

Financial Policies and Procedures

The Church of the Good Shepherd

Dunedin, Florida

[revised 5/20/2015]

Table of Contents

A. General Policies and Procedures

1. Internal Control Statement	page 2
2. Job Descriptions	page 2
3. Chart of Accounts	page 3
4. Basis of Accounting.....	page 4
5. Handling and Distribution of Mail	page 4
6. Banking.....	page 4
7. Record Retention	page 4
8. Annual Budget.....	page 5
9. Financial Reporting	page 5
10. Computer System and Software	page 6
11. Insurance.....	page 6
12. Disaster Recovery	page 7

B. Other Funds and Ministries

1. Endowment Fund	page 7
2. The Little Thrift Shop and Furniture Thrift Store	page 7
3. Rector's Discretionary Fund	page 8
4. Other Designated Funds	page 8
5. Fund Raisers.....	page 9

C. Accounting Policies and Procedures

1. Cash and Checks Received.....	page 10
a. Vestry policy	
b. Plate offerings	
c. Plate counting and bank deposits	
d. Deposit slip	
2. Pledge and Donor Accounting.....	page 12
3. Cash Disbursements.....	page 12
a. Vestry policy	
b. Check writing	
4. Bank Reconciliations.....	page 13
5. Fixed Assets	page 13
a. Capitalization policy for capital assets	
b. Depreciation policy	
c. Disposition of assets	
6. Vendors and Liabilities	page 15
a. Vestry policy	
b. Vendor files	
c. Charge and credit card accounts	
d. Payroll taxes	
e. Loans	
7. Journal Entries and Corrections.....	page 16
8. Payroll	page 16

A. General Policies and Procedures

Section 1: Internal Control Statement

Internal control is a system of checks and balances combined with separation of duties designed to safeguard the assets of an organization and provide accurate and timely financial reporting. The Church of the Good Shepherd has established accounting policies and procedures to provide for the consistent, accurate and timely recording of financial transactions and the safe guarding of assets given the inherent limitation of a small organization. Separation of duties is not always practical in an organization of our Parish's size but with required authorizations, periodic review and an annual audit, internal control can be accomplished.

The Vestry and/or Rector shall establish and appoint the following committees as an additional level of control and input into the finances and operation of the Parish:

Finance

Audit

Budget

Stewardship

Building and Grounds

Personnel

Such other committees as the Vestry and/or Rector deem needed

Section 2: Job Descriptions

Vestry — Steward of all the financial resources of the parish

- a. Oversee safeguarding of all property of the parish.
- b. Oversee the investment of the funds of the parish.
- c. Review and accept financial reports.
- d. Review and approve annual budget.
- e. Approve all financial and business contracts, as specified in the vendor policies, subsequent to review by the appropriate committee.
- f. Delegate financial duties only as specified in the by-laws or endowment agreements.
- g. Senior Warden or Junior Warden may be signature on checks.

Senior and Junior Warden

- a. Meet regularly with the Rector to review the life and work of the congregation and develop the agenda for Vestry meetings.
- b. Work with the Rector to help provide leadership to the Vestry to discern, articulate and carry out the mission of the church.
- c. Support the Rector in carrying out the mission of the church.
- d. Provide support and leadership in resolving conflict in parish life.
- e. Display a positive attitude.
- f. Be aware of canonical duties as set forth in the canons of the church and the Bylaws of the parish.
- g. Support the Rector in the daily operations of the Parish.

Financial Policies and Procedures at The Church of the Good Shepherd

Treasurer

- a. Oversee the processing of all receipts collected, and disbursements made, under the authority of the Vestry.
- b. Oversee financial reconciliation and controls.
- c. Independently review bank statements.
- d. Present financial reports to the parish at Annual Meetings and to the Vestry at their regular meetings.
- e. Oversee maintenance of financial records.
- f. Serve on the Finance Committee and the Budget Committee.
- g. Prepare draft budget annually, with Budget Committee.
- h. Oversee budget review on a monthly basis.

Parish Administrator

- a. Oversee the counting team and the depositing of monies collected.
- b. Mail pledge statements to parish members at least quarterly.
- c. Review reimbursement requests for proper documentation.
- d. Review checks generated by Bookkeeper for accuracy.
- e. Supervise bookkeeper.
- f. Quarterly review of pledge statements.
- g. Order and distribute pledge envelopes.
- h. Other duties as required by the Rector or Vestry.

