



Financial Policy and Procedures 2025

The Global Methodist Church, while grace-filled, recognizes that there is a season of accountability throughout our personal and public lives. John Wesley's societal structure of using mutual accountability groups indicates the responsibilities placed upon each of us in how we perceive and manage the assets with which God has entrusted us. From its earliest days, the Methodist movement has been one of mutual support within a connectional system. A connectional system allows churches to work together to make larger kingdom impacts, ensure proper accountability and credentialing, and maintain theological integrity. In short, we are better together. The Global Methodist Church values its connectional system and wishes to see it thrive in its support and oversight role for local churches.¹

Overview

This document puts in place a comprehensive view of the financial policies and procedures used at Jones Memorial The Higher Way Church. This document is intended to provide clear guidance to Finance Committee, Staff, Members and Ministry Leaders on the procedures that safeguard appropriate use of Church funds. The Finance Committee focuses on the governance aspects of the Church's finances ensuring management operates the day-to-day financial operations of the Church in accordance with these policies and procedures.

Job of the Finance Committee

The Finance Committee shall oversee the stewardship of financial resources as their priority throughout the year, seeking as part of the ministry of discipleship to move members toward tithing and beyond, with an attitude of generosity. The finance system is comprised of the processes of raising, managing and dispersing the finances so that the mission and vision of the congregation can be achieved (Guidelines, p6²). The Bible speaks frequently about money and wealth and emphasizes the importance of generous giving (Proverbs 22:16; 2 Corinthians 8-9), wise investment (Luke 16:10-13); debt management (Proverbs 21:20; 22:7), prudent fiscal oversight (Luke 12:13-21; Acts 4:32-35), and appropriate attitude (1 Timothy 6:10). Whatever income and expense are generated by the Church is ultimately for the work of ministry. A critical component of this ministry is recognition of the historic differences between Christian stewardship and funding ministry.

Funding ministry, often called "fundraising", consists of the varied tasks associated with gathering funds to enable ministry to take place. Underlying and supporting these tasks however is the conceptual discipline of stewardship. In our tradition, we understand ourselves as stewards who respond to our giftedness. It is this balance between the "what" (fundraising) and the "why" (stewardship) that is the genius of Wesleyan Financial leadership (Guidelines, p. 8*).

¹Global Methodist Church Book of Doctrines and Discipline (GMC_BDD), Section IX, ¶449.1

²From Guidelines for Leading Your Congregation 2005-2008: finance, (p. 6-8).

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Main Tasks of the Finance Committee

- *Provides financial direction for the congregation and regularly reports to the Church Council and to members.*
- *Recommends (and develops) an annual budget to support the mission and ministry of the Church.*
- *Develops plans for the annual funding program to ensure that the financial needs of the Church are met.*
- *Designates at least two persons not of one immediate family residing in the same household to count the offering following each service (working under the supervision of the financial secretary).*
- *Ensures that the church treasurer(s) disburses all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine.*
- *Establishes written financial policies to document the internal controls of the local church which should be reviewed for adequacy and effectiveness and submitted as a report to the charge conference annually.*
- *Arranges for the annual audit of Church financial records.*
- *Recommends to the church council proper depositories for the church's funds.*
- *Ensures that bank accounts are not set up using the Church's federal identification number without finance committee approval.*
- *Ensures that all bank accounts using the Church's federal identification number are included in the annual audit.*
- *Ensures that contributions designated for specific causes and objects are promptly forwarded according to the intent of the donor.*
- *Submits additional appropriations or changes to the budget to the church council for approval.*
- *Prepare at least annually a report to the church council of all designated funds that are separate from the current expense budget.*

Organization and Relationships

The GMC_BDD provides for the finance committee to be made up of persons who, by virtue of other leadership responsibilities, link the committee to other areas of congregational life, as well as several persons who are nominated in recognition of their commitment to and witness of personal stewardship.

