Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

Broadmoor Baptist Church
Accounting Policies and Procedures Manual

Table of Contents

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I. INTRODUCTION

The purpose of this Accounting Policies and Procedure Manual is to describe the existing accounting and business policies and procedures that have been established as the norm for Broadmoor Baptist Church of the Metro Baptist Association, Inc. and to serve as a valuable reference guide for the Church. These policies and procedures have been designed to help safeguard Broadmoor's assets and to promote accuracy, efficiency and consistency in accounting and business operations throughout the Church.

It is hoped that a written manual will both contribute to these objectives as well as to assist Broadmoor's staff in complying with the prescribed accounting and business operations of the Church.

The accounting policies and procedures contained in this Manual may only be modified, altered, waived or amended in writing by the Church Council. No individual employee or officer of the Church shall have any authority to modify, alter, waive or amend the accounting policies and procedures contained in this Manual.

Point of interpretation:

> It should be noted that prior approval or consent as may be required or contemplated in this Manual must in each case be in writing from the proper authority or person and may be evidenced by either email, resolution or other written confirmation. Except in the case of an emergency, the Church Council or Finance Team, as applicable, shall be given at least five (5) business days in order to review any request for approval or consent.

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II. DIVISION OF RESPONSIBILITIES

The following terms are used in this Manual and are defined below and include a brief description of certain responsibilities of designated positions.

1. **Director of Accounting** - The Director of Accounting is responsible for counting and posting contributions and other deposits, processing check and expense requests and vendor invoices in accounts payable, processing and mailing payables checks, processing purchase/expenditure requests, maintaining stock donation records, reconciling credit card accounts. The Director of Accounting shall be designated or listed on the Church website.

2. **Business Administration Team** – shall consist of the Chief Financial Officer, Director of Accounting, Director of Human Resources, and CFO Designee.

3. **Check Signer Team** – as defined under Check Writing, Wires and Other Withdrawals.

4. **Church or Broadmoor** - shall mean Broadmoor Baptist Church of the Metro Baptist Association, Inc.

5. **Church Council** – The Church Council is designated as the governance body that is responsible for monitoring and overseeing the Church from an overall spiritual, business administration and stewardship perspective. The Church Council serves the function as the Board of the Church. The composition and terms of the Church Council are defined in the Bylaws then in effect.

6. **Congregation** – shall mean the members of the Church who are in good standing at any point in time.

7. **Deacons** – shall mean the lay leadership elected by the Congregation from time to time to serve as the then active Deacons of the Church. A list of Deacons shall be available from Human Resources or an Executive Pastor.

8. **Department Head** – shall mean the individual who is designated from time to time by the Executive Team as a department head of a ministry or service department within the Church. The department heads shall be designated or listed on the Church website.

9. **Executive Team Member** - An Executive Team Member shall mean the Lead Pastor, the Executive Pastor of Ministry, or the Chief Financial Officer. The Executive Team shall mean the Lead Pastor, the Executive Pastor of Ministry, and the Chief Finance Officer jointly.

10. **Chief Financial Officer ("CFO")** - The CFO supervises the Accounting and Human Resources office and is responsible for all accounting and financial reporting and related internal controls, financial services, cash management, audit supervision, annual financial report to the Congregation, maintaining the General Ledger, approving certain purchases as described in this Manual, approving any and all purchases and expenditures which are outside of the approved budget, and approving all check requests. The CFO is responsible for managing, coordinating and maintaining all facets of the payroll and benefit programs. The CFO ensures the integrity of financial matters of the Church so that all transactions are recorded in accordance with the modified cash basis of accounting and appropriate internal controls have been established and are being followed. The CFO serves as the Accounting Department Head. The CFO shall be designated or listed on the Church website.

11. **Executive Pastor of Ministry** - the lead ministry pastor who in conjunction with the Church Council and the Lead Pastor is responsible for the monitoring and overseeing the Church from an overall ministry, discipleship and stewardship perspective. The Executive Pastor of Ministry shall be designated or listed on the Church website.

12. **Finance Team** – The Finance Team shall be comprised of lay leadership appointed by the Church Council to assist and support both the Church Council and the Executive Team. The Finance Team has various responsibilities and duties as outlined in this Manual and as may be granted from time to time in writing by the Church Council. The Finance Team shall be designated or listed on the Church website.

13. **Human Resources** – shall mean the Director of Human Resources as designated by the CFO.

14. **Director of Human Resources** - The Director of Human Resources is responsible for coordinating the hiring process and completing all applicable documentation and verification (including e-verify), administering pre-employment screening and testing, coordinating employee benefits, maintaining personnel records, coordinating all health insurance and related benefit programs or other applicable medical benefits, and terminating benefits for persons leaving the Church's employment and shall have other such duties and responsibilities as

set forth in this Manual. The Director of Human Resources shall be designated or listed on the Church website.

15. **Lead Pastor** – the lead ministry pastor who in conjunction with the Church Council is responsible for the monitoring and overseeing the Church from an overall ministry and stewardship perspective. The Lead Pastor shall be designated or listed on the Church website.

16. **Manual** – shall mean this Accounting Policies and Procedure Manual and any amendments or modifications to this Manual which are properly approved by the Church Council from time to time.

17. **Personnel Team** - The Personnel Team shall be comprised of lay leadership appointed by the Church Council to assist and support both the Church Council and the Executive Team. The Personnel Team has various responsibilities and duties as outlined in this Manual and as may be granted from time to time in writing by the Church Council. The Personnel Team shall be designated or listed on the Church website.

18. **Accounting System -** shall refer to the Church's current accounting software, or any successor software program utilized by the Church accounting department.

III. CHART OF ACCOUNTS AND GENERAL LEDGER

Broadmoor has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by expense type. The CFO is responsible for maintaining the Chart of Accounts and revising as necessary with notice to and approval of the Finance Team.

The general ledger is automated and maintained using our Accounting System.

General journal entries are made as needed by members of the accounting staff. General journal entries can be created in all modules of the Accounting System. A journal entry in the Accounting System must be prepared and reviewed by separate individuals; accordingly, the same user is prohibited from both preparing and posting a journal entry.

The CFO and Finance Team shall review the general ledger on a monthly basis for any unusual transactions.

IV. REVENUES AND GIFT RECEIPTS

Sources of Revenues

The Church's revenues are derived from various sources including gifts of tithes and offerings, gifts designated to buildings and property, gifts of securities, gifts to designated ministries, interest income, and other miscellaneous income.

Any cash received in the amount of $10,000 or more must be reported to the federal government using IRS Form 8300.

The main source of revenue for the Church is received in the form of tithes and offerings. The procedures noted on the following pages should be used to secure the regular tithes and offerings from services.

Tithes, offerings and gifts may be received via the U. S. mail. All mail is to be removed from the mailbox by an employee designated by the CFO and sorted. Any mail not specifically addressed to an individual employee of the Church will be opened by a member of the Business Administration Team. Checks will be placed in the Church's safe after review for deposit with the next bank deposit by the Church.

