

THE NEW YORK AVENUE PRESBYTERIAN CHURCH

Financial Manual

**Recommended by Board of Trustees September 20, 2022 and Approved By
Session October 24, 2022**

This Manual incorporates the financial and accounting principles, policies, and procedures of The New York Avenue Presbyterian Church, Washington, DC. The Church has invested in this Manual and its financial and accounting infrastructure to ensure that all NYAPC members, donors, and others who support its work can be confident in the Church's stewardship of its resources. Copyright © 2022

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PART 1: Introduction to The Financial Manual

The purpose of the Financial Manual of The New York Avenue Presbyterian Church is to:

- Articulate the rules, requirements, and principles governing the receipt, use, and care of the Church's assets
- Provide the framework for accounting for those assets, and
- Set standards for communicating information about the Church's assets and financial condition to boards, staff, volunteer leaders, and the congregation as a whole.

The Financial Manual should be written and formatted to maximize the ability and ease of all in the congregation to understand how we manage assets and their own responsibilities and mandates as captured in the Manual. The Manual should be accessible to any and every member of the Church.

While faith and theology guide and direct every aspect of the Church's life, including its financial life, this Manual does not attempt to fully articulate the Church's theology of money, assets, and resources. Rather, this document is a collection of the processes our Session and Trustees have adopted to guide staff, congregants, leadership, and Session itself in managing our financial assets.

If, at any time, it is discerned that the processes captured in the Financial Manual conflict with the Church's joyful obligation to follow God's call and live into the Church's mission, the Financial Manual should be freely amended and updated as needed following the processes described herein. But the requirements of the Financial Manual should never simply be ignored or set aside. If and when the Church finds that the Manual's requirements prove inappropriate, burdensome, or barriers to the Church following God, we will change the Manual rather than simply disregard it.

PART 2: Guiding Principles and Interpretation of the Manual

2.1 Guiding Principles

Following are the Church's guiding principles in matters of asset and financial management as they apply to this Financial Manual:

1. All of the Church's assets are gifts from God to be used by the Church in fulfilling its Mission to live as an: "inclusive community of faith in the heart of Washington DC, engaging in God's transforming work, challenging the powerful, standing with the oppressed, lifting up the broken-hearted, and making God's love and justice visible by welcoming and loving all."
2. All assets received by the Church belong to the Church and fall under Session's stewardship.
3. Session must authorize any/all disbursement of Church assets.
4. Restricted Funds must be used before Unrestricted Funds when possible.
5. Donors' terms of gift are to be interpreted strictly and honored completely as interpreted.
6. The Church's financial policies, action, and condition should be transparent and regularly communicated to Session, other boards, and the congregation.
7. Accounting and bookkeeping practices are fully documented and adhere to standard accounting practices.
8. Donor confidentiality is protected and information regarding donor identities and contributions is available on the most limited basis consistent with "need to know".

All of the policies and provisions in this Financial Manual should be interpreted and understood in light of the foregoing guiding principles.

2.2 Interpretation of the Manual

Questions of interpretation of the Manual are to be presented to the Church Treasurer for resolution. The Treasurer shall document all requests for interpretation and the Treasurer's response and communicate them to the Board of Trustees within 30 days of issuing any interpretation. The Board of Trustees shall review the Treasurer's interpretation and affirm, modify, or reject it, as appropriate.

After Trustees action, the Treasurer shall add the text of the interpretation as reviewed by Trustees to Appendix I of this manual along with a record of Trustees' action. The Treasurer's interpretation is effective from date of issuance and until/unless modified or rejected by the Board of Trustees. Trustees' action is final and definitive and only reversed or modified by amendment of the Manual.

PART 3: Accounting

3.1 Basis of Accounts

The Church's financial statements and transactions recognize all non-investment revenues on a cash basis, with no accruals for Pledge Receivables or Bequest Receivables. Tenant lease/rent revenue is recognized on the basis of amounts due and paid as stated in tenant agreements. Payments toward pledges for future years are booked in the period in which they are received. Lease expense payments are recorded as the cash is paid, and all leases will be treated as operating leases for lessor/lessee purposes.

In all other regards, all Church financial statements and transactions comply with Generally Accepted Accounting Principles (GAAP), as periodically updated, with such exceptions as shall be expressly authorized by the Audit Committee. The guidance specific to the Church as a nonprofit entity may be found at the Financial Accounting Standards Board's website, www.fasb.org, in the FASB Accounting Standards Codification (ASC) 958 – Not-for-Profit Entities.

