

FINANCE COMMITTEE
POLICY AND PROCEDURES MANUAL



208 W. Bandera Road
Boerne, Texas 78006

REVISION DATES:

June 9, 2019
January 17, 2022
June 20, 2022
November 21, 2022
December 19, 2022

CHANGE SHEET		
Date	Page(s)	Comments
6/20/2022	19-20	Inserted Section XVIII. Special Accounts
11/21/2022	5	Amended Section I. D. Finance Committee Composition
11/21/2022	14-15	Amended Section XV. Generation to Generation Fund Ministry
11/21/2022	16-18	Added Section XVI. Gift Acceptance Policy
11/21/2022	19	Added Section XVII. Stewardship
12/19/22	21	Amended Section XX. Annual Audit

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
I. FINANCE COMMITTEE RESPONSIBILITIES AND ORGANIZATION	4
II. BUDGET PREPARATION AND REPORTING	6
III. OPERATING FUNDS MANAGEMENT	7
IV. OFFERING PROCESS AND BANK DEPOSIT PROCEDURES	8
V. ADDITIONAL FUNDING ITEMS	8
VI. END OF YEAR (EOY) SURPLUS FUNDS	8
VII. CAPITAL FUNDS	8
VIII. MONITORING ACCOUNTS PAYABLE	9
IX. RECURRING PAYMENTS	9
X. PURCHASING AND EXPENSE VOUCHER	10
XI. EMPLOYEE CREDIT CARD PROCEDURE AND AGREEMENT	11
XII. CAPITALIZATION AND DEPRECIATION	12
XIII. FINANCIAL RECORDS	14
XIV. FINANCIAL INFORMATION DATA ENTRY	14
XV. GENERATION TO GENERATION FUND	14
XVI. GIFT ACCEPTANCE POLICY	16
XVII. STEWARDSHIP	19
XVIII. SPECIAL ACCOUNTS	19
XIX. PASTOR'S BENEVOLENCE FUND	20
XX. ANNUAL AUDIT	21
XXI. ADDITIONAL FINANCIAL POLICIES	22
XXII. APPENDIX	22
1. Financial Calendar (reference page 6)	23
2. Counting Procedures (reference page 8)	24
3. Copy of Current Audit (reference page 21)	27
4. Full Financial Review (reference page 21)	28

I. FINANCE COMMITTEE RESPONSIBILITIES and ORGANIZATION:

A. Mission Statement: Working under the supervision of the Session, the Finance Ministry shall assure that adequate financial resources are available to enable the church to fulfill its mission and approved programs.

B. Purpose: The purpose of the Finance Ministry and its associated Committee is to manage the resources and gifts in order to most effectively support the financial mission of St. Mark Presbyterian Church. The membership of the Committee shall consist of at least one elder, the church Treasurer, and other communing members of St. Mark Presbyterian Church.

C. The Finance Ministry is responsible for:

1. Managing / monitoring the financial status of the congregation.
2. Directing and advising the Session regarding the financial status of the congregation.
3. Collecting annual budget requests from all ministries.
4. Developing an annual budget and submitting it to Session for approval.
5. Evaluating major purchase / expense requests which lie outside the approved annual budget.
6. Submitting such requests to the Session with information about the impact on the church's financial situation, or providing impact information to the ministry team which will present the request to the Session.
7. Communicating regularly with ministry teams regarding the church's financial condition and any need for adjustments in revenue and expenditure projections.
8. Leading annual training sessions to inform church officers/ministry chairs as to budget preparation and budget handling details.
9. Submitting annual budget report to Session for preparation of Annual Congregational Report.
10. Sub-teams or task forces of the Finance Ministry include:
 - a. Congregational communications
 - b. Auditing
 - c. Stewardship
 - d. Generation to Generation (G2G) Fund
11. Provide financial stability by establishing and annually reviewing long-term financial needs.
12. Oversee the Permanent Endowment Fund, Generation to Generation Fund (G2G).
13. Work with all church ministries and committees relative to capital needs.
14. Prepare budget recommendations to Session working in conjunction with other committees.
15. Responsible for monthly Treasurer's reports to Session and annual records and reports as required.
16. Approve such special offerings as are desired during the year.
17. Count, record, and deposit all funds received and select people to count weekly offering.
18. Present a monthly report of activities and concerns to the Session.
19. Present an annual report to the congregation.
20. Maintain a permanent set of financial records to reflect all financial transactions, including both operating and special fund accounts. The Treasurer and the Finance Committee shall review the monthly financial reports and operating statements. The Treasurer and/or the

Finance Committee shall make a brief statement of interpretation concerning the financial reports to the Session at stated meetings and at other times as requested by the Session. The Treasurer, Financial Administrator, Pastor, Finance Committee, and Session shall receive the complete monthly financial reports.

In addition, the committee will assure that all offerings are distributed for the Christian purposes toward which they were contributed according to the Presbyterian Church USA *Book of Order* (G-3.0106; G-3.0113; G-3.0201c), and the Directory for Worship (W-5.5004; W-5.5005; W-7.5000).

D. Finance Committee Composition: The Committee shall consist of a minimum of five and a maximum of fifteen members who are charged to oversee the financial affairs of the congregation. The Session Elder responsible for the Finance Ministry is automatically a member and serves as chairperson; however, the Committee may select another member to serve as chairperson, with approval by the Session. The Treasurer of the Congregation, who is elected by the Session, is a voting member. The Treasurer is supervised by the Session with specific assignments directed by the Finance Committee. The Committee shall normally meet monthly but without pressing business may meet less often. The Finance Elder, as necessary, may call special meetings.

E. Treasurer Description and Responsibilities: The Treasurer shall be elected annually by the Session to: manage the financial activities of the congregation including income and revenue, expenses and disbursements, payroll, assets and investments. The Treasurer shall see that the following standards of financial procedure are observed:

1. Oversee and account for assets and liabilities, according to decisions of the Session, in a reasonable, ethical and legal manner.
2. Oversee records of all income, revenue, receipts, expenses, disbursements, assets and liabilities; especially documents related to loans, mortgages, investments and payroll taxes.
3. Work with the Session to establish spending priorities and overseeing internal controls to protect the assets of the church.
4. Assist the Session with financial planning, particularly preparation of the annual budget.
5. Conduct official business with the church's financial institution.
6. Keep adequate books and records to reflect all financial transactions, open to inspection by authorized church officers at reasonable times.
7. Attend Session meetings and provide a monthly financial report on operating funds, non-operating funds, and cash balances/investments.
8. In conjunction with the Finance Committee, provide a summary of financial reports for the bulletin and/or the newsletter.
9. In conjunction with the Finance Committee, provide a detailed financial report annually to the congregation. (Usually presented at the Annual Meeting.)

F. Financial Administrator Job Description and Responsibilities: The Financial Administrator is responsible for all St. Mark financial transactions. This non-ministerial, paid staff position answers directly to the Pastor, as Head of Staff, the Finance Committee Chair (Elder) and the Treasurer. Financial Administrator responsibilities include the following:

1. Works with the Finance Committee Chair and the Treasurer and have responsibility for all financial functions for the church, to include budget input, postings, reports, reconciliations, Accounts Receivable (Income), Accounts Payable (Expense), Church Credit Card account and payroll.
2. Assists the Church Treasurer and Finance Committee Chair in posting and maintaining the financial records of the church. Disposes of records as per the Records Retention schedule.
3. Prepares monthly and periodic reports as necessary.

4. Completes payment actions for contractors who are paid by the church office to include preparing necessary quarterly/annual forms which may require contract agreements, W-4, 1099, 941, etc.
5. Completes payroll actions for church employees paid through staffing agency and report payroll information to staffing agency to ensure employee is paid accurately and timely.
6. Receives records and deposits all funds taken into the church treasury.
7. Forwards information to the Treasurer and Finance Committee Chair for use in support of the mission and ministry of the congregation.
8. Supports Personnel Committee with processing of new hires, set up payroll and benefits.
9. Provides assistance to St. Mark members on finance questions with a friendly demeanor.
10. Coordinate and provide all requested financial records to an external auditor, or the appointed Audit Committee of Trustees, to conduct the annual church audit or full financial review.
11. Suggests new revenue sources and ways to reduce costs.

G. The Finance Committee Chair, in consultation with the Pastor and Treasurer, will conduct an annual review as directed by the Personnel Committee. Adequacy of performance will be judged by quality of work done, efficiency of a self-directed schedule for accomplishing tasks, meeting requirements of this position description and ability to respond graciously to requests from church members, ministries and vendors.

H. Treatment of Pledges and Contributions: Congregational members' pledges and contributions shall be strictly confidential. Only the Financial Administrator and the Treasurer shall have access to this information unless otherwise specifically authorized by the Session. At the end of each quarter year the Financial Administrator will provide a status report to those members who have pledged for the calendar year. Delivery will be by means of electronic transmission via email correspondence or as a hard copy. At the end of the calendar year, the Financial Administrator will also prepare a summary of giving for each church member during the course of the year. This summary will be delivered in a hard copy format mailed through U.S. Postal Service unless other arrangements have been established.

