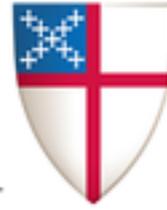




ST. DAVID'S  
EPISCOPAL CHURCH & SCHOOL



# FINANCIAL/ACCOUNTING POLICIES & PROCEDURES

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## SUMMARY OF CHANGES

Date	Version	Author	Summary of Changes
03/12/2019	0.8	Luby, Theresa	Final Draft vetted by Finance Committee submitted to Vestry 03/12/2019
03/20/2019	0.9	Luby, Theresa	Change to Credit Card Policy
03/21/2019	1.0	Luby, Theresa	Minor edits per Vestry meeting 03/21/2019. Document approved.

# INTRODUCTION

The purpose of this manual is to document the financial policies, procedures and internal controls of St. David's Episcopal Church and School (SDECS).

The financial responsibility of the church is to be a wise steward of the resources God has entrusted to this fellowship. The church is accountable to its membership to make sure the resources of the church are handled with the highest level of trust and integrity as possible. Ultimately, the church is responsible to God for the stewardship of its funds.

A well-documented financial policies and procedures manual will: 1) prevent or reduce misunderstandings, errors, duplicated or omitted procedures and 2) support cross-training when necessary. Internal controls are created to provide reasonable assurance that objectives related to the reliability of financial reporting will be achieved.

In the event an item is not addressed by this document, the Senior Warden will consult the Rector and the Finance Committee for a final decision. Once a decision is final, this document will be revised accordingly to reflect the impact of the decision and all revisions will be documented for the review and approval at the next Vestry meeting.

# CONTENTS

Summary of Changes.....	2
Introduction .....	3
General Financial Information .....	6
Basis of Accounting .....	6
Fiscal Year .....	6
Roles .....	6
Funds .....	8
Financial Statements .....	8
Annual Budgets .....	8
Funds .....	8
The Cemetery Capital Fund .....	8
The Cemetery Perpetual Care .....	8
The Church Capital Fund.....	9
The Church Pastoral Fund.....	9
The Endowment Fund .....	9
The Repair Reserve Fund .....	9
Accounting Policies .....	10
Church Credit Card Usage.....	10
Check Handling.....	11
Weekly / Monthly Financial Processes.....	11
Payment of Expenses .....	11
Monthly Financials Production .....	13
Annual Financial Processes.....	14
Annual Review of Employee Tax Forms .....	14
Annual Budget Process.....	14
Investment Policies .....	15
Stock Donation Policy .....	15
Investment review Policy.....	15
Fund Specific Policies .....	15
Repair Reserve Fund Policy.....	15
Discretionary Fund Policy .....	17
Property Policies .....	18

Property and Liability insurance / Safety.....18

Miscellaneous Policies..... 19

    Fundraising Policy..... 19

    Contract Management Policy ..... 21

Addendum A: Expense Authorization Form ..... 22

Addendum B: Reimbursement Request..... 23

Addendum C: Missing Receipt Form ..... 24

# GENERAL FINANCIAL INFORMATION

## BASIS OF ACCOUNTING

SDECS operates a full cash basis fund accounting system. Revenues are recorded when received; expenditures are recorded when disbursed.

## FISCAL YEAR

SDECS fiscal year begins January 1 and ends December 31.

## ROLES

### **FINANCE COMMITTEE**

It is the duty of the Finance Committee to oversee all church finances, create the budget, make recommendations to the church regarding non-budgeted items to be spent, make long-range financial plans, and to make recommendations to the church regarding any and all financing to be considered. In addition, the committee creates new and/or review and propose updates to existing operating policies, procedures and forms for submission to the Vestry for approval.

The Finance Committee meets monthly or as needed to consider matters having financial implications to St. David's. The Finance Committee reports to the Rector and the Vestry.

Members of this committee include the Treasurer, Church Accountant, General Manager, as well as members of the congregation. In addition, a Vestry member sits in on the meetings as a Liaison to the Vestry.

The St. David's Finance Committee has two subcommittees. The chair of the committee oversees these activities and reports back to Vestry, as necessary.

### **Budget Subcommittee**

- Develop the detailed draft Operating Budget for submission to the Vestry for review and approval
- Conduct quarterly budget reviews and proposed recommended budget adjustments to the Vestry for approval

### **Audit Subcommittee**

- As charged by the Vestry, conduct annual audits in accordance with the Manual of Business Methods in Church Affairs
- Submit annual audit reports to the Vestry for acceptance and forwarding to the Diocese of Virginia

### **TREASURER**

The Treasurer oversees the financial operations and monitors the financial health of St. David's Episcopal Church & School.

## **GENERAL MANAGER**

The General Manager is responsible for the following Accounting-related tasks.

1. Supervision of Accounting Administrator to include the review of the monthly financial reports with an eye towards performance and accuracy; review, understand and ensure the reporting of variances.
2. Office Budget Management to include the drafting, maintaining and tracking of the office budget.
3. Functions as Trustee liaison for church and school to coordinate care and maintenance of all property and buildings.

