

# **Northwest Bible Church Finance Committee Policy**

## ***I. Purpose***

The Committee is to assist the Board of Elders in achieving the vision God has given the church by reviewing the use of the financial resources, with the result that:

- The Elders, Pastors, Ministers, and key leaders have current and accurate financial information and workable procedures so that they can focus their energies on leading, shepherding, and equipping the congregation.
- The congregation has trust in the financial information, procedures and audits, so that they can participate more fully in ministry.
- The essential value of the Committee shall be that church personnel are eminently trustworthy and the role of the Committee is to validate the trust in their financial transactions.
- The source of our financial values and principles is the Bible. Thus, our purpose is to obey God and adhere to our biblical ethics. We follow governmental regulations because government is an authority given by God for peace and security of society.

## ***II. Committee Responsibilities***

The Committee will review and evaluate the use of church financial resources and will make recommendations to the Elder Board and Pastors based on those evaluations.

These reviews will include:

- Review the financial statements of the church on a monthly basis.
- Review income and expenditures monthly in light of budget plans and church policy. This includes the following funds: General, Missions, Mercies, Building, and Designated. This includes expenses not in the fiscal year budget, such as cash carried forward from prior fiscal years.
- Review financial operations in light of church policy, making suggestions for procedural changes to the Minister of Administration and Executive Pastor. It is the purview of the Executive Pastor to approve the procedures for church operations. The church desires to have an extensive amount of procedural documents.
- In consultation with the Executive Pastor, recommend financial policy to the Elder Board. It is the purview of the Elder Board to approve church policy. The church desires to have a limited amount of comprehensive policies.
- Conduct internal audits as needed. Either in person or through the Minister of Administration, the Committee shall report to the Executive Pastor items of concern as raised by the internal audit. Should there be flagrant or ongoing issues, the Committee shall report these items to the Elders.

- Analyze and recommend an amount for the next fiscal year's General Fund budget to the Elder Board. A draft target number shall be recommended in February and a final target number in April.
- To help the Committee understand church policy, management or other issues, the Executive Pastor will meet with the Committee as needed.
- Approve Designated Fund requests up to \$5,000.
- Review banking relationships, deposit services, and debt obligations when applicable (see below for discussion of long-term debt).
- Sign checks in the absence of the Minister of Administration or Executive Pastor.
- Communicate regularly with the Elder Board on financial matters.
- Assist the Elder Board in other financial matters as instructed by the Elder Board.

The Elder Board and Pastors will determine the style and content of all financial communication to the congregation.

### ***III. Membership***

#### **Appointment and Committee Size**

The members of the Committee shall be appointed by the Board of Elders. The Committee may suggest names for the Board of Elders to consider as new members, but will not contact those individuals until the Elder Board has given approval to proceed.

The Minister of Administration and/or the current Finance Committee Chairman, in consultation with the Executive Pastor, may recommend a future Chairman to the Elder Board and that individual will not be contacted until the Elder Board has given approval to proceed. The Chairman of the Finance Committee will be appointed by the Elder Board and will also serve as the Treasurer of the Church. Church staff members cannot serve as Chairman.

The Committee will consist of three to five members, plus the Minister of Administration and Director of Operations. Other staff members may attend the Committee meetings as needed by the Committee.

#### **Term of Office**

Committee members serve for a three year term. The Minister of Administration and Director of Operations are permanent members of the Committee and shall have full voting rights. One or two members shall be replaced each year in order to maximize continuity and experience on the Committee.

#### **Qualifications and Expectations**

Each member of the Committee must be a member of the church and be in agreement with the Doctrinal Statement of the church. From time to time, members of the Committee will be asked to reaffirm their doctrinal agreement.

The Committee will consist of men and women who are spiritually mature and demonstrate the fruit of the Spirit (Galatians 5). Members must be above reproach in all dealings regarding the church's financial resources. They are counted on to be honest, to tell the truth, and to make decisions consistent with the laws of the government and the policies and procedures of the church.

While the Committee members may have different strengths, each member is to recognize that the effectiveness of the Committee comes from working together as a team. They are to serve in a spirit of mutual respect and trust. They are to be committed to a spirit of unanimity in decisions, and will seek to pray through issues until each member has a similar sense of how God is leading in a particular decision.