Gifts of marketable securities, including mutual funds, to the Church are processed by the accounting office and reviewed by the CFO. The CFO coordinates the gift with the donor or donor's broker by providing them with the Church's designated investment clearinghouse. The Director of Accounting records the gift to the member's record and ensures the sale of the security properly settles in the Church's bank account.

The Church's policy is to promptly sell all gifts of securities within three (3) trading days after clearing of receipt of the gift, unless the donor specifically requests otherwise in writing. If the donor requires conditions to selling the securities, such conditions must be approved by the Church Council prior to accepting the gift. All securities transactions are reviewed by the CFO and Finance Team on a regular and timely basis.

Gifts of personal property (tangible or intangible) with a value in excess of $500 must be approved by the CFO before acceptance. Gifts of personal property in excess of $3,000 must be approved by the Finance Team. Gifts of personal property in excess of $10,000 must be approved by Church Council.

Gifts of any real property must be approved by the Church Council. All gifts of personal or real property may be subject to verification of value based on appraisal or other reasonable third-party verification procedures at donor's expense. Determination of value must be in compliance with any applicable state and federal governmental regulations and requirements. The Church Council may also establish from time to time other pre-receipt requirements relating to real property such as a clean environmental report addressed to Broadmoor from a company approved by CFO, recent survey and clear title certifications.

Broadmoor may accept designated, restricted or conditional gifts to its various ministries. Unless a donor expressly and specifically prohibits such application, the Church may apply designated funds to the specific ministry being designated either for budget needs, additional ministry needs and opportunities, or specific ministry projects being undertaken within the designated ministry. The Church may elect to hold designated or restricted funds in either its normal operating bank account or in a separate bank account used for holding designated or restricted gifts.

The CFO will ask the donor the expectations and desires of the donor with respect to the gift and its potential impact to Broadmoor's ministries with the notification or receipt of designated, restricted or conditional gifts of more than $20,000 either individually or in a series to a specific ministry or need. Should the contribution not be in alignment with the Church's current mission or ministry needs, the CFO is authorized to request the donor to redirect the funds or to reject the donation should it be contrary to the Church's policies then in effect. For purposes of this paragraph, designated gifts shall not include gifts given to an established capital campaign program or international, national or regional mission emphasis cooperative program designations such as Lottie Moon, Annie Armstrong or Margaret Lackey.

Collecting and Posting of Offerings

Offerings

Broadmoor receives contributions in multiple ways: 1) Offering Plate/Offering Boxes 2) Mail 3) Dropbox 4) Hand delivered 5) Online 6) recurring online payment [ACH + CC/DC].

Weekly contributions

Hand delivered checks/cash are delivered in an envelope and are handed to the receptionist or a member of the Business Administration Team. Mail received at the PO box is picked up by the Director of Accounting or CFO. Mail received at the Church is picked up by the receptionist and handed to a member of the Business Administration Team.

All checks/cash received are deposited directly into the upstairs accounting safe. Dropbox receipts are stored in a downstairs dropbox safe. If offering boxes stationed outside of each entrance of the worship center are used, designated ushers are escorted by a security guard to collect and gather the funds from the offering boxes and sealed in an assigned bank bag. The funds are then deposited into the upstairs accounting safe.

If collection plates are used, designated ushers shall seal the received funds into an assigned bank bag. The ushers are then escorted by a security guard to collect and gather the funds from the offering boxes. The funds are then deposited into the upstairs accounting safe.

The count is performed on Monday mornings and at least two people from the Business Administration Team must be present. The Business Administration Team checks to ensure all contributions were collected from the offering boxes and collects the donations in the downstairs dropbox safe. The Business Administration Team then separates and counts the funds received. Cash and coins received are separated into a separate basket and are counted/deposited as loose plate.

All check contributions not included in an envelope are reviewed for designations noted on the check. Other contributions that contain an envelope have the designation written on the envelope. If the envelope does not have a written-out designation but the check has one, they will write the designation on the envelope. The envelopes and checks are their primary documentation of designations. An envelope & check without a designation is considered to be general budget. Envelope cash is separated from the loose plate cash for separate recording.

In accordance with the Accounting Internal Control Guidelines, the Business Administration Team prepares the deposit slips for the envelope cash and loose plate, creates a list in Excel of all checks, enters the contributions into the Member Management System, and prepares a summary of all Sunday plate contributions. The envelope cash batch total is compared back to the actual cash that is posted from the envelopes to ensure all cash was properly accounted for and contributed to the donor. Two members of the Business Administration Team each separately review the summary of contributions, the Member Management System report, and the deposit slips and remote deposit to ensure all reports agree and then the journal entry to record the contribution is prepared and posted.

Online & ACH receipts

The online receipts post automatically into the Member Management System. In accordance with the Accounting Internal Control Guidelines, the summary of contributions and the Online giving report is reviewed to ensure the reports agree and then the journal entry is prepared and posted to record the contribution.

Program and other receipts

Cash from misc. receipts, special events, and Wednesday night meals are counted by at least two members of the Business Administration Team. A miscellaneous receipts sheet must be completed by the person turning in any the cash. If contribution credit should be received, credit will be recorded in the Member Management System. In accordance with the Accounting Internal Control Guidelines, a summary will be prepared, and the deposit will be made at the bank. The Miscellaneous summary, supporting documentation and the bank deposit slip will be reviewed to ensure all agree. The journal entry to record the contribution will be prepared and posted.

Most payments for special events and Wednesday night meals are made by credit card through Square, Planning Center (also called Stripe), or the Member Management System. Weekday Preschool payments are received through Brightwheel. The Center for Hope and Healing payments are received through Simple Practice (also processed through Stripe). Each Monday, a member of the Business Administration Team pulls a report of payments made during the previous week. In accordance with the Accounting Internal Control Guidelines, the payments are summarized and then the journal entry is prepared and posted to record the contribution. Monthly, the CFO reconciles the activity to ensure all payments from the weekly reports are received by the bank.

Missions Trip Giving

The principal means of funding Broadmoor Sponsored Mission trips is through direct donations to Broadmoor or the Broadmoor website. Gifts received through the website into the Broadmoor bank account are posted to the Accounting System weekly and are reconciled monthly. Gifts are posted to individual giving records weekly in the Member Management System.

Gifts given by checks or cash should be directed to the accounting department for intake, recording and processing with a list of donors, designations and amounts being distributed to the Mission Department to be recorded on the individual's trip record. Checks and cash that are given toward mission trips are posted to individual giving records in the Member Management System where credit is given to each individual contributor to the extent permitted by law.

The lead pastor of the Mission ministry shall establish written policies and procedures for establishing mission trip pricing and the amount and allocation of any funds for mission trip scholarships. All such mission related policies and procedures and any changes thereto are subject to the prior approval of the Church Council.