## **ACCOUNTING ADMINISTRATOR**

The Accounting Administrator is the Primary contact with:

1. the bank and investment firms
2. the Diocese Finance Department
3. the Audit Committee
4. the St. David's Finance Committee

The Accounting Administrator is responsible for the following finance-related tasks.

1. Make all bookkeeping entries into general ledger for:
  - a. Accounts receivable (offerings, cemetery and preschool payments)
  - b. Payroll
  - c. Transfers between bank accounts
2. Transfer monies between bank accounts as needed (on-line function)
3. Reconcile bank statements
4. Prepare monthly, quarterly and annual financial reporting. Monthly Financial Deliverables due to Rector/Finance Committee/Treasurer:
  - a. Complete set of financials
    - i. Church operating income statement (budget vs. actual)
    - ii. Church non-operating income statement (actuals)
    - iii. School operating income statement (budget vs. actual)
    - iv. School non-operating income statement (actuals)
    - v. Cemetery income statement
    - vi. SDECS balance sheet
  - b. Accompanying talking points / commentary memo.
5. Handle all Accounts Payable
6. Assist with the annual Audit
7. Work with the Finance Committee to draft budgets for approval. Oversee spending as it relates to budget monthly
8. Maintain all financial files, including both electronic and paper records. Manage record retention in keeping with Diocesan policy

## **PARISH ADMINISTRATOR**

The Parish Administrator is responsible for the following Accounting-related tasks:

1. Maintain ACH records at St. David's and on line with bank

2. ACH processing of monthly reports ACH reports
3. Provide reports to Accounting Administrator for processing in QuickBooks
4. Count Sunday and other Offerings; enter into ACS
5. Complete and make bank deposits
6. Record keeping of pledges; process quarterly contribution statements

## FUNDS

SDECS maintains several funds in several different accounts. These are:

- BB&T Checking
  - The General Operating Fund is responsible for all day to day activity and operations of the entity.
  - Part of the Repair Reserve Fund is held at BB&T. The [Repair Reserve Fund](#) is responsible for the long-range upkeep of church real property and facilities.
- STAMP Fund is a Diocesan Short-Term Investment
  - Part of the Repair Reserve Fund is held at BB&T. The [Repair Reserve Fund](#) is responsible for the long-range upkeep of church real property and facilities.
- Diocesan Long-Term Investments
  - [The Cemetery Capital Fund](#)
  - [The Cemetery Perpetual Care](#)
  - [The Church Capital Fund](#)
  - [The Church Pastoral Fund](#)
  - [The Endowment Fund](#)

## FINANCIAL STATEMENTS

SDECS prepares monthly financial statements for financial position, activities, and dedicated accounts. Refer to the [Monthly Financials Production](#) for more information.

## ANNUAL BUDGETS

SDECS requires an annual budget for revenues and expenditures for the General Fund. Refer to the [Annual Budget Process](#) for more information.

## FUNDS

### THE CEMETERY CAPITAL FUND

The Cemetery Capital was established following a fundraiser for the Columbarium and surrounding area. Engraved bricks were purchased as funding for the surrounding grounds area. Remaining funds are set aside to add additional columbarium units at a later date. These funds are not available for use by the Vestry for Church expenditures.

### THE CEMETERY PERPETUAL CARE

The cemetery perpetual care fund was created and is maintained for the continued maintenance of the cemetery that resides on the grounds of St. David's. In the event that the entity is The St. David's Church ceases to exist, these funds will be used for maintenance and

upkeep of the cemetery on this property. These funds are not open for use by the Vestry or any other entity at St. David's.

## **THE CHURCH CAPITAL FUND**

The capital fund was established to fund 3 objectives. These were reconstruction of Belmont Chapel for Modern Ministry, reduction of debt to build a Campus Life Center and other capital improvements (not articulated). The campaign to fund this was called, "Building Upon Abundance". It ran from 2003 to 2006 with the goal of raising \$2M. The campaign concluded having raised less than \$839,571.

Included in the \$839,571 was a \$300,000 Conditional Gift received in 2004 that required Chapel Completion by a certain date or the gift reverts to the donor. That date has been extended when necessary. In addition, \$55,000 of the \$300,000 was reclassified in 2011 by the donor as a restricted gift to the Repair Reserve Fund.

The 2006 Visioning Process resulted in a \$239K investment in leadership, which was taken as a loan from the Capital Fund. As of 31 December 2018, that loan has a balance of \$137,311. In 2018, the condition was lifted on the \$245,000, leaving an accounting balance \$456,669.

The Capital Fund may be used to purchase new capital assets that the Church does not already own. A resolution appropriating moneys from the capital fund is subject to approval at a Vestry meeting and must be published on the agenda publicizing notice of the meeting.