Bookkeeper

- a. Maintain the parish financial records.
- b. Enter all financial transactions.
- c. Prepare checks.
- d. Prepare financial statements.
- e. Back up all financial computer system records weekly.
- f. Perform other duties as required.

Finance Committee

- a. Review budget compared to actual financial activity at regular meetings.
- b. Report budget issues to the Vestry.
- c. Investigate and discuss financial issues facing the parish and prepare recommendations to the Vestry.
- d. Monitor account and investment activity and reconciliations.
- e. Finance Committee shall include as members the Rector, Treasurer and Bookkeeper, and may include Wardens and any other members who may be selected by the Chair.
- f. The Chair shall be selected by the members of the Committee from among its members.

Budget Committee

- a. Gather input as needed in order to prepare a draft budget.
- b. Prepare draft budget for Vestry approval.

Section 3: Chart of Accounts

A chart of accounts shall be maintained and used to insure consistent and accurate recording of all financial transactions. New accounts shall be added with the approval of the Rector, Treasurer or Vestry as they deem necessary.

Financial Policies and Procedures at The Church of the Good Shepherd

Section 4: Basis of Accounting

The accounting year of the Parish shall be a calendar year. The accounting records of the Parish shall be maintained and budgets prepared on the modified cash basis of accounting. An annual accounting record shall be maintained of pledges by contributor showing total pledge, amount paid and unpaid balance for each pledge and calendar year. A separate similar accounting shall be maintained for each capital campaign and each major pledge drive.

Section 5: Handling and Distribution of Mail

All ground mail shall be received by the Parish Administrator for distribution.

- a. Bank statements and bank correspondence shall be given to the Treasurer.
- b. Correspondence from governmental taxing authorities (IRS, FLDOR, etc.) shall be given to the Treasurer.
- c. Pledge checks shall be given to the counting team.
- d. Rent checks shall be given to the Parish Administrator.
- e. Other checks may be given to the Rector for review and account distribution before depositing.
- f. Other mail shall be distributed as the Parish Administrator deems appropriate.

Section 6: Banking

- a. All accounts shall be maintained in the name of the Parish and recorded in the books of the Parish.
- b. All receipts shall be deposited to and disbursements made from the Parish operating account with the exception of The Little Thrift Shop, the Furniture Thrift Store and the Rector's discretionary fund which shall have their own bank accounts.
- c. One signature shall be required on all checks. Authorized signatures on all Parish accounts (except The Little Thrift Shop and the Rector's discretionary fund) shall be the Treasurer, Senior Warden, Junior Warden and at his or her request the Rector. New signature cards shall be provided to the bank not more than ten business days after a change in any position.
- d. The Little Thrift Shop, and the Furniture Thrift Store shall follow good accounting procedures as established by their respective boards of directors.

Section 7: Record Retention

The Vestry has a custodial responsibility for the records of the Parish. This policy is a guideline to help administrative personnel determine years and types of records to be retained. The congregation may utilize paper or electronic storage or a combination thereof as appropriate and cost effective.

- a. Records Management Policies
 1. A fire retardant safe will be maintained on the premises for designated parish documents and records.
 2. Additional Parish records will be kept in a secure location in the parish.
 3. The Treasurer is responsible for the proper retention of records related to the financial history of the Parish.
 4. If electronic retention is chosen, proper backup and security procedures must be followed.

Financial Policies and Procedures at The Church of the Good Shepherd

b. Records to be Maintained for Seven Years

Records to be maintained for seven years include much of the information relating to the financial and personnel matters of the Parish.

1. Personnel files and records for all employees until seven years subsequent to separation.
2. Financial records:
 - Account payable files
 - Bank statements and reconciliations, including images of canceled checks.
 - Cash Journals
 - Check register and payroll journals
 - Payroll and other tax returns

c. Records to be Maintained for Less Than Seven Years

Records to be maintained for a period of between two and seven years include much of the interim (monthly) financial reporting of the parish, and general correspondence.

1. Monthly financial statement (two years)
2. Pledge envelopes (not less than one or more than two years)
3. Bank deposit slips and counting tally sheets (two years)

At the end of the recommended retention period official hard copies of parish records shall be destroyed unless a positive determination to retain them is made.

Section 8: Annual Budget

The Vestry shall approve a Parish budget annually for the succeeding fiscal year. The Treasurer shall coordinate the budget process with the Budget Committee, the Finance Committee and the Vestry, in a timely manner.