I. Method of Accounting: Effective with calendar year 2020, St. Mark will use the Accrual-Basis accounting method for maintaining its financial records and preparing its financial statements. The fiscal accounting period will be based on the calendar year, January - December.

J. Tax Treatment: St. Mark is recognized as a non-profit 501(c)(3) organization in the State of Texas and exempt from paying Federal or State taxes. It has been given a Federal Tax ID number (sometimes referred to as an Employee Identification Number) of 74-6183437.

K. Financial Calendar: The table in the **Appendix** identifies pertinent actions as they apply to the Finance Committee during the calendar year. The **Financial Calendar** will be reviewed and updated as needed.

II. BUDGET PREPARATION and REPORTING:

- A. St. Mark's fiscal year is from January 1st through December 31st.
- B. Each ministry will prepare a budget for the upcoming year. Each budget presented shall be broken down by accounting category and by month. Footnotes and detailed explanations of significant project or program expenditures should accompany the budgeted amounts.
- C. To start the preparation, utilize the current year budget and actual figures.
- D. Consider any plans to increase or reduce programs and changes in costs of materials, postage, paper, utilities, fuel, books and published material, printing services, registration fees, etc.
- E. If assistance is needed; contact the Session member representing Finance or the Chairperson of the Finance Committee.

- F. The Session member representing finance will collect the budgets from all ministries and forward them to the Finance Committee for review and consolidation.
- G. The Finance Committee will review all budgets submitted prior to consolidation. Dialogue with the ministry Session member may be necessary to resolve any questions.
- H. The Finance Committee will prepare a draft consolidated budget for distribution to the Session. Included with this budget will be a written report for each ministry indicating any deletions, changes or additions to any line items provided in the original request and the Finance Committee's rationale for the change.
- I. The Finance Committee will appoint a Stewardship sub-committee and conduct the annual pledge campaign for Consecration Sunday. The results of the commitment drive will be utilized by the Finance Committee to finalize the proposed budget for Session review and approval.
- J. Each ministry will have a month to evaluate the whole budget, their portion and the Finance Committee's recommendations. The budget will be discussed and presented for Session approval.
- K. The approved budget will be included in the Report to the Congregation and be presented for Congregational approval in January.
- L. The Committee will provide an annual year-end financial report to the Congregation.

III. OPERATING FUNDS MANAGEMENT:

- A. St. Mark will maintain one General Fund bank account as the deposit and checking account to cover all operating needs disbursements. Additionally, a reserve account may be utilized to handle periods where income exceeds expenses and funds can be invested to bear a reasonable return until such time as the funds are required for expenditure. The General Fund is maintained at a banking institution with a local branch in Boerne, Texas. The General Fund account number is maintained on file at the church finance office.
- B. See new [Section XVIII. Special Accounts](#) (Added 6/20/2022)
- C. The St. Mark Capital Fund and its corresponding account was established to fund capital and infrastructure improvements to the church. The Capital Fund was last utilized to manage monies allocated for the Family Life Center construction project and the concurrent renovation conducted in the church's existing facilities. As of the effective date of this Policy, the Capital Fund is only being utilized for a major facility upgrades.
- D. The Treasurer or other appointed member of the Finance Ministry will be responsible for the timely oversight of Memorial and Special gifts including:
 - 1. Notification of the proper person within the St. Mark program of availability of the funds.
 - 2. Prompt delivery of funds to any applicable outside agency.
 - 3. Determination if any funds are to be moved to and used by the General Fund
 - 4. Accurate record keeping of all receipts and disbursements.
- E. Contributions designated for the Endowment Fund are deposited in the General Fund account for pass-through to the Endowment Fund.
- F. Each member of the Finance Committee should have signature authorization on St. Mark financial accounts.
- G. Two authorized signatures are required on all withdrawals and disbursements of funds from any drawing or investment account.
- H. Following approval, disbursement and payables procedures outlined herein, any member of St. Mark will receive reimbursement for valid and approved expenses incurred on behalf of St. Mark.
- I. Contributions identified for other church organizations, such as the Early Learning Center, the Women of the Church, the Boy Scouts, etc., should be given to the Church Financial Administrator or the Church Secretary. They in turn will hold the monies and notify a responsible person for the organization.

IV. OFFERING PROCESSING and BANK DEPOSIT PROCEDURES:

- A. Offerings from each church service are placed into a bank deposit bag and the bag is dropped into the designated locked file cabinet located in the church office. All offerings and monies received at St. Mark will be counted, recorded and deposited by two members of the Finance Ministry or one Finance Ministry member and an active elder. The two counters shall not be related to each other unless approved by the Committee Chairperson. Contributions may be received in the form of checks, envelopes containing cash with the contributor's name recorded, special offering envelopes, and loose cash and currency.
- B. Instructions for Counting shall be available for the counters. A document entitled Counting Procedures is found in the **Appendix** section of this manual and provides details for this process.

V. ADDITIONAL FUNDING ITEMS:

- A. Requesting Non-Budgeted Expenses. If a new program or general expense is needed and not funded in the current budget the request should be provided to the Treasurer who will consult with the Finance Committee to review its funding impact and/or seek a funding source. As needed, a recommendation will be provided to the Session.
- B. Contract or Legal Obligation Signing Authority. The following individuals have the authority to sign contracts and other legal documents expressly delegated by the Session: Trustees or Treasurer, if so named by the Session.
- C. Contract Modifications or Change Orders. Any change to a contract, or contract change order, should be provided to the Treasurer who will consult with the Finance Committee to review its funding impact and/or seek a funding source. As needed, a recommendation will be provided to the Session.
- D. Staff Salary Modifications. A change to increase a salaried staff position due to a new hire, or significant change in position description, should be provided to the Treasurer who will consult with the Finance Committee to review its funding impact and/or seek a funding source. As needed, a recommendation will be provided to the Session.
- E. Contract Employees. Contract employees will sign and return their contract to the Financial Administrator before their services will commence. Contract employees will submit an Invoice to the Financial Administrator before payment will be rendered.

VI. END OF YEAR (EOY) SURPLUS FUNDS:

- A. After the current fiscal year's financial records are closed, the Finance Committee will review the General Fund cash balance against the annual budget to determine if there is a cash deficit or surplus.
- B. If there is a cash surplus, and there are no additional funding requests from the Elders, the Finance Committee will consider transferring the cash surplus to the Capital Fund account. An update will be provided to the Session.

VII. CAPITAL FUNDS:

- A. Capital Funds are set aside by the Finance Committee for the purpose of major purchase(s) or repair(s) of equipment, building, or property as listed, or to be listed, as fixed assets.
- B. Requests for the use of Capital Funds will be submitted to the Finance Committee for review. The Finance Committee may consider other funding options, and will make a recommendation for approval/disapproval to the requestor and Session.

VIII. MONITORING ACCOUNTS PAYABLE

- A.** Responsibilities of the Financial Administrator: Date stamp all statements/invoices when received
- B.** Categorize into recurring payments and non-recurring and place non-recurring in the holding file. Pay all recurring bills as soon as possible following the recurring payments guidelines. For non-recurring items, prepare a voucher and route to appropriate Session member for approval. Check the holding file daily for approved vouchers for non-recurring items and pay approved vouchers as soon as possible.
- C.** Upon receipt of an approved voucher, pay as soon as possible.
- D.** A file will be maintained on each vendor. Original or copies of invoices, signed vouchers when applicable, the remittance advice, copies of checks and any correspondence will be kept in the file. Payments to the vendor related to any ministry and the ELC will be maintained in the same file for ease of tracking and reference.

IX. RECURRING PAYMENTS

- A.** Certain obligations are preplanned, budgeted or recurring. Session has authorized payment of these obligations that fall within the guidelines listed below.
- B.** Utilities - Electric/Gas/Water. If the payment does not exceed the guideline amount by more than 25% it should be paid. Any bill exceeding the 25% barrier should be vouchered and presented to the Property ministry for approval. Increases in utility expenses may indicate rate or service increases, or possibilities of leaks or equipment not working efficiently.
- C.** Utilities - Phone/Internet Service. Telephone charges should be reviewed for extremely high long distance charges, numerous calls to the same phone number, or patterns of calls to the same phone number or at the same time of day, etc. Telephone and Internet charges should be paid immediately on receipt.
- D.** Child Care - The childcare workers will be paid at the most recent rate approved by the Personnel Committee.
- E.** Office Supplies - All standard office supplies and services can be ordered without prior approval. Examples are copy paper staples, pens, paper clips, print cartridges, commercial printing of letterhead stationary and envelopes. Other commercial printing must be pre- approved by the ministry making the request.
- F.** Equipment - Pay preplanned and budgeted equipment rentals
- G.** Postage - Payments within 25% of the estimated monthly amount should be paid.
- H.** Additional mailing by the various ministries should be preplanned and approved by the respective ministry.
- I.** Maintenance - Normal preplanned and budgeted maintenance, such as charges for copier and grounds maintenance. Repairs are to be considered separately, such as Air Conditioner maintenance. Property should be involved and make the repair decisions and authorizations.
- J.** Payroll - The Office Staff is contracted through and paid by a payroll company. The Financial Administrator per contracted amounts will pay the full-time employees. Exceptions should be reviewed and approved by personnel.
- K.** Janitorial supplies - Bills should be reviewed for correctness and reasonable usage amounts. This covers paper and cleaning products, trash can liners, brooms and mops, rags, etc.