## **THE CHURCH PASTORAL FUND**

The Church Outreach fund was created with a gift to the church given to Rev. Mary Kay Brown for the purpose of Pastoral Care, but to be used at the Rector's discretion. The proceeds from this fund are used to finance the Discretionary funds of the clergy of St. David's. These funds are not open for use by the Vestry or any other entity at St. David's without the approval of the Rector.

## **THE ENDOWMENT FUND**

The Endowment Fund was created with the purse collected at Fr. Stephen's retirement. A purpose for this fund has yet to be established. These funds are not open for use by the Vestry or any other entity at St. David's.

## **THE REPAIR RESERVE FUND**

St. David's has established a Repair Reserve Fund (hereinafter "Reserve Fund"). The purpose of the Reserve Fund is to accumulate moneys to finance the cost of capital repairs to and/or replacement of St. David's facilities and equipment. The facilities include the Church Building, Boslaugh Hall, Mercer Hall and surrounding structures.

The Reserve Fund is NOT to be used to purchase new capital assets that the Church does not already own. Funds may be authorized for the major maintenance, repair or replacement of capital assets in excess of \$5,000. A capital asset shall be defined as a readily identifiable asset with a cost of \$5,000 or more that has a useful life in excess of one (1) year.

The Reserve Fund is funded by annual appropriations from the church operating budget as well as designated gifts from donors (i.e. Temporarily Restricted), either unsolicited or in response to

Vestry Appeals. The church welcomes contributions to the Reserve Fund. Donations made to the Reserve Fund are considered temporarily restricted. There are no conditions applied. Donors will not be permitted to recover a contribution on the grounds that the church failed to honor the donor's recommendation.

The administration of the Reserve Fund, including all disbursements, is subject to the control of the Vestry. Recommendations for use of the Reserve Fund comes from the Trustees.

The church recognizes that planning for future needs is a practice of good stewardship and has established this Reserve Fund as an ongoing fund. Should at any time in the future the church vote to close the Reserve Fund, all money in the fund at that time will go in the general budget of the church.

## ACCOUNTING POLICIES

### CHURCH CREDIT CARD USAGE

Church credit cards MAY be made available to church staff members and Ministry leaders whose expenses exceed \$1000 annually and only with the Rector's approval.

Card holders should ensure that the card is kept in a safe location, make sure the card account is free from fraudulent activities and the card's number is kept private. These cards are to be used only for purchases for use by the church. No personal or private expenditure shall be charged to the church credit card. Sales receipts must be submitted to the Church Accountant. Payment will be made directly to the credit card company.

Annual credit card fees will be charged to the ministry budget line item of the person to whom the card is issued.

Sales receipts and the associated requisition forms must be submitted to the church accountant within 5 days of the receipt of the credit card statement, so that payment can be processed to avoid late charges. For more information on expense reimbursement, refer to the [Payment of Expenses policy](#). Late charges incurred because of late submittal will be the personal responsibility of the individual.

When a receipt is lost or otherwise unavailable and all measures to obtain another have been exhausted, a Missing Receipt Form should be completed. It should be signed by the holder of the card, as well as the Ministry leader.

All payments will be paid by St. David's by a check(s) drawn up by the Church Accountant or her/his designee or Electronic Funds Transfer (EFT).

**No payment shall be made that would cause a general ledger account to exceed the limits established in the approved annual budget, unless approval of the expense has been from the Vestry. Where possible this approval should be given in advance of the charge.**

**Failure to comply with this policy will result in the closing of the credit card account.**

## CHECK HANDLING

All blank and voided checks will be housed in a lock file drawer.

A voided check is a check written or partially written but then canceled or deleted by the maker of the check. The notation of "void" is used because checks are numbered for control purposes and every check needs to be accounted for. Voided checks are marked with a "Void" across the face and retained. Each voided check is logged into a void check log maintained by the Church Accountant. Voided checks are kept with the voided check log and maintained for seven years.

## WEEKLY / MONTHLY FINANCIAL PROCESSES

### PAYMENT OF EXPENSES

This policy supersedes the Payment of Expenses Standard Operating Procedures approved June 2016

**PURPOSE:** This procedure describes the way in which payments shall be processed.

#### DEFINITIONS:

The term St. David's includes the Church, the School, the Chapel, the Cemetery, the Parents of Preschoolers (POPS), the Altar Guild, the Capital Campaign and any other entity which can incur an obligation.

Payments include regularly scheduled (recurring) obligations such as utility bills as well as one-time obligations such as books purchased for a course. Payments also include the reimbursement of expenses paid on behalf of St. David's by individuals other than St. David's staff.

#### PROCESSES:

All payments to be paid by St. David's will be made by a check(s) drawn up by the Church Accountant or her/his designee, EFT or Church credit card.

No payment shall be made that would cause a general ledger account to exceed the limits established in the approved annual budget, unless prior approval of the expense has been obtained from the Vestry. For self-funded ministries, no payment shall be authorized without approval of the ministry leader.

Whenever possible, the person incurring the expense should not be the person approving the expense. Approved disbursements from clergy's Discretionary Fund accounts are exempt from this requirement.

