen and DeLynn Hay)

Relationships

- shall be members (full or ex-officio) of the Finance Committee
- shall have working relationship with counters of offerings, treasurer, finance chair, Bengtson's and pastor

Financial Secretary: Keeping records of contributions

- ensure that the offering is accurately counted (see section on Counting the Offerings below)
- ensure proper deposit of offerings, provide treasurer with record of deposit (see section on Deposits below)
- keep an accurate record of the amounts contributed to the church
- keep a separate giving record for each donor
- all recording of financial information will use password-protected software programs.
- computer system should be in a secure location

Items the Financial Secretary does not do:

- count the offerings without assistance of a non-family member.
- reconcile any church bank accounts
- approve expenditures for payment
- conduct annual audit
- serve as the treasurer of the church

HANDLING OFFERINGS

- Sunday morning offerings shall be brought to the church office immediately after the offering is received. It shall be immediately counted and recorded.
- offerings that arrive during the week or for services held other than Sunday morning shall be kept in a secure location until Sunday morning. These offerings shall be counted when the Sunday offering is counted and recorded.
- year-end deposits made after the last Sunday of the year shall be made on December 31st or the last banking day of each year.

COUNTING THE OFFERINGS

- the count shall never be conducted by just one person. There should always be at least two unrelated persons performing the count.
- preferably, the counters should be rotated from one week to the next
- checks made out to the church should be restrictively endorsed
- counters should be trained in how to perform the count accurately
- a preformatted count sheet should be used to help the counters accurately record the details of the offering
- it is best for volunteers who handle money to not hold their positions for more than three consecutive years
- there shall be a secure location for funds from specials services and funds received during the week that can be held until the following Sunday.

DEPOSIT OFFERINGS

- the offering shall be deposited in the bank directly following the Sunday worship service(s)
- deposit the entire offering intact
- funds received shall be deposited each Sunday after worship at Horizon Bank.
- it is best for two unrelated people to take the deposit to the bank
- give a summary of the deposit to the treasurer

FINANCE CHAIRPERSON

- shall be a member of Charge Conference and Church Council
- shall have working relationship with financial secretary, treasurer, Bengtson's and the pastor
- shall chair the meetings of the Finance Committee
- shall assure that an agenda is developed
- shall meet with the Pastor to review reports from Bengtson's during any month that the committee does not meet
- shall assure the Finance Committee addresses all the responsibilities noted in this document and as noted in the Book of Discipline (paragraph 258.4)

TRAINING

- well trained volunteers and employees are a critical component of internal controls. Detailed job descriptions and written procedures should be provided for each task/job, as well as the internal controls that have been designed into the system.

BONDING

- treasurer, counters, financial secretary, pastor and all who deal with assets will be adequately bonded.

DESIGNATED CONTRIBUTIONS

- contributions designated for specific local church use must be approved through the budget or special consent of the Church Council. (This does not include UMC Special Offerings/UMCOR offerings, etc.) Designated contributions shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose. These are noted as ear-marked funds in the Financial Document of First UMC, Waverly.

REIMBURSEMENTS

- any reimbursements to staff or members for expenses must be for categories listed in the General Budget or otherwise approved by the church council. Requests for reimbursements must always be accompanied by original receipt or other substantiating documentation.
- the pastor (or other employee(s)) will be reimbursed for church expenses that are included in the budget when he/she provides a voucher that substantiates the amount, purpose, date, place of the expense and the line item in the budget with which is related. This voucher must be provided to the church treasurer within thirty (30) days of incurring the expense. The individual must return to the church any amounts received in excess of the substantiated expenses within thirty (30) days of receipt. The church will not report any properly substantiated reimbursement payments as income on any Form W-2.

CHECK SIGNERS at First UMC are:

- Pastor, Finance Chair, Church Council Chair, Financial Secretary and up to two others designated by the Finance Committee (at least two signatures on each check).

DOCUMENTATION

- each check issued by the church is supported by written documentation, a voucher with invoice in most cases.
- every offering and other receipts of cash is counted using a formatted count sheet that documents the details of the deposit.
- the count sheet should be signed by those who did the counting.
- time sheets are required to document hours worked by hourly employees.

RECORDKEEPING REQUIREMENT

-Churches are required by the IRS to maintain accounting records that substantiate activity. Therefore, the secretary of First UMC, Waverly will store official documents, minutes, property records, general ledgers, receipts and disbursement journals, payroll records, banking records, and invoices. Accounting records and contribution data should be maintained for a minimum of seven years while property records, licenses, permits, minutes, annual reports and financial statements as needed. All IRS documentation is to be retained as required by law.