Each member is expected to regularly attend the meetings of the Committee, to arrive at meetings on time, and to make his commitment to the Committee a high priority. The members of the Committee are to be committed to listening well to others and understanding their points of view, and to take proactive steps to understand the financial needs and objectives of those whom they serve. They are committed to graciously "speaking the truth in love."

The Committee will hold all sensitive financial data in strictest confidence. They may only share that information with those individuals duly authorized to be given such information. Each member of the Committee will be asked to regularly sign a Confidentiality Covenant whereby a commitment is made before the Lord to keep confidential financial information within the Committee.

### **Meeting Frequency and Agenda**

In general, the Committee will meet once per month. Minutes will be kept of each meeting and filed each month with the Elders. Special meetings can be called as the need arises.

At each meeting, the Committee will review the financial statements and transactions of the prior month, discuss and/or approve requests for uses of designated funds, and identify areas that need special attention. The Committee meetings may include Scripture reading and prayer, with a focus on genuinely seeking God's direction for the church's finances. The Committee will seek to understand biblical principles relating to financial management and apply those principles to the church's financial operations.

### **Resolution of Issues**

Should a financial issue need more data, the Committee shall first have the Minister of Administration obtain the necessary data from staff. Should the issue not be resolved, the Minister of Administration shall inform the Executive Pastor and the Committee. The Committee shall then assign one of its members to discuss the issue with the staff member. Should the issue continue to be unresolved, the Committee shall inform the Executive Pastor and request that the Elder Board resolve the issue.

The Pastors may also ask the Minister of Administration or the Committee to resolve financial issues with staff members.

#### ***IV. Reporting***

To protect the integrity of the function of the Committee, the Committee will make various direct reports to the Board of Elders.

In November and April, the Chairman of the Committee will meet with the Elders and Pastors to discuss and review financial matters. Other meetings can be scheduled as needed.

Monthly, the Elder Board will receive a copy of the Financial Status Report, Balance Sheet and Minutes of the Committee.

Quarterly, the Committee will submit a written report to the Elder Board on the financial status of the church and action items.

Annually, the Committee will forward to the Elders the Audit Report and Management Letter as prepared by our independent auditors, along with a memo responding to the auditor's recommendations.

The Committee will prepare other reports as requested by the Board of Elders or Pastors.

#### ***V. Parallel Responsibilities***

##### **Audit Committee**

The members of the Committee, except for church staff, will serve as the Audit Committee of the Church. Church staff cannot serve on the Audit Committee. The Audit Committee will select and engage the individual or firm to annually audit the church's financial records, will meet with the auditor to review the audit reports upon completion, and will communicate the results of the audit to the Elder Board. The Committee will serve in accordance with an Audit Policy (to be developed).

##### **Defined Benefit Plan**

Because of the commonality of duties, the members of the Committee, including the Minister of Administration and Director of Operations, may also be appointed as Trustees to the Northwest Bible Church Employees Retirement Plan, also known as the Defined Benefit Plan. Individuals appointed as Trustees to the Defined Benefit Plan, however, must be specifically appointed in accordance with the requirements described in the Defined Benefit Plan document for the appointment of Trustees. Being a member of the Committee does not automatically make an individual a Trustee of the Plan, and conversely, a Trustee for the Plan is not automatically removed when no longer on the Committee.

## **VI. Financial Policies**

### **Bank Accounts**

The Minister of Administration and the Committee shall endeavor to maximize Federal Deposit Insurance by diversifying our non-operating cash into accounts in different banks.

### **Budget Alignment**

Each fiscal quarter the Minister of Administration shall inform in writing the Committee and the Executive Pastor of all accounts that are the greater of 10% or \$1,000 over budget. The Executive Pastor shall report to the Elder Board about the status of these accounts and seek semi-annual approval from the Elders for any overages over the greater of 10% or \$1,000. The decision of the Elder Board shall be relayed to the Committee by a signed statement of the Chairman of the Board.

### **Cash Flow, Cash Balances & Excess Cash**

The Minister of Administration shall recommend to the Executive Pastor a cash flow for the fiscal year.

The Minister of Administration shall recommend to the Executive Pastor a beginning year cash balance for the Missions Fund and General Fund, generally between 11-13% of their respective budgets.

