

**The Cross Church**  
**Accounting Policies and Procedures Manual**

**Table of Contents**

I. INTRODUCTION .....	2
II. DIVISION OF RESPONSIBILITIES .....	3
III. CHART OF ACCOUNTS AND GENERAL LEDGER.....	6
IV. REVENUES AND GIFT RECEIPTS.....	7
V. CASH MANAGEMENT .....	13
VI. PURCHASING, EXPENDITURES, CONTRACTS AND PAYABLES.....	15
VII. BENEVOLENCE AND GIFT CARDS .....	24
VIII. FIXED ASSET MANAGEMENT .....	30
IX. BUDGETING .....	31
X. PAYROLL PROCESSING .....	32
XI. YEAR END CLOSE AND AUDIT .....	33
XII. FINANCIAL REPORTING .....	34
XIII. ANNUAL REPORTS.....	35

## I. INTRODUCTION

The purpose of this Accounting Policies and Procedure Manual is to describe the existing accounting and business policies and procedures that have been established as the norm for The Cross Church Pensacola, Inc. and to serve as a valuable reference guide for the Church. These policies and procedures have been designed to help safeguard The Cross Church's assets and to promote accuracy, efficiency and consistency in accounting and business operations throughout the Church.

It is hoped that a written manual will both contribute to these objectives as well as to assist The Cross Church's staff in complying with the prescribed accounting and business operations of the Church.

The accounting policies and procedures contained in this Manual may only be modified, altered, waived or amended in writing by the Finance Committee. No individual employee or officer of the Church shall have any authority to modify, alter, waive or amend the accounting policies and procedures contained in this Manual.

Point of interpretation:

It should be noted that prior approval or consent as may be required or contemplated in this Manual must in each case be in writing from the proper authority or person and may be evidenced by either email, resolution or other written confirmation. Except in the case of an emergency, the Finance Committee, as applicable, shall be given at least five (5) business days in order to review any request for approval or consent.

## II. DIVISION OF RESPONSIBILITIES

The following terms are used in this Manual and are defined below and include a brief description of certain responsibilities of designated positions.

- 1. Financial Adviser/Treasurer** - The treasurer shall support the elders in providing oversight of the financial and accounting activities of the church, shall not have custody of church funds, and shall ensure that all funds and securities of the church are properly secured in such banks, financial institutions, or depositories as appropriate. The treasurer shall also be responsible for presenting regular reports of the account balances, revenues and expenses of the church at designated members' meeting. This responsibility may be delegated with the approval of the elders. The treasurer shall also see that full and accurate accounts of receipts and disbursements are kept in books belonging to the church, and that adequate controls are implemented to ensure that all funds belonging to the church are appropriately handled by any officer, employee, or agent of the church. The treasurer shall render to the elders, whenever they may require it, an

account of all activities as treasurer and of the financial condition of the church. The treasurer shall be nominated by the elders and elected by the congregation. The treasurer, with the agreement of the elders, may establish a team of assistants to assist him in fulfilling his responsibilities as stated above. The treasurer shall be designated or listed on the Church website.

2. **Check Signer Team** – as defined under Check Writing, Wires and Other Withdrawals.
3. **Church or The Cross Church** - shall mean The Cross Church Pensacola, Inc.
4. **Finance Committee** – The Finance Committee is currently designated as the governance body that is responsible for the monitoring and overseeing the Church from a business administration and stewardship perspective. The Finance Committee shall consist of the individuals elected from time to time by the Congregation. The Finance Committee members shall be designated or listed on the Church website.
5. **Congregation** – shall mean the members of the Church who are in good standing at any point in time.
6. **Deacons** –consists of men elected by the Congregation from time to time to serve as the then active Deacons of the Church. A list of Deacons shall be available on the Church Website.
7. **Department head** – shall mean the individual who is designated from time to time by the Elders as a department head of a ministry or service department within the Church. The department heads shall be designated or listed on the Church website.
8. **Lead Pastor** – the lead ministry pastor who in conjunction with the Finance Committee is responsible for the monitoring and overseeing the Church from an overall ministry and stewardship perspective. The Lead Pastor shall be designated or listed on the Church website.
9. **Manual** – shall mean this Accounting Policies and Procedure Manual and any amendments or modifications to this Manual which are properly approved by the Finance Committee from time to time.

### **III. CHART OF ACCOUNTS AND GENERAL LEDGER**

The Cross Church has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by expense type. The Financial Administrator is responsible for maintaining the Chart of Accounts and revising as necessary with notice to and approval of the Finance Team.

The general ledger is automated and maintained using our accounting software, QuickBooks.

General journal entries are made as needed are posted by the Financial Administrator.

The Financial Administrator and a designated represented of the Finance Committee shall review the general ledger on a monthly basis for any unusual transactions.

## **IV. REVENUES AND GIFT RECEIPTS**

### **Sources of Revenues**

The Church's revenues are derived from various sources including gifts of tithes and offerings, gifts designated to buildings and property, gifts of securities, gifts to designated ministries, interest income, and other miscellaneous income.

Any cash received in the amount of \$10,000 or more must be reported to the federal government using IRS Form 8300.

The main source of revenue for the Church is received in the form of tithes and offerings online and during regular church services. The procedures noted on the following pages should be used to secure the regular tithes and offerings from services.

Tithes, offerings and gifts may be received via the U. S. mail. All mail is to be removed from the mailbox by a representative designated by Lead Pastor and is to be date stamped and sorted. Any mail not specifically addressed to an individual employee of the Church will be opened by a representative designated by the Lead Pastor. Checks will be placed in the Church's safe after review for deposit with the next bank deposit by the Church.