3.2 Account Structure

The Church maintains its accounts on three dimensions:

1. **Natural Accounts** are maintained based on the type of revenue received or expense incurred. Examples of natural accounts are Pledge Revenue, Building Use Revenue, Salaries, Maintenance Contracts, etc. Natural accounts answer the questions, "What kinds of revenues are we receiving?" and "What do we spend our money on?"
2. **Programs** are the Session-authorized Committees and ministry programs of the Church, plus Administration and Building Operations. Program accounts answer the question, "Which groups in the Church are raising and spending money?"
3. **Funds** are accounts representing the value of the Church's various assets, including unrestricted cash, non-endowment restricted assets, physical assets, and endowments. Fund accounts answer the questions, "What assets are available for use now versus needing to be maintained as investments?" and "What assets are available for use without restriction versus subject to various restrictions on use?"

3.3 Chart of Accounts – General

The Chart of Accounts lists the natural accounts, programs, and funds currently used by the Church. The Chart of Accounts may be modified at any time for reasons of convenience, clarity, changed circumstance, or to conform with actions of Trustees and/or Session.

Changes to the Chart of Accounts for Natural Accounts and technical changes to the Chart of Accounts for Funds made to simplify accounting and reporting are made at the direction of Session, direction of the Board of Trustees, direction of the Audit Committee in response to recommendations from our auditors, or by the Church Treasurer and Church Accountant, mutually agreed, without action by either board. All changes to the Charts of Account made by the Treasurer and Church Accountant without

direction of Session or Trustees must be documented in Appendix B of this Manual upon implementation and reported in writing to the Board of Trustees within 30 days. These changes are effective immediately and permanently, unless rejected or modified by the Board of Trustees.

Changes to the Chart of Accounts for Funds that create new Funds with restrictions that differ in any way from existing Funds or any changes to accounts for Board Designated Endowments are recommended by the Board of Trustees and approved by Session before taking effect.

Changes to the Chart of Accounts for Programs are approved by Session before taking effect.

3.4 Chart of Accounts – Natural Accounts

The Church's natural accounts are used to categorize assets/liabilities and revenue/expenses. Asset/liability data and accounts appear in the Statement of Financial Position report (called the "Balance Sheet" in for-profit accounting). Revenue/expense data and accounts appear in the Statement of Activities report (called the "Profit/Loss Statement" in for-profit accounting).

The current list of natural accounts appears in Sections 1 and 2 of Appendix A to this Manual.

3.5 Chart of Accounts – Funds

The funds of the Church account for the value of the Church's liquid and illiquid net assets, including cash, investments, liabilities, accounts payable, and physical assets (building, equipment, furniture, fixtures, land) and indicate the type and level of restriction (if any) associated with those assets. Every Fund of the Church is designated by the type and level of donor restriction as to use; those designations are:

- **UR = Unrestricted;** assets without donor restriction; may be used for any purpose and at any time, as authorized by Session.
- **TR = Temporarily Restricted;** assets with donor restriction; restricted by the donor's intent as either restricted for purpose, such as scholarships for Community Club, or by time such as "endowment earnings," which are governed by restrictions on how much can be spent each year and donor restrictions.
- **PR = Permanently Restricted;** assets with donor restriction; assets restricted by the donor for use as the corpus of an endowment and that must be retained and maintained in perpetuity. Some PR Funds are also governed by donor restrictions as to investment, availability of earnings to be used, and purposes for which earnings may be used.

The funds of the Church are grouped by level of donor restriction as follows:

- **Unrestricted Net Assets UR** – Assets with no donor restriction as to use; includes both liquid (e.g. cash) and illiquid (e.g. the building) assets and liabilities (e.g. the Church's debt). The liquid portion of these funds may not be invested and is held in cash or cash-like instruments.
- **Board Designated Endowments and Funds UR** – Assets received with no donor restriction as to investment/maintenance as an endowment, but that Session has elected to manage as an

endowment. Board Designated Endowments that received contributions after the establishment of the Endowment are deemed permanently restricted as to both endowment status and use of income, reflecting donors' expectation that their contribution will be restricted to match the terms of the Board Designated Endowment. These assets are invested according to the Church's Investment Policy with retained earnings "drawn" annually.