The Discipline calls for the following members of the committee:

- Chairperson
- Pastor(s)
- Lay member of the Annual Conference (one)
- Chairperson of the Church Council
- Chairperson (or designee) of Staff/Pastor-Parish Relations Committee
- Chairperson (or designee) of the Board of Trustees
- Chairperson (or designee) of the ministry group on Stewardship (if any)



(Committee Members continued)

- Lay leader
- Financial Secretary
- Treasurer
- Others as determined by the charge conference.

Alternatively, the committee's responsibilities may be assigned to a different group. The Finance Committee members shall be members of the Church Council. With the exception of the Senior Pastor, when paid employees serve on the Finance Committee (e.g., Financial Secretary or Finance Manager/Treasurer), they serve without vote.

Finance Committee Chairperson Term and Duties

The Finance Committee chairperson and committee members serve for a period not to exceed three years. The chairperson or Senior Pastor will arrange for regular meetings. He/she will also attend the Church Council meetings as well as other members of the committee. He/she will work on the annual reporting to the Church Conference and also the annual budget.

Finance Manager Duties

The Finance Manager is a non-voting member of both the Finance Committee and the Church Council. The Church Finance Manager shall make regular and detailed reports to the Finance Committee and the Church Council on disbursements. The Finance Manager will also obtain confirmation from the Church Financial Secretary of all funds received.

The Finance Manager shall disburse all money contributed to causes represented in the local Church budget, and such other funds and contributions as the Church Council may determine.

All requests for reimbursements for purchases must be presented to the Finance Manager within thirty days of the purchase for reimbursement.

No reimbursement will be made without proper documentation which must include a receipt and a completed check request form signed by the chair of the ministry area involved prior to the check being issued. There will be no exceptions to this rule.

The Finance Manager's signature must accompany any valid check request form approval.

All expenses on the credit card must indicate the ministry purpose of the expense.

Credit Card purchases will be validated monthly. Each person in possession of a credit card will provide a receipt for any purchase made on their card. Each card purchase will be reviewed monthly by the Finance Manager and the Senior Pastor. Each person in possession of a card will initial each purchase acknowledging the purchase and provide supporting documentation.

All Financial records should be retained for no less than 5 years.



The Finance Manager shall remit each month to the Conference Treasurer and General Conference all obligated funds that are on hand. Contributions to benevolence shall not be used for any cause other than that to which they have been given.

The Finance Manager will supply monthly detailed reports to the Finance Committee and Church Council, as well as to those staff members who are responsible for keeping their department expenses within approved budgeting guidelines. The Finance Manager will operate under the guidelines provided to him/her in this handbook from the Finance Committee. Per the GMC_BDD, this position should be bonded.

Financial Secretary

The Financial Secretary shall make regular and detailed reports on funds received to the Finance Committee and the Church Council. The Financial Secretary shall designate a number of groups consistent with the number of church services of at least two persons not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the Financial Secretary. A record of all funds received shall be given to the Financial Secretary. The Financial Secretary shall keep accurate and timely records of all income received on the financial platform provided by the Church. The Financial Secretary will be responsible (along with the Finance Committee) for providing procedures and training for the Church counters. (See the latest procedures attached.)

Fiscal Year

The Church fiscal year is from January 1 - December 31.

Accounting Method

The monthly accounting for the Church is done on a cash basis accounting method with year-end adjustments to an accrual method for audit and tax purposes.

Report Format for Financial Statements

The reports to be provided by the Finance Manager to the Finance Committee monthly for approval and quarterly to the Church Council for approval will be an Income and Expense Summary derived from the Balance Sheet and an Income Statement. They will be created using the Church's accounting software. They will be issued on a cash basis accounting method for interim statements. An independent third-party accounting firm/CPA will be engaged to reconcile statements on a quarterly basis and year-end statements at fiscal year- end.

Chart of Accounts Policy

The expenses will be posted according to the proper budget line item. Requests for reimbursement will not be processed without a proper account code and appropriate approvals.

Banking

Checks will be considered stale dated after 6 months. The Finance Manager will either reissue a new check or return the funds to the correct account. This will be determined by a discussion with the person who issued the original check request. The bank reconciliation is performed monthly by the Finance Manager and reviewed by the Finance Committee chair and/or designated Finance Committee member.