Section 9: Financial Reporting

- a. During the budget year, the Treasurer shall produce monthly financial statements for the Vestry showing monthly and year to date expenditures and income and budgeted amounts of each. This shall be reviewed by the finance committee, prior to submittal to the Vestry.
- b. The Treasurer will present the annual financial report at the Parish annual meeting.
- c. The Treasurer will oversee the preparation of the financial portion of the Annual Parochial report.
- d. The Vestry will appoint an Audit Committee to audit the Parish finances. The Audit Committee will report directly to the Vestry.
- e. The Vestry will consider all recommendations of the Audit Committee and implement those recommendations deemed appropriate.

Section 10: Computer System and Software

- a. The Parish shall maintain proof of ownership of all software on Parish computers. No software shall be on Parish computers to which proof of ownership cannot be shown.
- b. All data files shall be backed up at a minimum weekly. The accounting data files should be backed up on the day most of the weekly data entry is completed. The backup shall be stored off premises or in the fireproof safe.
- c. The Parish shall maintain backup to all computer software and operating systems owned by the Parish in either electronic storage media or internet access whichever is available and most practical.

Section 11: Insurance

Maintaining adequate insurance is the responsibility of the Vestry. Adequacy of coverage shall be reviewed not less than annually.

- a. Building and Contents
Building and contents values should be determined annually as part of the insurance review. The Building and Grounds Committee may assist in this undertaking at the request of the Rector and Vestry. An inventory of insurable assets should be maintained in either paper or video form.
- b. Fidelity Bond
The Canons of the Episcopal Church require that money custodians be adequately bonded. A Blanket Fidelity Bond protects against loss from embezzlement, forgery and alteration.
- c. Workers' Compensation Insurance
Workers' compensation insurance will be carried on all employees.
- d. Liability Insurance
 1. General liability insurance will provide coverage for bodily injury, property damage and personal injury both on and off premises.
 2. By definition, the named insured is the Parish but coverage should include: clergy, employees, Vestry and other committee or board members of the organization while acting within the scope of their duties as such. Members or volunteers of the named insured should also be insured with respect to their liability for Vestry approved activities of or on behalf of the named insured.
 3. Slander and right of privacy as well as mental anguish should be included in the comprehensive general liability portion of the policy.
 4. Sexual misconduct liability should be part of the protection purchased under the general liability insurance. Sexual misconduct should be explicitly defined in the coverage as sexual abuse, sexual harassment and sexual exploitation. If it does not include these specific items the policy is very limited and should be reviewed.
 5. Liability insurance should include properties leased by the parish or its entities.
 6. The need for other types of coverage (as listed below) should be reviewed by the Vestry.
 - a) Directors and Officers Liability Insurance – covers the risk of loss by those serving as officers of a congregation (e.g. Vestry)
 - b) Umbrella Liability Insurance – two fold protection in the case of lapses in the primary policy, usually quite inexpensive.
 - c) Accident Insurance
 - d) Boiler and Machinery Insurance/Equipment Breakdown Insurance

e. Contractors and Vendors

All contractors and vendors who do work on the Church premises must provide proof of both liability and workers compensation insurance before commencing work if they do not hold a current license issued by the State of Florida Department of Business and Professional Regulation. Such proof shall be maintained in the vendors' records in the Parish accounting office.

f. The Little Thrift Shop and Furniture Thrift Store

Either store may carry separate insurance policies if financially advantageous. Such policies must meet coverage standards established by the Vestry and name the Parish as an insured. The policies should cover standard retail exposures, contents and vehicle exposure if applicable. Should either store be covered under the Parish insurance policies then such store shall reimburse the Parish operating fund monthly for its portion of the insurance cost.

Section 12: Disaster Recovery

The Rector and Vestry shall establish and maintain a disaster recovery plan. The plan should address but not be limited to:

- a. An alternative location to provide Sunday services for the continuing spiritual needs of the congregation should our buildings not be usable.
- b. Access to back up computer hardware so we can restore our system and continue maintaining our financial records.

B. Other Funds and Ministries

Section 1: Church of the Good Shepherd Endowment Fund, Inc.