All payments must be accompanied by substantiating documentation (an original receipt or contract, for instance) and any necessary approvals, as outlined below:

**Recurring Payments:** Payments for recurring expenses, including utilities or other contracted services, require evidence of the obligation (i.e. invoice, contract) and must be presented to the Church Accountant for payment. No payments for recurring expenses will be made without substantiating documentation. An approved contract must be present in the General Manager's files. These payments may be prepared by the Church Accountant and signed by an appropriate signatory consistent with the terms of the approved contract.

**One-Time Payments:** Payments for one-time expenses will not be made unless accompanied by evidence of advance approval (i.e. approved budget line item, completed expense authorization form) and substantiating documentation (i.e. invoice, contract).

**Reimbursements:** Payments made to reimburse a vendor or member of St. David's for costs incurred on behalf of St. David's shall not be made unless accompanied by evidence of advance approval of the expense (i.e. approved budget line item, completed expense authorization form) and substantiating documentation, to include a completed Request for Reimbursement form. These payments may be prepared by the Church Accountant and signed by an appropriate signatory consistent with the advance approval.

While the Treasurer and Wardens may approve a payment without substantiating documentation, the exception shall be annotated on the disbursement form and the payment shall not exceed \$100.

All checks must be signed by one or more of the designated signature authorities. The designated signature authorities include, by role, (a) the Register, (c) two of the Trustees, and (c) the Treasurer. The list of designated signature authorities (by name) is on file with SDECS' banks, and a copy of the current authorization maintained in the church office. The list is reviewed and updated regularly.

Any check for \$1,000 or more must be signed by two of the above designees.

The Treasurer, Register, Warden(s) or Trustee(s) must approve in advance all spending exceeding \$100.00 not defined in an existing contract or included in an approved budget line item. In emergencies where advance approval is not possible, these managers will be notified as quickly as possible after the fact. An emergency, for this purpose, shall be defined as any situation where non-payment would cause immediate and substantial harm to St. David's and/or its parishioners.

**Any expense incurred on behalf of St. David's that is not executed in accordance with these procedures and/or without required documentation, will not be considered an obligation of St David's. Rather, the expense shall become the personal obligation of the parishioner(s) who incurred the expense and/or otherwise authorized it.**

DISTRIBUTION: This policy has been approved for distribution to all Clergy, staff members, ministry leaders, Vestry members and Trustees.

## MONTHLY FINANCIALS PRODUCTION

### 1. Staff Accountant

Close the month by the 3<sup>rd</sup> working day of the following month; business days defined as Monday through Thursday. (Best practice: to the extent possible, stop recording expenses prior to the end of the previous month. This may include writing checks and expensing items earlier in the final week of each month.)

- a. Review for items that don't balance, unusual variances, and one-time expenses.
- b. Include brief *talking points* memorandum explaining the month's performance, including significant variances in operating revenues and expenses, late invoices, one-time expenses, et al. A good style is to comment on last 30 / next 30 days.
- c. Deliverables: complete set of financials
  - i. Church operating income statement (budget vs. actual),
  - ii. Church non-operating income statement (actuals),
  - iii. School operating income statement (budget vs. actual),
  - iv. School non-operating income statement (actuals)
  - iv. Cemetery income statement,
  - v. SDECS balance sheet
- d. Send to General Manager for review by close of business, 3<sup>rd</sup> working day, cc: Finance Committee.

### 2. General Manager

- a. Review financials with an eye towards high-level performance of the church and school.
- b. Perform quality checks to ensure accuracy of reporting.
- c. Review and understand why variances occurred. Ensure that key variances are explained in talking points memo.
- d. When reviewed and approved, distribution to the Rector, Wardens, GM and Treasurer. Send by COB 5th business day, cc: Finance Committee.

### 3. Treasurer

- a. Review financials, prepare Treasurer's Report and "short form" church financials (1 page summary of Income Statement and complete Balance Sheet) for distribution to Vestry via wardens.
- b. Send Treasurer's Report and summary church financials to Rector and the Wardens no later than COB of 8<sup>th</sup> business day, cc: Finance Committee.

## **5. Wardens**

- a. Include Treasurer's Report, short form church financials, and talking points memo in Vestry package for discussion at monthly Vestry meeting.
- b. Wardens direct Communications to post Treasurer's Report when approved by Vestry.

# **ANNUAL FINANCIAL PROCESSES**

## **ANNUAL REVIEW OF EMPLOYEE TAX FORMS**

The General Manager and/or the Church Accountant will conduct an annual review of all employee payroll tax forms to ensure all forms are on hand for each employee. Documentation showing what was found will be created and maintained by the General Manager and/or the Church Accountant.

## **ANNUAL BUDGET PROCESS**

### **BUDGET PRESENTATION**

The finance committee will present a budget for Vestry adoption at least one month before January 1 of the next fiscal year.

### **BUDGET TIMELINE:**

Budget preparation and approval will be based on the following schedule.