X. PURCHASING AND EXPENSE VOUCHER

- 1.** Church resources are finite and not unlimited. Prevention of waste, fraud, and abuse is in the best interest of St. Mark Presbyterian Church, its members, and its employees. Expenses are vouchered to ensure the integrity of church financial records.

2. A church credit card is available on an “as needed” basis when the purchaser wishes not to use their own credit card and request reimbursement through the voucher process, as outlined in item 6, below.
3. Credit card(s) not in use shall be kept in the church safe. The Financial Administrator (FA) or Church Office Administrator (COA) can access the safe.
4. The FA or COA will be point of contact for the credit card, sign out log, and online use. When the card is needed for a purchase, contact either of the FA or COA to check the card out.
5. The church maintains an Amazon Prime account for purchasing. This helps to reduce the cost for all ministries especially when purchases can be made in advance. The FA has access to the account and can share the necessary credentials, as needed.
6. A signed expense voucher is required to authorize all purchases made by the church, regardless of how a purchase is made. If the cost is not exactly known, a Not More Than amount will be used and the exact amount entered when the receipt is presented at card check in. An email from the responsible Elder authorizing the purchase can be used in lieu of a signature on the voucher. In the case of online purchases, a receipt will be printed out and attached. Ordering from a vendor with an established church account (will bill church directly) is a preferred option.
 - a. Ministry Elders shall consult with Staff employees that may need to make purchase commitments applicable to that ministry and they will agree on an expense threshold that requires prior verbal or written concurrence by the Elder before the purchase order is placed. This value may be selected on a ministry-by-ministry basis to match the needs of that ministry Elder to manage their ministry budget while still allowing Staff employees to efficiently manage their work obligations. Once agreed upon, this procedure and value will be documented and provided to the Financial Administrator and Treasurer. The Elder will continue to approve these expenses made by Staff employees.
 - b. Require prior Elder approval for any unbudgeted purchase commitment applicable to that ministry, regardless of value.
7. Receipts should minimally include date, merchant, and amount spent. Exceptions can be made for unusual circumstances after review by the Treasurer. Charges submitted for reimbursement without a receipt will be the responsibility of the purchaser.
8. When the voucher is completed as above, it will be placed in the Elder’s box for signature or initials and then returned to the FA.
9. The FA will reconcile the credit card statement monthly and then have it signed by two members of the Finance Committee. Reconciliation will be completed NLT COB, second Monday of every month.
10. Employee credit cards will be administered according to the Employee Credit Card Policy and reconciled, as in item 6. Each employee being issued or using the church credit card will sign the *Employee Credit Card Procedure and Agreement* indicating that they have read and understood the terms.
11. When a fraudulent charge or financial transaction is suspected, the FA will immediately notify the Treasurer and then document the event. The FA will continue to monitor the impacted accounts until any charges have been removed and the church has been made whole again.
12. Under NO CIRCUMSTANCES shall any person write down the church credit card number, expiration date or CVV number. Any person found to be conducting church business or purchasing in this manner will have their credit card access privileges revoked immediately. The Finance Committee will be notified, and disciplinary actions will be recommended to Session.

XI. EMPLOYEE CREDIT CARD PROCEDURE AND AGREEMENT

1. Employees who routinely need a credit card for use in their ministry will be issued one in their name. The employee named on this card will not be financially responsible to the credit card

company. The name will be used for accounting purposes and employee financial accountability to the church.

2. Each card will be capped to a specific limit for each month based on its anticipated use. If the employee needs more credit for a particular time, they are to contact the Financial Administrator for the needed increase and provide documentation supporting the higher limit via email or in writing at least five (5) business days prior to the anticipated spend. Capped spending limits are imposed in case of loss and for abuse protection. Limits can/will be adjusted as needed to satisfy the needs of the ministry.
3. At the end of each billing cycle, the cardholder will submit receipts for each authorized purchase to the Financial Administrator. If this card is used online, be sure to print out a receipt. Charges made on the credit card without a receipt will be the responsibility of the card holder/employee. Receipts should minimally include date, merchant, and amount spent. Exceptions can be made for unusual circumstances after review by the Treasurer.
4. Documented abuse of the credit card will be cause for termination of employment at the recommendation of the Personnel Committee and with the Approval of Session.
5. Each employee being issued a credit card will sign this *Employee Credit Card Procedure and Agreement* indicating that they have read and understood the terms.

Name (Printed)

Date

Name (Signature)

XII. Capitalization and Depreciation

CAPITALIZATION FOR CAPITAL ASSETS:

A capital asset is a piece of property that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of the church system's activities.
3. The asset has a useful life of longer than one year.
4. The asset is of significant value.

The following significant values will be used for different classes of assets:

<u>Class of Capital Asset</u>	<u>Significant Value</u>
• Machinery and Equipment	\$2,000.00 or more
• Buildings & Building Improvements	\$2,000.00 or more
• Land Improvements	\$2,000.00 or more
• Land	Any amount

Capital assets may be acquired through donation, purchase or may be self-constructed. The asset value for donations will be the fair market value at the time of the donation. The asset value, when purchased, will be the initial cost plus the trade-in value of any old asset given up, plus all costs related to placing the asset into operation. The cost of self-constructed assets will include all costs of construction.

A. Land

1. Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.
2. Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.
3. When land is acquired with buildings erected thereon, total cost is allocated between the two in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources of the information may be used such as an expert appraisal or the real estate tax assessment records.
4. Land is not depreciable.

B. Land improvements

1. This category will include parking lots, outdoor lighting, covered walkways, fences, tennis courts, running tracks, and grandstands, etc.
2. Land improvements will be depreciated over their estimated useful lives.
3. Do not capitalize landscaping.

C. Buildings

1. Buildings will be recorded at either their acquisition cost or construction cost. If a building is acquired by purchase, the capitalized cost should include the purchase price and other incidental expenses at the time of acquisition.
2. If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project. For the first year, all the component units of the building, such as HVAC, plumbing system, sprinkler systems, elevators, etc. will be included in the capitalized cost of the building.

D. Building Additions

1. Building additions will be recorded at their construction cost.
2. Building additions will be capitalized separately and depreciated over their useful life.

E. Building Improvements

1. Component Units – (HVAC, plumbing systems, sprinkler systems, elevators, etc.)

When building component units are replaced, the new component unit will be capitalized separately, and the old component (subsequent to original construction) will be removed from the property report. However, if the original component unit was included in the original construction, it will not be removed since it was not a separately valued component. The new component unit will be depreciated over the remaining useful life of the building.

2. Major Renovations or Alterations

Any major renovations or alterations within an existing building will be added to the cost of the original building. These renovations/alterations will be depreciated over the remaining life of the building/structure.

F. Construction in Progress

This includes all projects for buildings or land improvements construction that are not completed at the end of the fiscal year.

G. Machinery & Equipment

1. Expenditures for machinery, equipment or furnishings costing \$2,000.00 or more per item and have an estimated life of more than one year will be capitalized.
2. Library books will not be capitalized.

DEPRECIATION:

The “straight line” method of depreciation will be utilized monthly to depreciate capital assets, except for land, over the estimated useful lives of the related assets principally as follows:

A. Buildings:

- | | |
|--------------------------|--------------------------------------|
| 1. Permanent Buildings | 25 to 30 years |
| 2. Building Additions | Remaining Useful Life up to 30 years |
| 3. Building Improvements | Remaining Useful Life up to 30 years |

B. Machinery & Equipment:

- | | |
|--|----------------|
| 1. Mobile Units/Classrooms | 5 to 7 years |
| 2. Vehicles (trucks, busses, vans, cars, etc.) | 5 to 7 years |
| 3. Kitchen Equipment | 5 to 7 years |
| 4. Computer Hardware | 3 to 5 years |
| 5. Outdoor Equipment | 5 to 7 years |
| 6. HVAC Equipment | 10 to 15 years |

C. Land Improvements

10 to 15 years

Depreciation will be calculated utilizing the “Half-Year convention.” Under this convention, an asset is treated as though it were placed in service or disposed of the first day of the seventh month of the fiscal year. One-half of a full year’s depreciation is allowed for the asset in its first year placed in service, regardless of when it was actually placed in service during that year.

DISPOSITION OF ASSETS:

When capital assets are sold or otherwise disposed of, the inventory of Capital Assets should be relieved of the cost of the asset and the associated accumulated depreciation. Assets will be removed on an annual basis in conjunction with the annual update. The appropriate depreciation will be taken for the year of disposal.