RECONCILIATION

-Bengtson & Associates, PC shall perform a monthly reconciliation of all bank accounts on a timely basis.
-neither the treasurer or financial secretary shall reconcile the bank accounts.

AUDIT

-the Finance Committee shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts (the only exception is the UMW). The committee shall make a full and complete report to the annual charge conference. A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons.

-the audit shall be conducted for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being safeguarded, and determining compliance with local law, local church policies and procedures, and the Book of Discipline. Conducting an audit is not a symbol of distrust. It is a mark of responsibility. It is good stewardship demonstrated for all to see. It is a message to local church donors that we care about their gifts.

-The audit may include:

- 1) a review of the cash and investments reconciliations;
- 2) interviews with the treasurer, financial secretary, pastor, finance committee chair, business manager, those who count offerings, church secretary, etc., with inquiries regarding compliance with existing written financial policies and procedures;
- 3) a review of journal entries and authorized check signers for each checking and investment account;
- 4) other procedures requested by the committee on finance.

-the audit shall be performed by an audit committee composed of persons unrelated to the persons listed above who are knowledgeable about financial matters or by an independent certified public accountant (CPA), accounting firm, or equivalent.

-the key to using an audit committee made up of persons within the church is independence. Independence is generally understood to encompass both fact and appearance, implying no bias that would prejudice their judgment.

GIFT ACCEPTANCE POLICY

-acceptance of any contribution, gift or grant is at the discretion of First UMC, Waverly. First UMC, Waverly will not accept any gift unless it can be used or expended consistently with the purpose and mission of First UMC, Waverly.

-no irrevocable gift, whether outright or life-income in character, will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security as determined by the Finance Committee.

-First UMC, Waverly will refrain from providing advice about the tax or other treatment of gifts and will encourage donors to seek guidance from their own professional advisors or the Nebraska United Methodist Foundation to assist them.

-First UMC, Waverly will accept donations of cash or publicly traded securities. Gifts of in-kind services will be accepted at the discretion of First UMC, Waverly.

GIFT ACCEPTANCE POLICY con't.

-certain other gifts, real property, personal property, in-kind gifts, non-liquid securities, and contributions whose sources are not transparent or whose use is restricted in some manner, must be reviewed by the Finance Committee and Church Council prior to acceptance due to the special obligations raised or liabilities they may pose for First UMC, Waverly.

-First UMC, Waverly will provide acknowledgments to donors meeting IRS substantiation requirements for property received by the charity as a gift. However, except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by First UMC, Waverly. In addition, property donated to the church with a claimed value of greater than \$5,000 present additional requirements, including a qualified appraisal by the donor and acknowledgement of the gift by the church on IRS Form 8283, which the donor must attach to his or her tax return.

-any accepted vehicle donation also has additional acknowledgement requirements.

-First UMC, Waverly will respect the intent of the donor relating to gifts for restricted purposes and those relating to the desire to remain anonymous. With respect to anonymous gifts, First UMC, Waverly will restrict information about the donor to only those staff members with a need to know.

PURCHASE POLICY

-Categories in the budget can be purchased by staff, chairs of committees, or persons designated by committees. A completed purchase voucher must be completed including the expense category account number. Categories not in the budget need Church Council approval. Receipts shall be submitted to church treasurer within thirty (30) days following the purchase. Any purchase over \$500 must be approved in advance by the Committee Chair related to the purchase, or the Finance Chair. Where there is no Committee related to the purchase (like office items) the purchase over \$500 must have approval by the Senior Pastor or Finance Chair. The ear-marked fund or general fund must have adequate cash flow to consider approval of any purchases.

-the Senior Pastor, Finance Chair, or Trustee Chair can approve emergency expenditures that are necessary to protect the health and safety of individuals or to assure the safety and protection of the church facilities including the parsonage.

-Program and administrative committees and staff may make purchases using earmarked funds for the purpose for which those funds have been contributed. A purchase voucher that includes the earmarked fund expense account number must be completed to initiate the payment.

-Written bids are required for expenditures over \$2,000.

-Any contracts that commit church financial resources must be signed by the Chair of Trustees.

PASTOR'S DISCRETIONARY FUND

-There is an ear-marked fund entitled Family Assistance Fund. This can be used at the pastor's discretion. This money is used by the pastor to support needy individuals. When the pastor needs reimbursement from the fund, he/she must submit a voucher to document how the funds were spent and must never spend funds for personal use. Guidelines for this fund include preference given to residents of Waverly, a \$250 limit on gifts, and gifts to an individual/family must have six month intervals. Payments for utilities, rent, etc., will be made directly to the utility company, landlord, etc. and not directly to the individual/family being assisted.