July– Call to budget requests. Finance Committee reviews current year activity, discusses any noted concerns. Vestry begin to meet to discuss priorities and parameters for next year budget.

August – Staff, Trustees, Vestry and ministries submit next year budget requests to Finance Committee. General Manager/Rector make recommendations for personnel compensation for next year budget; Finance committee reviews Diocesan recommendations on salaries. Initial draft of “the ask” is created and shared with Vestry for approval; Summary of approved data shared, and total ask with Stewardship committee. Vestry continues work to establish priorities.

September – Finance Committee incorporates new request/recommendations into preliminary budget and submits updated budget to entire Vestry for discussion if necessary; Vestry adjusts preliminary budget.

October – Finance Committee presents adjusted budget recommendations to Vestry; Vestry discusses.

November/December – Finance Committee presents final budget recommendations to Vestry; Vestry discusses and approves final budget recommendation.

Within Year – Finance Committee may recommend changes to the annual budget in the event there are significant variances in revenue or expense budget items; Vestry approves changes to the budget.

# INVESTMENT POLICIES

## STOCK DONATION POLICY

St. David's members periodically donate stock to St. David's for a variety of purposes – pledge payments, special gifts, or end-of-year giving. St. David's has a Finance Committee; however, the Vestry, Staff and the Finance Committee do not have the expertise to manage a stock portfolio.

Because of the relatively small size of the holdings and the fact that most stock donations are for pledge payments, St. David's policy is to liquidate stock as soon as possible (no more than 30 days) after the donation. This is a prudent strategy to preserve the value of the donated stock and to meet St. David's operating cash flow needs.

All stock received by the church is recorded on the balance sheet until the time of a sale takes place. All receipt/sale of stock is reported to the Vestry at the Monthly meeting with the Treasurer's reports. A specific Vestry vote is for the sale of member donated stock is not required.

## INVESTMENT REVIEW POLICY

This section is on hold pending the review by the new Treasurer.

Recommend that a policy for investment securities be established. There was a discussion in the Vestry minutes, but no formal policy. It was noted that stock donations have been made to the church and subsequently sold. There are no formal procedures on the appropriate process or approvals needed. If stock is received by the church, then it should be recorded on the balance sheet until the time of a sale takes place. Also, the investments as the Diocese are considered investment securities, which have market risk. It is recommended at some sort of internal review is established for these investments

# FUND SPECIFIC POLICIES

## REPAIR RESERVE FUND POLICY

This policy supersedes the St. David's Repair Reserve Fund Policy approved 15 August 2016

### 1. General

The purpose of the Repair Reserve Fund (hereinafter "Reserve Fund") is to accumulate moneys to finance the cost of capital repairs to and/or replacement of St. David's facilities and equipment. The facilities include the Church Building, Boslaugh Hall, Mercer Hall and surrounding structures. Expenditures from this Reserve Fund shall be made only for the purpose for which the Reserve Fund is established. This policy will be reviewed annually by the Trustees following the Annual Meeting and Election of Vestry Members.

### 2. Objective

It shall be the objective of St. David's to maintain the reserve fund at TBD-1% of the fully funded balance, where 100% means our reserve cash equals the amount of deterioration of the church assets. Should unforeseen circumstances result in a Reserve Fund balance falling below TBD-1%, the Vestry will bring the fund balance back to TBD-1% within three years. The Vestry feels that

this level of Reserve funding reasonably protects the congregation from the risk of special appeals and excessively deferred maintenance that could significantly harm the ongoing operation of the Church.

3. Responsibilities

a. Trustees - It shall be the Trustees responsibility to determine the repair/replacement risk of the assets owned and maintained by St. David's. Trustees are to submit a repair/replacement plan annually (no later than October to the Vestry). This plan will provide an updated 10 year schedule of anticipated repair and replacement projects along with a recommended Reserve contribution rate to the Vestry.

b. Vestry - It shall be the Vestry's responsibility to create and maintain adequate reserves to provide for the orderly repair and replacement of St. David's facilities and equipment so as to minimize the risk to the congregation of special appeals, deferred maintenance, or budget overruns.

4. Source of Funds

a. The Reserve Fund shall be funded by annual appropriations from the church operating budget as well as designated gifts from donors (i.e. Temporarily Restricted), either unsolicited or in response to Vestry Appeals.

b. The Vestry shall review the Reserve Fund balance annually and suspend, increase or decrease future contributions as appropriate to ensure adequate resources are maintained to maintain the stated target Percent Funded.

5. Accounting

a. The Church Accountant shall account for the Reserve Fund in a manner which maintains the separate identity of Temporarily Restricted and Unrestricted balances in the Reserve Fund, shows the date and amount of each sum paid into the Reserve Fund, interest earned by the Reserve Fund, capital gains or losses resulting from the sale of investments of the Reserve Fund, the amount and date of each withdrawal from the Reserve Fund and the total assets of the Reserve Fund, and shall render to the Trustees a monthly report of the operation and condition of the Reserve Fund.

b. Expenditures shall first be drawn from any Reserve Funds classified as "Temporarily Restricted" before drawing from unrestricted contributions appropriated from the annual operating budget.