The Church of the Good Shepherd Endowment Fund, Inc. was created on May 3, 1963 to receive and hold contributions for the benefit of the Parish. The intent is for the Endowment Fund to be a perpetual source of operating funding, to augment current revenues of the Parish. The Fund, a Florida nonprofit corporation, with its own federal tax identification number, has received §501(C)(3) status under the Internal Revenue Code as a support organization of the Parish.

The Fund is governed by an independent board of directors elected by the members of the Parish. The Board is responsible for the investment of and accounting for the assets held in the Fund.

The Church of the Good Shepherd Endowment Fund has adopted bylaws and an investment policy that govern disbursements to the Parish.

Section 2: The Little Thrift Shop and Furniture Thrift Store

Both stores solicit donations of merchandise from the general public and sell merchandise to the general public in the name of The Church of the Good Shepherd. Each entity exists for the purpose of raising money for the benefit of the Church and its outreach ministries. The entities operate each with its own board of directors which determine the ministries to receive outreach and the amount of cash to be retained for future operations or future outreach.

Both stores operate under the tax exempt status granted under Section 501(C)(3) of the Internal Revenue Code to The Church of the Good Shepherd and accordingly the Vestry has ultimate responsibility for their operation. The financial transactions of each entity must by law be maintained as part of the accounting records of the Parish. All transfers from the stores to the Parish or expenditures made on behalf of the Parish from store funds shall be recorded in the books of both entities.

Financial Policies and Procedures at The Church of the Good Shepherd

The board of directors of each store will establish cash handling procedures adequate to insure proper safe guarding and depositing of all cash. No expenses are to be paid with cash. All expenditures shall be made from approved documentation which shall be maintained in the Parish accounting office.

Section 3: Rector's Discretionary Fund

Committee members shall be such members as the Rector may appoint. The committee shall be overseen by the Rector.

- a. The area the Parish serves is defined: Clearwater and Dunedin
- b. Frequent Needs Clients. Our intent is to help emergency situations, not ongoing ones.
- c. First Time Request: Utility bill. Rector's delegate will be authorized to help with up to \$100. If an individual returns with a request, the Rector's delegate will seek approval from two committee members.
- d. First Time Request: Rent. Emergency only. Rector's delegate will be authorized to help with up to \$150. The check will be made out to the landlord.
- e. No motel payments.
- f. No payments to organizations.
- g. A limit per year of \$200–300 for help to an individual.
- h. \$300 will be kept in the fund for emergency needs.

General procedure:

- a. Rector's delegate receives call for assistance and records information: Name, Address, Phone number, amount being requested, Account number, and Utility or landlord name, special circumstances.
- b. Rector's delegate instructs caller to call back in 24-48 hours to get the committee decision.
- c. Rector's delegate checks our records to see if the client has called before and if we have helped; also calls the utility company and verifies the information given.
- d. If everything checks out, Rector's delegate will e-mail the committee members and ask for their approval or suggestions. When the client calls back, Rector's delegate will relay the decision and take action accordingly.
- e. After the transaction is complete, Rector will sign the transaction form.
- f. The committee will meet as needed. At that time the record book will be available for the committee members to review.
- g. The log book is kept as a reference as well as for the annual audit.

Section 4: Other Designated Funds

Accepting Gifts to The Church of the Good Shepherd—

Every effort should be made to work with potential donors who desire to make a gift to the Church. The Vestry and Rector have the responsibility of determining whether a proposed gift should be accepted, the terms of the gift negotiated, or the donation politely declined. In addition, there may be considerations as to the origin of the gift, and whether there are any related moral or ethical concerns.

a. In-Kind Gifts

An “in kind” gift is usually (1) a physical item, such as a vehicle, furniture, decorations, artwork, equipment, fixtures, or appliances, or (2) real estate or an interest in real estate. Prior to accepting an in-kind gift, the Rector and Vestry should consider:

1. any expenses that might be associated with the gift – for example, insurance, maintenance costs, supplies, and license and renewal fees;
2. whether the church is able to properly care for the property;
3. if the gift is donated for the specific purpose of reselling it, whether a minimum sales price is expected and, if so, whether it is realistic.
4. whether there are any restrictions on the church selling or donating the property and, if so, whether they are acceptable;
5. in the case of real estate, the nature of the title and any environmental law exposure.