XIII. FINANCIAL RECORDS

- A. The Financial Administrator will maintain the financial records for St. Mark on the network server in the church administrative office utilizing the approved financial software provided. The utilized software provides for a Chart of Accounts that clearly shows various types of income by fund, pass through special offerings and gifts and expenses by Ministry.
- B. A hard copy of the Check Register produced from the financial program in use will be kept in a binder in the church office. This report will be updated each time new checks are produced. A hard copy report of all expenses compared to budget figures will be kept in a binder in the church office and will be updated weekly.
- C. An itemized report of expenses for each ministry will be available in hard copy in a binder in the church office.
- D. An itemized current month transaction report comparing expenses to budget for each ministry will be provided each Session member at each monthly meeting.
- E. Any Session member can request from the church office, an up-to-date expense report for their ministry.
- F. The Financial Administrator will reconcile all bank statements monthly.
- G. After reconciliation, bank statements will be reviewed by the Treasurer, initialed or signed, and filed in the church office.

XIV. FINANCIAL INFORMATION DATA ENTRY

- A. The pledge amounts of the members are recorded using the Church's financial software.
- B. Contributions from members and non-members are recorded using the Church's financial software. Information may be retrieved online as required and reports and quarterly statements are printed. The Treasurer is responsible for assuring the statements are prepared and mailed to the contributors.
- C. All recordings will be performed by the Financial Administrator.

XV. GENERATION TO GENERATION FUND MINISTRY

- A. **Mission:** To offer an extra dimension of stewardship to the congregation to make special gifts to the church. To actively encourage and invite gifts to the church through a system of education and support to prospective donors. Giving programs may be designed and promoted with the assistance of The Texas Presbyterian Foundation (TPF), a non-profit agency of the Presbyterian Church (USA) if determined necessary by the Session. No third party giving program should be engaged without the prior review and approval by the Session. Additional funds details regarding account identification numbers and balances are maintained by the Financial Administrator in the church office.
- B. **Investment Management Philosophy:** The Finance Committee shall recommend to the Session and the Session shall approve where and how the funds of the *Generation to Generation (G2G) Fund Ministry* are invested. Funds shall be invested in a reputable institution in a vehicle of moderate risk. The TPF Balanced Fund is one such vehicle that may be used. Any proposed changes in asset management guidelines must be approved by Session before implementation.
- C. **Administration:** The G2G Fund Ministry shall be administered by the Finance Committee through a G2G Fund Committee that shall be comprised of at least four and no more than six members and appointed by the Finance Committee. At least one member shall also serve on the Finance Committee. The G2G Fund Committee shall report and make recommendations to the Finance Committee. The Finance Committee will cause financial reports of the G2G Ministry to be presented to the Session at least quarterly. The G2G Fund Committee and the Finance Committee will perform their duties in an advisory capacity to the Session. The Session's duties

and accountabilities of financial oversight and administration for this Ministry will be carried out in accordance with the Book of Order, PC (USA).

- D. Gift Acceptance:** A separate *Gift Acceptance Policy* is contained in the Finance Committee Policy and Procedures Manual. It shall be used by the Gift Acceptance Team to review all gifts requiring examination and present acceptance recommendations to the Session for approval.
- E. Designation and Allocation of Unrestricted Gifts or Donations:** Any unrestricted gift or donation not specifically designated to the G2G Fund Ministry, or for another designated purpose or procurement of St. Mark or its ministries by the donor, may be directed to other church needs as determined by the Session.
- F. Operational Structure:**
1. The G2G Ministry will be set up into two separate funds:
 - a. Endowment – Unrestricted. Gifts that are not designated shall be initially deposited in this Fund. The Session shall determine how the principal and earnings from this fund shall be used.
 - b. Endowment – Restricted. The principal of the Endowment Fund will be invested in perpetuity. Only the income from the fund is to be expended as determined by the Session.
 2. It is intended that the income and/or principal accruing to the church from these funds will be used for needs specified and approved by Session.
- G. Church Consolidation, Merger or Dissolution:** If at any time the St. Mark Presbyterian Church of Boerne shall be lawfully merged or consolidated with any other Presbyterian Church (USA.), all of the provisions hereof in respect to this Ministry shall be deemed to have been made for and on behalf of such merged or consolidated church which shall be entitled to receive all of the benefits of the funds and shall be obligated to administer the same in all respects in accordance with the terms thereof. In the event of the dissolution of St. Mark Presbyterian Church of Boerne, or disassociation with Presbyterian Church (USA) the Session shall have the responsibility for determining the final disposition of all assets of the Ministry, that is in compliance with the Book of Order and all other policies and procedures of the Presbyterian Church (USA), and all applicable State and Federal laws.
- H. Amendments:** This Plan may be amended by a vote of the majority of the Session present. Amendments shall not affect the principal of any Restricted Funds without the prior consent of the donor(s).
- I. Suggested Methods of Giving:** It is recommended that the Session accept a variety of methods and financial instruments to allow the donor the greatest amount of flexibility in coordination with existing tax and financial planning as may be possible including gifts through wills, stocks, life insurance, trusts, life income plans (annuities or trusts), memorials or any other financial vehicles that may be appropriate to carry out the orderly gifting of properties or income consistent with the donors' needs and intents.
- J. Outside Advisors/Consultants:** The Session is encouraged to make effective use of available third party resources or professional financial assistance that is appropriate. These resources should include, but not be limited to, for example, The TPF and financial institutions. These resources can offer help in the management of assets, Trusteeships, promotional projects, etc. that are available.
- K. Procedure for Withdrawing Funds from the Ministry:** Requests for addition, withdrawal, or transfer of funds; or establish/remove fund accounts from the G2G Fund Ministry shall be in writing to the Finance Committee and authorized by the Session. All transactions with the financial institution(s) shall be in writing and with two authorized signatures from the G2G Fund Committee.

XVI. GIFT ACCEPTANCE POLICY

This policy under which St. Mark Presbyterian Church, (hereinafter known as “Church”), a not-for-profit entity and recognized by the IRS as an exempt organization, encourages the solicitation and acceptance of gifts to the Church for purposes that will help the Church to further and fulfill its mission. It is not possible to determine a policy to anticipate every donation that may be proposed. These criteria cover the more common situations and provide general guidelines.

A. General Principles

The Session may solicit current and deferred gifts from individuals, corporations, and foundations for the purpose of supporting the Church’s ministries, personnel, and providing for the maintenance of the physical facilities.

Opportunities are:

1. Church’s annual ministry budget
2. Capital campaigns
3. Mission offerings
4. Endowment Fund - Unrestricted
5. Endowment Fund - Restricted
6. Memorial gifts
7. Gifts for special purposes or projects approved by the Session.

B. Administration

1. A Gift Acceptance Team consisting of the Finance Ministry Elder, the Generation to Generation (G2G) Committee Chair, the Church Treasurer, and Pastor (ex-officio) will review all gifts that require examination and submit a recommendation to the Session for approval.
2. The Finance Committee will review and make recommendations to the Session that any bequest, gift or donation that is specifically to be allocated to the G2G Fund Ministry, or for another designated purpose or procurement of St. Mark or its ministries, is so used in accordance with the donor’s specification or designation, subject to the operational requirements below.
3. The Session may authorize the use of legal counsel in matters relating to the acceptance of gifts, when appropriate.
4. All gifts must be consistent with the Church’s vision and mission statements
5. The Church reserves the right to decline any gift that detracts from its purpose, goals, character, integrity, or independence. The Church will not accept gifts that violate its ethical, moral, or theological standards. The Church may refuse to accept gifts which could subject the Church to legal liability or unfavorable publicity.
6. The Church is unable to accept gifts restricted to individuals. According to the Internal Revenue Service tax code, gifts given for a specific person are not tax deductible and therefore cannot be included on the individual’s contribution statement from the Church. Therefore, in such instances the gift should be given directly to the individual and not through the Church.
7. Memorial gifts are subject to the same policy as other gifts. When possible the family of those memorialized will receive notification that a gift has been received. The Session may establish a memorial fund for memorial gifts that are not directed for a specific purpose.
8. Donors are encouraged to recognize that many years may pass until a gift is used and the circumstances of the Church may change. The Session will use the funds in the best interests of the Church according to the donor’s intent. The Session reserves the right to redirect the gift, with the concurrence of the donor or his/her legal agent, if the original intent ceases to exist or is unnecessary.
9. The Gift Acceptance Team will review IRS Publication 561, *Determining the Value of Donated Property* and IRS Publication 526, *Charitable Contributions*.
10. The Session will periodically reexamine this policy.

C. The Church's Commitment to Donors

1. The Church will honor the expressed intent of the donor to the fullest extent possible.
2. The Church will safeguard the donor's privacy and other confidential information.
3. The donor or his/her legal agent can approve or disapprove public acknowledgement.
4. The Church will follow all applicable laws relating to charitable giving.
5. In all cases, a donor may provide specific directions for the allocation and use of his or her gift. Every attempt will be made to comply with the donor's wishes subject to all applicable State and Federal laws, the church's existing policies and its commitment to further the work of Jesus Christ.
6. In the event that the donor's stated directions of allocation or potential use are not clear, clarification will be sought and documented as part of the decision process.
7. If there is a gift that is offered to the Ministry that the Session deems is not within the existing policies of the St. Mark Presbyterian Church and its commitment to further the work of Jesus Christ, and the Session is unable to convince the donor to bring the purpose of the gift within compliance of the purposes of the Ministry, the Session may decline the gift.