6. Reserve Fund Investment

a. Moneys for the Reserve Fund in excess of \$50,000 (TBR-1) shall be invested in the Diocesan Investment Account. All other moneys shall be accounted for in the in the Church Checking Account.

b. Any interest earned or capital gains/losses realized on the moneys so deposited or invested shall accrue to and become part of the Reserve Fund.

## 7. Withdrawals

- a. The Reserve Fund shall NOT be used to purchase new capital assets that the Church does not already own. Funds may be authorized for the major maintenance, repair or replacement of capital assets in excess of \$5,000. A capital asset shall be defined as a readily identifiable asset with a cost of \$5,000 or more that has a useful life in excess of one (1) year. Also included in this definition are assets that may individually be less than \$1,000 each, but that are normally purchased in bulk at the same time. The major maintenance, repair or replacement of a capital asset may incorporate upgrades in quality, technology, design, and construction.
- b. A resolution appropriating moneys from the reserve fund is subject to approval at a Vestry meeting and must be published on the agenda publicizing notice of the meeting.
- c. Repairs or replacements not exceeding \$20,000 determined to be of an emergency nature by the senior Trustee may be expended without giving notice and without holding a Vestry meeting. The senior Trustee or their designate is authorized to commit funds in this instance. The Senior Warden and Junior Warden shall be notified within 48 hours when such expenditure is required.
- d. Unrestricted Reserve Funds in excess of the target Percent Funded may also be transferred to the Church general fund by a vote of the Vestry.
- e. The Church Accountant is authorized to borrow from the Repair Reserve Fund to temporarily fund the Church's operations for a maximum of ninety (90) days at any one time, provided that the Treasurer is notified of the borrowing and any such borrowed funds are repaid within ninety (90) days. Any other borrowing from the Repair Reserve Fund is prohibited without the approval of the Vestry which shall be duly reflected in the minutes of a properly Vestry meeting.

## 8. Miscellaneous

- a. The Vestry reserves the right to make reasonable interpretations regarding the intent and purpose of this policy.
- b. This policy shall replace and supersede any prior Reserve Fund Policy.

## DISCRETIONARY FUND POLICY

This policy supersedes the Discretionary Fund Policy approved 19 March 2012

### 1) General

Discretionary Funds have been in use within the Episcopal Church for decades if not centuries. The basis for discretionary funds comes from Title III, Canon 9, Section 5(b)(6) of the Constitution and Canons of the Episcopal Church (2009) which states that such funds are "to be applied to such pious and charitable uses as the Rector or Priest-in-Charge shall determine".

In recent years there has been a great deal of review of the appropriate use of discretionary funds. The following guidelines have been developed based upon the National Church's Manual for Business Affairs.

- 2) Sources of Funds may include:
  - a) Designated parishioner gifts

- b) Fees or gifts received in connection with weddings, funerals, and baptisms for the discretionary fund of the member of the clergy performing those services
  - c) Contributions as allocated by the Vestry from the annual operating budget
  - d) The Canons provide for funding for discretionary funds to come from the un-designated "alms and contributions" at one service per month throughout the calendar year. In practice, this has traditionally meant the loose offering (cash) from a service and this option may be employed at the discretion of the Vestry.
- 3) Uses of the Funds
- a) The primary use of discretionary funds is to assist the poor of the congregation and the larger community. Wherever possible it is preferable that payments for rent, utilities, medical care and the like be made directly to the provider rather than to the individual or family.
  - b) National Church guidelines also permit the use of discretionary funds for expenses "related to the exercise of ministry not otherwise provided in the church's budget" so long as the vestry gives prior general approval for such a use of the fund. This could include the purchase of books, journals and related expenses, but should not be used for the general operating expenses of the church. While such a use of the discretionary fund is permitted, St. David's discourages this practice as an alternative to obtaining funding through the operating budget.
- 4) Accounting
- a) The discretionary funds are funds of the parish. They are the Discretionary Funds of the Rector and Assistant to the Rector of St. David's Church. The funds belong to the church and remain with the church once the priest ceases to be the rector/assistant to the rector.
  - b) All donations for the discretionary funds should be made to the church, deposited in a church account and then transferred to the discretionary fund.
  - c) Moneys for the Discretionary Funds shall be accounted for in the Church Checking Account.
  - d) The Discretionary Funds should be audited annually along with the rest of the church's finances in accordance with the audit requirements of the Diocese of Virginia.

## PROPERTY POLICIES

### PROPERTY AND LIABILITY INSURANCE / SAFETY

A list of fixed assets will be created by the Trustees and General Manager NLT than January 2019. This document is maintained by the General Manager and reviewed at least annually.

The church will insure the church property at the fair market value. At least every two years, Trustees and General Manager will review the church's current property and liability insurance coverage. Documentation showing what was discussed, recommended and changes based on the review will be created and maintained by the General Manager.