Individual contributors shall have the ultimate responsibility of determining if any mission trip giving is deductible as a charitable gift for purposes of state or federal income tax regulations and requirements.

Bank Deposits

Bank deposits are made on a routine basis and should include all contributions from the previous weekend and all "other" deposits made for the week. In accordance with the Accounting Internal Control Guidelines, a member of the Business Administration Team will remote deposit the checks via the bank portal and take cash deposits to the nearest bank location. Upon returning from the bank, each encoded deposit slip should be attached to the corresponding Deposit Detail report and filed in the accounting office.

Statement of Contributions Policy

In accordance with IRS guidelines, for a contribution to be included on a given year's *Statement of Contributions*, the contribution must be received by December 31, or if mailed, the envelope must be post-marked no later than December 31.

A *Statement of Contributions* will be mailed or made available through the Member Management System, if electronic only is selected, by January 31 of each year.

A *Statement of Contributions is* not mailed for contributions less than $250 unless requested by the contributor. In accordance with IRS guidelines, any single contribution less than $250 may be substantiated by a cancelled check.

Goods or services provided in exchange for a contribution are not reflected on the *Statement of Contributions*. Examples are: (1) tuition paid to the Church for specific identified students, (2) money paid to the Church for a specific individual to attend a retreat, mission trip, etc., and (3) a donor advised or designated gift to a specific individual as designated by the donor. General gifts in support of retreats, mission trips, etc. will be reflected on the *Statement of Contributions* provided the donor does not make reference to a specific named recipient. The donor must acknowledge and allow the Church full discretion to administer, control and apply the funds in furtherance of the purpose of the Church. Individual donors shall have the ultimate responsibility of determining if any such giving is deductible as a charitable gift for purposes of state or federal income tax regulations and requirements.

Broadmoor may accept most types of non-cash gifts such as stock, mutual funds, vehicles, land, etc. in accordance with the applicable gift receipt provisions contained in this Manual. A *Letter of Acknowledgement* is sent to the donor by Broadmoor stating a brief description of the non-cash gift(s) and the date the gift(s) was received.

The value of time or services by an individual to the Church is not reflected on the *Statement of Contributions* and generally is not tax deductible.

V. CASH MANAGEMENT

Petty Cash

Broadmoor may maintain an Administrative Petty Cash fund of not to exceed $500. This fund will be kept in a locked cash box in the accounting office safe. Any person requesting a reimbursement from the petty cash fund should turn in a receipt to the petty cash custodian that contains the department and expense codes as well as the reason for the purchase. The petty cash fund is reconciled monthly.

Sweep Account

A money market account is maintained by Broadmoor at an approved bank or financial institution. The Broadmoor line of credit may be linked to the money market account for sweep purposes. The purpose of the money market account and any related sweep is to assist with FDIC insurance protection and earn the maximum amount of interest possible on funds not needed for immediate use and to maintain the minimum amount advanced on the line of credit at any point in time based on available funds. Fund transfers may be automatic with the sweep process or may be initiated by the CFO based on cash flow needs. Interest income shall be recorded when received. A reconciliation of the money market account shall be completed monthly.

Certificates of Deposit

Certificates of Deposit, with a maximum maturity of 2 years, may be established by the CFO and approved by the Finance Team. The primary purpose of any such account is to earn a higher interest rate on funds not needed for immediate use. Interest income shall be recorded when received.

Other Fund Accounts

Other accounts may be established by the CFO and approved by the Finance Team. The primary purpose of any such account is to segregate designated or restricted funds. A reconciliation of all such accounts shall be done monthly.

All Bank and Brokerage Accounts

All bank and brokerage accounts of the Church may only be opened after written authorization and approval by the Church Council, including written resolutions certified by a member of Church Council other than the CFO. The CFO shall at all times maintain a complete and accurate accounting of any and all bank and brokerage accounts of the Church. This listing shall be delivered to the Finance Team and Church Council on a regular basis and upon any change in any bank or brokerage account(s). Accounts may be established and maintained at banks selected by the CFO and approved by the Church Council. A reconciliation of any and all such accounts shall be done monthly and delivered to the Finance Team for review.

Bank Reconciliations

Bank reconciliations will be completed each month for each open bank or brokerage account maintained by Broadmoor.

Bank statements are received either via mail or through electronic statements. The CFO shall open all bank statements delivered by mail noting the review through initialing. In accordance with the Accounting Internal Control Guidelines, the bank statements shall be reconciled on a monthly basis. The reconciliations shall be performed in the Accounting System bank reconciliation module and shall be maintained electronically. The bank reconciliations shall be maintained by month in the Finance Team One Drive folder. The Finance Team shall indicate their review of the reconciliation through initialing the monthly question log.

Upon completion of the reconciliation and in accordance with the Accounting Internal Control Guidelines, the proposed journal entries needed to ensure the proper recording of activities shall be prepared and posted via the Accounting System.

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January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

VI. PURCHASING, EXPENDITURES, CONTRACTS AND PAYABLES

Purchasing, Expenditures:

Approval Limits

Budgeted expenditures and contractual obligations shall require the following approvals, unless specifically excluded:
$0-$750: Staff members
$750 - $5,000: Department Heads
$5,000 - $100,000: Executive Teams
$100,000 and above: Church Council or Church Council Designee

Such purchases include invoices provided by vendor, credit card transactions or transactions that are paid for personally, by members of the Broadmoor staff, for which reimbursement will be sought. Expenses shall be paid and reimbursed by completing the Purchase Order module within the Accounting System and shall be completed in accordance to the accounts payable terms and policies, see next section.

Pre-Expenditure Approval Policy

Purchase Orders shall be required for all purchase requests in the amount of $5,000 or more and for all purchase requests which are outside of the then approved Church budget.

Purchase Requests in the amount of $10,000 or more should include two or more competitive quotes, unless expressly waived in writing by the CFO. Prior approval of the Church Council or Church Council Designee shall be required for budgeted items $100,000 or more and for all purchase requests which are outside of the then approved Church budget. The CFO shall maintain a folder documenting all required bids.

All contracts must be reviewed and approved by the contract subcommittee as appointed by the Church Council. Church Council may condition acceptance of certain contracts on obtaining comparison quotes or bids from alternate vendors or suppliers. Contracts for capital projects that require outside funding require prior approval by the Church Council.

A request for a purchase or expenditure is initiated through the Accounting System which then routes the request to the applicable department head based on approval limits then in effect. Purchase request should include, vendor name, address, phone number, payment method, signature of person requesting items, quantity of items requested, item number if applicable, item description, unit price and extended line total if applicable, subtotal, freight and handling cost, total cost, department and expense codes and a description of how the items will be used. A W-9 will be required to be submitted to a member of the Business Administration Team prior to the submission of the purchase order.

Once the request is approved through the Accounting System, the purchaser may then proceed to order the items in accordance with the terms of the authorization.

