

Finance Policies



Bethel Assembly
34647 410th Street
Fosston, MN 56542

12/1/2010

A. Effective System of Internal Controls

Date Approved/Revised: January 18, 2011
Approved By: Board of Trustees

Statement of Policy: Leadership (Elders and Trustees) feels that an effective system of internal controls is required to ensure integrity over the receipt and use of God's financial resources and the safeguarding of Church assets which were provided primarily through the members of Bethel Assembly.

"Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches?" Luke 16:10

*"But everything shall be done in a decent and orderly manner."
1 Corinthians 14:40*

B. Release of Financial Information

Date Approved/Revised: January 18, 2011
Approved By: Board of Trustees

Statement of Policy: The release of financial information must be in accordance with standards established by Bethel Assembly. The Board of Trustees will evaluate all personnel related requests.

Bethel Assembly leadership believes in and practices "full disclosure" of its finances. However, certain financial information may be considered confidential. Under such circumstances, the Board of Trustees will receive all non-personnel¹ requests for such information.

"But I tell you that men will have to give account on the day of judgment for every careless word they have spoken." Matthew 12:36

"For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men." 2 Corinthians 8:21

C. General Accounting System

Date Approved/Revised: January 18, 2011
Approved By: Board of Trustees

Statement of Policy: It is the desire of leadership to maintain an accounting system which is simple enough to be used by Church officers and staff, who might not have had formal or professional training,

¹ Personnel requests are those requests relating to church staff, whether paid staff or volunteer staff. Non-personnel requests refer to all other requests.

but adequate enough to provide detailed information to compile meaningful reports on a timely basis. Accurate record-keeping procedures provide assurance that Church funds are being used in accordance with the instructions of the Church and the will of the contributor. Record-keeping procedures shall contain sufficient internal controls to protect those who handle the funds of the Church. The financial records must also provide a historical record of the Church's fiscal transactions which allows evaluation of the Church's financial status. The records shall aid in anticipating cash-flow problems and ensure that the Church is in compliance with governmental regulations.

Therefore, a General Accounting System will be maintained to record all financial transactions of Bethel Assembly. This system will be the primary internal control for maintaining integrity over the financial operations of our ministries.

The Finance Office² is responsible for the proper posting of journals and entries to the General Accounting System and for maintenance of the accounts to ensure accuracy, validity and reliability of financial records.

"Everything was accounted for by number and weight, and the entire weight was recorded at that time." Ezra 8:34

"The Lord abhors dishonest scales, but accurate weights are his delight." Proverbs 11:1

D. Budgeting

Date Approved/Revised: January 18, 2011

Approved By: Board of Trustees

Statement of Policy: Budgets will be prepared for the purpose of "estimating the cost" of all significant ministry plans, programs and projects of Bethel Assembly. Budgets will function as Bethel Assembly's spending plans. All prepared budgets will be monitored for significant variances between actual and budget estimates.

"Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it? For if he lays the foundation and is not able to finish it, everyone who sees it will ridicule him." Luke 14:28-30

"The plans of the diligent lead to profit as surely as haste leads to poverty." Proverbs 21:5

E. Contributions

Date Approved/Revised: January 18, 2011

Approved By: Board of Trustees

² References to the Finance Office refer to the positions held by the church secretary, bookkeeper, treasurer, and/or anyone assisting these individuals in their work.

Statement of Policy: Contributions received as tithes and offerings from members will be the primary source of support for Bethel Assembly. These contributions will be collected, deposited and accounted for in an accurate, timely and confidential manner. No gift will be accepted where there is not obvious charitable, educational or religious intent on the part of the donor.

Donations to the Church will be accepted for unrestricted use or for any one of the special restricted funds or programs that have been established. The Church may also accept a gift designated for a specific purpose for which no special fund has been established if it is within the scope of the Church's mission and approved by the Board of Trustees. Unusual gifts, gifts that have conditions attached, or gifts that require the Church to assume an additional or a specific liability, must be reviewed by the Board of Trustees before their acceptance.

The Board of Trustees will provide primary oversight to the acceptance of all Church contributions. This will ensure that all gifts accepted by the Church further the mission or goals of Bethel Assembly, do not conflict with the Church's ethical values and principles, and are accepted in accordance with sound business and fiscal practices.

Members are encouraged to support the overall mission of the church by giving undesignated contributions to fund the general budget. The general budget funds all the ongoing ministries of the church, such as CE, Youth, and Women's Ministries.

Designated gifts that are encouraged are those designated to:

- Building fund
- Missions fund
- Benevolence fund
- Special project funds
 - Church leadership (Trustees and Elders) is authorized to set up special project funds to meet needs that may arise.

Bethel Assembly discourages contributions which are designated to an individual or individuals. Members who wish to support an individual are encouraged to do so on their own. If you need assistance, Bethel Assembly's business office may be able to help you with contact information, wire transfer information, or other questions.

The Board of Trustees reserves the right to use designated contributions for other needed ministry purpose(s) as it may deem appropriate.