CHARITABLE GIFT ACKNOWLEDGMENTS

-We will issue an appropriate written acknowledgment of charitable gifts made by donors; likewise, our church will *not* provide a gift acknowledgement for something that does not meet the IRS definition of a charitable gift. To be a charitable gift, the transfer of cash or property to your church must be unconditional, cannot be made to benefit a specific individual, and cannot only benefit the donor.

MISSIONAL BUDGETING AND FUNDRAISING

Goal I: To bring the Good News of salvation to our community and our world

Goal II: To engage and excite our members about participating in the life of the church community

Goal III: To fund a visionary budget that grows as we anticipate the physical and program needs

Strategy One – Provide monthly update in Reflections of current gifts and expenses

Strategy Two – Provide updates in Reflections on any special local project and interpretation of various aspects of Mission Shares

Strategy Three – Provide quarterly giving report to each member with overview letter

Strategy Four – Provide mission and/or stewardship message/video on screen in weekly worship

Strategy Five – Host annual Fall Stewardship Campaign with budget/mission goals

Budget Development Process and Fall Stewardship Campaign

-the Finance Committee will ask chairs of the various committees and Staff to submit budget request for upcoming year by the first week of August. Each line item request should have written description of what they want to do, why, and what it will contribute to the mission of the church. These descriptions will be used in the formation of a narrative budget to be presented to the congregation in the Fall Stewardship Drive.

-the Finance Committee will review the requests and start to develop the upcoming year's budget in August. Follow up questions for chairs and staff regarding requests will be made in September with the budget set by the Finance Committee at its October meeting so it can be presented to the Church Council in October. Then the Annual Fall Stewardship Campaign will have necessary information.

-the pastor will provide the Finance Committee with ideas for the Fall Stewardship Campaign in June for their review and feedback. Campaigns will include a theme with mailings, posters, committee chairs and staff sharing in worship and other settings parts of the narrative budget related to the goals and strategies of First UMC, Waverly. The pastor (and task force if appointed) will provide the Finance Committee with the after October meeting of the Finance Committee.

Budget Development Process and Fall Stewardship Campaign con't.

-the basic assumption of the budget development process is that it is incremental in nature. Yet, committees can be encouraged to start from scratch (zero-based budgeting) each year to develop their budget so as to reassure that their mission and budget are aligned.

Conclusion

The Finance Committee must understand the importance of focusing upon God's abundance rather than what may seem to be the congregation's scarcity of assets. Budgeting needs to be realistic; that is, aware of past giving patterns. At the same time however, the committee must challenge the congregation to focus upon God's vision for them and the community of which they are a part. God has plans and a way of providing for them. The Finance Committee occupies the key position of reminding the church of this central reality. All members are stewards seeking to discern how much of God's money with which they are entrusted they should offer on a regular basis.

MISSIONAL BUDGETING AND FUNDRAISING

-The Church Council will review and update the Mission Goals and strategies each year. The revised Mission Goals and strategies will be given to the various committee chairs and staff.

2014 Mission Goals and Strategies

Goal I: To bring the Good News of salvation to our community and our world

Strategy One – provide weekly worship open to all

Strategy Two – provide Sunday School for all ages during the school year open to all

Strategy Three – provide weekly youth fellowship events open to all

Strategy Four – provide weekly Christian Children Fellowship (CCF) during the school year

Strategy Five – provide high quality music opportunities for all ages

Strategy Six – provide a home for the community food pantry open to all

Strategy Seven – provide an open door philosophy to community groups like the Scouts, Aging Partners, etc.

Strategy Eight – have the pastor available to respond to community needs

Strategy Nine – host semi-annual Friend Days and Mission Fairs with intentional outreach

Strategy Ten – host food and fun events open to the community like Super Summer Sunday and the annual Barbecue

Goal II: To engage and excite our members about participating in the life of the church community

Strategies noted above for the congregation as well as larger community

Strategy Two - provide a multitude of mission opportunities for any and all to participate in

Strategy Three – host various fellowship events through the Evangelism committee, UMM, UMW and UMYF

Strategy Four – provide various week-day Bible study opportunities

Goal III: To fund a visionary budget that grows as we anticipate the physical and program needs

Strategy One – Provide monthly update in Reflections of current gifts and expenses

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