Gifts of marketable securities, including mutual funds, to the Church are processed by the accounting office and reviewed by the Financial Administrator. The Financial Administrator coordinates the gift with the donor or donor's broker and records the gift and coordinates the sale of the security. The Church's policy is to promptly sell all gifts of securities within three (3) trading days after clearing of receipt of the gift, unless the donor specifically requests otherwise in writing. If the donor requires conditions to selling the securities, such conditions must be approved by the Finance Committee prior to accepting the gift. All securities transactions are reviewed by the Financial Administrator and Finance Committee on a regular and timely basis.

Gifts of personal property (tangible or intangible) with a value in excess of \$500 must be reviewed by the Financial Administrator and the Finance Committee before acceptance. Gifts of personal property in excess of \$3,000 must also be approved by the Finance Committee. Gifts of any real property must be approved by the Finance Committee. All gifts of personal or real property may be subject to verification of value based on appraisal or other reasonable third-party verification procedures. Determination of value

must be in compliance with any applicable state and federal governmental regulations and requirements. The Finance Committee may also establish other pre-receipt requirements relating to real property such as a clean environmental report addressed to The Cross Church from a company approved by Financial Administrator, recent survey and clear title certifications.

The Cross Church may accept designated, restricted or conditional gifts to its various ministries. Unless a donor expressly and specifically prohibits such application, the Church may apply designated funds to the specific ministry being designated either for budget needs, additional ministry needs and opportunities, or specific ministry projects being undertaken within the designated ministry. The Church may elect to hold designated or restricted funds in either its normal operating bank account or in a separate bank account used for holding designated or restricted gifts. Donors desiring to make designated, restricted or conditional gifts of more than \$20,000 either individually or in a series to a specific ministry or need will be asked to discuss the expectations and desires of the donor with respect to the gift and its potential impact to The Cross Church's ministries with the Financial Administrator prior to the gift. For purpose of this paragraph, designated gifts shall not include gifts given to an established capital campaign program or international, national or regional mission.

### **Collecting Offerings**

1. A minimum of two people should perform the counting and it should be done in a secure setting.
2. The offering count should be done immediately after the end of the church service.
3. Separate the cash and the checks.
4. One counter will be responsible for counting cash while the other will count checks – both using the count sheet that specifies the number of each bill denomination and/or check numbers, amounts and contributors plus any designations of the funds – they recount the other counters component which serves as a double count/verification of count.
5. Once recounted; the count sheet is signed by each counter.
6. A deposit slip is prepared and double checked by each counter.
7. Make copies of or take pictures of the checks and deposit slip and text and/or email them to the Financial Administrator as soon as possible.
8. The count sheet once completed is presented to the Financial Administrator as soon as possible.
9. The deposit should be made by Wednesday of the next week and the deposit receipt presented to the Financial Administrator as soon as possible.

## **Posting Revenues**

### **Offerings**

The Financial Administrators inputs all of the contribution information from the offering count sheet into QuickBooks.

### **Designated Gifts**

Designated gifts will be received from the congregation and recorded in QuickBooks in separate funds from the general fund by the Financial Administrator. Disbursements from these funds will be in alignment with the intent of the designated fund, unless an urgent financial need precludes that, and recorded in QuickBooks under the correct designated fund.

## **Missions Trip Giving**

The principal means of funding The Cross Church Sponsored Missions trips is through direct donations to The Cross Church or the The Cross Church website. Gifts are posted through the website into the The Cross Church bank account and are reconciled monthly. Once the monthly reconciliation is complete, gifts are posted to individual giving records through Shelby Contributions.

Gifts given by checks or cash should be directed to the accounting department for intake, recording and processing with a list of donors, designations and amounts being distributed to the Missions Department to be recorded on the individual's trip record. Checks and cash that are given toward missions trips are posted through QuickBooks where credit is given to each individual contributor to the extent permitted.

The Elders shall establish written policies and procedures for establishing mission trip pricing and the amount and allocation of any funds for mission trip scholarships. All such mission related policies and procedures and any changes thereto are subject to the prior review of the Finance Committee.

Individual contributors shall have the ultimate responsibility of determining if any mission trip giving is deductible as a charitable gift for purposes of state or federal income tax regulations and requirements.

## **Other Funds**

Non contribution checks and reimbursements should be processed through QuickBooks. Money should be categorized by purpose and a deposit detail completed for each category of money. The deposit detail should be recorded in QuickBooks using the appropriate general ledger coding and description.

The deposit detail, final register generated by QuickBooks and a photo copy of any checks included in the deposit should be filed in the The Cross Church accounting office in a secure manner.

## **Bank Deposits**

Bank deposits are made each Wednesday and should include all contributions from the previous weekend and all “other” deposits made for the week. A member of the counting team will remote deposit the checks via the bank portal or take cash deposits to the nearest Church bank. Upon returning from the bank, each deposit slip should be attached to the corresponding Deposit Detail report and filed in the accounting office.

## **Statement of Contributions Policy**

In accordance with IRS guidelines, for a contribution to be included on a given year’s *Statement of Contributions*, the contribution must be received by December 31, or if mailed, the envelope must be post-marked no later than December 31.

A *Statement of Contributions* will be mailed by January 31 of each year.

A *Statement of Contributions* is not mailed for contributions less than \$250 unless requested by the contributor. In accordance with IRS guidelines, any single contribution less than \$250 may be substantiated by a cancelled check.

Goods or services provided in exchange for a contribution are not reflected on the *Statement of Contributions*. Examples are: (1) tuition paid to the Church for specific identified students, (2) money paid to the Church for a specific individual to attend a retreat, mission trip, etc., and (3) a donor advised or designated gift to a specific individual as designated by the donor. General gifts in support of retreats, mission trips, etc. will be reflected on the *Statement of Contributions* provided the donor does not make reference to a specific named recipient. The donor must acknowledge and allow the Church full discretion to administer, control and apply the funds in furtherance of the purpose of the Church. Individual donors shall have the ultimate responsibility of determining if any such giving is deductible as a charitable gift for purposes of state or federal income tax regulations and requirements.