This policy does not apply to donations to The Little Thrift Shop and the Furniture Thrift Store.

b. Gifts of Intangible Property

Intangible property includes cash, intellectual property such as royalties and patents, securities, trusts, and insurance policies. Prior to accepting a gift of intangible property, the Rector and Vestry should consider:

1. any expenses that might be associated with the gift – for example, premiums, custodial
2. whether the value of the gift is dependent on the donor's future actions;
3. whether there are any restrictions on the church selling or donating the property and, if so, the marketability of the property.

c. Designated Gifts

A designated gift is one given for a particular purpose and is restricted in its use; it may be an in-kind gift or intangible property. Prior to accepting a designated gift, the Rector and Vestry should consider:

1. whether the designated use is clearly spelled out;
2. whether the designated use is consistent with the values and priorities of the parish;
3. the consequences if the church were to accept the gift but was unable to comply with the fees, and filing fees; whether they are acceptable; designated use, or no longer desired to support the use; the gift terms should be clear as to whether repayment is required or, if not, whether there is a clear and simple mechanism for the church to re-direct the funds for other purposes.

[Vestry approval: 07/23/2014]

Upon approval and acceptance of a designated contribution, designated revenue and corresponding designated expense accounts will be created for that contribution if they do not already exist. A separate fund equity and current annual revenue over expenditures shall also be maintained for each designated fund.

Section 5: Fund Raisers

Approval for a Fund Raiser

Persons interested in holding a fund raiser need to fill out the *Proposal for Good Shepherd Fund Raising Project* form. This form must be turned in to the Treasurer to be presented at a Finance Committee meeting. If approved, the request will be presented at a Vestry meeting for consideration.

[Vestry approval: 07/23/2014]

Handling Cash and Checks for Church Sponsored Fundraising Events

i.e. Brotherhood Breakfast, Parking Lot Usage and other non-contribution activities— these events are often driven by a small group of parishioners and generate outreach funds which would otherwise not exist. Since these events provide goods or services, they are not considered contributions and do not have to be recorded as such.

- a. Each day funds are collected, cash and checks will be consolidated into an envelope with the name of event and date written on front of envelope. Since the weekly Counting Team will total the funds and make the deposit, counting of the funds by the person placing into the envelope is optional — do not enter a dollar amount on outside of the envelope.
- b. Ideally, the envelope will be placed on top of the safe located in the sacristy.
- c. As an alternative, the envelope will then be placed in a predetermined location in the **Lobby**. The location will be agreed on between the Parish Administrator and the person responsible to collect funds.
- d. Parish Administrator will retrieve envelope on the next business day and place it into the safe.
- e. Envelope[s] will be retrieved from safe on Monday morning and provided to weekly Counting Team for recording and deposit.
- f. Under no circumstances should seed money be taken from the collected funds. If a need for Seed Money or Change Funds is anticipated, such funds may be requested via the initial Proposal for Fundraising Project form submitted to the Finance Committee. If approved by Finance Committee and Vestry, Seed Money and Change funds will be distributed to the Event Lead person by check prior to the event.
- g. If the need for Seed Money and/or Change Funds is identified subsequent to the approval of the original Proposal for Fundraising Project, either can be requested via a *Request for Seed Money and/or Change Funds* form. Once approved by the Rector and Treasurer, funds will be distributed by check to the person responsible for the event.
- h. Seed money will be repaid from initial deposits. Change Funds will serve as a bank throughout the event and will be included in the final deposit at the conclusion of the event.
- i. Other related expenses will be reimbursed via a *Request for Reimbursement* form.
- j. At the conclusion of the event and after all reimbursements are paid — we will announce and celebrate the Fundraising Total, which will be then transferred to the appropriate organization.

[Vestry approval: 10/28/2015]

C. Accounting Policies and Procedures

Section 1: Cash and Checks Received

- a. Vestry policy
Depositing funds donated
All monies collected will be put in safekeeping as soon as possible. All members of the counting team must have a background check. At least two unrelated people should be on a team, and present when cash is handled. All team members will sign the Counters' Form that is filled out for each deposit. When the team is confident of the deposit total, a member of the team, vestry, or church officer will make the bank deposit. An Endowment disbursement check may be deposited by itself. After appropriate documentation, anyone may make the deposit immediately.