Special door offerings will still be taken from time to time. Generally, checks should be made out to Bethel Assembly, unless otherwise specified. The church bookkeeper or treasurer will issue a single check to the individual for the full amount received.

"We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men." 2 Corinthians 8:20-21

"The silver and gold are a freewill offering to the Lord, the God of your fathers. Guard them carefully until you weigh them out in the chambers of the house of the Lord..."
Ezra 8:28-29

F. Other Cash Receipts

Date Approved/Revised: January 18, 2011
Approved By: Board of Trustees

Statement of Policy: Adequate internal controls over cash receipts received in the mail or from other sources will be maintained at all times. Numerous sources of cash receipts are received from the various ministry operations. Examples of such receipts are: sale of books and materials; fees for retreats, workshops, and camps. Such receipts will be received, counted, deposited, and accounted for in Church records in an accurate and timely manner.

"Joseph collected all the money that was to be found in Egypt and Canaan in payment for the grain they were buying, and he brought it to Pharaoh's palace." Genesis 47:14

G. Purchasing

Date Approved/Revised: January 18, 2011
Approved By: Board of Trustees

Statement of Policy: All purchases that relate to fulfilling the ministry purposes of Bethel Assembly such as supplies, literature, small equipment and services shall be made by Department Heads within the limits of the approved budget. The purchase of budgeted items costing more than \$500 must be pre-approved by the Treasurer. The Board of Trustees must approve the purchase of items or expenses that are not included in the department budgets.

All other purchases shall be made by authorized purchasers³ within the limits of the approved budgets. The purchase of budgeted items costing more than \$500 must be pre-approved by the Treasurer. The Board of Trustees must approve the purchase of items or expenses that are not included in the budget.

Such purchasing guidelines will assist authorized Church representatives in monitoring actual spending and effectively managing the Church's cash flow. Competitive bids will be taken on all significant purchases. All Church ministries will be responsible for using good purchasing methods for optimizing price savings, quality or value of goods, as well as vendor selection and maintaining good working relationships with vendors.

These policies and the following procedures relate to not only Church purchases made by Church check, but also expenditures made on Church credit cards and items paid with personal funds that will be

³ "Authorized Purchasers" are those authorized to purchase items or services on behalf of the church by the Board of Trustees.

reimbursed.

"In the house of the wise are stores of choice food and oil, but the foolish man devours all he has." Proverbs 21:20

H. Cash Disbursements

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: Paying Bethel Assembly obligations in a timely manner not only produces confidence in the Church's fiscal responsibility and procedures but also serves as a testimony to the business community. Proper internal controls will be followed to ensure that only valid and authorized payables and services are recorded and paid. Accounting procedures will be implemented to ensure the accuracy of amounts, validity of transactions, coding of general ledger accounts and appropriate timing of payments. A limited number of individuals will be authorized to sign checks. All disbursements of Church funds will be by check.

"Give everyone what you owe him; If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honor, then honor." Romans 13:7

"The expenses of these men are to be fully paid out of the royal treasury...so that the work will not stop." Ezra 6:8

I. Banking Relations

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: The Board of Trustees is responsible for establishing, maintaining, and overseeing positive relationships with financial institutions. Bank accounts will be established to safeguard Church funds and provide deposit, disbursement and investment privileges. If Church funds accumulate to a sizeable amount, several banks will be selected to spread risks of loss and maximize FDIC coverage. A loan secured by a mortgage will require the approval of the members. All Church bank accounts shall be reconciled on a monthly basis.

"Well then, you shall have put my money on deposit with the bankers, so that when I returned I would have received it back with interest." Matthew 25:27

J. Cash Management and Reserves

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: In an effort to provide a buffer for any unexpected operational expenses or repairs,

cash needs during summer months and possible levels of weekly receipts where giving did not meet weekly budget requirements or expectations, the Board of Trustees has set a goal of maintaining a cash reserve which equals five weeks of budget expenditure requirements. An additional goal is to establish a long-term reserve to provide for unexpected major property and maintenance repairs or replacements. These reserves will be carried forward from month-to-month and into the next fiscal year at year-end.

To maximize interest earnings on cash reserves, all Church deposits will be made into an interest bearing account. Cash reserves will be invested in higher earning, low risk investments.

Under isolated circumstances the Board of Trustees could approve interfund borrowings.

"Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest." Proverbs 6:6-8

"Have I not kept this in reserve and sealed it in my vaults?" Deuteronomy 32:34

K. Investments

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: All excess cash reserves and any large sums of money to be held in long-term restricted, or designated reserved accounts, will be placed in appropriate interest-bearing accounts or investment securities. Leadership will investigate interest rates, minimum balance requirements, penalties on early withdrawals, deposit insurance, and other concerns before placing funds in an account. Reports on investments will be provided for members at the annual meeting, or upon request by any member.

L. Inventory

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: Bethel Assembly will conduct a general inventory once each year, noting additions or deletions from the previous year.

