

Frisco First Financial Policy

Accounting System

Maintaining an Accounting System

Frisco First has established and is maintaining an effective accounting system to adequately report all the economic activity of the Church. It is designed to provide timely financial reports to all concerned individuals so that the financial status of the church can be evaluated and to ensure compliance with governing regulations.

Maintaining the General Ledger

The general ledger is maintained on a regular and ongoing basis. Accounts Payable, Payroll, and Cash Disbursements are posted when the transactions are processed.

Monthly transactions, such as, Postage, Copier Charge, and Credit Card Fee Allocations and Bank Reconciliation items are posted at month end.

Before the monthly Financial Statements are issued, the following items are completed: review of all general ledger account activity, bank statement reconciliation, and confirmation of asset and liability accounts. If necessary, adjusting journal entries are made.

Basis of Accounting

Frisco First has adopted an accrual basis of accounting for most transactions. An exception to this rule is applied to Pledges. A receivable is not established for Pledges, as such, they are recorded when received.

Financial Reporting

The following financial reports will be available for review:

Finance Ministry Team – Dashboard

- ▶ Contributions
- ▶ Cash Balances
- ▶ Loan Balances
- ▶ Restricted and Designated Funds

Executive Pastor – Dashboard

- ▶ Contributions Tracking
 - ▶ Weekly, Monthly, Annually

Cash Balances

- ▶ Operating, Restricted, Cash and Capital Reserves
- ▶ Loan Balances
- ▶ Key Performance Indicators

Ministry Leaders – Dashboard

- ▶ Ministry Revenue/Expenses
- ▶ Key Performance Indicators

The financial statements are audited on an annual basis by an independent CPA firm.



Disbursements

Budgeting

Frisco First prepares an annual operating ministry plan that serves as a guide for expenditures for the fiscal year beginning July 1st and ending on June 30th the following year. If anticipated revenue is achieved, monies equal to church approved annual ministry plan can be spent, otherwise, church only authorizes expenditures to match revenue actually received. Any spending of funds received in addition to the approved annual ministry plan must be approved by the Finance Team and Church.

Purchasing

All purchases made must relate directly to Frisco First Ministries. Approval from ministry leaders should be obtained prior to any purchases made. All ministries should practice purchasing methods that optimize price savings and quality.

Accounts Payable

Frisco First will display stewardship by paying obligations in a timely manner. Checks/ACH Payments will be issued after receipt of an approved payable request. The process includes the approval of the Ministry Leader, Director of Accounting, and Executive Pastor.

Accountable Reimbursement Policy

Frisco First has adopted an accountable expense reimbursement policy. Any employee will be reimbursed for any business expenses incurred on behalf of the church. The employee must document the amount, date, and reason for the expenditure.

Check Signing Authority

The Frisco First Finance Team Ministry is responsible for approving all check signers. Signers must never sign a check or make an ACH payment that has not been through the approval process.

Credit Card Policy

Frisco First will issue credit cards to employees as needed with an established limit. Credit card expense reports will be reviewed and approved by the Ministry Leader, Director of Accounting, and Executive Pastor. No personal use of the church credit card is permitted.

Petty Cash

Frisco First maintains a petty cash fund of \$1475. The funds are kept in the safe and are used for small purchases and for providing change for ministry activities.

Line of Credit

The Finance Ministry Team has the discretion to use the line of credit provided by our bank.



Payroll

Personnel

Frisco First will maintain a work force needed to accomplish the goals of the ministries of the church. The Personnel Team will work with church leadership in establishing job descriptions, salaries, and benefits. Paychecks are prepared biweekly (*every other Friday*) for hourly employees and covers wages earned through the previous Saturday. Paychecks are prepared twice monthly (*15th and last day of the month*) for salaried employees.

Employment Laws

Frisco First complies with all federal and state employment laws and reporting requirements. These requirements include, Form W-4 and I-9 for employees, form W-9 for contract labors, Form 941 reports submitted quarterly, and W2s and 1099s submitted annually.

Revenue

Contributions Volunteer tithes and offerings from members will be the primary source of funds for Frisco First. The main offering from Sunday service is secured until the authorized count team is available (*usually on Monday morning, unless there is a holiday*). There is a minimum of three members on the count team with assistance provided by the accounting office, if needed. At no time is any one individual left alone with the funds. The count team organizes the funds collected. The cash portion of the offering is counted by two individuals and is deposited the same day. Checks are processed by the accounting department via a check scanner. The check deposit is reflected in the bank account within two days. All contributions are handled in a confidential manner to ensure privacy for the donor.

Cash Receipts

Cash receipts, other than contributions, are collected by various ministries within the church. A Funds Collected Worksheet is to accompany any deposit from a ministry. The funds collected should be counted and verified by two individuals. A copy of the worksheet is kept by the ministry department submitting the deposit.

Non-Cash Contributions

Frisco First accepts non-cash contributions, such as stock and other securities. An account at Edward Jones is maintained in order to accept such gifts. Signers on this account include a member of the Finance Team Ministry and an employee of the accounting department.



Restricted & Designated Contributions

Restricted contributions are recorded accordingly. Currently, the restricted offerings authorized by the Finance Ministry Team and church include:

- ▶ Christmas Offering
- ▶ Missions
- ▶ Benevolence
- ▶ Building Fund
- ▶ Scholarship Fund

Designated payments are received for church activities (*such as, Student Camps/Retreats and VBS*). These payments are tracked in their respective accounts and offset by the related expenses.

Financial Goals

Frisco First has a financial goal to maintain three months of expenses in Cash Reserves and provide for a fully funded Capital Reserve Fund.

Fixed Assets

Frisco First has a policy to capitalize as a fixed asset purchases at a cost of \$5000 or more. A fixed asset list is maintained and depreciation is recorded as part of the annual audit in accordance with generally accepted accounting principles.

Internal Control System

Frisco First has established an effective system of internal control so members can be confident that adequate procedures are in place to properly account for the receipts and expenditures of the church.

Contribution receipts are secured until two members of the counting team access the funds and then the funds are counted and verified by two individuals. Non-Contribution receipts are turned in using a Funds Collection Worksheet (*two individuals count the funds and verify the accuracy*) and a copy is maintained by the ministry submitting the funds.

Expenditures are disbursed after receipt of an approved payable request that documents the individual requesting the disbursement and approved by the Ministry Leader, Director of Accounting, and Executive Pastor. Checks and ACH Payments are prepared in the accounting office and signed by an individual in the accounting department.

All accounting and personnel records are secured to maintain confidentiality.