

Appendix E – Basic Local Church Financial Policies

The Manual of the Church of the Nazarene 2017-2021 provides financial direction for the local church and its subsidiaries.

129. Business. The business of the church board shall be:

129.21 To cause careful accounting to be kept of all money received and disbursed by the church, including any child-care/schools (birth through secondary) and Nazarene Missions International (NMI), Nazarene Youth International (NYI), Sunday School and Discipleship Ministries International (SDMI), and make report of the same at its regular monthly meetings and to the annual meeting of the church. (136.3–136.5)

129.22 To provide a committee, no fewer than two members of which shall count and account for all money received by the church.

129.23 To appoint an auditing committee or a committee of independent examiners, or such other qualified persons, that shall audit or examine, to at least the minimum standard required by national or state law if applicable, or other recognized professional standards, at least annually, the financial records of the treasurer of the church, the Nazarene Youth International (NYI), the Sunday School and Discipleship Ministries International (SDMI) Board, Nazarene childcare/schools (birth through secondary), and any other financial records of the church. The pastor shall have access to all records of the local church.

136. Church Treasurer. The duties of the treasurer of the church board are:

136.1 To receive all moneys not otherwise provided for, and disburse the same only on order of the church board. (129.21)

136.2 To make monthly remittances of all district funds to the district treasurer, and of all general funds to the general treasurer through the appropriate office, except as otherwise provided. (516.9)

136.3 To keep a correct book record of all funds received and disbursed. (129.21)

136.4 To present a detailed monthly financial report for distribution to the church board. (129.21)

136.5 To present an annual financial report to the annual church meeting. (113.9, 129.21)

136.6 To deliver to the church board the complete treasurer's records at such time as the treasurer shall cease to hold the office.

518. The pastor and members of his or her immediate family are prohibited from creating financial obligations, spending funds, counting moneys, or having unrestricted access to financial accounts of the church. The church board or church meeting may, by majority vote, request an exception from the District Advisory Board and district superintendent. If the district

superintendent and a majority of the District Advisory Board approve the exception, the district superintendent will provide written approval of the request to the church board secretary, who will record the action in the church records. Immediate family shall include spouse, children, siblings, or parents. (129.1, 129.21–129.22)

In addition to the Manual requirements, the following provides additional information to guide the local church in wise stewardship of the church's resources.

1. **Offering.** When an offering is collected in a public service, it shall immediately be placed in a designated, locked place by a minimum of two persons.
2. **Counting.** Weekly tithes and offerings shall be counted within 48 hours of their reception by a minimum of two counters who are not related biologically or by marriage and who have been approved by the church board. Counting shall always occur on church property. All checks shall be stamped as "Deposit Only". Counters' reports (signed counters' sheet, list of checks, copy of deposit slip) shall be distributed to the pastor, church treasurer and church giving secretary.
3. **Deposits.** Weekly bank deposits shall occur within 2 business days. Deposits shall be made by someone approved by the church board. Weekly cash receipts shall be deposited in full with no provision at any time for a 'cash back' deposit.
4. **Online Giving.** The online giving vendor shall directly deposit all gifts into the church's checking account. At a minimum of once per month, the treasurer shall download the giving report from the online giving vendor, reconcile it with the bank statement, and enter the receipts into the treasurer's books. The giving secretary shall also download the vendor's report monthly and enter the gifts in the record. The vendor's merchant fees shall be paid from a dedicated budget line item and not be deducted from the donations.
5. **Bank.** The selection of the bank and the type of account(s) shall be the decision of the church board. The opening and closing of bank accounts shall also be within the purview of the church board. All accounts opened by the church shall have a minimum of two authorized signers.
6. **Bank Statements.** It shall be the responsibility of the church treasurer to reconcile bank statements on a monthly basis.
7. **Online Financial Accounts.** Only those persons approved by the church board shall be given access to online accounts (bank, vendors, etc.) and their passwords. A minimum of two persons shall be given access to each online account.