Items purchased for the Church and its programs should preferably be billed to the Church by the vendor. Payment will be made in accordance with the Vendor's terms.

If the vendor does not offer billing, items should be paid for using a Church credit card. Church credit cards are kept by approved individuals.

If a Church credit card is unavailable for use or if a purchase is made outside of normal business hours, purchases may be made using personal funds. Reimbursements of funds used to purchase items for Church business will be made in accordance to the accounts payable terms and policies, see next section.

Items Under $750

Items purchased for use by the Church in its ministry or outreach under the dollar amount of $750 including taxes and shipping may be purchased without prior approval provided the expenditure is within the then approved budget for the applicable ministry.

Items purchased for the normal day to day operation of the Church and its programs should preferably be purchased using the Church credit card. If the Church credit card is unavailable for use or if a purchase is made outside of normal business hours, purchases may be made using personal funds. Reimbursements of funds used to purchase items for Church business will be made in accordance to the accounts payable terms and policies, see next section.

Credit Cards

The CFO shall monitor and use commercially reasonable efforts to maximize any rebate or other benefit associated with the use of Church credit cards for the benefit of Broadmoor. The use of the Broadmoor credit card is for business-related travel, meals, hotels, car rentals and other business-related expenses. Personal expenses may not be charged to the Broadmoor credit card. In the event personal expenses are accidentally charged to the Broadmoor credit card, the employee will provide Broadmoor with a check for the amount within 7 days of the charge. Personal charges not reimbursed to the Church within 30 days will result in the card being suspended until payment is received. Recurring personal charges will result in credit card being canceled.

All receipts for charges to the Broadmoor credit card must be submitted each month within Accounting System. Receipts along with appropriate coding of the expense shall be entered into Accounting System within 20 days of receiving the credit card statement. Outstanding receipts shall be subject to the following terms:

- Receipts not entered within 20 days shall result in a reminder and warning that outstanding receipts will result in credit card suspension.
- Receipts not entered and approved within 30 days shall result in credit card being suspended for 1 month.
- Two consecutive late submissions will result in the card being suspended for three months.
- Three consecutive late submissions will result in the card being suspended for six months.

CFO shall also monitor the use of credit cards in accordance and compliance with these Accounting Policies and Procedures. At all times CFO shall maintain a complete and accurate listing of all Church credit cards and who has current possession of any and all such cards. The Broadmoor credit card must be returned to human resources immediately upon termination or resignation, or at any time upon request. The employee is responsible for contacting the credit card company if the card is lost, stolen or locked. After gaining an understanding of the issue, the employee should inform the Business Administration office. Any and all outstanding credit card balances shall be paid in full in accordance with their terms by the applicable monthly due date.

Debt & Borrowing

Prior approval by Church Council is required for incurring any and all debt for borrowed money and/or establishment of a credit line -- regardless of amount or type of debt vehicle. No officer or member of the Church staff shall have any authority to borrow money including making a draw on any Church line of credit without the prior written approval of the Church Council evidenced by a written resolution certified by another officer of the Church. Draws on a Church line of credit relating to the normal operation of a sweep account are not governed by this restriction.

Check Requests

Check requests are submitted by individuals requesting reimbursement of expenses for purchases made on behalf of Broadmoor and for other business related expenses such as mileage reimbursement. The Purchase Order module within the Accounting System shall be utilized and includes space provided to record the appropriate department and expense codes, description of items purchased, space to describe how the items will be used, record the purchase order number and give the amount of the receipt, along with the total of all receipts on that page. The requestor shall include receipt (evidence of expenditure) and write the date of the purchase.

Check requests for goods should be submitted on a timely basis with receipts more than ninety (90) days old not being considered for reimbursement unless extraordinary circumstances as determined by the CFO. Check requests completed with the appropriate approvals in Accounting System by 5:00 P.M. on Wednesday will be reimbursed by the following Tuesday. In accordance with the Accounting Internal Control Guidelines, check requests will be reviewed for coding accuracy and will then be submitted for review and approval of payment. Once approved, the payment request will be processed.

Check requests should contain as much information as possible in order to provide an explanation of the expense, verification of the expense and a reason that the expense was incurred. Check request containing insufficient information, or missing information will be declined in the Accounting System. Check request approvals shall be subject to the approval limits defined in the beginning of this section.

Vendor Invoices

Vendor invoices are received either through mail, email or with the delivery of goods. Vendor invoices are subject to the approval limits set forth in the beginning of this section. Vendor invoices shall be entered into the Accounting System by the individual (or designate) responsible for the invoice. The purchase order system shall route the invoice through the appropriate approval limits and will be subject to the final review of the Business Administration Team. The invoice shall be completed in accordance with the accounts payable terms and policies, see check writing, wires and other withdrawals section.

Travel, Lodging and Meals

The purpose of this policy is to provide greater detail in the administration of travel, entertainment and meal expenses. Prudence, reasonableness and ministry necessity should serve as guidelines in following this policy. Travel, lodging, entertainment and meal payments are not fringe benefits; rather they are necessary ministry related expenses. No expenses should be approved that do not directly relate to the ministries of Broadmoor. All travel, entertainment, meal and similar expenses must be either within approved budget guidelines or be approved in advance by the CFO. Scheduling and booking of travel and lodging are the responsibility of the employee.

Travel

1) Ministers and employees are encouraged to use Church owned vehicles for travel whenever possible.

2) Ministers and employees that use their personal vehicles for direct Church purposes will be reimbursed at the IRS mileage rate then in effect.
3) Appropriate mileage logs must be maintained and turned in with reimbursement requests.
4) Mileage will not be paid for commute time to and from the Church. Examples of reimbursable mileage include:
    - Travel to conventions, seminars and meetings that are related to ministerial or professional development.
    - Travel while in the direct scope of one's ministry including, but not limited to visits to hospitals, nursing homes, funerals, schools, leadership development opportunities, and community relations.
5) Travel to speak, lecture or preach apart from Church sponsored or supported functions will normally not be reimbursed. It is assumed that the inviting organization will cover travel cost. However, if the inviting organization is unable to fund travel, the minister can request consideration for payment.
6) Any out of town travel of approximately 425 miles or less should normally be by automobile. If a reliable Church vehicle isn't available, the cost of a rental versus mileage reimbursement should be considered.
7) Any air travel should be planned as economically as possible and booked at coach or lower fares. The Church will pay for one checked bag but will not pay for excess baggage fees, upgrades or other unnecessary charges.

Lodging

1) Ministers and employees should use standard accommodations at reasonably priced hotels and motels. Accommodations should be safe and comfortable but not lavish or extravagant.
2) The added costs of in-room meals, movies or other amenities are the responsibility of the minister or employee.
3) Trips of less than 125 miles are not normally eligible for overnight stay unless the attended activity covers multiple days. Exceptions can be made if circumstances warrant and if pre-approved by an Executive Team member.