The Cross Church may accept most types of non-cash gifts such as stock, mutual funds, vehicles, land, etc. in accordance with the applicable gift receipt provisions contained in this Manual. A *Letter of Acknowledgement* is sent to the donor by The Cross Church stating a brief description of the non-cash gift(s) and the date the gift(s) was received.

The value of time or services by an individual to the church is not reflected on the *Statement of Contributions* and generally is not tax deductible.

## **V. CASH MANAGEMENT**

### **Petty Cash**

The Cross Church may maintain an Administrative Petty Cash fund of \$300. This fund will be kept in a locked cash box in the accounting office safe. Receipts may be reimbursed from petty cash for amounts up to \$25.00. Any person requesting a reimbursement from the petty cash fund should turn in a receipt to the petty cash custodian that contains the department and expense codes as well as the reason for the purchase. The petty cash fund is reconciled monthly.

### **Reimbursement Account**

The reimbursement account will be maintained on the General Ledger of The Cross Church. The purpose of this account is to track pass through items. These items are items that are purchased for use in the normal day to day operation of The Cross Church and used to complete various events hosted by The Cross Church, such as, but not limited to, conferences, youth events and other events hosted by The Cross Church as approved by the Elders. This account is strictly used as an accounting tool to follow items for which The Cross Church expects to be reimbursed. This account is reconciled monthly.

### **Other Fund Accounts**

Other accounts may be established by the Financial Administrator and approved by the Finance Committee. The primary purpose of any such account is to segregate designated or restricted funds. A reconciliation of any and all such accounts shall be done monthly.

### **All Bank and Brokerage Accounts**

Any and all bank and brokerage accounts of the Church may only be opened after written authorization and approval by the Finance Committee, including written resolutions certified by a member of Finance Committee other than the Financial Administrator. The Financial Administrator shall at all times maintain a complete and accurate listing of any and all bank and brokerage accounts of the Church. This listing shall be delivered to the Finance Committee on a regular basis and upon any change in any bank or brokerage account(s). Accounts may be established and maintained at banks selected by the Financial Administrator and approved by the Finance Committee. A reconciliation of any and all such accounts shall be done monthly and delivered to the Finance Team for review.

### **Bank Reconciliations**

Bank reconciliations will be completed each month for each open bank or brokerage account maintained by The Cross Church.



Bank statements are received online by the Financial Administrator and the bank and/or brokerage accounts are reconciled by the Financial Administrator. At the request of the Finance Committee or Elders, an independent third party to review the bank reconciliations together with the reconciling entries on a month basis.

Upon completion of the reconciliation the designate shall provide the Financial Administrator the detail of the reconciliation and any proposed journal entries needed to ensure the proper recording of activities. The Financial Administrator shall review the reconciliation and approve journal entries for posting. Financial Administrator will indicate by initial his approval of the reconciliation.

The completed bank reconciliation shall be delivered to the Finance Committee together with the reconciling entries for review on a monthly basis.

## **VI. PURCHASING, EXPENDITURES, CONTRACTS AND PAYABLES**

### **Purchasing, Expenditures:**

#### **Approval Limits**

Budgeted expenditures and contractual obligations shall require the following approvals:

\$0-\$500: Deacons

\$500 - \$10,000: Elders

\$10,000 - \$20,000: Elders and Finance Committee

\$20,000 - \$50,000: Congregation

Such purchases include invoices provided by vendor, credit card transactions or transactions that are paid for personally, by members of The Cross Church staff, for which reimbursement will be sought. Two signatures are required for personal reimbursements regardless of dollar amount. Expenses shall be reimbursed by completing the approved check request form and shall be completed in accordance to the accounts payable terms and policies, see next section.

#### **Pre-Expenditure Approval Policy**

Prior approval of the Lead Pastor and the Financial Administrator shall be required for all purchase requests in the amount of \$3,000 or more and for all purchase requests which are outside of the then approved Church budget. Purchase Request in the amount of \$3,000 or more should include two or more competitive quotes, unless expressly waived in writing by the Finance Committee. Prior approval of the Finance Committee shall be required for all budgeted purchase requests in the amount of more than \$20,000 but less

than \$50,000. Prior approval of the Congregation shall be required for budgeted items \$50,000 or more and for all purchase requests which are outside of the then approved Church budget.

A request for a purchase or expenditure is initiated through the use of a purchase/spending requisition request form and submitted to the applicable department head and then to the Financial Administrator. Purchase requisitions are to be completely filled out by the person requesting the materials or services. Purchase request should include, vendor name, address, phone number, payment method, signature of person requesting items, quantity of items requested, item number if applicable, item description, unit price and extended line total if applicable, subtotal, freight and handling cost, total cost, department and expense codes and a description of how the items will be used.

Once the requisition is completed by the requestor, the requisition must be submitted to the Deacon for review. When the requisition is reviewed, the Deacon should sign the request and forward to the Lead Pastor. Once the Lead Pastor has reviewed the request, if approved, should sign the request and forward to the accounting department. When the accounting department has reviewed the request for accuracy, they will forward to the Financial Administrator for his review and approval. When the Financial Administrator has approved and signed the Purchase Request, he will return the request to the accounting department who will issue a written authorization to the requestor.

Once a written authorization is issued, the purchaser may then proceed to order the items in accordance with the terms of the authorization.

Items purchased for the Church and its programs should preferably be billed to the Church by the vendor. Payment will be made in accordance to the Vendor's terms.