- **Non-Endowment Restricted Funds TR** - Assets with donor restriction as to purpose of use but with no restriction as to investment or timing of use (i.e., no obligation to preserve any part of the assets; entire Fund may be spent at any time). Assets in these funds may not be invested and are held in cash or cash-like instruments.
- **Time Restricted Net Assets TR** – Assets received by the Church but restricted as to when they may be used or may be considered "earned;" funds in this group were used to hold Pledge Receivables before the Church converted to cash accounting for revenues in 2022.
- **Permanent Endowment Corpora PR** – Assets received by the Church with donor restriction that they be invested and held in perpetuity as endowments to generate income for the Church. Assets in these Funds consist entirely of the original gift/bequest of the donor; except as specifically required by the donor, no income, earnings, or losses are posted to these funds. The assets are invested according to the Church's Investment Policy with all earnings/losses posted to funds in the next group.
- **Permanent Endowment Earnings TR** – Each "Permanent Endowment" of the Church consists of one or more Corpus and an associated Permanent Endowment Earnings Fund. The value of the "endowment" is the combined value of the corpus and earnings Funds. Endowment Earnings Funds are invested alongside endowment corpora and hold the retained earnings/losses of the entire endowment. With the approval of Trustees and following the process specified in this Manual, a portion of each Endowment's Earnings are transferred to either Unrestricted Funds or Non-Endowment Restricted Funds annually for use by the Church as budgeted and in compliance with any donor restrictions.

A list of the Funds of the Church, including descriptions and purposes, is found in Part 3 of Appendix A to this Manual. Additional details on each fund, including origins, restrictions, and history of use, appears in Appendix J: Funds of The New York Avenue Presbyterian Church.

3.6 Chart of Accounts – Programs

The programs of the Church, for accounting and reporting purposes, are the budget units of the Church. With the exception of Program 695 Pass-Through/Non-Budget, each program represents a stream of revenue and/or expense that is managed by a specified board, committee, staff member, or other named group within the Church. Programs should be constructed to ensure only one single group or staff member is responsible for all revenue/spending booked to the program.

Program 695 is a "catch-all" accounting unit for revenues and expenditures that:

- Represent "pass-throughs" where all revenues collected for an activity is automatically disbursed in full or substantial part to an outside organization. The Alternative Christmas

Store, One Great Hour of Sharing, and Christmas Joy offerings, and activities related to the Kenya Mission Trip (when authorized by Session) are examples. Estimating revenues for these activities is extremely difficult and uncertain, and 100% of collections, once received, are disbursed to outside organizations without further action by Session. Effectively these revenues and expenses are beyond the Church's control and have no impact on the Church's financial health or condition.

- Represent spending using Non-Endowment Restricted Funds where Session has granted a committee or other group authority to spend up to the full value of the Restricted Fund without further Session action. Examples include Heath Committee's authorization to spend up to the full balance of 2750 Heath Scholarship Fund, Benevolence Committee's authorization to spend up to the full balance of 2477 Benevolence-Med/Theo Ed (partial proceeds of Metcalf Trust Receipts and Edgington Endowment draws), and Presbyterian Women's Committee's authorization to spend up to the full balance of 2595 Presbyterian Women Fund. Session authorizes discretionary spending of funds such as these only when 1) donor restrictions tightly limit the use of assets to activities that do not support the Church's core mission and operations, or 2) the sums of money involved are nominal and highly unpredictable, or 3) donor restrictions explicitly and specifically require.

A complete list and brief description of Church programs, including activities included in Program 695, appear in Part 4 of Appendix A. As Session authorizes changes to the program list, it is updated by the Church Treasurer at the direction of the Clerk of Session.

3.7 Accounting/Bookkeeping Policies, Procedures, and Reports

3.7.1 General Accounting/Bookkeeping

Both during the year and at year-end, the Church records and accounts for its revenues (excluding Investment gains/losses) on a cash basis and does not accrue expected future revenue or record Accounts Receivable in its financial reports.

Except for the first 10 business days of each calendar year, contributions, grant revenue, building use revenue (including payments under tenant leases), trust receipts, and other forms of revenue are booked as of the day the revenue is posted to the Church's bank or investment accounts. If a check dated January 15th by a contributor is received on February 15th and then actually deposited and posted to the Church's bank accounts on March 1st, the revenue is recognized as of March 1st and reflected in the March financials.

