

# Financial Practices

## 2023 Mid-Council Financial Network

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Accountant



# Important Presbytery Files

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**Presbytery office should have the following for each church and itself:**

- ▶ A valuation of all its properties, current deeds of trust
- ▶ A Copy of Articles of Incorporation
- ▶ A Copy of By Laws
- ▶ A Copy of Tax Bill
- ▶ Tax exemption letter
- ▶ Year end financials

# TAX EXEMPT LETTER

- ▶ To obtain a copy of your Church's tax exempt letter, contact the Presbytery Mission Agency, General Council's office, in Louisville.
- ▶ Email
  - ▶ Rebecca Rayner
  - ▶ Email [Rebecca.rayner@pcusa.org](mailto:Rebecca.rayner@pcusa.org)
- ▶ She will need your church or Presbytery name, contact info, and Tax ID Number

# Administrative Topics

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- ▶ More than one person has
  - ▶ Passwords, location of keys
  - ▶ Knowledge of the financial system of church
- ▶ Automatic payments
  - ▶ Monitor regularly
  - ▶ Stop payments on time, increase payments on time
- ▶ Change passwords
  - ▶ At least annually
  - ▶ Always when someone leaves employment etc.

# Accounting Processes

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- ▶ Board is the only group that can **authorize opening and closing**
- ▶ Board authorizes **who can sign** for accounts, checks, etc.
- ▶ Board determines **who can approve expenses**
- ▶ Bookkeeper should **only pay approved expenses** and should be told which account the payment should come from.



# PREPARING FOR DISASTERS

earthquakes, tornados, fires, (electrical), etc.  
(hire a public adjuster to help with ins)

## ▣ Take Pictures

- ▣ Use and Don't use
- ▣ Cost of Purchase
- ▣ Renters should also
- ▣ A way to approve immediate funds, up to \$10,000
- ▣ Wish list on-line for people to donate

## ▣ Mobilization

- ▣ If total loss, how do you continue to meet
- ▣ Don't change the time you meet

## ▣ Seating meets your parking (if rebuild)

# RESTRICTED FUNDS

## ▶ **DONOR RESTRICTED**

- ▶ The donor restricts, the BOARD accepts, the money cannot be used any other way.

## ▶ **BOARD RESTRICTED**

- ▶ The BOARD restricts, the BOARD can change their mind, as soon as the next meeting, PROVIDED THEY DO NOT SOLICIT MORE FUNDS.

## ▶ **PERMANENTLY RESTRICTED**

- ▶ Avoid if at all possible
- ▶ Calif. requires approval of OAG

## ▶ **SET AN END DATE BEFORE RESTRICTED MONEY IS ACCEPTED.**

- ▶ At the end, if not used, money reverts to another place – for example, missions, general fund, a similar use.

# RESTRICTED FUNDS cont.

- ▶ RECORDS FOR ALL RESTRICTIONS
- ▶ FILE WITH:
  - ▶ **Original documentation,**
  - ▶ Board minutes with approval
  - ▶ **Short statement with:**
    - ▶ Donor name
    - ▶ Restriction in detail
    - ▶ Original amount
    - ▶ End date
    - ▶ How money can be applied for
  - ▶ **Note form** (small enough to be a note at the end of Balance Sheet with enough information for congregation to know details of gift and how to spend it, if possible.)



# FRAUD - AVOIDING

- ▶ The most trusted usually commit the Fraud.
- ▶ Who reconciles accounts?
- ▶ Two Signatures on checks (over \$x).
  - ▶ However, most banks do not check signatures.
- ▶ Multiple Money Handlers.
  - ▶ Money counters, depositors, check writer, check signer, finance committee oversight.
- ▶ Complete reports to session or council.
- ▶ Annual Reviews.

# INTERNAL CONTROLS

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- ▶ If you change your internal controls, document the change for next audit or review.
- ▶ Example: money might not have two people counting
  - ▶ Two signature checks?
  - ▶ Email approvals.
  - ▶ Scan deposits, etc.
- ▶ Reminder **trust is not an internal control.**

# HISTORICAL SOCIETY of the PCUSA



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The PHS collects old records from churches and maintains them in a safe environment.

If you have old records, you think might be of historic value, call them and talk about the process.

Also, they will convert all old documents to digital format for you. There is a cost.

# Annual Review

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- ▶ **Have the following documents on file and backed up:**
  - ▶ Last year's report and recommendations of the review committee.
  - ▶ A copy of your end of year Chart of Accounts.
  - ▶ A list of valid authorized signers for each account and, if possible, a copy of their signature.
  - ▶ *A copy of the 990-tax return filed for the organization for the year being audited. (Note: if your organization's fiscal year is different from the Calendar Year, please keep that in mind when trying to verify numbers.)*
  - ▶ A copy of the Approved Annual Budget from the Board minutes.
  - ▶ Complete information on all monies received during the year, including any Donor Restrictions.

## Investment Policy

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Describes who is responsible for investing.

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States the objectives and the strategies of investing.

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Describes the level of risk the church is willing to take.

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Lists the Asset Allocation parameters for Cash, Fixed Income, and Equity Assets.

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Lists specifically any acceptable and non- acceptable investments.

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Delineates the Spending Policy and who and why these can be overridden.