[Vestry approval: 07/23/2014]

At least two teams for counting should serve on a rotating basis.

b. Plate offerings

At each service the plate offerings, after being received at the altar, shall be placed on the table by the organ. After dismissal from service two members of the counting team, or one member of the counting team accompanied by a Lay Eucharistic Minister (LEM) shall place the plates in a cloth bag and take the bag containing the collection plates into the Sacristy and lock in the safe.

c. Plate counting and bank deposits

The Parish Administrator shall be an ex officio member of and is in charge of the counting team. The Parish Administrator is also responsible for maintaining an adequate number of members to handle counting and preparing deposits and locking collections into the safe after services. The combination to the safe shall be given only to members of the counting team and shall be managed by the Parish Administrator.

1. Two members of the counting team shall remove the collection plates from the safe and take to the office for counting. The Parish Administrator shall give the counting team any checks received at the office that have not been deposited for inclusion in the deposit.
2. In a locked office, the counting team shall open the envelopes from the collection, but should not remove any cash or checks from the envelopes. As the envelopes are opened the collection should be put into five piles...
 - a) loose checks, envelopes without an account number
 - b) special giving envelopes (memorials, special flowers)
 - c) contribution envelopes containing cash
 - d) contribution envelopes containing checks
 - e) loose cash

*Note: UTO envelopes go directly to the ECW, the counting team should not open them.

3. *Loose checks.* Using the listing provided of Pledge Names and account numbers/envelope numbers, the counting team should see if that person already has an account number assigned to them. If so they should make an envelope for the check. Include the name, date, and correct account number on the envelope. If there is no record of the giver on the sheet, then the counting team will give the check to the Parish Administrator to enter it in the database.
4. *Envelopes without an account number.* Using the listing provided, the counting team should determine account numbers for these and write the number, in red, on the envelope.
5. *Special giving envelopes.* A Designated Gifts Accounting Form should be filled out for all gifts given for: Christmas/Easter Flowers and Music, or Memorial Fund. (Special giving envelopes for Holy Days or Celebrating Our Blessings, Rector's Fund, etc. should not be recorded on the sheet.) When filling out the Designated Gifts form the counters should be sure to write legibly; under "Amount", they should include the check number or write "cash", for Altar Flowers include the date the donor requests under either "Fund or Program" or For What Purpose" (where ever you have more room.) The counter should be sure to put the checks BACK in the CORRECT envelope before giving them to the counting team!
6. *Envelopes containing cash.* When the counters remove the cash from the envelope, they should count it and record that amount on the envelope. When finished with all the envelopes: they should run an adding machine tape on the envelopes and total them; then they should run the tape on the cash and total it. They should verify that these amounts balance. On the tape the counters should write: "Cash. Batch #1. Sunday's date."

Financial Policies and Procedures at The Church of the Good Shepherd

7. *Envelopes containing checks.* The counting team should remove the check. On the envelope they should record: Name [if missing], check amount, and check number. Also they should note if anything is written as a memo. When they are finished with all the envelopes they should run an adding machine tape on the checks, then run a tape on the envelopes. They should verify that these amounts balance. The checks and tape should go together: A counter should endorse the checks with "for deposit only stamp" and should also stamp the tape and write Batch #. The envelopes and tape should go together: on the tape the counter should write "Checks. Sunday's date."
 8. *Loose cash.* Should be separately counted by two counters, and entered on the appropriate line of the report.
 9. Any non-recorded funds should be recorded on the Counters Report Sheet. (for example, facility usage) These checks should be kept separate, and entered on the deposit slip.
 10. The counting team should balance everything recorded on the Counters Report and use the information to complete the deposit slip.
 11. No checks should be cashed from the collection plate cash or from cash received in the mail.
- d. Deposit slip
The deposit receipt from the bank should be returned to the Bookkeepers' office for matching to the Counters Report and the donor proof listing.

Section 2: Pledge and Donor Accounting

Pledge and donor accounting is maintained using appropriate software by the Parish Administrator

- a. The Counters Report and envelope batches are given to the Parish Administrator by the counting team.
- b. Detail entry by donor and pledge or donation type is made by the Parish Administrator into the data base weekly using the envelopes for entry detail by donor.
- c. The entries should be balanced to the Counters Report and related bank deposit.
- d. A transaction proof listing should be printed, attached to the Counters Report and given to the bookkeeper.
- e. The Parish Administrator should retain the envelope batches for reference for a period of up to two years. Upon the completion of a year the previous year may be discarded and a new year begun.