Trustees and General Manager will conduct a church safety tour at least annually.

# MISCELLANEOUS POLICIES

## FUNDRAISING POLICY

This policy supersedes the Fundraising Policy approved 20 July 2009. This policy does not address the 2019 Vestry fundraising initiative

**PURPOSE:** In recognition that St. David's is a covenant community and that our outreach missions are supported by parish members, this fundraising policy and process is developed to:

- Meet the spirit and intent of faithful stewardship and giving
- Ensure success of outreach missions
- Empower our outreach mission leaders
- Support collaborative decision making

All requests to raise funds will be reviewed by the Fundraising Planning Committee. This committee will be led by either a Vestry member or a parishioner with a Vestry Liaison, and should consist of one representative each from each Pillar. The committee will also include a Fundraising Planning Coordinator. The Fundraising Planning Coordinator's role will be to: maintain and update the fundraising calendar; call for meetings of the committee as necessary; acts as liaison with the Communications Committee; and, coordinates all fundraising activities in the church. The vestry may amend this policy as necessary to meet the needs of our church. This Fundraising Policy supersedes the interim policy.

**RATIONALE:** This fundraising policy is aligned with St. David's mission and vision Where No One Stands Alone. Mission outreach provides internal and external opportunities to educate the community on our work to remain spiritually connected to one another at home and abroad.

This fundraising policy supports the revised ministry planning process that was approved by the vestry on July 20, 2009.

**FUNDRAISING DEFINITION:** Fundraising is defined as an organized request, invitation or solicitation to St. David's parishioners regardless of event location for the purpose of raising money. Parish resources are only to be used for approved fundraising activities.

This fundraising policy primarily addresses the ministries most engaged in fundraising activities at St. David's – Domestic Outreach, REACH, and Bromley. Specifically excluded from this policy is requests for non-monetary goods and services (i.e. food and clothing drives) and the St. David's preschool-only requests (this does not include the Auction). Requests for these types of events will be submitted to the Fundraising Planning Committee according to the guidelines set by that committee.

**OUTCOME:** The success of the fundraising process is predicated on the approval of the Mission's Ministry Plans by the vestry in September.

**FUNDRAISING COMMITTEE PROCESS:**

<b>TIMEFRAME</b>	<b>PURPOSE</b>	<b>PARTICIPANTS</b>	<b>EXPECTED OUTCOMES</b>
1st Quarter 10-1 to 12-31	-The Planning Committee convenes to review the submitted fundraising plans	Planning Committee	-The Planning Committee reviews and agrees to fund raising activities/plans  -Draft annual activities calendar developed and presented to vestry for endorsement in December
2nd & 3rd Quarter 1-1 to 6-30	-The Planning Committee meets for status review in March and June -Fundraising activities implemented/in process- -Vestry status review	Planning Committee	-Ideas shared, concerns communicated and resolved  -Calendar amended, if required -Fundraising activities implemented/in process  -Planning Committee shares status/outcomes with Vestry in June  -Activity outcome reports completed and submitted to coordinator
4th Quarter 7-1 to 9-30	-Fundraising activities implemented/in process  -The Planning Committee meets prior to ministry plan completion to share draft fundraising plans  -Mission Ministry Plans presented to Vestry in September	Planning Committee	-Same as 2nd & 3rd quarter above  -The Planning Committee consents to next year's fundraising activities

## CONTRACT MANAGEMENT POLICY

This policy supersedes the Contract Management Policy approved March 2017

The term St. David's includes the Church, the School, the Chapel, the Cemetery, the Parents of the Preschool (POPS), the Altar Guild, the Capital Campaign and/or any other entity which might need to sign a contract. Contracts are defined as legal written instruments that obligate St. David's to payment(s) and which embody terms and conditions. In cases where the terms and conditions are onerous or not clearly understood, St. David's General Counsel will be consulted.

Contracts will be categorized into two groups: Property and Programs.

Property contracts are those which arise from the physical plant and campus of St. David's. Examples include electricity, gas, cleaning, burials, etc. Contracts in this category typically require specific monetary and non-monetary obligations by St David's. These contracts shall be negotiated and approved by the Trustees and/or General Manager (GM) within the dollar limitations of the approved annual budget. The GM shall keep copies of all contracts. Contracts which exceed the funds budgeted for their purpose by more than ten percent will be presented to the Vestry before signature. The GM or any Trustee can sign a property contract with the concurrence in advance of the other Trustees. In bona fide emergencies the GM or Senior Trustee can sign a contract while informing the others (GM and Trustees) within 24 hours.

Program contracts are those resulting from the performance of the approved ministries of St. David's. These include employment, musical talent, carnival equipment, travel, etc. They typically require specific monetary and non-monetary obligations by St. David's. These contracts shall be approved by one of the Wardens within the dollar limitations of the approved annual budget. Ministry Leaders are encouraged to negotiate with the appropriate vendor for the purpose of clarification of requirements and terms. However, each Ministry Leader must make clear to the vendor that any/all agreements between them and the vendor are subject to final approval by the GM and one of the Wardens. Any/all contracts that would obligate St. David's to an amount exceeding the balance of the associated budget line item must be approved by the Vestry prior to execution. The GM shall keep copies of all contracts.