Meals during travel

1) The payment of meals applies to the following situations: overnight stays, day trips of more than 6 hours.
2) Meals for overnight stays are only covered if alternate meals are not provided at an attended event. If no alternate meal is provided the following limits apply: breakfast $15, lunch $20 and dinner $30. In the event travel includes high cost cities, the CFO may use the GSA.gov website to determine if additional per diem is warranted.
3) Day trip meals are limited to one meal not to exceed $25.

Meals outside of travel

1) Meals for the support of others can vary widely and could range from helping a homeless individual to feeding a family at Christmas. Other examples might include purchasing food for a family attending to a hospitalized relative or taking a grieving spouse to lunch. Care and compassion are the guidelines. CFO may set appropriate guidelines as needed.
2) Meals can serve as a reward and motivator especially if used in connection with performance reviews or in recognition of a task completed well. Gathering co-workers and volunteer team members for lunch can also be a great morale builder. These types of expenditures are encouraged but should be used judiciously and kept within approved budget limits.

Travel Expense Advance. In certain situations including mission trips and seminars as may be approved from time to time by the CFO, Broadmoor may provide a Travel Expense Advance of up to $5,000. Any travel expense advance of more than $5,000 shall also require the prior approval of the Finance Team. No travel expense request of more than $10,000 shall be permitted. Requests for a travel expense advance should be submitted to the CFO via e-mail at least ten (10) days prior to the travel date. Upon approval, the applicable department head or designee will enter the request in the Accounting System. Upon return from travel, the requestor must return all unused cash along with receipts and a check request for any expenditure in excess of the travel expense advance amount to the Business Administration Team. The CFO must approve the check request for reimbursement of receipts.

Check Writing, Wires and other Withdrawals

Accounts payable checks will routinely be written each Thursday. It is the responsibility of the accounting staff to ensure vendor invoices and check requests are properly entered into the accounts payable system by the appropriate staff member. Vendor invoices will be paid in accordance with the terms outlined by the vendor and if approved by the CFO in such a manner to maximize any available early payment discounts. Checks for check requests will be available by the Tuesday following their final approval by the CFO.

Once all invoices and check requests have been entered into the accounts payable module within the Accounting System, the check requests will be routed through the appropriate approvals. In accordance with the Accounting Internal Control Guidelines, the Business Administration Team shall have the final review of all check requests and supporting documentation prior to submitting to print.

Once the checks and the check register have been printed, the accounting staff member will log in the beginning and ending check numbers, the total of the check run.

All checks shall be required to be signed by two approved signers. The CFO's signature is maintained through the Accounting System purchasing module. The CFO shall maintain proper password protection for the Accounting System including out of band verification. Once purchases are approved within the Accounting System, the checks shall be printed along with the CFO's signature for a Check Signer in accordance with the Accounting Internal Control Guidelines.

The Check Signer Team shall be appointed annually by the Church Council to serve up to three year terms. The check signers shall rotate check signing on a periodic basis from time to time as determined by the CFO and Finance Team. Check Signers will sign checks with a blue or black pen. Check Signer signature stamps are not permitted.

Wire Transfers

Any wire transfer must first be requested in the Accounting System purchasing system and is subject to approval limits. Any wire transfer from a Church bank account shall only be authorized after the Business Administration Team has reviewed and confirmed the request with the person making the request and ensuring the amount is properly supported within the Accounting System. An email including the purchase order, approval history and supporting invoice shall be sent to the Church Council Contract Team for review and approval subject to approval limits.

The Church utilizes the wire module within its current banking institution to process wires. Once the email request is approved by the Contract Team and in accordance with the Accounting Internal Control Guidelines, the Business Administration Team shall verbally confirm wiring instructions with the vendor and shall initiate and approve the wire within the bank's wire module. The bank requires a check signer who is not the CFO to confirm the wire via phone. The email noting approval by the Contract Team shall be forwarded to the Check Signers indicating that they will receive a phone call from the bank regarding a wire. The Business Administration Team shall also send a text notification to the Check Signers to ensure they are aware of the execution of the wire. Any and all wire transfers including applicable fees and costs shall be timely and properly recorded in the Check Register and in the accounts payable system and applied to the proper ministry budget as applicable.

ACH Payments

In general, to protect against fraudulent access into the Church's bank accounts, ACH payments are limited to payments of credit cards, contract workers, insurance, and utilities. The invoice shall be entered into the Accounting System purchasing module which will route the the invoice to the appropriate department head for approval based on approval limits. In accordance with the Accounting Internal Controls Guidelines, an ACH transfer shall be initiated after proper authorization as outlined above. Any and all ACH transfers including applicable fees and costs shall be timely and properly recorded in the Check Register and in the accounts payable system and applied to the proper ministry budget as applicable.

The Business Administration Team shall use "Positive Pay" or a similar cash management service to assist in deterring check fraud.

No member of the Church accounting staff, CFO, Check Signer Team or any other member of the Church staff shall have authority to approve or undertake any type of cash withdrawal from a Church bank account or authorize any internal bank transfers from a Church bank account to any account that is not directly owned and controlled by Broadmoor. Any and all internal bank transfers between or among Church accounts (including brokerage) shall be reported to the Finance Team and the Church Council and properly reflected in the monthly account reconciliations and the financial statements.

The CFO shall provide the Check Signer Team access to the Accounting System for the review of the check register. The Business Administration Team shall ensure that the check stubs along with the supporting documentation is held on file under the applicable document retention guidelines.

Sales Tax

If permitted by applicable law, Broadmoor shall use commercially reasonable efforts to obtain and use any available sales tax exemption for the State of Mississippi. To the extent applicable and available, every reasonable effort should be made by the accounting office to have the exemption on file at companies that the Church has accounts with and that we use on a regular basis. Employees should be prepared to present any applicable sales tax exemption when purchasing items for the Church.

No Church sales tax exemption should ever be used when purchasing personal items.

Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

VII. ACTS 2 FUND AND SHELTER MINISTRY GIFT CARDS

ACTS 2 FUND

The Acts 2 Fund is intended as a resource to walk alongside the individual, group or entity as a temporary help during times of crisis. The objective is to minister and disciple the individual and move him or her from a point of need to self-sufficiency or normalcy.

Broadmoor believes that the best way to achieve this objective is by discipling through stewarding Acts 2 Funds and other nonfinancial resources to provide the best opportunity to Care, Guide and Encourage those in need.

To appropriately **Care** for someone, there must be an ongoing relationship. If the person/family is connected to Broadmoor they are being cared for in as part of an ongoing relationship within the Broadmoor family of faith. At times the best way to care for a person is to offer them a connection with entities that are best equipped to connect with them depending on their location, life circumstances, and/or capacity.

Through that relationship a person/entity can **Guide** the person in need to next steps. As they follow Jesus and become more of the person that God wants them to be, their lives will look different next week, month, year. As someone journeys with a person in need, they help the person identify what behaviors, thought processes, and or goals need to be adjusted to manage resources and abilities to be self-sufficient. At times it is necessary to trust and still verify a person’s story/circumstances. This process is best facilitated by a person that has an ongoing relationship with the person/family and the ability to help that person to develop their work and life skills.