D. Types of Gifts and Contributions

1. The Church will accept all readily marketable contributions
 - a. Cash, checks, and money orders
 - b. Publicly traded securities (stocks & bonds) which will be sold as soon as practical
2. Other donations will be reviewed by the Gift Acceptance Team
 - a. Closely held securities and intangibles
 - b. Tangible personal property
 - c. Real estate, must be approved by the Session, and will be sold as soon as practical, unless determined otherwise by the Session
 - d. 401(k) and 403(b) retirement benefit plans and IRAs
 - e. Life insurance policies
 - f. Life income gifts such as Charitable Gift Annuities and Charitable Remainder Trusts
 - g. Wills and bequests
 - h. Oil, Gas, and Mineral Interests

E. Restricted/Designated Funds

The Church will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, policies and priorities. The Church will not accept gifts that are too restrictive in purpose (too difficult or costly to administer or value).

The Finance Committee and Session encourage gifts to be over and above budget gifts including but not limited to the following classifications:

1. Gifts to mission offerings. These gifts will be forwarded to the appropriate agency in a timely manner.
2. Gifts for special purposes. The Gift Acceptance Team will review those requests and make a recommendation to the Finance Committee and Session.
3. Gifts to ongoing ministries. The Church accepts designated funds for any budget line item. These special gifts will be in addition to and not to replace budget funds.

F. Church Resources

Donors may take advantage of a number of Church resources available to plan and facilitate their gifts. Donors may discuss the needs of the Church and its mission with the Pastor, the Finance Ministry Elder, or the Church Treasurer, as to how a Church member can help meet these goals.

**Addendum: Special Information Regarding Real Estate or Oil, Gas, and Mineral Interests
(Not policy but guidelines for the Gift Acceptance Team)**

1. Prior to gift acceptance, a representative of the Church must visually inspect the property unless, due to geographical location, the Church substitutes a local real estate representative to conduct the visual inspection.
2. The donor shall provide a written statement outlining the purpose of the gift and a full disclosure statement (of known defects, restrictions, covenants, liens, encumbrances, current expenses, or anything of concern).
3. Prior to gift acceptance, the donor must, in most instances, provide existing documents such as:
 - a. A qualified appraisal of the property to document the value of the gift (usually paid by the donor but the Church may bear some expense).
 - b. Real estate deed
 - c. Real estate tax bill
 - d. Plot plan
 - e. Substantiation of zoning status
 - f. Environmental survey
4. Depending on the value and marketability of the gift, the donor may be asked to pay for all or a portion of the following until liquidation:
 - a. Maintenance costs
 - b. Real estate taxes
 - c. Insurance
 - d. Real estate broker's commission and other costs of sale
 - e. Appraisal costs
5. Prior to acceptance of real property, the gift must be reviewed and recommended by the Trustees to the Session for approval. The Trustees will review IRS Publication 561, Determining the Value of Donated Property and IRS Publication 526, Charitable Contributions.
6. For the Church's gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. (Note: Charitable institutions can choose to exclude from the value of the gift costs for maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.)
7. The Church will provide Form 8283, Donee Information Return, to the donor and will file Form 8282 with the IRS in the event the property is sold within two years of the gift date.
8. The potential for difficulties in the acceptance of real estate as a gift to the Church should not keep the team from investigating potential gifts and fully exploring the potential gain for the Church in such a gift. The team is encouraged to solicit advice from a Church member who is active in the real estate business (either residential or commercial). A determination must be made regarding the environmental aspects through an environmental audit by a qualified environmental engineer and the value of the property, the potential for sale and all of those things that would affect the gift to the Church.
9. It is suggested that no gift of real estate be accepted which is subject to outstanding mortgages that the Church would have to pay, unless, of course, the value of the property far exceeds the outstanding balance of the mortgage and, again an expert opinion would be necessary when that decision is made. The Church would also need to be careful with accepting properties that are jointly owned with others and be sure that their needs coincide with the needs, aims and objectives of the Church in accepting the gift of real estate. There is also liability involved in the acceptance of real estate as far as insurance and zoning. These concerns must be thoroughly examined before accepting real estate.

XVII. STEWARDSHIP

Stewardship is taking care of something that belongs to another. Knowing that everything we own, and all we are or ever will become belongs to God, it is the responsibility of the Stewardship Committee to challenge the people of God with the privilege of responsible Christian stewardship of time, talents, and treasure.

- A. The Stewardship Committee, working under the supervision of the Finance Committee, shall take the lead role in organizing a year-round stewardship program for the congregation.
- B. The Stewardship Committee Chair, appointed by the Finance Committee, is responsible for recruiting the committee and establishing the congregation's financial stewardship program.
- C. A stewardship program is vital to the life of the congregation. The church is about enlisting and equipping disciples for the work to which we are called by Christ. Developing generous stewards also creates committed disciples.
- D. The Stewardship program will be a year-round effort to encourage each member of the congregation to intentionally commit their time, talent and treasure. At least quarterly stewardship articles will be prepared for the Happenings newsletter.
- E. The Stewardship program must be timed to provide Commitment Cards for Consecration Sunday, usually in late October, to enable the preparation of the upcoming fiscal year's operating budget to be approved by the Session.
- F. The Pastor, as the spiritual leader of the congregation, supports and encourages the whole congregation in its growth in stewardship commitment, including, very importantly, financial commitment. This is accomplished not only by working with the stewardship committee, but also by taking a strong leadership role before the congregation in all stewardship matters.
- G. The Stewardship Committee will also be familiar with the St. Mark Operating Manual, Section V. D-2 - Stewardship

XVIII. SPECIAL ACCOUNTS:

- A. A separate bank account (interest bearing or not) or the General Fund account (with separate income/expense accounts) may be utilized to deposit and disburse contributions designated as special gifts. It is the Session's and Finance Committee's responsibility to ensure that special gifts are promptly used in accordance with the donor's wishes. The Special Fund is also maintained at the same banking institution branch as the General Fund. The Special Fund account number is also maintained on file at the church finance office.
- B. **Spending Special Funds.** The Treasurer and Finance Elder will periodically remind the Session Elders to use their assigned Special Accounts to supplement their operating budget.
- C. **Memorial Gifts.** A single *Funeral Memorial Donations* account under Worship will be maintained as long as the donors reference the contribution as an "In Memory Of" (IMO) for a named individual. Usually IMO contributions do not state a purpose. The Worship Ministry determines the use of such donations, which are usually in support of worship or the sanctuary, e.g., hymnals, chalices, altar hangings, banners, candle sticks, etc. In case donations are annotated for another existing Special Account, they will be added to that account. If a Memorial Donation is requested for a specific purpose, and which account we do not have, the Finance Committee will ask the Session to review (does it meet our purpose and values?) and approve the new category.
- D. **Session Approvals.** If an existing Special Account needs to be reclassified, or its purpose changed, the Finance Committee will coordinate with the Ministry area and ask the Session to approve a name change and/or purpose. Likewise, the Finance Committee will ask the Session to review (does it meet our purpose and values?) and approve a new Special Account category prior to a deposit when a donor makes such a named contribution.

- E. Donations for Music Ministry.** If a contribution to the Music Ministry is not specifically annotated for Traditional or Contemporary Music Ministries, the Financial Administrator will contact the donor for verification. If there is no preference, then it shall be a 50/50 split.
- F. Fundraising and Appeals.** Ministry areas may request contributions from the Congregation for their existing Special Account(s) on an as needed basis (e.g., College Scholarships, VBS, Mission Trips, etc.). The Ministry area shall notify the Session, with as much notice as possible, to avoid multiple appeals at the same time. A new fund-raiser or appeal will need to be sponsored by a Ministry area, coordinated with the Finance Committee, and be approved by the Session prior to requesting contributions from the Congregation.

XIX. PASTOR'S BENEVOLENT FUND

A. Purpose:

To give guidelines for the management and use of Benevolent funds by the Pastor and provide information and guidance in the structure and use of a class of Special restricted funds.

To insure that funds donated by parishioners to the pastor are considered tax-deductible charitable contributions and that these funds are not to be considered as personal income to the pastor, the following statements and procedures are established:

B. General Policy Statements:

1. The Session shall be the governing board with full administrative control of these funds, to include their establishment, proper use, and dissolution.
2. The Financial Administrator is appointed to provide daily oversight, receive the monthly bank statements, and reconcile the account. Any concerns noted over the propriety of distributions during reconciliation will be reported to the Pastor and/or Finance Elder for resolution or correction.
3. Benevolent Funds disbursed by the pastor are only for specified charitable purposes to assist people in distress, the underprivileged, or projects that are consistent with the Church's established purposes.
 - a. The pastor is prohibited from making any distributions to themselves or their families for personal use or gain.
 - b. Likewise, the pastor shall not make any distribution to institutions or causes that are charitable in nature but also inure to the benefit of the pastor in some way.
 - c. To avoid potential confusion and criticism, the Pastor should inform the Finance Elder and/or Session when gifts from the benevolent funds are made about which there could be any question, particularly gifts to institutions as opposed to gifts to private individuals where pastoral sensitivity may well warrant confidentiality.