Policy on Donations related to Investments

The policy on stock donations is to sell the investment, as soon as all the paperwork is in order and to deposit the funds into the correct account per the donor's instructions.

Rental Income

The Finance Manager will maintain a current list of the specific charges for building usage such as wedding deposits and building use fees for non-members. Patrons will be invoiced, and the fees will be given to the Financial Secretary for deposit.

Internal Financial Control Policies

The internal controls are a system of special purpose processes and procedures designed and practiced for the primary purpose of protecting our members financially as well as for preventing or deterring fraud. The internal controls fall into two categories, active and passive.

Active Controls

- Signatures and countersigning on check requests
- Original voucher
- Limit accounts to one bank
- Limits on Credit Cards
- Two signatures on all checks (the signatures shall not be those of paid employees (exception: Finance Manager)
- The Finance Manager and Senior Pastor will physically review all checks and credit card payments monthly as well as visually inspect the check book sequence. A summary will be sent to the chair of the Finance Committee.

Segregation of Duties

Segregation of Duties means that there are processes and procedures requiring that duties must be divided among a number of people so that no one person or group can obtain Church cash by fraud. The following are done by different individuals for segregation of duties. No one person handles more than one step:

Cash receipt counting must have at least 2 counters and at least one member of the Finance Committee must be present during the counting. Family members cannot count together. Staff members cannot be counters, (exception: Financial Secretary) No one is to enter the count room during the counting. All deposits go through the counters.

Contribution deposits must be verified by 2 counters and reconciled by the Finance Manager. Entering contributions and reconciling to the deposit receipt is performed by or under the supervision of the Financial Secretary.

Employees cannot sign checks. (Exception: Finance Manager)

A copy of all bank accounts, safety deposit box, and investment signatories must be on file in the Church office. These should be updated annually.



Passive Controls

- Focused internal controls audit, which is done along with reporting audit
- Periodic external audit, timing to be determined by the Finance Committee and performed at minimum every third year
- Stored backup of receipts to match deposits and checks

Independent CPA will:

- Analyze and oversee accounting data on a monthly/quarterly basis and make necessary adjustments/entries to reflect accrual accounting.
- Review quarterly investment statements and make adjusting entries to record earnings or losses.
- Review monthly payables to ensure no duplicate entries were made.
- Monitor agency fund activity to ensure that transfers between funds are properly recorded.
- Monitor the reconciliation of contributions to the general ledger.
- Annual review of the financial data will include ensuring expenses are recorded in year they were incurred.
- Generate monthly/quarterly internal financials along with planning schedules that will enhance the budgeting processes.
- Assist staff with proper coding and recording of transactions to minimize mistakes in the initial accounting.
- Perform general quarterly account reconciliations of all accounts and all other general CPA functions as outlined in the contract.
- Provide unlimited consultation regarding accounting, tax and business matters throughout the year.

Operating Budget

The Church's annual operating budget establishes the framework for the programs that the Church will undertake during the program year. Each Finance Committee member is responsible for reviewing budget recommendations initially developed by staff members and program committee chairs for the programs and activities in their ministry areas. The Staff Parish Relations Committee provides staff compensation recommendations.

Budget requests for each coming calendar year are due from staff and program chairpersons to the Finance Committee by a date to be communicated by the Finance Committee. This will enable the Finance Committee to have a budget prepared for distribution at the annual Church Conference usually held between January-February.

Once the budget is approved by the Finance Committee and presented for approval to the Church Council, the funds (as approved for the fiscal year) may be used by their department chairs without formal Finance Committee authorization. Because the operating budget is dependent on contributions, cash flow varies throughout the year. During some years the Finance Committee may require that budgeted discretionary expenses over a certain amount receive Finance Committee approval before being spent.



A motion passed by the Finance Committee, recorded in the Finance Committee minutes and communicated to Program Chairs, will provide evidence of this requirement.