8. **Check Generation.** Checks shall be generated by a person(s) designated by the church board.
9. **Check Signatures.** Persons authorized to sign church checks shall be the decision of the church board.
10. **Disbursements.** The church treasurer is authorized to make routine, repetitive disbursements (salaries, utilities, debt service payments, etc.) within budgetary limits. Upon receiving a requisition from the appropriate staff member, department head or committee chair, the treasurer is also authorized to make other disbursements within budgetary limits. All other disbursements or disbursements above \$XXX.XX must be authorized by action of the church board
11. **Credit Cards.** Corporate credit cards shall be issued to staff members or volunteers in the church's name when appropriate. Staff members or volunteers are expected to restrict the usage of these cards to church related expenditures. Each card should have a credit limit that is the maximum necessary for the person to function in their area of ministry as determined by the church board/finance committee. The church treasurer shall pay the total balance of each card by the due date. In order to facilitate timely payment and avoid finance charges, each staff member or volunteer responsible for such credit card should identify charges as to ministry area, attach supporting documents, and forward the monthly statement and receipts to the church treasurer as soon as possible after receiving such. The church board/Finance Committee shall maintain a list of approved Credit Cards and the responsible/authorized users of such card.
12. **Petty Cash.** Petty cash shall be in the amount of \$XXX.XX and shall be kept securely locked in the church office at all times. Monthly the treasurer shall reconcile receipts (all of which shall have appropriate account numbers noted on them) and current cash. After this reconciliation, cash shall be brought back to \$XXX.XX.
13. **Check Requests.** All check requests must be signed by the person requesting the check and by a pastor or the Finance Committee chair. For appropriate reimbursements, all pastors shall submit a check request form which shall be signed by the Finance Committee chair.
14. **Cash Advances.** Any checks payable to 'cash' (for example as an advance on legitimate church-related expenses) must be documented with a signed receipt from the person receiving the cash, notating the purpose for the advance. This shall be followed with applicable receipts and reimbursement request documentation once the cash is spent for its appropriate purpose.
15. **Payroll.** All pastoral and support staff members shall be issued payroll checks every Friday. Provision should be made for alternative payment schedules...i.e. bi-weekly or monthly, etc.

16. **Retirement Account Contributions.** Retirement payments made to Fidelity on behalf of pastors or pastoral staff shall be paid by the 15th of each month.
17. **Denominational Allocations.** All denominational allocations (WEF, District) shall be paid monthly.
18. **Taxes.** It shall be the responsibility of the church treasurer to submit quarterly payroll tax reports to the IRS (941) and state taxation authority. It shall also be the duty of the treasurer to remit local property taxes in a timely manner where appropriate.
19. **Treasurer's Report (Church Financial Statements).** The church treasurer shall distribute to the pastor and all church board members a current report of all receipts, disbursements and balances at or before the monthly church board meeting. This report shall reflect the annual budget per line item vs. the actual receipts/disbursements per line item. This report may be distributed electronically, in print or both.
20. **Giving Records.** Accurate giving records shall be maintained by the church giving secretary in a timely fashion. This person shall be appointed by the church board.
21. **Annual Giving Statements.** The church giving secretary shall prepare and distribute the annual giving statements by January 31. Per IRS publication 1771, the annual giving statement must include a statement that "no goods or services were provided by the church in return for the contribution". The pastor may review these statements at his/her discretion. (*Manual* 129.23).
22. **Designated Giving.** All monies given by a donor for a specific cause or purpose shall be carefully reserved for that cause or purpose and not used for any other cause or purpose without the consent of the donor. Detail of designated funds should be reflected on the Balance Sheet and carefully reserved for that purpose. Detail of designated funds should be reflected on the Balance Sheet and carefully reserved for that purpose.
23. **Gifts of Stocks/Mutual Funds.** Gifts of stocks/mutual funds shall be converted into cash immediately through the church's designated financial services company. The donor shall be given a receipt which specifies the following: date of gift, name of company/fund, total number of shares. No monetary value shall be placed on the receipt.
24. **Non-cash Gifts.** The acceptance of all non-cash gifts shall be at the discretion of the church board. The donor shall be given a receipt which specifies the following: date of gift, description of the gift, condition of the gift. No monetary value shall be placed on the receipt.

25. **Annual Review of Church Financial Statements.** The church board shall make provision for the church financial statements (treasurer's books) to be audited/reviewed/examined by an external accountant or firm or by an internal committee appointed by the church board. Special attention shall be given to *Manual* 129.23.
26. **Record Retention.** All church financial records (church financial statements, invoices, requisitions, annual review reports, etc.) shall be kept in a designated place within the church building for ten years or per government regulatory requirements, whichever is greater.
27. **Deposit Check Retention.** The church shall be in compliance with their local bank policies/procedures.
28. **Insurance Review.** The church board shall make provision for the church property and liability insurance policy(s) to reviewed annually. Diligent consideration shall always be given to full replacement costs for structures, contents, and any changes required in rebuilding due to federal, state, and local building code updates.
29. **Renting/Leasing of Church Facilities.** The church should adopt a Facility Use policy approved by the church board. Approval of the renting/leasing of the church facilities shall be within the authority of the church board. All renting/leasing organizations shall submit proof of appropriate liability insurance.
30. **Budget.** A comprehensive, balanced church budget shall be prepared annually by the church board or by a committee appointed by the church board. The church board shall approve the final budget.