**Any contract executed on behalf of St. David's that is not executed in accordance with this policy, to include verbal contracts/agreements, will not be considered an obligation of St. David's. Rather, the contract shall become the personal obligation of the parishioner(s) who signed it and/or otherwise agreed to it.**

# ADDENDUM A: EXPENSE AUTHORIZATION FORM



## Expense Authorization

I \_\_\_\_\_ hereby authorize \_\_\_\_\_ to incur expense(s) on behalf of St. David's Episcopal Church, \_\_\_\_\_ (Ministry Name, if Applicable) for the following activity:

\_\_\_\_\_.

Approved Budget Line \_\_\_\_\_

Date of Activity/Expenditure: \_\_\_\_\_

Amount Requested: \_\_\_\_\_  
(For amounts over \$100, please refer to Additional Authorizations, as outlined below)

I hereby authorize the above named individual to incur expenses on behalf of St. David's, and approve reimbursement of expenses up to the amount indicated above. I attest that no St. David's credit card or check will be used to make this/these purchase(s) and that no check request has been initiated for payment to any vendor for this/these purchase(s). Further, I certify that this/these items/services will not be donated by the person or vendor from which it/they will be obtained.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
(Ministry Leader or Other Authorizing Official)

\*\*\*\*\*  
Additional Authorization(s), as required by the Payment Processing SOP, revised October 2010:

Is this amount included in the approved Ministry budget? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, submit expense authorization form to the Church Financial Officer.

If no, please obtain additional approvals, as required (under \$100 one signature, over \$100 two signatures.)

Treasurer \_\_\_\_\_

Registrar \_\_\_\_\_

Warden \_\_\_\_\_

Trustee \_\_\_\_\_

# ADDENDUM B: REIMBURSEMENT REQUEST



## St. David's Episcopal Church and School Reimbursement Request/Check Requisition/Church Credit Card Form

Check One: Reimbursement Request:  Check Requisition:  Church Credit Card:   
*(spent or made on behalf of St. David's Episcopal Church and School)*

Requestor Name: \_\_\_\_\_

Purpose of Payment:  
 \_\_\_\_\_

Payee/Vendor Name: \_\_\_\_\_

Vendor POC: \_\_\_\_\_

Address: \_\_\_\_\_  
 \_\_\_\_\_

Amount: \_\_\_\_\_ Due Date: \_\_\_\_\_

Approved Budget or Ministry Category: \_\_\_\_\_

*Please attach invoice or statement with any special instructions.  
 \*\*\*Please allow 7-14 business days for reimbursement.\*\*\**

I attest that the expense is authorized through an approved budget line item and that a sufficient balance remains in associated accounts or that I have obtained the required Additional Authorizations, as required by the Payment Processing Standard Operating Procedure (SOP) as outlined in the Ministry Leader Handbook.

(In the case of reimbursement request) I hereby certify that no St. David's credit card or check has been previously used to make this/these purchase(s) and that no check request has been initiated for payment to any vendor for this/these purchase(s). Further, I certify that this/these items/services were not donated by the person or vendor from which it/they was/were obtained.

Requestor's Signature \_\_\_\_\_ Date \_\_\_\_\_

Additional Authorization(s) as required by the Payment Processing SOP:

Ministry Leader: \_\_\_\_\_ Check Signer 1: \_\_\_\_\_

Accountant: \_\_\_\_\_ Check Signer 2: \_\_\_\_\_

For Church Office Use:	Account Number	Amount
CR	_____	_____
DB	_____	_____
Payment Information:	DB	_____
Check #:	DB	_____
Date Paid:	DB	_____
Amount:	DB	_____

Yellow = Ministries; Pink=School; Green = POPS; Blue = Cemetery

# ADDENDUM C: MISSING RECEIPT FORM



## St. David's Episcopal Church & School Missing Receipt Form

Expense Incurred By: \_\_\_\_\_

I am missing a receipt for: \_\_\_\_\_

I incurred this expense at: \_\_\_\_\_ on: \_\_\_\_\_ for: \_\_\_\_\_  
Business Name Date Dollar Amount

The receipt was (check applicable):

\_\_\_\_ Lost      \_\_\_\_ Never Received      Other \_\_\_\_\_

The form of payment I used (check applicable):

\_\_\_\_ Personal Payment      \_\_\_\_ Church Credit Card      Other \_\_\_\_\_

I certify that the amount shown is the amount I actually paid; that I have not and will not submit a duplicate claim; and that I have not and will not seek a claim for these expenses from any other source.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Ministry Leader Signature

\_\_\_\_\_  
Name (PRINTED)

\_\_\_\_\_  
Ministry Leader Name (PRINTED)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date