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Budget and Finance Committee Policies and Procedures Calvary Baptist Church As of November 17, 2013

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I. CONSTITUTION AND BY-LAWS REQUIREMENTS:

The Finance Committee shall be composed of a chairman and at least five members and shall include the church treasurer. The pastor shall be an ex-officio member of the Budget and Finance Committee. This Committee shall elect their own chairman annually, and shall meet as needed to consider the financial condition of the church and make reports and recommendations.

1. This Committee shall prepare and present a church budget to the deacons for their review prior to the end of the church year, and before presentation to the church for approval. See Budget Process (page 10).
2. This Committee shall make recommendations to the deacons and the church on any items not covered by the budget. Upon adoption of the budget, it becomes the duty of this Committee, together with such others as may be needed, to promote systematic giving to underwrite the budget and seek to insure that all money is used as directed by the church.

II. MEETINGS AND DUTIES:

1. The Budget and Finance Committee shall meet on a regular basis (generally at least once each month) to examine the financial standing of the church and to carry out any other needed business. See Schedule of Monthly Duties (Page 12).
2. The chair of the Budget and Finance Committee shall maintain regular contact with the Administrative Assistant, the Pastor, the church staff, the Deacon chair, the Church Treasurer, and the chairs of other church organizations as needed, in order to carry out the Committee's duties outlined in the Constitution and to foster good communication within the church.
3. The Budget and Finance Committee will keep the church informed through each edition of the church newsletter, and more completely during church business meetings, of the current financial standing of the church.
4. The Budget and Finance Committee shall have the authority to authorize purchase orders. The Administrative Assistant is to maintain control of purchase orders, purchase order log and the sequencing of purchase orders along with invoices. The Administrative Assistant shall ensure that all POs authorized for payment are finalized and paid in a timely basis which should not exceed 60 days and at no time extend beyond the fiscal church year authorized.
5. The outside accountant is to have a complete financial report ready before the Budget and Finance Committee meeting each month. This is to include the status of the general fund, income to designated funds, and a current statement of amounts spent in each budgeted category.

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III. CHURCH FUNDS:

A. General Fund:

1. This fund is to pay the general expenses, salaries, missions and general maintenance of the Church in accordance with the annual budget passed by the church.

B. Designated Funds

1. This fund is comprised of contributions and special fund raising designated for specific purposes and may only be used for those purposes.

C. Debt Reduction/Contingency Fund:

1. Debt retirement expenses on real estate are to come from the Debt Reduction/Contingency Fund.
2. No funds are to come out of Debt Reduction/Contingency Fund for the operating budget of the church unless approved by the church body. Only expenditures for major repairs (capital expenses) other than debt retirement payments are to come from this fund and requests are to be brought to the Budget and Finance Committee and presented to the church for approval.
3. Money donated each year above the budgeted requirements of the Debt Reduction/Contingency Fund is to be maintained in the Debt Reduction/Contingency Account for the future purchase of capital expenses or to reduce debt as determined by the Budget and Finance Committee.

D. Transportation Fund:

1. Money donated to the transportation fund is to be used exclusively for the fuel and maintenance of the church vehicles and to designate money to replace vehicles. Any change in this must be approved by the church body.
2. When the church votes to purchase a new vehicle, the money for this may be provided through the transportation fund if the church so chooses.
3. For round trips of over 150 miles, church members/organizations (except children, youth and senior adults) are expected to provide the expenses for the fuel needed when they use the church vehicles. Organizations are to budget for transportation needs when they submit their budget requirements during the summer budget preparation period.
4. Money donated each year above the budgeted requirements of the Transportation Fund is to be maintained in the Transportation Account for the future purchase of vehicles as determined by the church.