If the vendor does not offer billing, items should be paid for using the Church credit card. The Church credit card is kept in the accounting office along with a credit card log. When the card is needed, the accounting personnel will write in the credit card log: the person's name that will be using the credit card, the time the card is checked out, the vendor the person is purchasing from, and items to be purchased. When the card is returned to the accounting office, the time returned is noted along with the amount of the purchase. A vendor receipt should always be turned in to the accounting office when returning the credit card.

If the Church credit card is unavailable for use or if a purchase is made outside of normal business hours, purchases may be made using personal funds. Reimbursements of funds used to purchase items for Church business will be made in accordance to the accounts payable terms and policies, see next section.

### **Items Under \$500**

Items purchased for use by the Church in its ministry or outreach under the dollar amount of \$500 including taxes and shipping may be purchased without prior approval provided

the expenditure is within the then approved budget for the applicable ministry.

Items purchased for the normal day to day operation of the Church and its programs should preferably be purchased using the Church credit card. The Church credit card is kept in the accounting office along with a credit card log. When the card is needed, the accounting personnel will write in the credit card log: the person's name that will be using the credit card, the time the card is checked out, the vendor the person is purchasing from, and items to be purchased. When the card is returned to the accounting office, the time returned is noted along with the amount of the purchase. A vendor receipt should always be turned in to the accounting office when returning the credit card.

If the Church credit card is unavailable for use or if a purchase is made outside of normal business hours, purchases may be made using personal funds. Reimbursements of funds used to purchase items for Church business will be made in accordance to the accounts payable terms and policies, see next section.

### **Credit Cards**

The Financial Administrator shall monitor and use commercially reasonable efforts to maximize any rebate or other benefit associated with the use of Church credit cards for the benefit of The Cross Church. Financial Administrator shall also monitor the use of credit cards in accordance and compliance with these Accounting Policies and Procedures. At all times Financial Administrator shall maintain a complete and accurate listing of all Church credit cards and who has current possession of any and all such cards. Any and all outstanding credit card balances shall be paid in full in accordance with their terms by the applicable monthly due date.

### **Ministry Development Fund**

The Financial Administrator may establish a ministry development fund for designated ministers in set annual amounts pursuant to an annual budget. The purpose and intent of the fund is to allow ministers the discretion to use these funds in any manner they determine appropriate to support and develop The Cross Church's ministry, including, without limitation, food and beverage purchases with members or prospective members of The Cross Church. Each plan must be pre-approved by the Finance Committee and shall be a line item within the then approved applicable ministry budget. These accounts shall be reconciled on a monthly basis with a report sent to each individual minister who is entitled to use such an account. No prior approval is required for the use of these funds. Such expenses shall be reimbursed to the minister in accordance with normal reimbursement policies. However, these funds are not available for personal use or for internal meetings of ministry staff.

### **Contracts**

All contracts must be reviewed and approved by the Finance Committee. Contracts with an obligation of more than \$50,000 and all related party contracts with their Church

employees, members of the Church or their immediate family members shall require prior approval of the Congregation. The Finance Committee may condition acceptance of certain contracts on obtaining comparison quotes or bids from alternate vendors or suppliers. Contracts for capital projects that require outside funding require prior approval by the Finance Committee and or Congregation.

### **Debt & Borrowing**

Prior approval by Finance Committee and the Congregation is required for incurring any and all debt for borrowed money and/or establishment of a credit line -- regardless of amount or type of debt vehicle. No officer or member of the Church staff shall have any authority to borrow money including making a draw on any Church line of credit without the prior written approval of the Finance Committee evidenced by a written resolution certified by another officer of the Church. Draws on the Church line of credit relating to the normal operation of the sweep account are not governed by this restriction.

### **Check Requests**

Check requests are submitted by individuals requesting reimbursement of expenses for purchases made on behalf of The Cross Church. A check request form shall be utilized and include information about the requestor such as name and address, date of the request, person filling out the check request, designation of fund, space for the requestor's signature, Deacon signature, and Financial Administrator's check off, as applicable. In addition, there is space provided to record the appropriate department and expense codes, description of items purchased, space to describe how the items will be used, record the purchase order number and give the amount of the receipt, along with the total of all receipts on that page. The requestor shall include receipt (evidences of expenditure) and write the date of the purchase.

Check requests should be submitted on a timely basis with receipts more than thirty (30) days old not being considered for reimbursement unless extraordinary circumstances as determined by the Financial Administrator. Check requests completed and turned in by 5:00 P.M. on Tuesday will be reimbursed by the following Tuesday. Check requests should be turned in to the Financial Administrator for review and approval.

Check requests should contain as much information as possible in order to provide an explanation of the expense, verification of the expense and a reason that the expense was incurred. Check request containing insufficient information, or missing information or signatures will be returned to the requestor for completion. Check request approvals shall be subject to the approval limits defined in the beginning of this section.

### **Vendor Invoices**

Vendor invoices are received either through mail or with the delivery of goods. Vendor invoices are subject to the approval limits set forth in the beginning of this section. After the department head has reviewed and approved the invoice against the item received or

services rendered to verify accuracy and receipt and coded the invoice along with the check request is and forwarded to the accounting department. Vendor invoices will then be processed through the accounting office. A member of the accounting team will review the invoice for appropriate authorizations and signature. The invoice if not signed will be taken to the appropriate person for a signature as proof of receipt of merchandise and then processed. The invoice shall be completed in accordance to the accounts payable terms and policies. See check writing, wires and other withdrawals section.