An ongoing relationship is necessary to **Encourage** a person to follow and modify their discipleship plan as needed. Encouragement often comes in the form of accountability. The level of accountability may vary depending on the person’s ability to navigate their discipleship plan.

ACTS 2 FUND STRUCTURE

The Acts 2 Fund may be funded through an operating budget line item subject to the annual budget process or through establishing annual designated offering options throughout the year.

The Fund is administered in two parts: 1) Non-Connected Assistance (NCA) and, 2) Relationally Connected Assistance (RCA).

Non-Connected Assistance refers to requests from individuals that have no direct contact with Broadmoor while RCA requests refer to individuals that have a primary relationship with Broadmoor. A primary relationship can be a Church member, a person whom a particular Life Group is supporting, or a person a staff member is working with and, as such, is familiar with the individual's needs. In all cases, the objective is to minister to the individual and move him or her from a point of need to self-sufficiency or normalcy.

Administration and oversight of the Acts 2 Fund is the direct responsibility of the Acts 2 Team under the auspices of the Finance Team. The Team is comprised of six members: one standing member and five alternating lay members. The standing member is a Broadmoor Pastoral Minister, herein referred to as Standing Member. The Standing Member is annually nominated by the Finance Team and approved by the Church Council. The five alternating members are Broadmoor members who are likewise nominated by the Finance Team and approved by the Church Council. The Acts 2 Team will annually appoint a Team Leader. Two of the five nominated will be current members of the Finance Team. The five lay members have voting authority. The members should strive to make decisions by consensus but may take action by majority vote if needed. The Standing Member serves in an advisory and administrative role and does not have voting authority and may not serve as Team Leader.

The five lay members serve staggered terms. The two Finance Team representatives serve two-year terms, and the three at large Broadmoor members serve three-year terms. Team Leaders serve one year terms. One Finance Team representative and one at-large member are appointed every year. Terms are served on a calendar year basis.

The Standing Member presents all requests for assistance that are above his or her authority as defined herein. The Standing Member also has the responsibility for maintaining records of all Acts 2 activity. The Standing Member may create a support team of other Broadmoor staff to assist him or her in receiving assistance requests and in discharging various tasks in his or her capacity as Standing Member.

However, support team members have no authority to approve assistance requests. All assistance requests must flow through the Standing Member for approval. The Standing Member may designate another staff member to fulfill the responsibilities and duties of the Standing Member in his or her absence with prior communication to the CFO.

The Acts 2 Team will meet on an as needed basis but will routinely hold meetings on at least a quarterly basis. When expediency dictates, the Acts 2 Team may conduct routine affairs, including voting, via telephone or email. Details regarding assistance requests can be shared by email. However, any such correspondence must redact personal identification information such as home address, social security numbers or work information. Voting may be conducted via email affirmation. However, if further discussion or clarification is needed, an in person or conference call meeting shall be used to review and discuss the applicant. When absolutely necessary, the Acts 2 Team Leader may poll individual members for approval. In all matters, a quorum shall consist of at least three (3) of the five (5) lay members.

FORMS OF ASSISTANCE GUIDELINES

Relationally Connected Assistance

1. The form of assistance for RCA individuals varies with the need and may involve multiple staff and lay personnel. The intent is to minister to the whole person, both physically and spiritually while moving him or her from a point of need to self-sufficiency or normalcy.
2. The key staff contact involved in the process is the Standing Member. The Standing Member may assemble a support team of other Broadmoor staff who can assist in receiving assistance requests and in discharging various tasks. However, all assistance requests must be coordinated through the Standing Member or the Standing Member designee in his or her absence.
3. The Standing Member has a spending authority of up to $500 for RCA assistance. The Standing Member also has the authority to delegate spending authority up to $250 to ministerial staff. Assistance request over $500 up to $2,500 must be referred to the Acts 2 Team for approval. Request over $2,500 up to $4,000 must be referred to the Finance Team for vetting and approval, and if more than $4,000 it must be approved by Finance Team and then be forwarded to Church Council for final approval.
4. Requests or referrals for financial assistance may be received from multiple sources such as Life Groups, Staff, Deacons, and individual members. All requests should be referred to the Standing Member or the Standing Member designee.
5. Financial support for RCA persons can include food, emergency fuel, medical assistance including bills, utilities, and housing related expenses. This assistance may also include connecting the individual to entities that are equipped to assist the individual for a longer period of time. However, regardless of the need, the intent is to provide help and assistance in whatever manner is deemed healthy and redemptive while moving him or her from a point of need to self-sufficiency or normalcy.
6. Assistance should normally be limited to one-time occurrences but, when deemed appropriate, can last for an extended period of time. Extended period assistance or multiple occurrences must be approved by the Acts 2 Team and in accordance with monetary approval limits, with final approval by the Finance Team and by Church Council to the extent required.
    a. All total dollar expenditures of $4,000 or more in a single year or over a three-year period, whether single or multiple disbursement, must be properly approved by the Finance Team and Church Council.

7. An opportunity for financial counseling is offered through the Center for Hope and Healing. The Center does not offer additional financial resources but can provide basic financial management skills for those truly desirous. As appropriate, the Acts 2 Team, Finance Team, or Church Council may require financial counseling as a condition of approval.

Non-Connected Assistance

Requests for NCA assistance must be directed to the Standing Member or Standing Member designee in his or her absence. The primary way Broadmoor cares for NCA individuals is to connect them to entities that are equipped to care, guide and encourage them from a point of need to self-sufficiency or normalcy.

The Standing Member has a spending authority of up to $250 for NCA assistance. The Standing Member also has the authority to delegate spending authority up to $125 to ministerial staff. Assistance request over $250 up to $2,500 must be referred to the Acts 2 Team for approval. Requests over $2,500 up to $4,000 must be referred to the Financial Team for vetting and approval, and if approved and more than $4,000, it must then be forwarded to Church Council for final approval.

1. HOUSING EXPENSES - Requests of this nature are referred to agencies such as Madison County Citizens Service Agency or other similar agencies. These agencies are better equipped to provide meaningful long-term solutions. If for any reason the agencies are unable to assist the individual, a request may be submitted to the Acts 2 Team for review and action. In the case of unusual or extraordinary needs, the Acts 2 Team may waive the requirement to first go to the local agency(ies).
2. UTILITY EXPENSES – Utility assistance requests should normally be referred to Low Income Home Energy Assistance agencies. These agencies work directly with utility companies and offer a broader array of alternatives. If for any reason the agencies are unable to assist the individual, a request may be submitted to the Acts 2 Team for review and action. In the case of unusual or extraordinary needs, the Acts 2 Team may waive the requirement to first go to the local agency(ies).
3. MEDICAL ASSISTANCE – Most medical requests are for the payment of past due bills and, as such, are not initially covered under the Acts 2 Fund. All requests for direct medical care are referred to agencies such as Jackson First or Caring Hands. If the agencies are unable to assist the individual, a request may be submitted to the Acts 2 Team for review and action. In the case of unusual or extraordinary needs, the Acts 2 Team may waive the requirement to first go to the local agency(ies).
4. EMERGENCY FUEL – Assistance with fuel is permissible but is limited to $25 for local residents and $50 for transients. Recipients must be at least 21 years of age and possess a valid state issued driver's license.