In the event of cash carried over from previous years, the Minister of Administration shall determine the amount based on the requirements of the beginning year cash balance. This shall be usually be done in the month of July, only when the previous fiscal year has been closed. When ready, the Executive Pastor shall recommend a budget to the Elder Board for the use of these funds. A copy of the Elder approved budget, signed by the Chairman of the Board, shall be given to the Committee.

### **Contracts**

The Committee may examine any contract in which the church engages. Before a contract is accepted, staff may ask the Committee to examine a contract for their professional opinion. Common contracts for church use include camps, contractors, electricity, maintenance and telephones.

Directors of Departments are authorized to sign contracts for one-time expenses under \$5,000. All contracts over \$5,000, or of a multi-year nature, shall be signed by the Executive Pastor. A copy of all contracts shall be given to the Committee. All contracts over \$50,000 shall be approved by the Elder Board and signed by the Executive Pastor.

### **Debt**

The church shall not enter into long-term debt. The church shall not enter into lease arrangements, this includes telephones, photo-copiers and vans.

## **Designated Funds**

Staff will not seek to overtly or covertly raise Designated Funds from the congregation. Should a gift be freely made by a donor, the Minister of Administration each month will inform the staff member, the Core Vision Supervisor and the Executive Pastor.

The Committee will not be involved in the approval of the use of financial resources, except for designated funds up to \$5,000.

Staff who desire to use designated funds must have their supervisor and the Executive Pastor approve the use, then the request will be given to the Committee. Approval of Designated Funds must be included in Committee minutes so as to inform the Elder Board.

Approval of more than \$5,000 of Designated Funds requires Elder Board approval.

## **Gifts to the Church**

All gifts by cash, check, publicly traded stock and other convertible instruments shall be immediately accepted by the church. If the gift is for a Designated Fund, then the Minister of Administration will make a fair use judgment of the gift. If the gift exceeds the legal or ethical bounds of the church, then the gift will be returned to the donor. The church will immediately sell any and all stock gifts that are received.

Gifts of real and personal property, or stock in a company that is not publicly traded, require the approval of the Elder Board. As some gifts of property contain hidden costs, fees or legal entanglements, the Minister of Administration will perform due diligence before seeking approval from the Elders.

It is the position of the church that the Elders, Deacons, Pastors, Ministers and church leaders not be informed of the names or amounts of specific donations. This is especially important for the senior staff. In no way does Northwest want to show favoritism to particular donors. The only Minister or Director who shall have access to the church donor database is the Minister of Administration. The exception to this is when a donor voluntarily makes known a donation to the Pastors or Elders.

The church will not thank specific donors for giving above certain threshold levels. Either all donors will receive a letter of thanks or no one will receive such a letter.

The church will not receive any gifts that contain provisions for naming rights of church buildings or ministries. The church will not name buildings or ministries in honor or in memorial of any individual.

## **Meals**

The church recognizes that its ministers can conveniently meet with business people at mealtime during the business day. Staff may meet for meals for joint ministry purpose. Further, with a large and diverse staff that often live on opposite sides of Dallas, the church recognizes the need for supervisors to meet with subordinates at a meal for fellowship, to enhance esprit de corps and to discuss ministry. The Committee and Minister of Administration shall advise the Executive Pastor concerning procedures that the staff can follow concerning staff meals for esprit de corps and ministry needs..

## **Possible Non-Business Expenses**

The Minister of Administration shall make a recommendation to the Executive Pastor when a staff member's expenditure may not meet the criteria for business expenses.

If the expense is a minor expense, the Executive Pastor may choose to deny the expense or reimbursement, or consider it as taxable income to the staff member. This decision shall be relayed to the Committee.

If the expense is a major or ongoing expense, the Executive Pastor shall seek the counsel of the Committee and possibly the approval of the Elder Board.

## **Receipts and Tax-Exempt Purchases**

In accordance with our Christian ethical standards and in line with the regulations of the Internal Revenue Service, all expenses must be properly documented. The purpose of the documentation is to confirm the validity of all expenses and provide confirmation to the congregation about the good stewardship of church funds. The church recognizes that some expenses can be more difficult to document, such as cash expenses in foreign countries and internet expenses. The Committee and Minister of Administration shall advise the Executive Pastor about adequate procedures, such as journaling cash expenses overseas or internet sales that lack some points of information.

As the church is a tax-exempt enterprise, all purchases should endeavor to utilize this status. It is understood that in some cases that this is difficult and reasonable measures should be used to follow this policy.