## **Travel, Lodging and Meals**

The purpose of this policy is to provide greater detail in the administration of travel, entertainment and meal expenses. Prudence, reasonableness and ministry necessity should serve as guidelines in following this policy. Travel, lodging, entertainment and meal payments are not fringe benefits; rather they are necessary ministry related expenses. No expenses should be approved that do not directly relate to the ministries of The Cross Church. All travel, entertainment, meal and similar expenses must be either within approved budget guidelines or be approved in advance by the Financial Administrator. If such expense is greater than \$750, then it must also be approved by the Finance Committee. Scheduling and booking of travel and lodging are the responsibility of the employee.

### **Travel**

- 1) Ministers and employees are encouraged to use Church owned vehicles for travel whenever possible.
- 2) Ministers and employees that use their personal vehicles for direct Church purposes will be reimbursed at a preset mileage rate. This rate may be less than the maximum rate allowed by the Internal Revenue Service. The reimbursable rate will be set by the Finance Committee after receiving a recommendation from the Financial Administrator.
- 3) Appropriate mileage logs must be maintained and turned in with reimbursement requests.
- 4) Mileage will not be paid for commute time to and from the Church. Examples of reimbursable mileage include:
  - Travel to conventions, seminars and meetings that are ministry related.
  - Travel outside of ten (10) miles from The Cross Church to visit members or their families while in the direct scope of one's ministry, e.g. hospital visits and funerals. For purposes of the ten (10) mile determination, a trip with multiple destinations which totals more than ten (10) miles round-trip will be considered as reimbursable.
- 5) Travel to speak, lecture or preach apart from Church sponsored or supported functions will normally not be reimbursed. It is assumed that the inviting organization will cover travel cost. However, if the inviting organization is unable to fund travel, the minister can request consideration for payment.
- 6) Any out of town travel of approximately 425 miles or less should normally be

by automobile. If a reliable Church vehicle isn't available, the cost of a rental verses mileage reimbursement should be considered.

- 7) Any air travel should be planned as economically as possible and booked at coach or lower fares. The Church will pay for one checked bag but will not pay for excess baggage fees, upgrades or other unnecessary charges.
- 8) Travel in connection with mission or camp opportunities must be pre-approved by Finance Committee and must be within the approved budget for such activities.

### **Lodging**

- 1) Ministers and employees should use standard accommodations at reasonably priced hotels and motels. Accommodations should be safe and comfortable but not lavish or extravagant.
- 2) The added costs of in-room meals, movies or other amenities are the responsibility of the minister or employee.
- 3) Trips of less than 125 miles are not normally eligible for overnight stay unless the attended activity covers multiple days. Exceptions can be made if circumstances warrant and if pre-approved by the Lead Pastor or Financial Administrator.

### **Meals during travel**

- 1) The payment of meals applies to the following situations: overnight stays, day trips of more than 6 hours.
- 2) Meals for overnight stays are only covered if alternate meals are not provided at an attended event. If no alternate meal is provided the following limits apply: breakfast \$10, lunch \$15 and dinner \$25.
- 3) Day trip meals are limited to one meal not to exceed \$15.

### **Meals outside of travel**

- 1) Meals for the support of others can vary widely and could range from helping a homeless individual to feeding a family at Christmas. Other examples might include purchasing food for a family attending to a hospitalized relative or taking a grieving spouse to lunch. Care and compassion are the guidelines. The Finance Committee may set appropriate guidelines as needed.
- 2) Meals can serve as a reward and motivator especially if used in connection with performance reviews or in recognition of a task completed well. Gathering co-workers and volunteer team members for lunch can also be a great morale builder. These types of expenditures are encouraged but should be used judiciously. Financial Administrator approval should be obtained in advance and kept within approved budget limits.

**Travel Expense Advance.** In certain situations, including mission trips and seminars as may be approved from time to time by the Financial Administrator. The Cross Church

may provide a Travel Expense Advance of up to \$1,000. Any travel expense advance of

more than \$1,000 shall also require the prior approval of the Finance Committee. No travel expense request of more than \$5,000 shall be permitted. Requests for a travel expense advance should be submitted to the Financial Administrator via e-mail at least ten (10) days prior to the travel date. Upon approval, the Financial Administrator will

advance the amount of funds to the requestor by check. The requestor must sign for the funds at the time funds are received. Upon return from travel, the requestor must return all unused cash along with receipts and a check request for any expenditure in excess of the travel expense advance amount to the Bookkeeper. The Financial Administrator must approve the check request for reimbursement of receipts.

### **Check Writing, Wires and other Withdrawals**

Accounts payable checks will routinely be written each Thursday. Vendor invoices will be paid in accordance with the terms outlined by the vendor and if approved by the Financial Administrator in such a manner to maximize any available early payment discounts. Checks for check requests will be available by the Tuesday following their final approval by the Financial Administrator.

Once all invoices and check requests have been entered into QuickBooks, a review of checks to printed for accuracy is performed. Once the review has been completed, checks are printed along with the check register. The check register is reviewed and the Financial Administrator signs and dates the review.

All checks shall be required to be signed by two approved signers. If available, the Financial Administrator shall be the first signer and a designated signer. If the Financial Administrator is not available, the check may be signed only by two of the designated signers. Designated check signers will be alternated every three years. The check signers shall rotate check signing on a periodic basis from time to time as determined by the Financial Administrator and Finance Committee.