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E. Endowment Funds:

1. The purpose of this fund is to create a Fund that will pay for the upkeep of the real estate so that weekly tithes and offerings of the membership may be used solely to further God's purpose through the mission, programs, and operating expense of Calvary Baptist Church.
2. All money donated or bequeathed to the Endowment Fund is to be permanently invested in Money Market Funds or an investment account managed by a bank or a brokerage firm under the supervision of the Budget and Finance Committee. The Budget and Finance Committee shall make recommendations for the specific investment to the congregation to be approved at a duly called business meeting.
3. Net Income earned shall be used to pay for custodial supplies, property insurance, utilities (water, sewer, electricity, fuel oil, waste management and pest control) and building repairs and maintenance. This fund may not be expended for capital improvements, equipment, or furniture. No expenditure shall be made from this fund unless the accumulated income and principal exceeds \$100,000.00.
4. Net Income earned is defined as interest and dividends (including short-term capital gains reported as dividends in accordance with IRS guidelines) received less management fees paid. All other short-term and long-term capital gains and return of capital shall be reinvested and will increase the principal in the Endowment Fund.
5. This definition and use of the Endowment Fund may only be changed by the affirmative vote by secret ballot of 80% of the active membership of Calvary Baptist Church present during a regular Sunday morning worship service. A minimum of two weeks notice to the membership is required before the vote.

F. General Rules Governing Funds of the Church:

1. There should be no transferring of money from one fund to another without the approval of the Budget and Finance Committee and/or the church.
2. No separate accounts are to be kept for any purpose without prior approval of the Budget and Finance Committee or of the church. All financial transactions involving Calvary Baptist Church are to go through the normal bookkeeping and reporting procedures.
3. No financial activities which would jeopardize the tax exempt status of this church will be permitted. All financial activities are to be in line with federal, state and local laws.
4. Church financial records are not to be removed from the church office, except in cases approved by the Budget and Finance Committee (auditing purposes, consultation with accountants, etc.) or as required by the law.

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5. It shall be the duty of the Budget and Finance Committee to secure the financing for any project approved by the church upon recommendation of the Board of Directors, limited to title entities.

IV. GIFTS TO THE CHURCH:

1. . At least two financial secretaries elected annually receive offerings, verify contents of individual envelopes, count money, prepare deposit slips for the designated church accounts, deposit funds, and remit verified deposit slips to the Administrative Assistant who will keep a record of the receipts from the offerings.
2. The Administrative Assistant will provide an end-of-year Contributions Statement to each person who contributed to the ministry of the church by January 31 each year.
3. All undesignated memorial gifts are to go to the Endowment Fund. A record of memorial gifts shall be maintained as determined by the Budget and Finance Committee. The record shall show the name of the person being honored or remembered, the name of the person making the gift, and the date of the gift.
4. The anniversary offering is to be designated by the Budget and Finance Committee each year. The Budget and Finance Committee shall consult with the Deacon Body concerning the object of the anniversary offering.
5. Any special offering is to be counted and deposited and a check written to the organization/person designated to receive such offering. No cash is to be given to any person/organization (e.g., love offerings).
6. If designated gifts are received for a particular church project and the church is unable to carry out the project or there are surplus funds, unused gifts designated for that project are to be transferred to the general fund or returned to the donor, if requested.
7. Undesignated bequests to the church will be maintained in the Endowment Fund.

V. SALARIES/TRAVEL:

1. The Budget and Finance Committee shall receive, by the end of July each year, recommendations from the Personnel Committee as to compensation for all church staff (excluding the pastor) for the coming year. The Budget and Finance Committee shall meet with the Personnel Committee, or its representatives, to discuss staff compensation and reasons for proposed increases by the end of July each year. The Committee may accept, review or change these recommendations based on the financial realities, the philosophy and the policies of the church.
2. The Budget and Finance Committee shall determine the salary of the Pastor based on the financial realities, the philosophy and the policies of the church.