In addition to monitoring spending monthly, the Finance Committee will perform a detailed review on a semi-annual basis. A proposed update to the budget will be presented for Church Council approval when projected year-to-date expenditures exceed the total approved budget by 5% or more.

Contracts

Contracts should be on file for regularly provided services. Balancing invoices against contracts will be done by the Finance Manager to make sure charges are correct. Bids will be sought whenever prudent and practical.

Procedures for Approval of Budgeted Purchases

Accounts payable generally come in two forms: bills received through the mail and presentation of requests by members, clergy, and staff to repay them for expenses they paid on behalf of the Church. Check requests must contain a receipt, invoice, bill, or other official documentation of the expense. These forms are available in the Church office. Every request for payment, with the exception of recurring expenses such as utilities, must be given to the Finance Manager with a completed check request form or stamped for payment. A budget line item must be stated on each request, and only the Ministry Chairs, can provide final approval for a check request. No one can approve a check request for themselves.

Non-budgeted purchases

The Senior Pastor has discretionary ability to make non-budgeted purchases up to \$500 without prior approval by the Finance Committee or the Trustees. Any non-budgeted purchase of a good or service above \$500 requires a detailed purchase requisition or statement supporting the request.

The information required is as follows:

- Definition of the need for the good or service (why)
- Identification of the goods or service (what is needed)
- Requested delivery date
- Approximate cost
- Listing of competitive bids sought (if applicable)
- Line item that money requested will have to come from

Capital Purchases

Any purchase of property that exceeds \$2,500.00 must be approved by the Church Trustee Committee and funded either through the Trustee Funds Account, Capital Fund Account or included in the Operating Budget of the Church as approved by the Church Council.

Guidelines for using the Church VISA Card

The VISA card is currently through Chase Business Card Services. The primary card holder is the Senior Pastor. Other cardholders are the Church Secretary and Treasurer/Finance Manager. All VISA/credit card purchases must be documented at the time they are made.



This can be accomplished by completing a Credit Card Transaction form, attaching the original receipt and writing the line item (chart of accounts) number (and class), description and purchaser's name on it. This must be turned into the Finance Manager's office on the next business day following any purchase.

Receipt and Payment of VISA/Charge Cards Bills:

Once the credit card bill is received, the Finance Manager will pay the bill in a timely manner. The purchases are then posted into a spreadsheet with line items totaled. A copy of this sheet is made for the office file. The Treasurer/Finance Manager utilizes the line item totals from this sheet for allocating the expenses in his/her financial report.

CREDIT CARD PROGRAM

Cardholder/Card User Agreement

1. A Cardholder/Card User is authorized to purchase goods and services utilizing the Jones Memorial The Higher Way Church Credit Card.
2. Goods and services may be purchased, consistent with your responsibilities at Jones Memorial, and to satisfy legitimate Church needs as identified in the Church budget.
3. All purchases shall be made in accordance with applicable Church purchasing policies and the Credit Card policy.
4. No personal expenditures are allowed.
5. This authorization shall cease upon your separation of applicable responsibilities and/or employment with Jones Memorial Higher Way Church.
6. Please acknowledge your review and understanding of the various provisions of the above referenced agreement by signing below and returning the original signed copy to the Finance Manager.

I have read and understand this agreement and the attached Credit Card Policy. I assume the responsibility and liability associated with the use of the Card that is being issued in my name. I understand that this Card is to be used for Jones The Higher Way Church Business purposes only, as defined in the agreement and policy. Further, I understand that improper use of this Card on my part, failure to maintain proper records, or failure to report discrepancies against the Card may result in consequences which will appropriately rectify the situation now and in the future.

Employee / Cardholder/Card User

Date



Sales/Use Tax Exemption Documentation Required

With very few exceptions, purchases on behalf of the Church should be made through vendors with whom we have established an account and have provided tax-exemption documentation. Tax Exempt forms are available in the Church office. Utilizing our tax-exempt status saves the Church money.