Any wire transfer must first be requested in writing on the then approved form and signed by a deacon who is making the request. Any wire transfer from a Church bank account shall only be authorized after the Financial Administrator has reviewed and confirmed the request verbally with the person making the request and evidencing such approval and verification by Financial Administrator signing the written authorization form and obtaining the written approval of at least one member of the Finance Committee. The Financial Administrator shall develop a written wire authorization form to be approved by the Finance Committee. The written authorization form shall include all of the applicable authorizations, amount and detail back-up as required for Accounts Payable pursuant to this Manual and shall also include the recipient's name and address, bank account, bank identification, contact information and applicable routing numbers and SWIFT numbers, if international. Only the Financial Administrator shall have authority to initiate a wire transfer request with the bank after proper authorization as outlined above. The approval procedures with the bank shall, to the extent reasonably possible, require separate verification calls to the Financial Administrator and to at least one independent person from a group of individuals designated by Finance Committee prior to the bank initiating

the actual wire transfer. Any and all wire transfers including applicable fees and costs shall be timely and properly recorded in the Check Register and in the accounts payable system and applied to the proper ministry budget as applicable.

Any ACH transfer or series of ACH transfers must first be requested in writing on the then approved form and signed by a Elder, Deacon or Finance Committee member who is making the request. Any ACH transfer from a Church bank account shall only be authorized after the Financial Administrator has reviewed and confirmed the request verbally with the person making the request and evidencing such approval and verification by Financial Administrator signing the written authorization form and obtaining the written approval of at least one member of the Finance Committee. The Financial Administrator shall develop a written ACH authorization form to be approved by the Finance Committee. The written authorization form shall include all of the applicable authorizations, amount and detail back-up as required for Accounts Payable pursuant to this Manual and shall also include the recipient's name and address and applicable routing information. Only the Financial Administrator or member of the Finance Committee shall have authority to initiate an ACH transfer after proper authorization as outlined above. Any and all ACH transfers including applicable fees and costs shall be timely and properly recorded in the Check Register and in the accounts payable system and applied to the proper ministry budget as applicable.

The Financial Administrator shall use reasonable efforts to require all Church banks to use "Positive Pay" or a similar cash management service to assist in deterring check fraud.

The Financial Administrator, Designated Signers or any other member of the Church staff shall have authority to approve or undertake any type of cash withdrawal from a Church bank account or authorize any internal bank transfers from a Church bank account to any account that is not directly owned and controlled by The Cross Church. Any and all internal bank transfers between or among Church accounts (including brokerage) shall be reported to the Finance Committee and properly reflected in the Check Registry, the monthly account reconciliations and the financial statements.

The Financial Administrator shall cause the check register to be delivered to the entire Designated Check Signer Team and to the Finance Committee for review no less often than monthly. The Financial Administrator shall ensure that the check stubs along with the supporting documentation is held on file under the applicable document retention guidelines. The check register shall be delivered together with a cumulative list by recipient of all checks received by the recipient within the applicable budget year or trailing twelve (12) months as requested by the Financial Administrator or the Finance Committee.

## **Sales Tax**

If permitted by applicable law, The Cross Church shall use commercially reasonable efforts to obtain and use any available sales tax exemption for the State of Florida. To the extent applicable and available, every reasonable effort should be made by the accounting



office to have the exemption on file at companies that the Church has accounts with and that we use on a regular basis. Elders and Deacons should be prepared to present any applicable sales tax exemption when purchasing items for the Church.

No Church sales tax exemption should ever be used when purchasing personal items.

## **VII. BENEVOLENCE AND GIFT CARDS**

### **Benevolence Fund**

The Benevolence Fund of The Cross Church is intended as a resource of last resort, to be used only after individuals requesting assistance have explored all other known avenues of help from family, friends, savings, or investments. The Fund is intended to be utilized as a temporary help during times of crisis.

The Fund is administered in two parts: 1) Non-Connected Assistance (NCA) and, 2) Relationally Connected Assistance (RCA).

Non-Connected Assistance refers to requests from individuals that have no direct contact with The Cross Church while RCA requests refer to individuals that have a primary relationship with The Cross Church. A primary relationship can be a Church member, a person whom a particular City Group is supporting, or a person a staff member is working with and, as such, is familiar with the individual's needs. In all cases, the objective is to minister to the individual and move him or her from a point of need to self-sufficiency or normalcy.

### **STRUCTURE AND PROCESS**

Administration and oversight of the Benevolence Fund is the direct responsibility of the Elders under the auspices of the Financial Committee.

The Financial Administrator presents all requests for assistance and also has the responsibility for maintaining records of all Benevolence activity. The Financial Administrator may create a support team of other The Cross Church staff to assist him or her in receiving assistance requests and in discharging various tasks in his or her capacity as Financial Administrator.

All approvals are made by the Elder and/or Finance Committee.

### **FORMS OF ASSISTANCE**

## Relationally Connected Assistance

1. The form of assistance for RCA individuals varies with the need and may involve multiple staff and lay personnel. The intent is to minister to the whole person, both physically and spiritually.
2. The key staff contact involved in the process is the Standing Member. The Standing Member may assemble a support team of other The Cross Church staff who can assist in receiving assistance requests and in discharging various tasks. However, all assistance requests must be coordinated through the Financial Administrator
3. The Financial Administrator has a spending authority of up to \$300 for RCA assistance. Assistance request over \$300 up to \$2,000 must be referred to the Elders. Request over \$2,000 up to \$3,500 must be referred to the Financial Committee for vetting and approval.
4. Requests or referrals for financial assistance may be received from multiple sources such as City Groups, Staff, Deacons, and individual members. All requests should be referred to the Financial Administrator.
5. Financial support for RCA persons can include food, emergency fuel, medical assistance including bills, utilities, and housing related expenses. However, regardless of the need, the intent is to provide help and assistance in whatever manner is deemed healthy and redemptive.
6. Assistance should normally be limited to one-time occurrences but, when deemed appropriate, can last for an extended period of time. Extended period assistance or multiple occurrences must be approved by Elders and in accordance with monetary approval limits, with final approval by the Finance Committee to the extent required. All total dollar expenditures of \$2,500 or more in a single year, whether single or multiple disbursement, must be properly approved by the Finance Committee. Total expenditures exceeding \$5,000 over a three-year period must be approved by the Finance Committee.
7. An opportunity for financial counseling is offered through The Cross Church Biblical Counseling Center. The Center does not offer additional financial resources but can provide basic financial management skills for those truly desirous. As appropriate, the Elders or Finance Committee may require financial counseling as a condition of approval.