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3. The Budget and Finance Committee, together with the Personnel Committee, will determine the schedule for payment of compensation to the church staff and pastor. (Currently this will be at the end of each month except for hourly employees who will be paid at the end of each week.) It is expected that no schedule of payment change will be permitted without a formal written request presented to the Finance Committee and Personnel Committee for approval. Any request for change is expected to be an extreme emergency situation.
4. Any person employed by Calvary Baptist Church will be paid his/her due compensation directly.
5. Salary considerations shall be addressed once a year during the budget process only. A change in staff or staff responsibilities should be the only exceptions to this.
6. Insurance plans and social security coverage for the pastor and church staff as proposed by the Personnel Committee must meet the approval of the Budget and Finance Committee.
7. The Budget and Finance Committee will be responsible for providing for Christmas gifts for the church staff as provided for in the church budget. The gift may not be cash or gift certificates unless the required deductions are made.
8. All persons receiving compensation for services shall receive the appropriate tax forms at year's end in accordance with IRS regulations.
9. Church staff that are to receive budgeted travel expense reimbursement shall be paid monthly at the current standard IRS mileage rate and are required to turn in their reports for travel reimbursement at the beginning of the following month, with a 30 day grace period. Staff will only be reimbursed for meal costs with extended travel outside of normal daily activities. Examples include attending a convention, taking a revival minister out to lunch or attending a workshop.
10. In the pastor's absence, it is expected that if possible, the youth pastor, Minister of Music, or another church member will preside over church activities with no additional compensation. In the event this is not possible, a lay minister may be necessary. The lay minister will be paid a sum not to exceed \$75.00 per sermon. Substitutes for the organist, pianist and the minister of music will be paid a sum not to exceed \$50 per service.

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VI. PURCHASE ORDERS :

1. Disbursement of money will be made after the approval of a purchase order or an invoice by the Budget and Finance Committee. Any unauthorized expenditure shall be the responsibility of the purchaser.
2. Purchase orders will not be needed for recurring expenditures such as utilities, salary checks, payroll liabilities, copier costs, telephone and internet costs, insurance and mission expenses (this list is not all inclusive). These expenditures can be paid by invoice.
3. Any purchase over \$200 must have a purchase order.
4. Purchase orders should be kept in a secure location in the church office and are to be issued only by the Administrative Assistant or a member of the Budget and Finance Committee. Purchase orders are to be tracked by number, and a record should be kept of persons to whom purchase orders are issued.
5. Filling out a purchase order is the responsibility of the person requesting the purchase, not the responsibility of the Administrative Assistant, the Treasurer, or Budget and Finance Committee.
6. The Administrative Assistant will be responsible for having a filing system for purchase orders as well as matching purchase orders to invoices to be paid.
7. Purchase orders should be completed as much as possible prior to making the purchase. All purchase orders should have the vendor name, current date, person making the request, reason for the order and/or budget item or account to be charged to, items being purchased and prices, if known. The person completing purchase order should provide amount of the purchase or a reasonable estimate. In the event pricing by any means is not possible, notation should be given to this effect and pricing should be added as soon as known by the person requesting the funds.
8. A purchase under \$200 that is to be paid by an invoice and not a purchase order must have the following information attached: line item from which money is to be taken, person making the purchase, reason for the purchase and the date.
9. Each church organization which is funded through the church budget should keep up with its own expenses and the amount of budgeted money still available for purchases. Expenditures in excess of budget need the prior approval of the Budget and Finance Committee.
10. A member of the Budget and Finance Committee or the treasurer will sign purchase orders/invoices weekly making sure that they have the correct budget code and that the amount of the check does not exceed the purchase order/invoice.

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VII. PETTY CASH:

1. A petty cash account of \$50.00 is to be maintained by the Administrative Assistant. The Administrative Assistant is to keep a record of expenditures and present this record to the Budget and Finance Committee chairperson when the fund needs to be replenished. The fund may only be used by the Administrative Assistant, Pastor, Assistant pastor, or custodian for small ordinary operating expenses of the church, such as custodial supplies, postage, and office supplies. (established October, 2002, revised March, 2008)

VIII. CREDIT CARDS:

1. Credit cards shall be in the possession of the office staff. Others can check out a credit card from the Administrative Assistant as needed for approved purchases. It is the Administrative Assistant's responsibility to monitor and follow up with whoever has possession of the credit card(s). The log should include the purpose, date, and name.
2. Credit card purchases must be approved through a purchase order or an approved invoice. Credit cards should never be used for purchases under \$25.00 unless it is an emergency situation.
3. All credit card bills will be reviewed by the Administrative Assistant and problems brought to the attention of the Budget and Finance Committee. This committee will review credit card expenditures as needed.
4. Gas credit card purchases must be accompanied by a purchase order/invoice which designates the line item in the budget which is to fund the purchase.