5. FOOD – Requests for food are granted on a regular basis. Immediate help can be provided through the issuance of pre-paid grocery store cards. The normal limit for such assistance is $25 for individuals and $150 for a family. Applicants are also given the contact information for agencies such as Madcaap, Crestwood, Stewpot and Good Samaritan. These organizations operate food pantries and can provide up to a week's worth of food for needy families.
6. FINANCIAL COUNSELING – An opportunity for financial counseling is offered through the Center for Hope and Healing. The Center does not offer additional financial resources but can provide basic financial management skills for those truly desirous.
7. LIMITATIONS - Broadmoor does not wish to create an environment of dependency. Assistance to NCA individuals is limited to once every twelve months unless otherwise approved in writing by the Finance Team and Church Council in the case of unusual or extraordinary needs.

Broadmoor maintains an active relationship and provides financial support to most if not all of the agencies to which it refers.

ACCOUNTABILITY

All Acts 2 financial transactions are to be properly documented and approved before issuing any funds. The Standing Member is to ensure that all expenses are properly approved, correctly coded, and ready for entry into Accounting System. The Church accounting office will review all requests for proper approval, accuracy, completeness, and proper coding before entering for payment.

The Church Accounting Office will be responsible for directing the purchase of pre-paid cards and issuing same to the Standing Member. The Standing Member will keep an inventory of cards on hand and cards issued. The Accounting Office will perform a monthly reconciliation. In keeping with this policy, only the type of pre-paid cards kept in inventory are grocery store gift cards. The maximum value per card must not exceed $50 card. Multiple cards may be given by Standing Member or delegate subject to approval limit.

Cash should never be given except in extreme and extraordinary circumstances and then only with the prior written authorization of the Finance Team, within Finance Team authority.

A record of all Acts 2 activity will be maintained by the Standing Member. A monthly report of all activity will be submitted by the Standing Member to the Acts 2 Team at large. The monthly report will include:

- A summary log of all activity both approved and denied
- A "Acts 2 Assistance Request" fact sheet for all approved applicants

- A copy of the driver's licenses for all approved applicants
- Any other pertinent documentation regarding an approved applicant

The Acts 2 Team will receive a copy of the summary log upon request. The Acts 2 Team will report anomalies to the Finance Team immediately who will report it to Church Council. Church Council and Finance Team may receive a copy of the summary log on request.

OTHER MATTERS

- Any request that requires approval of the Acts 2 Team, Finance Team or Church Council, must include a clear written explanation of the need and proposed plan. The plan must include a dollar limit and definitive time frame. All approvals of each Team must be in writing.
- Any approved gift that requires issuance of a check will be processed in the ordinary check writing procedures for accounts payable, including timing of issuance.
- Assistance may involve multiple payments and/or extend over a protracted period of time; however, all individuals, both RCA and NCA, are eligible for assistance, up to approval limits.
- Application of this policy treats a recipient and his immediate family as one person. Multiple members of the same family cannot simultaneously, or within a three year period, receive multiple benefits unless otherwise approved in writing by the Finance Team and Church Council in the case of unusual or extraordinary needs.
- Designated gifts can be made to the Acts 2 Fund, however, donors cannot specify, designate, direct, or otherwise restrict or control disbursements. All disbursements shall be made in accordance with provisions stated within this policy.
- Church employees and their immediate family members are not eligible to apply for Acts 2 Fund consideration. Any employee assistance must be in keeping with established personnel policies and is beyond the ambit of the Acts 2 Team and this Policy.
- Any deviations from the Acts 2 Policy, regardless of size or scope, can only be approved by Church Council. Church Council is the final arbiter of any and all matters related to the Acts 2 Policy.

SHELTER MINISTRY GIFT CARDS

The Shelter Ministry Fund may be funded through an operating budget line item subject to the annual budget process or through designated offerings.

The key staff contact involved in the process is the Standing Member. The Standing Member may assemble a support team of other Broadmoor staff who can assist in receiving requests and in discharging various tasks. However, all requests must be coordinated through the Standing Member or the Standing Member designee in his or her absence.

The Shelter Ministry Team may issue a pre-paid gift card not to exceed $200 per child to a member of the Church or a relationally connected person engaged in foster care through Child Protective Services or other similar organizations. A relationally connected person refers to individuals that have a primary relationship with Broadmoor. A primary relationship can be a Church member, a member of a Life Group, or a person a staff member is working with and, as such, is familiar with the individual's foster care journey. The CFO shall monitor and use reasonable efforts to control the use of gift cards, including any type of pre-paid cards. These should only be used for non-employees. Gift cards should not be used to reward or compensate any employees or volunteers of Broadmoor. CFO shall keep an inventory of all unissued gift cards and shall cause a record to be kept reflecting the grant of gift cards, including the name of the recipient, the amount of the card, and the reason for the gift.

If a child returns to the biological family and then returns to the foster family, the Shelter Ministry Team will decide whether to give another $200 gift card. Factors included in this decision will include but not be limited to: how long the child has been gone from the foster family, whether the family is fostering other children at that time, and whether the needs of the foster child or foster parents have changed.

All Shelter Ministry gift cards are to be properly documented and approved before issuing any funds. The Standing Member is to ensure that all expenses are properly approved, correctly coded, and ready for entry into the Church financial accounting system. The Church accounting office will review all requests for proper approval, accuracy, completeness, and proper coding before entering for payment.

The Church Accounting Office will be responsible for purchasing pre-paid cards and issuing same to the Standing Member. The Standing Member will keep an inventory of cards on hand and cards issued. The Accounting Office will perform a monthly reconciliation. In keeping with this policy, the only type of pre-paid cards kept in inventory are Walmart gift cards. The maximum value per card must not exceed $200 card. Multiple cards may be given by Standing Member or delegate subject to approval limit.

Cash should never be given except in extreme and extraordinary circumstances and then only with the prior written authorization of the Finance Team, within Finance Team authority.