Benevolent funds are not intended to be used for types of expenditures that are routinely made from a Session's budget. Thus it would be inappropriate for the Pastor to use these funds on church maintenance, liturgical ministry, or vestments that are generally funded through the Session's budget.

C. Procedures:

1. The Finance Committee may authorize a benevolent account to be established at a banking institution in the name of St. Mark Presbyterian Church, and not in the name of the individual pastor. These funds are subject to audit and will be included in financial reports. Benevolent funds shall remain with the Church when the pastor departs.
2. The pastor will record in writing, with appropriate receipts attached, if any, the purpose of every check drawn on the account and all subsequent cash disbursements made where checks have been made to "cash" to enable such disbursements. However, cash disbursements are discouraged and

should only be made for small amounts or when there is an emergency and a check cannot meet the needs.

3. It is preferable that checks be written to a vendor, such as a utility or landlord, rather than to individuals requesting assistance. Arrangements may be made with local grocery stores, gas stations, etc., to enable persons to make purchases on account with prior approval of the pastor.
4. The pastor may be permitted to maintain confidentiality over expenditures made for the direct assistance of named individuals in a manner determined and jointly agreed to by the Finance Elder and Session.
5. The monthly bank statement will be mailed directly to the Financial Administrator who will verify all deposits and payments made into the account; review all checks to payees and their endorsements, as well as the purpose noted in the check register or supporting documentation; and reconcile the account into the financial accounting records. The Financial Administrator will then state in writing on the monthly statement that all verifications were made and file the bank statement with the other financial records of the Church.

XX. ANNUAL AUDIT

“A full financial review of all financial books and records shall be conducted every year by a public accountant or committee of members versed in accounting procedures. Reviewers should not be related to the treasurer(s).” (Book of Order, section G-3.0113 Finances)

A copy of the most recent audit will be presented to the Finance Committee for review and to the Session for acceptance. Copies will be made available to Church members as requested. A **Copy of the Most Recent Audit** will be included in the **Appendix** to this document.

An external audit of the Church financial records will be conducted annually by an independent certified public accountant (CPA) subsequent to the close of the fiscal year accounting cycle, which is currently a calendar year.

- A **full audit** will be conducted every three years for the purpose of examining and rendering (or disclaiming) an opinion upon the Church’s financial statements for compliance with Generally Accepted Accounting Principles (GAAP). In addition, the Church’s system of internal controls will be examined for any possible weaknesses.
- In each of the two years between the full audit an **audit review** will be conducted, which is a report on the credibility of the financial statements for compliance with GAAP. A review does not include an examination of the internal controls.

In the event an external audit is not conducted for a fiscal year for any reason, an Audit Committee shall be requested by the Finance Committee and established by Session to complete an internal audit for that fiscal year. In addition, Session retains the authority to establish an Audit Committee to review the work of the external auditor as presented in the external auditor’s report if desired.

If an Audit Committee is to be convened to conduct an internal audit of the church’s finances, the Committee will be comprised of one or more members of the Board of Trustees, and one or more members of the Finance Committee and/or Congregation. The Treasurer and Financial Administrator should be included to answer questions.

Comments regarding the presentation will be filed with the year’s financial records and made available to the Audit Committee in the following calendar year. The summary includes additional information that any Finance Committee member should be familiar with in the event his or her participation is deemed necessary.

Included in the **Appendix** is the **Full Financial Review** (FFR) procedural document to be utilized by the internal Audit Committee.

XXI. ADDITIONAL FINANCE POLICIES

As needed, the pages added and named to this section, contain policies or procedures and other items related to the regular conduct of financial affairs at St. Mark. These policies or procedures may be updated, amended and approved by the Session through the course of time and incorporated into these existing policies at its next revision.

XXII. APPENDIX

<u>SUBJECT</u>	<u>PAGE</u>
1. Financial Calendar (reference section I. K., page 6)	23.
2. Counting Procedures (reference section IV. B., page 8)	24.
3. Copy of Current Audit (reference section XX., page 21)	27.
4. Full Financial Review (reference section XX., page 21)	28.

1. FINANCIAL CALENDAR:

DAILY:	Financial Administrator (FA) conducts routine processing of bill payments, payroll and other financial duties.
WEEKLY:	
<i>Sundays and Holidays</i>	<ol style="list-style-type: none"> 1. Finance Committee members to count and log tithes and offerings after church services as outlined in the step-by-step process found elsewhere in this manual. 2. Funds are then deposited in the overnight deposit box at the church's financial institution. 3. Committee members to sign payment checks processed by FA during the previous week.
<i>Mondays</i>	<ol style="list-style-type: none"> 1. FA confirms church deposits, reconciles any discrepancies and posts to donor's accounts. 2. FA distributes and mails checks signed by the Finance Committee.
MONTHLY:	
Beginning of Month	FA prepares a summary of income and expenses from the prior month. The summary is reviewed by the FA and Treasurer for accuracy and any extraordinary budget items are noted. The Treasurer then presents the summary at the next Finance Committee and Session meetings.
Middle and End of Month	FA processes payroll for mid-month and end of month
End of Month	Finance Committee prepares a monthly budget snapshot to insert in one or more of the available church information formats (Happenings, bulletins, etc.)
<i>January</i>	<ol style="list-style-type: none"> 1. FA prepares and sends EOY Giving Statement to donors. 2. FA enters current year budget into software. 3. FA prepares ministry vouchers for Session Elders. 4. FA prepares and files Form 1099-MISC tax returns. 5. Finance Elder and Treasurer prepare Annual Report financial information
<i>April</i>	FA annual review with input from Finance Elder and Treasurer
<i>June</i>	Annual financial audit (external or internal) is conducted as determined by Committee and Session.
<i>August</i>	Finance Committee appoints a Stewardship sub-committee for the annual Stewardship drive and Consecration Sunday.
<i>September</i>	Finance Elder and Treasurer start the next year's budget process with guidance and financial reports to Session Elders.
<i>October</i>	Consecration Sunday – FA and Treasurer tabulate received pledges and report results/updates to Finance Committee and Session.
<i>November</i>	<ol style="list-style-type: none"> 1. Stewardship provides follow-up and reminders with members for new pledges 2. Session Elders continue to fine-tune the next year's budget based on projected revenues. 3. Elders for next calendar year are elected by the Congregation 4. FA sends pledge status to members with pledges as of Nov. 30th
<i>December</i>	<ol style="list-style-type: none"> 1. Finance Elder and Treasurer provide EOY giving options to members. 2. Session approves the next year's budget. 3. Pastor and Session appoint the Treasurer for the next year. 4. Pastor appoints the Elder to serve as Chair for Finance Committee. 5. Finance Elder or Treasurer participates in new Elder orientation-training.
QUARTERLY:	
<i>Mar. / Jun. / Sep. / Dec.</i>	<ol style="list-style-type: none"> 1. Quarterly budget checkup and analysis. 2. FA reports pledge status to giving members. Dec. 30th quarter represents annual report to giving members.

2. COUNTING PROCEDURES:

A. Open both the 2-drawer metal file cabinet and the Financial Administrator (FA) overhead cabinet at end of the counting table.

1. Obtain all required blank forms from the 2-drawer file cabinet and the General, Special, or Capital envelopes from the FA's overhead cabinet. Arrange in order at top of counting table.
2. Obtain the deposit account list from the FA's overhead cabinet for your reference (indicates where most contributions are to be posted – General, Special, or Capital funds)
3. Place Deposit Stamps, Deposit Slips, and blank #10 Envelopes with appropriate account forms.
4. Obtain zippered money bags from service(s).
5. Check drop-basket on FA's office door for any envelopes containing contributions received during the past week.
6. BOTH Work on only one Account/Fund at a time to avoid confusion. Recommend starting with General Fund.

B. Organize contributions and sort into categories.

1. Open the zippered money bag(s) and place contents on the counting table. Separate checks, loose cash/coins, and "My Offering" envelopes.
2. Open any SMPC "My Offering" envelopes to determine contents and purpose. Checks may be pulled and placed with other checks. If cash/coins, write the amount contained within on the front to the left of the name. Leave cash/coins in envelope at this time and place on top of the form for the respective Fund.
3. Checks: Once all checks have been accounted for, ONE person will look at each check to verify "\$ Amount" agrees with the written dollars & cents. ALL checks are to be reviewed by looking at the Memo and To sections of each check, then sorted by Fund as needed. Place all General Fund checks that are found on the counting table. Checks that are found for other funds (Special or Capital) will be placed on top of the form for the respective Fund that has been previously situated at the top of the counting table.
4. Loose Plate Cash: (this is cash from the zippered bag(s) that was placed in the offering plates for the General Fund which has **no** donor name associated with it): ONE person will arrange this currency and coin according to denomination.