IX. PAYMENT OF BILLS:

1. Bills should be paid by invoice when possible, not by statement. This will provide for a more timely payment of bills.
2. All bills should be paid by check. All checks shall be signed by two of the authorized signors. The Treasurer, the Administrative Assistant and three members of the Budget and Finance Committee are authorized to sign checks.
3. All mission donations are paid regularly on a schedule set by the Budget and Finance Committee.

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X. BENEVOLENCE:

1. The church will not give cash assistance (motel, utilities, medical, etc.) to anyone outside the church family from church funds. All requests are to be referred to the Yokefellow Ministry as long as the church supports that ministry.
2. Benevolence money included in local mission expenditures is reserved to assist members of Calvary Baptist Church only. The pastor, with input from others as needed, has discretion over this money and may preserve the confidentiality of the donations if necessary. In the absence of a pastor, the Deacon Chair with concurrence of a member of the Budget and Finance Committee shall have discretion over the use of these funds.
3. Benevolence money paid to assist members of Calvary must be documented. A form must be kept yearly by the Administrative Assistant indicating the amounts paid, the date and the person (usually the Pastor) who authorized the payment. This form does not have to include the name of the person receiving the assistance. The purpose of this is to provide control and documentation of amounts paid out.
4. The special offering taken at the Lord's Supper services is to go to benevolence.

XI. OFFICE EQUIPMENT REPLACEMENT AND LEASING:

1. The Administrative Assistant has the primary responsibility for researching options on the replacement of office equipment through purchase or lease agreement with input from the rest of the paid staff. Items costing less than \$200 may be approved by the Budget and Finance committee.
2. Recommendations for the replacement of equipment shall be presented to the Board of Directors and the Budget and Finance Committee. Such recommendation shall include the need and cost of such replacement, and document the research performed to come to the recommendation of the replacement.

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APPENDIX A
BUDGET PROCESS

1. The Budget and Finance Committee should begin making preparations for the upcoming church budget no later than the beginning of June each year. Such preparations should include announcements in the church newsletter informing members of the congregation and church organizations of deadlines, and meeting times with the Budget and Finance Committee. Letters requesting budget requests shall be sent to appropriate committee heads and staff.
2. Church committees, organizations and church members shall have the opportunity to come before the Budget and Finance Committee each year to make requests for funding or changes in funding through the proposed church budget. The Budget and Finance Committee shall have the authority to accept, review or make changes to such requests based on the financial realities, the philosophy, and the policies of the church.
3. Each church organization wishing to be funded through the budget process should make requests for funds for the coming church year by the end of July each year.
4. Each year by the end of July, the Missions Committee will make recommendations to the Budget and Finance Committee on what missions should be funded and at what amounts. The Budget and Finance Committee may accept, review or change these recommendations based on the financial realities, the philosophy and the policies of the church.
5. The Budget and Finance Committee shall receive, by the end of July each year, recommendations from the Personnel Committee as to salary for all church staff (excluding the Pastor) for the coming year. The Budget and Finance Committee shall meet with the Personnel Committee, or its representatives, to discuss staff salaries and reasons for proposed increases by the end of July each year. The Committee may accept, review or change these recommendations based on the financial realities, the philosophy and the policies of the church.
6. The Budget and Finance Committee shall determine the salary of the Pastor based on the financial realities, the philosophy and the policies of the church.
7. The Budget and Finance Committee, together with the Personnel Committee, will determine the schedule for payment of compensation to the church staff and pastor. (Currently, this will be at the end of each month, except for hourly employees who will be paid at the end of each week.) It is expected that no schedule of payment change will be permitted without a formal written request presented to the Finance Committee and Personnel Committee for approval. Any request for change is expected to be an extreme emergency situation.
8. Any person employed by Calvary Baptist Church will be paid his/her due compensation directly.