Section 3: Cash Disbursements

- a. Vestry policy
 1. Bank Signatures
The Rector may be an authorized signer on any account, if the Vestry and the Rector both agree.
The Treasurer, Senior Warden, and Junior Warden will have signing privileges on all church accounts. The Parish Administrator may be a signer on the Rector's Discretionary Fund account. If there is a change in any of these positions, the process of updating the banking documents must begin within 10 business days.
[Vestry approval: 07/23/2014]

2. Checking Accounts for Groups

Church groups should not to open their own, separate checking accounts without prior approval from the Vestry. Groups may, however, have a separate fund in the church's chart of accounts and held in the Restricted Account. If a group requests a separate checking account, the justifications shall be given to the Finance Committee, which shall make a recommendation to the Vestry. The Vestry shall make the final decision.

[Vestry approval: 07/23/2014]

b. Check writing

All expenditures should be made from the operating account utilizing check writing and printing software and using checks with a remittance and file copy stub. In instances where payment is made electronically the payment should be entered and treated as a check. The Parish should avoid entering into arrangements where third parties initiate electronic payments from our bank account. For all electronic transfers the paperwork and approvals should be handled the same as any other check. Other than the petty cash fund no payments shall be made with cash.

1. All invoices must be approved by the individual with budgetary responsibility for the expenditure with receiving documentation attached if applicable prior to payment.
2. Checks are generally written once a week.
3. Checks are presented to the check signer with invoice and documentation attached for the signers' reference.
4. Pending electronic payments are to be presented to the check signer with paper checks for approval prior to initiating the payment. A memo copy of the check is to be attached for signer approval and documentation of the entry of the payment.
5. After signature the remittance stub and check are mailed to the vendor and the file stub is attached to the invoice and documentation and filed. The electronic payments are transmitted and the invoice and memo copy of the check filed.
6. Payments from restricted or designated funds shall be reimbursed into the operating fund from the designated bank account at a minimum of once a week. A large designated fund expenditure should be reimbursed immediately.

Section 4: Bank Reconciliations

All bank accounts shall be promptly reconciled monthly by the Bookkeeper utilizing the reconciliation feature in the Software.

The bank reconciliations shall be reviewed periodically but not less than quarterly by a designee of the Vestry or Finance Committee who does not have check signing authority.

Section 5: Fixed Assets

All fixed asset acquisitions must be approved by the Vestry. The Parish will maintain a detailed inventory of all fixed assets.

a. Capitalization Policy for Capital Assets

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

- The asset is tangible and complete.
- The asset is used in the operation of the church's activities.
- The asset has a useful life of longer than the current fiscal year.
- The asset is of significant value.

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

Class of Capital Asset

Significant Value

Financial Policies and Procedures at The Church of the Good Shepherd

Furniture, Machinery and Equipment	\$ 1500.00 or more, aggregated
Buildings & Building Improvements	\$ 1500.00 or more
Land Improvements	\$ 1500.00 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.

1. Land
 - a. Land acquired by purchase is recorded at cost to include the amount paid for the land itself and all incidental costs.
 - b. Land acquired by gift or bequest is recorded at the fair market value at the date of the acquisition.
 - c. 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.
 - d. Land is not depreciable.
2. Land Improvements
 - a. This category will include parking lots, outdoor lighting, covered walkways, fences, etc.
 - b. Land Improvements will be depreciated as listed below.
3. Buildings
 - a. 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.
 - b. If a building is constructed, the capitalized cost should include all construction costs. The constructed building will be capitalized upon completion of the project
4. Building Additions
 - a. Building additions will be recorded at their construction cost.
 - b. Building additions will be capitalized separately and depreciated as listed below.
5. Building Improvements
 - a. 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.
 - b. Major Renovations or Alterations
Any major renovations or alterations within an existing building will be recorded separately and depreciated as listed below.
6. Construction in Progress
This includes all projects for buildings or land improvements construction that are not completed at the end of the fiscal year.
7. Furniture, Machinery & Equipment
Expenditures for machinery, equipment or furnishings costing \$ 1500.00 or more in the

aggregate and have an estimated life of more than one year will be capitalized.

b. Depreciation Policy

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

Buildings:

Permanent Buildings	40 years
Building Addition	40 years
Building Improvements	15 years

Machinery & Equipment:

Furniture & Classroom Equipment	10 years
Vehicles (trucks, vans, tractors, forklifts, etc)	5 years
Kitchen Equipment.....	10 years
Computer Hardware— including laptops.....	5 years
Computer Software	3 years
Miscellaneous Equipment	10 years
Land Improvements	20 years

Depreciation will be calculated as follows: An asset purchased before the 15th of the month will be charged one month's depreciation for the acquisition month and one full month every month thereafter until fully depreciated. Assets purchased after the 15th of the month will not be depreciated in the month of acquisition and a full month will be charged the month following acquisition and every month thereafter until fully depreciated.

c. 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.