Revenue received and recorded in the Church's bank/investment accounts during the first 10 business days of each year may be posted to December of the previous year if the Church Treasurer and Church Accountant agree that:

- The payment was initiated in the prior year (typically shown by the date on a check or date an online payment was initiated); and

- It was the likely intent of the donor/payor to have their payment recognized in the prior year; and
- Recording the contribution in the prior month results in a more accurate and useful statement of the Church's result for the previous year.

At year end, the Church records and accounts for investment revenues as well as all assets, liabilities, and expenses according to the policies of Generally Accepted Accounting Principles (GAAP) as established and modified by the Financial Accounting Standards Board (FASB).

During the year, the Church follows all GAAP requirements for investment income and expenses with the following exceptions:

- All Church spending is booked as ordinary expenses regardless of capitalization status. Spending on the building, equipment, furniture/fixtures, or other purposes that is likely to be capitalized at year end per GAAP requirements is recorded in Natural Account 5470 Fixed Assets to be capitalized during the year and through First Close and then capitalized at year end during the Second Close.
- The Church books payroll expenses, including salaries, taxes and benefits costs, on a cash basis during the year and only calculates and books accrued payroll cost at year end for First Close.

The Church's Capitalization Threshold is \$5,000; expenditures below this amount are fully expensed in the year incurred; expenditures on capitalization-eligible items above this amount are capitalized and depreciated.

3.7.2 Financial Reports Produced

The Church produces and distributes the following reports of its financial results and condition monthly and annually:

- **Statement of Financial Position** – Known as a "Balance Sheet" in for-profit accounting, this reports the Church's assets and liabilities and "Net Assets" – the difference between assets and liabilities – as of the date of the report.
- **Statement of Activities Report** – Known as a "Profit/Loss Statement" in for-profit accounting, this reports the Church's revenues and expenses for the current period (month and year-to-date). The difference between revenues and expenses appears at the bottom of the report as "Change in Net Assets," which would be "Profit/Loss" in for-profit accounting. Note that revenues shown on this report include unrealized/market-to-market gains/losses on investments and expenses, including accrued expenses that may not yet have been paid (e.g. Accounts Payable) and a charge for non-cash depreciation expense. Also note that this report does not reflect the impact of annual endowment draws or principal payments on loans (which are movements of assets versus "revenues"). This report also shows the Church's annual budget as entered by the Church Accountant for each natural account and the difference between actual results and budget.

- **Fund Balance Report** – This reports the value of all funds of the Church and shows how it has changed during the current year. The total value of all funds displayed on the Fund Balance Report must equal the Net Assets result on the Statement of Financial Position. The first Fund on the list is 1005 General Fund which must equal total Net Assets less the sum of the value of all other funds shown on the report. There is no equivalent report in for-profit accounting.
- **Statement of Cash Flows** – This report reconciles the Change in Net Assets shown on the Statement of Activities Report with actual changes in the Church’s cash balances for the year to date. The final line, “Cash at end of period” will equal the balance of “Total Checking/Savings” on the Statement of Financial Position for the same period.
- **Statement of Activities Report by Program** – Identical to the Statement of Activities Report but produced for each program of the Church for the current period as of the date of the report.
- **General Ledger Detail Reports by Program** – A list of all postings in the general ledger for each program of the Church as of the date of the report.

The Church also produces the following reports monthly and for the full year as controls and to support other financial reports:

- **Bank Account Reconciliation Report** – Reconciles bank statements with postings in the Church accounting system (currently QuickBooks).
- **Investment Rollforward Report** – Combines detailed reporting for all of the Church’s investment accounts, such as Dividends, Interest, Accrued Interest, Management Fees, Additions, Withdrawals, Realized Gain/Loss, and Market Value Change.
- **Investment Return Allocation Schedule** – Shows allocation of monthly and year-to-date investment results in the Church’s investment accounts to individual funds.
- **Breeze to QuickBooks Contribution Reconciliation Report** – Reconciles activity in the Church’s membership management system (currently Breeze) to postings to the Church’s accounting system (QuickBooks).

Monthly Financial Reports for January through November are prepared and made available to the Church Treasurer and Finance Committee no later than the 20th of each month.

A First Close of December and full year results are made available no later than the 25th of January. A Second Close of full year results, including all adjustments needed to comply with GAAP and suitable for submission to outside auditors, is completed and made available no later than February 20th of each year.