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APPENDIX A
BUDGET PROCESS (page 2)

9. Salary considerations shall be addressed once a year during the budget process only. A change in staff or staff responsibilities should be the only exception to this.
10. Insurance plans and social security coverage for the Pastor and church staff as proposed by the Personnel Committee must meet the approval of the Budget and Finance Committee.
11. The Budget and Finance Committee will be responsible for providing for Christmas gifts for the church staff as provided for in the church budget. The gift may not be cash or gift certificates unless the required deductions are made.
12. The Budget and Finance Committee shall annually prepare and present a proposed church budget to the Deacons and, at the Committee's discretion, to the church council for their review prior to the end of the church year, and before presentation to the church for approval.
13. The Budget and Finance Committee should strive to place in the hands of the congregation a copy of a proposed new budget or information about changes in an existing budget at least two weeks prior to a vote on the proposed budget or budget changes.
14. This committee shall make recommendations to the deacons and the church of any items not covered by the budget. Upon adoption of the budget, it becomes the duty of this committee, together with such others as may be needed, to promote systematic giving to underwrite the budget and seek to insure that all money is used as directed by the church.

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APPENDIX B
Schedule of Monthly Duties

Monthly

- A. Prayer
- B. Approve minutes of prior meetings
- C. Review and approve financial statements
- D. Recommend policy and procedure changes to Church
- E. Approve purchase orders
- F. Sign checks
- G. Any financial business of the church

October

1. Elect Chair for the year
2. Elect Secretary
3. Elect chair-elect (Will be chair the next year)
4. Review procedures with new members
5. Discuss budget as approved by church
6. Discuss how to promote systematic giving to underwrite the budget
7. Set normal meeting dates and time
8. Determine check signers for the year (Chair will arrange for forms with the bank)

November

1. Determine Staff Christmas bonus

December

1. Meet if necessary

January

1. Meet with Audit Committee and receive report
2. Hand out annual contribution statements to members
3. Discuss needed policy changes

February

1. Request suggestions for use of Anniversary offering

March

1. Use of Anniversary offering – to be presented to Deacons

April

1. Discuss procedures for budget and assign tasks

May

1. Approve budget procedures

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APPENDIX B
Schedule of Monthly Duties (page 2)

June

1. Send budget request letters to committees
2. Arrange for announcement in newsletter and bulletin
3. Discuss need for Stewardship campaign

July

1. Budget meeting with committees as needed
2. Meet with Personnel Committee
3. Compile budget

August

1. Finalize budget

September

1. Present budget to Deacons and possibly church council
2. Consider suggested revisions
3. Publish budget and present at business meeting of church.
4. Publish revised budget
5. Assist in counting ballots on vote on budget

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APPENDIX C
Calvary Baptist Church Budget & Finance Committee
Preparation for Budget for 20XX-20XX

June __, 20__

Dear

The Budget and Finance Committee is beginning the process of putting together the budget for Calvary Baptist Church for 20__-20__. As the responsible staff member or the chair of the _____ Committee, we need your help. Please review your budget expenditures and/or contact your committee members and determine the amount needed in the coming year.

The amount that your budget line item was budgeted for 20__-20__ was \$_____. You have spent \$_____ of that amount as of the end of May. You can project what will be spent though September. If you need a detail of amounts spent, please contact the church office or a member of the Budget and Finance Committee.

Please complete the attached worksheet and return it to _____ by July __, 20__. You can mail the form to the church, put it in the _____ Sunday School box, or in an envelope in the front office of the church.

The Finance Committee thanks you for your help. We will be unable to put together an accurate budget unless we hear from you. Preparing your request in a timely manner will help us with the budget process.

If you have any questions, please contact a member of the Budget and Finance Committee or _____. We appreciate your help.

Sincerely,

Calvary's Budget & Finance Committee