C. General Fund Count:

1. Place the contents of the FA's General Fund envelope on the table with the contents of the money bag(s).
2. ONE person will count the loose cash/coins and record the number of each denomination present on the Plate form.
3. The other person will review and sort the General Fund checks by purpose (Pledged & Unpledged, or Other Income). Arrange checks with large business checks at the end of the pile for easier photocopying. Start with "Pledged & Unpledged" checks and complete by using the tape adding machine to add the checks and produce a tape record.
4. Arrange and sort other General Fund checks by activity, e.g., Facility Use, ACE, etc. If there are questions concerning where funds should be deposited, consult the account list mentioned above in A.2. Enter the check amounts by purpose on the General Fund form under "Other Income."
5. After the addition of the "Pledged & Unpledged" checks is completed and the tape is produced, the person completing the tape will hand the checks to the other person and begin verification. The amount of each check will be stated then checked off on the tape. If all is correct, the amount will be entered on the General Fund Form and the tape attached to it.
6. "Other Income" checks will be verified in a similar manner as above in C.5.
7. When cash/coins are sorted and posted on the Plate Form, the person sorting checks will recount the cash and verify that it has been properly entered on the Plate form. Either person will total the amounts on the form and BOTH will verify that the addition of all cash/coins is correct. BOTH will sign at the bottom of the Plate form. Enter this total onto the General Fund form, on the "Plate" line. Attach the Plate form to the General Fund form.
8. Stamp a blank #10 envelope with the General Fund endorsement stamp (in the center section of the envelope).

9. Place all loose plate cash/coin in the General Fund deposit envelope.
10. The person counting cash will now remove the cash/coins from the “My Offering” envelopes and place it on the table by denomination (be certain that the amount contained within the envelope is recorded on the front of the respective envelope), count the cash/coins, and record it by denomination and purpose on the General Fund form (either “Pledged & Unpledged Contributions” or “Other Income” lines. Use the tape adding machine to total the amounts entered on each envelope and save the tape.
11. The person adding checks will, when finished, recount the “My Offering” envelopes with cash/coins and compare the total to the tape and entries on the General Fund form. The cash/coins are then placed in General Fund Deposit Envelope. Attach its tape and “My Offering” envelopes to the General Fund form.
12. Endorse the checks with the General Fund stamp and then prepare for making copies.
13. ONE will photocopy all General Fund checks. Four normal sized checks to a page and large checks last.
14. After copies are completed, check each page to ensure all check images have been fully copied. (The FA will need this information to post contributions to the correct church member).
15. Place checks in the General Fund deposit envelope. Attach the photocopies to the General Fund form.
16. Ensure all data collected so far, is entered correctly on the General Fund form.
17. After confirming that all General Fund monies have been counted and entered, complete the General Fund form by adding all entries to arrive at deposit total. After second person confirms correct entries and totals, BOTH will sign the form.
18. Fill out the bank Deposit Slip, put original in deposit envelope and attach yellow copy to General Fund form.
19. BOTH people will verify that all monies and deposit slip have been placed into the General Fund deposit envelope then BOTH watch as it is sealed and taped.
20. Place completed General Fund forms in the FA’s In-Basket located in the overhead cabinet.
COUNT COMPLETE.

D. Special Fund Count:

1. This fund has many sub-accounts, to include memorials and pass-through, so be sure to use the deposit account list mentioned above in A.2. If you are unsure of a particular check or donation, leave it in the FA’s In-Basket with a note for the FA.
2. Proceed with the FA’s Special Fund envelope, checks, currency, and any “My Offering” envelopes containing checks, cash or coins (Reference above, B.2.)
3. Stamp a blank #10 envelope with the Special Fund endorsement stamp (in the center section of the envelope).
4. Arrange and sort the checks by activity for the Special Fund. Enter the amounts by purpose, e.g., John Doe Memorial Fund or Jane Smith Wedding, etc., under “Designated Donation & Special Gifts.”
5. Add the checks using the tape-adding machine. BOTH will verify the checks against the tape. Attach the tape to the Special Fund Form.
6. Endorse the checks with the Special Fund stamp and prepare for making copies.
7. ONE will photocopy all Special Fund checks. Four normal sized checks to a page and large checks last. After copies are completed, check each page to ensure all check images have been fully copied.
8. Place checks in the Special Fund deposit envelope. Attach the photocopies to the Special Fund form.
9. After any cash/coins are counted and verified by BOTH, enter the amount(s) of Currency or Coins by their purpose on the Special Fund form, under “Designated Donation & Special Gifts.”
10. Place cash/coins in the Special Fund deposit envelope as BOTH people watch.
11. After confirming that all Special Fund monies have been counted and entered, complete the Special Fund form by adding all entries to arrive at deposit total. After second person confirms the correct entries and totals, BOTH will sign the form.
12. Fill out the bank Deposit Slip, put original in deposit envelope and attach the yellow copy to Special Fund form.

13. BOTH people will verify that all monies and deposit slip have been placed into the Special Fund deposit envelope, then BOTH watch as it is sealed and taped.
14. Place completed Special Fund forms in the FA's In-Basket located in the overhead cabinet.
COUNT COMPLETE.

E. Building Fund (Capital) Count (if applicable):

1. This fund is generally comprised of just a few checks and rarely any cash. Memo entries on individual checks can be one of several, to include Building Fund, Capital Campaign, etc. If you have any questions, call the FA or leave a note with the questionable check. It will be deposited correctly the next week.
2. Proceed with the FA's Capital Fund envelope, checks, or currency.
3. Stamp a blank #10 envelope with the Capital Fund endorsement stamp (in the center section of the envelope).
4. Arrange and sort the checks by activity for the Capital Fund. Enter the amounts by purpose under "Designated Donation for Capital Project."
5. Add the checks using the tape-adding machine. BOTH will verify the checks against the tape. Attach the tape to the Capital Fund form.
6. Endorse the checks with the Capital Fund stamp and prepare for making copies.
7. ONE will photocopy the Capital Fund checks. After copies are completed, review to ensure all check images have been fully copied.
8. Place checks in the Capital Fund deposit envelope. Attach the photocopies to the Capital Fund form.
9. If there is any cash/coins, follow procedures as above in D.9. – D.10.
10. After confirming that all Capital Fund monies have been counted and entered, complete the Capital Fund form by adding all entries to arrive at deposit total. After second person confirms the correct entries and totals, BOTH will sign the form.
11. Fill out the bank Deposit Slip, put original in deposit envelope and attach the yellow copy to Capital Fund Form. Put original in Capital Fund deposit envelope.
12. BOTH people will verify that all monies and deposit slip have been placed into the Capital Fund deposit envelope, then BOTH watch as it is sealed and taped.
13. Place completed Capital Fund Form in the FA's In-Basket located in the overhead cabinet.
COUNT COMPLETE.

F. Check Signing:

1. Locate the Checks signature folder in the FA's In-Basket in the overhead cabinet. Authorizations for asset transfers between accounts and credit card account may be located in another folder. Please make a careful check. It is rare that there are no checks to be signed.
2. BOTH will review the authorizations to be sure they were approved by an Elder, then sign the attached checks. **NOTE:** Finance Committee members may not sign a check payable to themselves or a family member. In a similar manner, an Elder serving on the Committee who authorized a payment expense may not also sign the check.
3. Place completed signed checks in the FA's In-Basket in the overhead cabinet.

G. Count Complete Checklist:

1. Ensure all account deposit envelopes are sealed and properly annotated.
2. Ensure that all account forms are signed by BOTH people.
3. Ensure all account forms are in the FA's In-Basket located in the overhead cabinet.
4. Lock the FA's overhead cabinet.
5. Replace all unused forms, deposit slips and endorsement stamps in the 2-drawer file cabinet.
6. Lock the file cabinet.
7. Place keys in proper place.
8. Turn off adding machines and lights.
9. Deposit all envelopes in the Overnight Deposit Box at the banking institution used by the church.

3. COPY OF CURRENT AUDITS:

- a. An external Audit for calendar year **2020** was conducted by Erin Lecce, CPA. During this audit, she found we were using a Cash-Basis for accounting. After discussion, we agreed, with Session approval, to change to an Accrual-Basis for accounting. This change will account for Fixed Assets and its depreciation. It will also accrue prepaid expenses for a 12-month period from the date the expense was paid, and accrue employee's unused vacation days on December 31. A full copy of the 15-page **Audited Financial Statements as of December 31, 2020** is available upon request from the Financial Administrator, Treasurer, or Finance Elder. PDF copy is imbedded below:



St Mark 2020 Audit
Report - Financial Sta

Also available for review:

- 1) **Management Letter** dated October 18, 2021 (cover letter to Audit Report) - PDF is imbedded:



St Mark Audit -
Mgmt Ltr (Signed).pdf

- 2) **Representation Letter** dated October 18, 2021 (expectations for audit) - PDF is imbedded:



Representation
Letter.pdf

- b. An external audit Review for calendar year **2021** was conducted by Erin Lecce, CPA. A full copy of the 15-page **Audited Financial Statements as of December 31, 2021** is available upon request from the Financial Administrator, Treasurer, or Finance Elder. PDF copy is imbedded below:



St Mark 2021
Reviewed Financial Sta

Also available for review:

- 1) **Engagement Letter** dated May 10, 2022. PDF is imbedded:



Letter of Engagement
- 2021.pdf

- 2) **Representation Letter** dated August 8, 2022. PDF is imbedded:



SMPC 2021 Client
Representative Letter.