Fund Management

Designated funds are those monies received for which the donor specifies the use of the funds. Designated funds are kept in the general operating budget and accounted for in the monthly financial statement of the Church.

Designated Fund Requirements

GMC_BDD ¶447.9, states that Contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be retained or used for any other purpose. The goal of the Finance Committee is that this policy meets the spirit and intent of the BDD mandate.

Three Types of Designated Funds

There are three types of designated funds – solicited, unsolicited, and memorials.

- **Solicited designated funds** are those for which there is a congregation-wide effort to request and collect funds for a special project or purpose.
- **Unsolicited designated funds** are those funds that have been given for a specific purpose by an individual contributor, but no approved campaign is in progress.
- **Memorials** are those contributions that are given in memory or in honor of someone. Receipt, accounting, and disbursement of these types of funds are covered in a separate policy.

Each of these types of designated funds are collected, accounted for, and disbursed using the following guidelines.

Solicited Designated Funds

Solicited Designated Funds include those activities and items approved by the Senior Pastor and/or the Church Council as well as those special offerings requested by the Annual or General Conference Offices. Any request for solicitation of designated gifts should be accompanied by a plan for disposition of excess contributions. Collected designated funds shall be given to the counters for accounting purposes, and the Financial Secretary will deposit these funds into the general account earmarked as such. This earmarked status shall state the intended purpose of the funds.

Unsolicited Designated Funds

Unsolicited Designated Funds are those funds for which no request has been made of the general congregation for contributions. Unsolicited designated funds shall be given to the counters for accounting purposes, and the Financial Secretary will deposit these funds into a general account as designated funds. This status shall state the intended purpose of the funds. In the absence of approved plans for the unsolicited designated funds, these funds shall be utilized before drawing on the general budget. The Finance Manager shall ensure that the funds are expended according to this policy.



Pastor's Discretionary and Dollar Fund

- A. The Pastor's Discretionary Fund and The Dollar Fund are intended to give the Senior Pastor discretion and authority, within the limits and guidelines below, to provide confidential financial support to persons in need, to mission directed programs, scholarships and/or other expenses that are not totally covered by the regular annual budget, and may also be used to provide support to other faith based charitable organizations whose mission and purpose are consistent with the mission of the Church.
- B. Funds for these accounts will come from designated giving and not budgeted funds. The funds will be deposited to, and withdrawn from, the designated Pastor's Discretionary Fund and/or Dollar Fund line item.
- C. No checks will be made out to cash. Every effort should be made to write checks directly to a merchant or agency for goods or services.
- D. Senior Pastor shall have responsibility over the administration of the funds and may, in his or her discretion, authorize other staff members to make distributions on his or her behalf from the funds. However, ultimate authority and responsibility for the appropriateness of distributions remains with the Senior Pastor. No funds shall be used for the personal benefit of the Senior Pastor or any of the Senior Pastor's immediate family members.
- E. A reimbursement check may be written to the Senior Pastor for expenses that fit the guidelines, but only when a receipt, invoice or signed affidavit is presented.
- F. The funds are not to be used as a reimbursement account for a Senior Pastor's business expense nor to augment the compensation of, reward, or as a bonus to any full-time or part-time employed staff member.
- G. Donations to the funds may not be designated to or for a specific individual.
- H. Finance Manager shall maintain the requisitions submitted by the Senior Pastor on file, and they shall be available during the annual Church audit when the Pastor's Discretionary Fund account is audited along with the other Church accounts.

Contribution Statement Policy

The Financial Secretary is responsible for producing and providing contribution statements. The statements are printed from the Church database. Contribution statements are sent four (4) times a year. The statements have to be printed, folded and ready for the volunteers to mail on the following dates:

- April 1
- July 30
- October 30
- January 30

The wording on the statements is approved by the Senior Pastor.

A message (letter) is usually sent out with the contribution statements. This message is written by the Senior Pastor. The Financial Secretary is responsible for insuring that this policy is carried out. Any and all cost incurred will be included in the finance committee's budget each year. The Finance Manager will order supplies as needed for the finance team, relying on the direction of the Financial Secretary.