Section 6: Vendors and Liabilities

a. Vestry policy

Purchasing and Vendor Selection [Vestry approval: 07/23/2014]

The Church of the Good Shepherd shall select vendors for products, projects, services or events at the church in one of the following ways:

1. *Preferred Vendors*— The church office will maintain a list of vendors, which includes contractors, businesses and service providers, who have a proven record of timely completion, are in good standing with city and county regulatory agencies, and provide current certificates of insurance and licensure. Changes may be made to the Preferred Vendor list at any time with the concurrence of the Rector and one of the Wardens. Nothing in this policy requires the use of a preferred vendor for any given product, project, service or event.
2. *Competitive Bidding*— Products, projects, services or events with anticipated cumulative cost of more than \$10,000, and for which the church has no Preferred Vendor, shall be put out for competitive bidding. A minimum of three written bids shall be received, if possible. The bids will be analyzed based on the quality of the materials; the qualifications, licensure, insurance, and reputation of the vendor; price; timing; flexibility on direct purchasing by the church (see "Tax Exempt Purchasing," below); and other proposed terms of the contract. If three qualified vendors are not available

Financial Policies and Procedures at The Church of the Good Shepherd

to bid, the church shall select a vendor either by receiving fewer bids or using the procedure below for contracts for less than \$10,000.

3. *Vendor Analysis*— Products, projects, services or events anticipated costing less than \$10,000, and for which the church has no Preferred Vendor, may be selected based on an analysis of potential vendors made by the church, using such criteria as will best ensure timely and high-quality completion.
4. *Tax-Exempt Purchasing*— In all contract negotiations, the church shall work with potential vendors to determine the feasibility of the church purchasing products and materials directly, using its tax-exempt status. Willingness to make this accommodation will be a significant factor in selecting a vendor.
5. *Contract Award*— Every contract must be approved in advance by the Rector and one of the Wardens.

b. Vendor files

A file should be maintained for each vendor. The file should include IRS Form W-9 (Request for Tax Payer ID Number) if vendor is an individual, and proofs of insurance if applicable. Work should not commence nor payment made if the file is not complete.

c. Charge and credit card accounts

The Vestry may establish charge accounts or credit card accounts to be used exclusively for the purchase of supplies or materials for the Parish. Only individuals approved by the Vestry or the Rector may use a charge account. All charge receipts shall be approved by the individual with budget responsibility for the expenditure and the individual receiving the merchandise shall so indicate on the charge receipt. All receipts shall be given to the Bookkeeper for matching to the monthly statement and proper account distribution.

d. Payroll taxes

With no exception, payroll tax liabilities shall be timely deposited and applicable forms filed in accordance with the requirements of Federal or Florida law.

e. Loans

All borrowings must be approved by the Vestry and applicable note or mortgage signed by the Senior Warden and the Treasurer on behalf of the Parish. Notes and mortgages shall be properly recorded as liabilities and classified according to the terms of the loan. Interest, if applicable shall be paid in accordance with the terms of the loan but not less than annually.

Section 7: Journal Entries and Corrections

Use of journal entries shall be kept at a minimum and used only when the correction of a check or deposit account distribution is not possible or practical. Typically journal entries are used to record non cash transaction such as depreciation or amortization of assets. All journal entries shall include adequate documentation and explanation. Cash transactions are best corrected by changing the underlying original entry thus preserving the trail from the general ledger to the original source document. The Treasurer or designee should periodically review and approve all journal entries.

Section 8: Payroll

- a. Payroll files shall be maintained for all employees. Such files shall include employment application, Forms W-4 and I-9, Florida New Hire Report, rate of pay and effective date.
- b. Due to the complexity of clergy payroll computation and reporting, payroll checks and payroll tax returns shall be prepared by a qualified third party payroll service familiar with church payroll.
- c. All rates of pay shall be approved by the Vestry.

Financial Policies and Procedures at The Church of the Good Shepherd

- d. Hours worked shall be maintained and eligibility for pension participation and medical coverage determined for each lay employee in accordance with the canons of the Church.