4. FULL FINANCIAL REVIEW (FFR):

A. Introduction:

The Book of Order, under section G-3.0113, calls for a full financial review of all financial books and records on a yearly basis, conducted by a public accountant or a committee of members versed in accounting procedures.

The Trustees and other church officers may form an Audit Committee to conduct the St. Mark Presbyterian Church Full Financial Review (FFR) on a yearly basis which provides an independent audit of all church finances for the previous year. The Audit Committee may use a template listing various steps that need to occur to accomplish a thorough assessment of compliance with church finance policies. The blank copy of the checklist is provided at the end of this report.

This FFR template provides instructions for reviewing the reconciliation history of bank accounts, verification of Treasurer's reports, review of deposits and verification of payment documentation. The FFR template also provides for the verification of internal controls and processes compliance throughout the year and that appropriate reports are made available to both the church Session and quarterly statements are provided to donors. Instructions for the review of payroll procedures including but not limited to withholding procedures, ministerial pay and appropriate payroll taxes are also included.

Sections of the FFR template also provide for the review of physical evidence pertaining to church finances including but not limited to: contents of the church safe, review of credit card log, storage of bank statements and canceled checks (for at least the three previous fiscal or calendar years), tax reporting records (for at least the seven previous fiscal or calendar years).

Lastly, the FFR template provides for the verification of real property sale, purchase, lease or mortgage, as it occurs, with proper authorization. Also a verification is required that adequate insurance policies are in place, up-to-date, and active.

A Certification of Completion is attested to by the Audit Committee after completing the FFR.

B. FFR Preparation:

Before conducting the FFR, ask the Finance Elder, church Treasurer, church Trustees and Financial Administrator to compile the following information and then attach it to the Review after its completion. This information gives a general view of the financial health of the church and acts as a starting point for the FFR. It must be emphasized that any financial information revealed during this review, that can be attributed to any member of St. Mark, is to be considered CONFIDENTIAL and closely held.

1. A "balance sheet" for all accounts and funds, showing the beginning balances, summary of receipts and disbursements by account or fund, and the closing balances of each.
2. An inventory of real assets and liabilities of the church corporation. This can be found on a flash drive in the church safe.
3. A copy of the approved budget for the year being audited.
4. The previous year's External Audit or FFR
5. A list of the last four numbers of all bank and investment accounts held by St. Mark
6. The Finance Elder will ask the members of Session if they have been receiving quarterly reports and sign a statement as to their response. This question will be asked in open Session so that replies will be noted in the minutes.
7. List of Elders by name and signature (to compare payment authorizations)
8. List of Finance members by name and signature (to compare deposits and check signing)
9. A copy of the current church insurance policy
10. Time Sheet Summary Report
11. A copy of the Terms of Call
12. Records Retention Schedule
13. Letter from the Property Elder or the Board of Trustees confirming adequate insurance in force for FFR item #15
14. Finance Committee Policy and Procedures Manual
15. A list of all church paid staff (employees and contractors)

St. Mark Presbyterian Church
Boerne, Texas
FULL FINANCIAL REVIEW
FOR YEAR ENDING: _____
CONDUCTED ON: _____

*The following walks you through a "Full Financial Review"(FFR); an initial by an Audit Committee member indicates that an item has been completed. Comments may be entered in the space between the numbered items, or added to a separate page as needed. Prior to starting the review, insure that all required documents are available for review. In addition to the Audit Committee, appointed by the Session, officers present at the review will be the Finance Elder, Treasurer and Financial Administrator, or their designated representatives. They will be available to retrieve documents and answer any questions. The Audit Committee should consider assigning individuals the responsibility for completion of separate items so as to speed up the review. **This review should take 2 or 3 hours to complete.***

_____ 1. Reconcile previous years' financial summary reports and ending bank statement balances to insure all financial accounts or instruments were reported in this year's reports. Check each account.

_____ 2. Verify the Treasurer's reported balances in all bank, investment and similar accounts with original statements investment reports and/or certificates of deposit, etc. Use the year-end report for this data.

_____ 3. Verify regular reconciliations of the checkbook/ledger/journal balances with the actual bank account balances. Compare reconciled balances to the balances reported to the finance committee, trustees, Session, and/or congregation (minimum sampling: three months).

Indicate months selected: _____; _____; _____.

_____ 4. From the documents box marked "Contributions and Deposits" (minimum sampling: 8 weeks) verify that:

- a. All monies were counted by two or more persons each week
- b. Offering counters' reports are signed and reconcile with the bank reported deposits for these dates. Indicate the eight weeks selected:

_____; _____; _____; _____; _____; _____; _____; _____.

_____ 5. Verify internal controls, processes, financial systems and supporting documentation proving that designated and/or restricted funds were recorded as such in the accounting records, reported as such to the individual donor, and if disbursed that the amounts received were allocated in full or in part for the designated or restricted purpose. Financial Administrator and/or Treasurer will be able to identify any gifts in this category and the Finance Policy & Procedures Manual will detail the handling of such gifts.

_____ 6. Verify internal controls over purchasing and accounts payable are documented and appropriate. (i.e., are purchases appropriately authorized and not by the individual(s) that processes payables.) Pick 3 months and check vendor files to determine if purchases were authorized.

Indicate months selected: _____; _____; _____.

_____ 7. Verify that payments were properly requested, authorized, documented and recorded. Verify that checks were written sequentially for a period of 2 months. Verify that invoices are paid in a timely manner and that checks are authorized by signature(s) or other form of approval separate from the

accounts payable processor and that the payee has properly endorsed the payments. Check 4 transactions in each of 3 separate months.

Indicate months selected: _____; _____; _____.

_____ 8. Review payroll procedures. Select 2 pay periods and examine 2 people each period. Financial Administrator will have the Terms of Call and wage information to compare with the SWBC Summary Report. Insure that names listed and receiving pay are in fact employees.

- a. Minister(s) is/are paid according to the terms of call voted by the congregation
- b. Other employees are paid approved amounts; withholding is done in accordance with federal and state requirements and all forms (e.g. 941's) are filed in a timely manner
- c. Appropriate W-2's and/or 1099's are prepared and distributed for employees and contractors, including ministers
- d. Deposits of payroll taxes were made and paid in a timely fashion

Indicate periods selected: _____; _____.

_____ 9. Review and verify the contents of the safe. Check that the Credit Card Log is being properly annotated.

_____ 10. Verify that vouchers, invoices, bank statements, giving records, and canceled checks from (at least) the three previous fiscal or calendar years are available for reference.

Indicate months selected: _____; _____; _____.

_____ 11. Verify that payroll records and tax reporting records are available for a minimum of seven years.

_____ 12. Review the adequacy of the permanent documentation for bequests, endowments, and larger gifts, including the donor restrictions. (Are the terms of the gift recorded in Session records, filed properly in the church office, etc.?)

_____ 13. Confirm that Endowment financial systems in use by the church allow for the separate reporting of unrestricted, designated, restricted, and/or permanently restricted balances. These assets are held by the Texas Presbyterian Foundation in the St. Mark Presbyterian Church Generation-to-Generation Fund. Procedures for the classification and reporting of these funds are contained in the Finance Committee Policy and Procedures Manual.

_____ 14. Verify that no real property (land) was sold, purchased, leased, or mortgaged without the proper prior approval by the Session. See Trustees for this information.

_____ 15. Verify that the church has sufficient insurance to cover liability issues, loss of property and sexual misconduct of employees and that the insurance policies are in force. A signed statement from the Property Elder or the Board of Trustees will be sufficient.

_____ 16. Using the Finance Elder's report from Session, verify that the Financial Administrator is providing quarterly giving reports to donors.

CERTIFICATION OF COMPLETION
FULL FINANCIAL REVIEW (FFR)
FOR YEAR ENDING _____
CONDUCTED ON _____

I certify that I participated in the FFR audit, that I agree with the results reported, that I am not related to the Treasurer or Treasurers, and that, in my judgment, the financial records appear to be an accurate presentation of the corporation's financial position. My signature below attests to this.

_____ Printed Name	_____ Signature	_____ Date
_____ Printed Name	_____ Signature	_____ Date
_____ Printed Name	_____ Signature	_____ Date
_____ Printed Name	_____ Signature	_____ Date