"Suppose one of you has a hundred sheep and loses one of them. Does he not leave the ninety-nine in the open country and go after the lost sheep until he finds it?" Luke 15:4

M. Fixed Assets

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: All fixed asset purchases and disposals of Bethel Assembly will be properly authorized. Adequate records will be maintained to account for the acquisition and disposal of all fixed assets. Deprecation methods and life of such assets will be consistently applied. An accurate perpetual inventory will be maintained for all Church fixed assets.

"You will know that your tent is secure; you will take stock of your property and find nothing missing." Job 5:24

N. Long-term Debt

Date Approved/Revised: March 17, 2011

Approved By: Board of Trustees

Statement of Policy: All determinations of the need for debt must be recommended by the Board of Trustees, along with review and approval by the Elder Board. In keeping with the Church By-laws, any debt incurred by the church and requiring a mortgage on property will require approval by the members. All approved debt transactions will be set up as liability accounts in the Church's bookkeeping software file. Applicable interest for all debt will be accrued on a timely basis. All debt payments will be properly recorded and made on a timely basis. Debt instruments will be reviewed periodically to assure compliance with stated terms.

*"Let no debt remain outstanding, except the continuing debt to love one another..."
Romans 13:8*

"The rich rule over the poor, and the borrower is servant to the lender." Proverbs 22:7

O. Net Assets

Date Approved/Revised: June 23, 2011

Approved By: Board of Trustees

Statement of Policy: The net assets of Bethel Assembly are comprised of the difference between the Church's assets and liabilities. Net assets are increased or decreased by the Church's financial operations, other financial events, and circumstances affecting the Church. To ensure the accurate reporting of assets, liabilities and thus net assets, adequate internal controls will be established for the various financial systems of Bethel Assembly.

Church leadership will not commingle donor-imposed (restricted) and unrestricted gifts. Such gifts will be accounted for in separate funds. Leadership further desires to disclose to its Church members and donors an explanation of reserves and why monies are being set aside and not expended during the current period. This information would also provide Church members, donors and staff with a means to monitor designations of cash reserves and the accumulation of money.

"This food shall be held in reserve for the country, to be used during the seven years of

famine that will come upon Egypt, so that the country may not be ruined by the famine."
Genesis 41:36

P. Fiscal Reporting

Date Approved/Revised: June 23, 2011

Approved By: Board of Trustees

Statement of Policy: The purpose of financial reporting is to provide relevant information to meet the common interest of Church members, Elders, Trustees, contributors, governmental bodies, constituent ministries, creditors, management and employees of Bethel Assembly.

Bethel Assembly leadership will make regular reports of the Church's financial status to the congregation. Such reports are necessary to comply with the principle of full financial disclosure; which is a wise stewardship practice in any ministry organization. The complexity and detail of the reports will be determined by the intended audience. The Board of Trustees will require more detail and explanation than the general membership of the Church. In most cases, Church members are primarily interested in the following: (1) How much money was received? (2) How much was spent? (3) How does this compare to the general operating budget requirements which they approved? and (4) Is there a positive or negative balance in the bank? All financial reports presented to the congregation will be formatted in a manner that answers these questions.

Full financial disclosure means not just *full* reporting, but *meaningful* reporting! Therefore, the following six characteristics shall be present in any set of financial statements issued by Church staff:

1. They shall be comprehensible so that any person studying them may understand the financial picture.
2. They shall be concise so that the reader does not get lost in detail.
3. They shall be all-inclusive in scope, reflect all financial activities of the Church and list all of the funds maintained by the Church.
4. A focal point will be provided for comparison purposes, such as the budget requirements, year-to-date totals, and comparison to the previous year.
5. They must be prepared on a timely basis.
6. The report must be prepared on the basis of generally accepted accounting principles.

These reports serve as the vehicle of disclosure to the Church body and management regarding the integrity of Bethel Assembly's finances. Many of these reports are to be prepared in brevity and are to supplement detailed financial reports and are to be used for timely "hands-on" management.

"Everything was accounted for by number and weight, and the entire weight was recorded at that time." Ezra 8:34

Q. Governmental Reporting Obligations

Date Approved/Revised: June 23, 2011

Approved By: Board of Trustees

Statement of Policy: As required by Romans 13, Church leadership must become adequately informed of and abide by all governmental reporting requirements which apply to Bethel Assembly. This will also include all of Bethel Assembly's integrated ministry auxiliaries. All applicable governmental reports must be filed on an accurate and timely basis so as to avoid possible tax penalties, fines and audits.

"Everyone must submit himself to the governing authorities, for there is no authority except that which God has established. The authorities that exist have been established by God." Romans 13:1

R. Year-end Closing

Date Approved/Revised: June 23, 2011

Approved By: Board of Trustees

Statement of Policy: A detailed review will be made at year-end, before final closing, of all asset, liabilities and net asset account balances. This review is to determine the reasonableness and propriety of each account before carrying them over into the New Year. Revenue and expense account balances will also be reviewed for reasonableness, considering adequacy of cut-off procedures. Appropriate adjustments and reclassifications will be made before the books are closed. The final closing will be completed no later than January 25th.

The final closed general ledger will serve as the primary accounting resource to perform internal financial reviews.

"You will know that your tent is secure; you will take stock of your property and find nothing missing." Job 5:24