

# THE CENTER FOR NEW CHURCH DEVELOPMENT

THE NORTH TEXAS CONFERENCE OF THE UNITED METHODIST CHURCH

## FINANCIAL PROCEDURES FOR NEW CHURCH STARTS

THE NORTH TEXAS CONFERENCE OF THE UNITED METHODIST CHURCH

### BEFORE LAUNCH

1. The following procedures must be followed in all financial matters if there is no Mother church. (*New starts where there is a Mother church follow the procedures of the Mother church*).

### EXPENDITURES/REIMBURSEMENTS

- a) Requests for reimbursements must be made on the official form (See attachment 1). This form may be downloaded and filled in online. We prefer all receipts be scanned and emailed as attachments with your request. If the new church does not have a scanner, you may bring it into the CNCD office or you may use snail mail to send both the form with all the receipts attached.
  - ◆ The new church planter will be provided with budget numbers that correlate to different kinds of expenditures (worship, administration, payroll, capital, etc.) These numbers must be written on the receipts for accounting purposes.
- b) The following are reimbursement procedures that are to protect the new church planter and/or a member of his/her team. Our auditors require a paper trail that proves who the purchaser is and they are indeed the person being reimbursed.
  - ◆ If the expense was paid by personal check a copy of the check will be needed. (These can be downloaded at anytime on the account holder's internet banking site).
  - ◆ If a personal credit card was used the receipt must show the name of the purchaser.
- c) For capital expenses, large item purchases (over \$500), or direct vendor payments, a bid or invoice from the vendor must be emailed to our office, and we will pay the vendor directly.
  - ◆ All capital or large expenditures must be approved by the CNCD prior to any agreement with vendor.

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## **DEPOSITS**

2. All offerings must be accounted for by the new church starts using the following procedures:
  - a) The new church pastor may NOT at any time handle the money. *This Book of Discipline procedure is done for the protection of both the pastor and the Conference.*
  - b) Follow the rule of two: At least two people should always collect and count the offering. These two people must be launch team members, *non-family*, and approved by the CNCD. Offerings should never be left in the possession of only one person. Count the offering as soon as possible. If there is a delay between services, consider purchasing a small safe to store the money until it can be counted.
  - c) Count in a secure area - No one should be allowed in the count room other than those counting. Also, coats, purses, or briefcases should not be allowed to be brought into the count room.
  - d) Use attachment #2 to record all gifts, tithes, and offerings. A copy must be made and stored at the new church. (An easy and inexpensive way is to use a 3 ring binder and title it “Church Records”)
  - e) All offerings should be counted and deposited intact. This means not allowing cash in the offering to be used to pay church expenses or exchanged for other cash or a check. An unidentified variance could occur if offerings are not deposited intact.
  - f) All deposits must be put into bank provided sealed plastic envelopes, and then dropped at the NTC’s bank depository. The tear-off paper tag must be filled out and kept in the Church Records binder. Please remember to mark the bag number on Attachment #2.
- 3) Counters should never make the deposit. This should be the duty of yet another approved member of the launch team.
  - a) Attachment #2 must be emailed to our office immediately. The CNDC will then record all monies deposited, and keep a record of contributions for IRS end of year charitable contribution reports.
  - b) The Office of the CNCD will send out monthly budget sheets detailing expenditures and the amount of grant money left in the year. This will allow the planter to be kept up to date on the new church’s budget.

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## AFTER LAUNCH

- 1) After launch and the new church has opened its checking account (with the District Superintendent and the CNCD Director as signatories), the following procedures apply:
  - a) The Office of the CNCD will supply the new church with accounting software that must be used so accounting information can be transferred and reconciled monthly.
  - b) The new church may now begin writing checks for incidental expenses, etc.
    - ◆ Remember: the new church pastor may not write the checks. These must be written by an administrative assistant, or a member of the laity that has agreed to take over the financial responsibilities.
  - c) All checks written through the church account must be copied, have receipts attached, and stored. (A 3 Ring Binder is an easy and inexpensive way to keep records. Have tabs for each month and a 3 hole punched manila envelope for each week to put the receipts in, and staple a copy of the Sunday Tally Sheet – attachment 2 – to the envelope). ***Hard copies of all records must always be kept for auditing purposes for 3 years.***
  - d) All expenditures over \$500 must come through the CNCD office on the approved form (Attachment #27)
  - e) All capital expenditures must still come through the CNCD office and will be paid directly to the vendor.
  - f) Follow the counting procedures listed above, plus add the following:
    - ◆ Use a restrictive endorsement - Before or while counting, a restrictive endorsement should be stamped on the back of all checks.
    - ◆ Verify amounts on offering envelopes - When the count team removes contents from offering envelopes, the amount written on the envelope should be compared to the contents. Any differences should be noted on the envelopes and initialed by the count team.
    - ◆ All gifts, tithes, and offerings may now be deposited directly into the new account *following safe money handling procedures listed above.*
  - d) The new church may on occasion request grant “seed” money advances to their checking account in increments of \$3,000 for incidental expenses (See Attachment #3. ALL receipts must be turned in on the appropriate form (Attachment #1) before any more grant advances will be released. Make sure to make copies for the church to keep in the binder with copies of the checks.

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- e)** Alternately, the new church may request their grant be sent to them in quarterly amounts. Once again, all receipts must be submitted before any more grant monies will be released.
- f)** Now that you've launched, it's time to begin keeping your own records of contributions using the CNCD supplied software for the IRS end of the year contributions receipts. These must be sent out to every person that gave anything to the church during the fiscal year. (See Attachment #29)
- g)** The new church start will be given help in setting an appropriate budget based on the amount of tithes, offerings and gifts it is receiving weekly, plus supplemental grant money until it is ready to charter. The CNCD will provide assistance through experts in the field.