A record of all Shelter Ministry activity will be maintained by the Standing Member. A monthly report of all activity will be submitted by the Standing Member to the Shelter Ministry Team at large. The monthly report will include:

- A summary log of all activity both approved and denied
- A "Shelter Ministry" fact sheet for all approved applicants
- A copy of the driver's licenses for all approved applicants
- Any other pertinent documentation regarding an approved applicant

Gift Cards

The CFO shall monitor and use reasonable efforts to control the use of gift cards, including any type of pre-paid cards. These should generally only be used for non-employees in an assistance manner subject to the Acts 2 guidelines or the Shelter Ministry guidelines. Gift cards may be used for providing a source of appreciation for guest speakers, but the amount provided to speaker shall not exceed $250 annually, unless approved by the Church Council Contract Subcommittee. Gift cards should not be used to reward or compensate any employees or volunteers of Broadmoor. CFO shall keep an inventory of all unissued gift cards and shall cause a record to be kept reflecting the grant of gift cards including the name of the recipient, the amount of the card and the reason for the gift. Gift cards shall not be given to any individual or related family members in an amount in excess of $250 either individually or in the cumulative aggregate without prior approval of the Acts 2 Team.

Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

VIII. FIXED ASSET MANAGEMENT

Definition

Fixed assets are assets whose future economic benefit is probable to flow into the entity and whose cost can be measured reliably.

Capitalization Policy

Any item purchased with a value of $3,000 or greater including land, buildings, office equipment, music equipment, furniture and fixtures, automobiles, video equipment, audio equipment and leasehold improvements should be considered a fixed asset. Cost is the cost of the item including taxes, shipping and installation.

Fixed assets are depreciated using the straight-line method over an estimated useful life of 3 years to 40 years.

Disposal of Fixed Assets

Assets may be disposed of when they are no longer in use, not repairable or obsolete. Fixed assets may be donated to other churches or charitable organizations at the discretion of the department head with the approval of the CFO. Otherwise, if the asset is still operational, said asset should be sold at the fair market value and the proceeds of the sale recorded as other income on the Broadmoor income statement.

Prior to the disposal of any asset by any means, the department head should discuss said disposal with and obtain approval from the CFO, and once disposed, notify the fixed asset custodian.

Recording Fixed Assets

The following procedures are used to record a fixed asset.

Broadmoor will provide the Certified Public Accounting firm with asset purchase information and they will record fixed assets and create depreciation schedules.

Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

IX. BUDGETING

Budget Cycle

Budgets for all departments of Broadmoor are based on a calendar year, which is the physical year of Broadmoor.

The CFO will send prior year information and budget forms to each department head in the month of October. Each department head is responsible for formulating a line item budget for their department and returning the request to the CFO by the end of November for review. The CFO in conjunction with the Executive Team and the Finance Team will review all budget requests and formulate the master budget. In formulating the master budget, the CFO and Finance Team shall first consider any goals or guidelines for budget determination purposes as may be set by the Church Council, including, without limitation, overall parameters for personnel, benefits, mission and other specific ministry areas. Once the master budget is formulated, then the CFO shall submit the master budget together with any underlying assumptions or detail as necessary or requested to the Church Council for final review and approval. Once approved the master budget shall be submitted to Deacons and then to the Church body for final approval. Approved department budgets will be returned to the department heads no later than February 20th.

The CFO shall endeavor to create a zero based budget analysis and process on at least a five (5) year cycle.

The CFO, Finance Team and the Church Council are charged with both short and long-term financial planning and oversight. As a component of the budget process a five year projected spending and budget forecast shall be maintained. Attention should be given to trends in membership, attendance and giving. Debt levels and debt structure should be reviewed on both a current and forward looking basis.

Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

X. PAYROLL PROCESSING

At the end of each pay period, an email is sent to managers/supervisors to prompt them to approve all time. A report is then run to determine if there is any unapproved time. Once time is approved and all changes and new hires have been made, the payroll is downloaded from the timekeeping side to the payroll side. The Director of Human Resources shall be responsible for verifying the accuracy of the payroll inputs (including verifying base compensation amounts against each employee's employment memo or offer letter, as applicable). The Director of Accounting shall be responsible for processing the payroll in a proper manner. The Director of Accounting shall print a payroll changes report documenting any changes to employee information during the payroll period and a payroll report documenting the submitted payroll within the payroll system. The CFO shall review the changes report verifying appropriate support for any changes in bank account information or significant demographic information. The CFO shall recalculate any milestone bonuses and ensure that all new hires are properly recorded before executing the payroll through the payroll system. The CFO and the Personnel Team shall periodically review the payroll inputs including direct deposits against the compensation data. All payroll checks are direct deposited into the employee accounts. Written documentation including voided checks must be submitted prior to employment or for any changes to bank accounts.

All payrolls shall be processed, paid and reported in a consistent manner and in accordance with all applicable state and federal governmental regulations and requirements. The Finance Team shall independently verify the timely payment and deposit of all payroll related taxes and withholdings.

XI. YEAR END CLOSE AND AUDIT

Fiscal Year Closing Procedures

The fiscal year of Broadmoor runs from January through December and is on a modified cash basis.

The accounting department will attempt to have all invoices, check requests and any other payables for the year entered into the system and paid by December 31st.

Outside Audit

Broadmoor will engage a Certified Public Accounting firm to conduct an annual audit of the financial statements of the Church. The audit firm selected must be totally autonomous and have no significant connection with the Church. No member of the audit team who is conducting the actual audit shall be a member of Broadmoor.

The selected audit firm will conduct the annual audit in accordance with Generally Accepted Auditing Standards and prepare an audit report including a management letter and any related documents that will be presented to and reviewed by the CFO, the Chair of the Personnel Team, and at least three members of the Finance Team, . The audit firm shall endeavor to have the audit fieldwork and draft of the report completed and delivered to Broadmoor no later than May 31 of the following year.

CFO shall issue a request for proposals for audit services to at least three (3) qualified firms no less than once every five (5) years or as directed by the Audit Committee. The Church Council may require a change of the audit firm at any reasonable time at its sole discretion.

XII. FINANCIAL REPORTING

CFO shall cause a financial report to be prepared for and distributed to the Finance Team for review on a regular basis. This report is used in the day to day management of Broadmoor as well as budget management. The Finance Team and/or the Church Council may require additional materials to be included in the financial report as may be requested from time to time. These reports may be maintained electronically with access granted to Church Council and Finance Team as needed.

Reports included in the weekly financial report are:

- Weekly Giving
- Sweep account and cash balances
- Attendance Statistics
- Salvations & Visitors

Reports included in the monthly financial report are:

- Operating Statement and Balance Sheet
- Budget Variance report
- Monthly bank and other account reconciliations
- Checks Register
- Detail of ACH transactions
- Year to date General Ledger Detail
- Year to date Vendor Files
- Year to date Journal Entries
- Construction Project Expenses, if any
- Construction Project Updates, if any
- Hiring and Departure Updates
- Summary of bids

A monthly summary of the financial report shall be presented to the Church Council by the CFO or a member of the Finance Team.

Approved
January 3, 2018
Revised October 2019
Revised July 2022
Revised August 2026

XIII. ANNUAL REPORTS

The Annual Audit and approved budget is available to all Church members in good standing. Copies of the Audit and the approved budget are available at the Church office.