Once the statements have been mailed, it is not unusual for the Financial Secretary to receive a call or two for errors of some kind. If the caller is asking for a contribution to be listed that was not on their statement, they will need to provide the Financial Secretary with the amount of the check, the check number and the date it was given. The Financial Secretary will need to check the teller's sheets from that day to see why the offering was not recorded. If we are unable to locate a member's contribution on a given date, it is our policy to credit the member's contribution to their account if they have provided the appropriate information.

The Church sends statements at least four times a year to regular contributors, but one-time contributors will only receive their statements at the end of the year. The Financial Secretary should let the Pastor know of any non-pledged contributions that are received over the amount of \$500. This gives the Pastor the opportunity to write a note of thanks in addition to the statement that is mailed out.

The IRS has set guidelines for what can be claimed as a donation and what cannot. If anyone receives anything in return for a donation, such as luncheon tickets, or a book for a study program, these cannot be listed as donations, with the exception of that amount of the donation that exceeds the fair market value of the object or service purchased.

Mission trips on the other hand can be claimed under most circumstances, and it is important to record all monies received from anyone going on a mission so that they can receive a contribution statement.

Donations of altar flowers can be considered as a charitable contribution.

When someone requests a contribution record for something they have purchased for the Church, such as lumber, paint, etc., a copy of the receipt must be received and copied for our permanent file. The amount is then added to their contribution statement under the fund heading of receipts. When a person donates property, the person is sent a thank you in the form of a donation letter. It is up to the contributor to assign monetary value to that gift for tax purposes.

Guidelines for handling money in the Church office

Anyone who receives money in the office must have a background check and should be bonded. Any money that is received loose has to be placed in the appropriate envelope. There is a receipt book (in duplicate) to document these receipts.

Petty Cash Accounting

When cash funds are expended on small purchases (with a prior approval by the Finance Manager), the purchaser brings the purchase receipt to the Finance Manager. The Finance Manager then disburses the amount of cash spent to the purchaser to compensate for the purchase. The Finance Manager also fills out a petty cash voucher, asks the purchaser to sign it, attaches the purchase receipt to the voucher and places them in the secure lock box with the remaining petty cash. Sometimes the purchaser who needs petty cash receives it from the Finance Manager before making a purchase. In this case, the Finance Manager fills out a petty cash voucher, asks the purchaser to sign it and gives necessary amount of cash to the purchaser as an advance.



After the purchase is made, the purchaser brings back the purchase receipt and change. The Finance Manager adjusts the original voucher to reflect the change received, attaches the purchase receipt to it and places both in the secure lock box with the remaining petty cash. The petty cash vouchers serve as proof of cash spending or purchase advances to anyone in case a manager or internal auditor makes an unannounced audit of the petty cash fund. The vouchers also serve as documentation showing what expenditures were made with petty cash and are used to prepare the petty cash journal entry when the fund is replenished.

Fundraising Policy

The objective of fundraising activities held at Jones Memorial “The Higher Way Church”, or sponsored by the Church, is to encourage alternative ways to financially support outreach and missions of our Church. Before a fundraising activity is held at or sponsored by the Church can take place, the activity must be reviewed and approved by the Finance Committee. All receipts from an approved fundraising activity will be given to the counters for appropriate deposit. A detailed record of revenue and expenses will be recorded for each event and accounted for in the Finance Manager’s report.

For all approved fundraising activities, committees and groups must adhere to written guidelines detailing the appropriate use of Church facilities. In fairness to our members and constituents, Church sponsored fundraising activities cannot be a vehicle for promoting the business of individual Church members or constituents to the exclusion of others. Therefore, proposed fundraising activities where a specific individual or individuals have the opportunity to make a profit on items sold, or otherwise promote their individual businesses, will not be approved. This limitation does not include events such as craft fairs, where any interested member or constituent can participate in the fundraising activity. Actual approval needed for requested dates, or use of a particular room, or building use policies is up to the Board of Trustees or the Church management.