## Non-Connected Assistance

Requests for NCA assistance must be directed to the Financial Administrator. The Financial Administrator has a spending authority of up to \$100 for NCA assistance. Assistance request over \$100 up to \$500 must be referred to the Elders for approval. Requests over \$500 up to \$2,000 must be referred to the Financial Committee for vetting and approval.

1. HOUSING EXPENSES - Requests of this nature are referred to agencies such as Escambia County Housing Authority or other similar. These agencies are better equipped to provide meaningful long-term solutions. If for any reason the

- agencies are unable to assist the individual, a request may be submitted to the Elders for review and action. In the case of unusual or extraordinary needs, the Elders may waive the requirement to first go to the local agency(ies).
2. **UTILITY EXPENSES** – Utility assistance requests should normally be referred to Low Income Home Energy Assistance. These agencies work directly with utility companies and offer a broader array of alternatives. If for any reason the agencies are unable to assist the individual, a request may be submitted to the Elders for review and action. In the case of unusual or extraordinary needs, the Elders may waive the requirement to first go to the local agency(ies).
  3. **MEDICAL ASSISTANCE** – Most medical requests are for the payment of past due bills and, as such, are not initially covered under the Benevolence Fund. All requests for direct medical care are referred to agencies such as Jackson First or Caring Hands. If the agencies are unable to assist the individual, a request may be submitted to the Elders for review and action. In the case of unusual or extraordinary needs, the Elders may waive the requirement to first go to the local agency(ies).
  4. **EMERGENCY FUEL** – Assistance with fuel is permissible but is limited to \$30 for local residents and \$40 for transients. Recipients must be at least 21 years of age and possess a valid state issued driver’s license. Fuel will be purchased either by issuing a prepaid gas card or through a voucher redeemable at a participating retail fuel outlet.
  5. **FOOD** – Requests for food are granted on a regular basis. Immediate help can be provided through the issuance of pre-paid grocery store cards. The normal limit for such assistance is \$30 for individuals and \$150 for a family. Applicants are also given the contact information for outside agencies that provide such need. These organizations operate food pantries and can provide up to a week’s worth of food for needy families.
  6. **FINANCIAL COUNSELING** – An opportunity for financial counseling is offered through The Cross Church Biblical Counseling Center. The Center does not offer additional financial resources but can provide basic financial management skills for those truly desirous.
  7. **LIMITATIONS** - The Cross Church does not wish to create an environment of dependency. Assistance to NCA individuals is limited to once every twelve months unless otherwise approved in writing by the Finance Committee in the case of unusual or extraordinary needs.

The Cross Church maintains an active relationship and provides financial support to most if not all of the agencies to which it refers.

## **ACCOUNTABILITY**

All benevolent financial transactions are to be properly documented and approved before issuing any funds. The Financial Administrator is to ensure that all expenses are properly approved, correctly coded, and ready for entry into the Church financial accounting system.

The Financial Administrator or designated staff member will be responsible for

purchasing pre-paid cards. The Financial Administrator will keep an inventory of cards on hand and cards issued. The Financial Administrator will perform a monthly reconciliation. In keeping with this policy, only two types of pre-paid cards should be kept in inventory: gas cards and grocery store cards. The maximum value per card must not exceed \$40 for gas cards and \$75 for grocery cards.

Cash should never be given except in extreme and extraordinary circumstances and then only with the prior written authorization of the Finance Committee, within Finance Committee authority.

A record of all Benevolence activity will be maintained by the Financial Administrator. A monthly report of all activity will be submitted by the Financial Administrator to the Elders and Finance Committee. The monthly report will include:

- A summary log of all activity both approved and denied
- A “Benevolence Assistance Request” fact sheet for all approved applicants
- A copy of the driver’s licenses for all approved applicants
- Any other pertinent documentation regarding an approved applicant

The Elders will receive a copy of the summary log on a monthly basis. The Finance Committee will receive a copy of the summary log on a quarterly basis.

## **OTHER MATTERS**

- Any request that requires approval of the Elders or Finance Committee, must include a clear written explanation of the need and proposed plan. The plan must include a dollar limit and definitive time frame. All approvals must be in writing.
- Any approved gift that requires issuance of a check will be processed in the ordinary check writing procedures for accounts payable, including timing of issuance.
- A benevolence event may involve multiple payments and/or extend over a protracted period of time; however, all individuals, both RCA and NCA, are eligible for assistance, up to approval limits.
- Application of this policy treats a recipient and his immediate family as one person. Multiple members of the same family cannot simultaneously, or within a three year period, receive multiple benefits unless otherwise approved in writing by the Finance Committee in the case of unusual or extraordinary needs.
- Designated gifts can be made to the Benevolence Fund, however, donors cannot specify, designate, direct, or otherwise restrict or control disbursements. All disbursements shall be made in accordance with provisions stated within this policy.
- Church employees and their immediate family members are not eligible to apply for Benevolence Fund consideration. Any employee assistance must be in keeping with established personnel policies and is beyond the ambit of the Benevolence Team and this Policy.

- Any deviations from the Benevolence Policy, regardless of size or scope, can only be approved by Finance Committee. Finance Committee is the final arbiter of any and all matters related to the Benevolence Policy.

## **Gifts**

The Financial Administrator shall monitor and use reasonable efforts to control the use of gift cards, including any type of pre-paid cards. These should generally only be used for non- employees in a benevolence manner subject to the benevolence fund guidelines. Gifts should not be used to reward or compensate any employees or volunteers of The Cross Church. Financial Administrator shall keep an inventory of all unissued gift cards and shall cause a record to be kept reflecting the grant of gift cards including the name of the recipient, the amount of the card and the reason for the gift.

Gift cards shall not be given to any individual or related family members in an amount in excess of \$350 either individually or in the cumulative aggregate without prior approval of the Elders or Finance Committee.

## **VIII. FIXED ASSET MANAGEMENT**

### **Definition**

Fixed assets are assets whose future economic benefit is probable to flow into the entity and whose cost can be measured reliably.

### **Capitalization Policy**

Any item purchased with a value of \$3,000 or greater including land, buildings, office equipment, music equipment, furniture and fixtures, automobiles, video equipment, audio equipment and leasehold improvements was considered a fixed asset. Cost is the cost of the item including taxes, shipping and installation.

Fixed assets are depreciated using the straight-line method over an estimated useful life of 5 years to 40 years.

### **Disposal of Fixed Assets**

Assets may be disposed of when they are no longer in use, not repairable or obsolete. Fixed assets may be donated to other churches or charitable organizations at the discretion of the Deacon with the approval of the Elders and/or Finance Committee. Otherwise, if the asset is still operational, said asset should be sold at the fair market value and the proceeds of the sale recorded as other income on The Cross Church income statement.

Prior to the disposal of any asset by any means, the Deacon should discuss said disposal

with and obtain approval from the Financial Administrator, and once disposed, notify the fixed asset custodian.

### **Recording Fixed Assets**

The following procedures are used to record a fixed asset.

The Cross Church will provide the Financial Administrator with asset purchase information and they will record fixed assets and create depreciation schedules.

## **IX. BUDGETING**

### **Budget Cycle**

Budgets for all departments of The Cross Church are based on a calendar year, which is the physical year of The Cross Church.

The Financial Administrator will send prior year information and budget forms to each Deacon in the month of October. Each Deacon is responsible for formulating a line item budget for their department and returning the request to the Financial Administrator by the end of November for review. The Financial Administrator in conjunction with the Elders will review all budget requests and formulate the master budget. In formulating the master budget, the Financial Administrator and Elders shall first consider any goals or guidelines for budget determination purposes as may be set by the Finance Committee, including, without limitation, overall parameters for personnel, benefits, mission and other specific ministry areas. Once the master budget is formulated, then the Financial Administrator shall submit the master budget together with any underlying assumptions or detail as necessary or requested to the Finance Committee for final review and approval. Once approved the master budget shall be submitted to Deacons and then to the Churchy body for final approval prior to January 31<sup>st</sup>. Approved department budgets will be returned to the department heads no later than February 10<sup>th</sup>.

The Financial Administrator shall endeavor to create a zero based budget analysis and process on at least a five (5) year cycle with an aim of have six months of funds in reserve.

The Financial Administrator and the Finance Committee are charged with both short and long-term financial planning and oversight. As a component of the budget process a five - year projected spending and budget forecast shall be maintained. Attention should be given to trends in membership, attendance and giving. Debt levels and debt structure should be reviewed on both a current and forward looking basis.

## **X. PAYROLL PROCESSING**

At the end of each pay period, an email is sent to each employee to prompt them to send in their time to the Financial Administrator. A report is then run to determine if there is any unapproved time. Once time is approved and all changes and new hires have been made, the Financial Administrator shall be responsible for processing the payroll in a proper manner. The Finance Committee shall periodically review the payroll inputs including direct deposits against the compensation data. To the extent that any checks are issued as part of the payroll process, the issuance of the checks shall be subject to the dual signatory requirement for checks as stated herein.

All payrolls shall be processed, paid and reported in a consistent manner and in accordance with all applicable state and federal governmental regulations and requirements. The Finance Committee shall independently verify the timely payment and deposit of all payroll related taxes and withholdings.

## **XI. YEAR END CLOSE AND AUDIT**

### **Fiscal Year Closing Procedures**

The fiscal year of The Cross Church runs from January through December and is on a modified cash basis.

The accounting department will attempt to have all invoices, check requests and any other payables for the year entered into the system and paid by December 31st.

### **Audit**

The Finance Committee must recommend the scope of an annual assessment of the financial statements each year. The annual assessment could be an internal audit conducted by laypersons of the church, hiring an outside CPA to do agreed upon procedures, or an independent financial audit conducted by a CPA. The Financial Administrator is responsible to supervise the conduct of the annual assessment and report back to the Finance Committee regarding any comments and recommendations.

Financial Administrator will be responsible for making available the necessary financial information to conduct the annual assessment.

The annual assessment results will be available on request to any congregation member.

## **XII. FINANCIAL REPORTING**

Financial Administrator shall cause a financial report to be prepared for and distributed to the Finance Committee for review on a regular basis. This report is used in the day to day management of The Cross Church as well as budget management. The Finance Committee may require additional materials to be included in the financial report as may be requested from time to time.

Reports included in the weekly financial report are:

- Weekly Giving
- Cash balances

Reports included in the monthly financial report are:

- Operating Statement and Balance Sheet
- Budget Variance report
- Monthly bank and other account reconciliations
- Checks Register
- Detail of ACH transactions
- Year to date General Ledger Detail
- Year to date Vendor Files
- Year to date Journal Entries
- Contract Updates
- Construction Project Expenses, if any
- Construction Project Updates, if any
- Hiring and Departure Updates

A monthly summary of the financial report shall be presented to the Finance Committee by the Finance Committee.

### **ANNUAL REPORTS**

The Annual Audit and approved budget is available to all Church members in good standing. Copies of the Audit and the approved budget are available at the Church office.