3.7.3 Revenue/Contribution Deposits, Accounting, and Reporting

3.7.3.1 Revenue Deposits and Accounting

All revenue received by the Church is deposited in a Church account weekly; in all cases, cash/checks received by the Church are deposited no more than ten (10) calendar days from the date received at the Church.

The Church maintains a Church membership management system (currently Breeze), which records pledges and all non-investment revenues received by the Church by:

- Donor/other payor
- Date payment was made
- Fund to which the revenue is to be allocated
- Method of payment used (ACH/Check/Cash/Online/Stock/etc.)

Revenues are collected in “batches” in the Church member management system that match the time-period in which online payments were initiated or, for all other revenue, the date a deposit was made by the Church into its bank accounts.

All contributions/revenues received are associated with a “person” in the Church member management system. Revenues from individuals/organizations that already have a record in the database are associated with that record. When revenue is received from individuals/organizations not already present in the database and the donor/payor is known, a new record is created with their name and address (if known/present on the form of payment) and the revenue associated with that record. When revenue is received from an estate, a record is created for the estate and revenue associated with that record (e.g. if a member dies and leaves money to the Church, the bequest is booked to a new “person” called “Estate of xxxxx”. Revenue is only booked to the person “Anonymous” if no identifying information is available or the donor so requests.

“Date payment was made” will be the date an online payment was initiated (as shown in the online payment system) or the date written on a check provided that the date on the check is within 30 days of the date the Church receives the check. In cases where the date on the check is more than 30 days from the date payment is received, “Date payment was made” will be the date of the batch/deposit at the bank.

“Date payment was made” shown in the Church member management system (Breeze) is usually different from the date revenue is posted in the Church accounting system (QuickBooks). For example, a check dated March 30 may be received by the Church and deposited on April 5. That revenue will have a “Date payment made” in the Church member management system and on donor statements of March but be booked to revenue in the accounting system in April.

All cash/checks received by the Church are recorded in the Church member management system within seven (7) days of being deposited in bank accounts or received and posted in the Church’s bank/investment accounts. All revenue is posted to the Church accounting system, including Natural

Account, Program, and Fund, no more than seven (7) days after entry into the Church member management system.

3.7.3.2 Reconciliation and Statements

The Church member management system (Breeze) and Church Accounting system (QuickBooks) are reconciled monthly; in the absence of evidence that an error was made in entering data into the Church member management system, the Church accounting system is adjusted to match the Church member management system. The Church member management system and Church accounting system must balance every month.

The Church produces and distributes donor contribution statements quarterly in April, July, October and January for the preceding quarter and year to date. Contribution statements may be distributed by hand, US mail, or email as deemed appropriate by the Stewardship Committee in consultation with the Church Accountant and the Church Treasurer.

The Church produces and distributes tenant payment statements semi-annually in July and January for the preceding period and year to date. Statements are distributed to tenants by hand, US mail or by email at the discretion of the Church Accountant and copies are provided to the Church Treasurer and the Chair of the Building Committee of the Board of Trustees.

3.7.4 Expense Recording, Accounting, and Reporting

3.7.4.1 General

In compliance with GAAP requirements, all accounts payable (bills, invoices, and reimbursement requests) are posted to the Church Accounting system (QuickBooks) weekly. As required by GAAP, the post date of accounts payable is the date the Church is notified of the liability – typically the date the bill/invoice/reimbursement request is received by the Church. Accounts payable are entered into the Church accounting system weekly and are coded to the appropriate natural account, program, and fund as entered.

Checks and electronic payments are printed/prepared at least weekly as Accounts Payable are due. Checks must be prepared and ready for pre-disbursement review at least seven (7) days before any payment due date that would trigger late/delinquency fees. Electronic payments must be prepared and ready for review at least three (3) days before any payment due date that would trigger late/delinquency fees. Payments may be prepared for disbursement earlier than the due date in cases where early payment will earn the Church an early-payment discount or credit.

3.7.4.2 Approval of Payments

All accounts payable disbursements must be reviewed and authorized by the leadership of the program to which the expense will be charged before disbursement. As necessary, this authorization will include a certification that the goods/services covered by the Accounts Payable item have been received/completed satisfactorily.

In general, expenses to be charged to volunteer-led programs (e.g., Community Club, Radcliffe Room, Choir) must be reviewed/authorized by the chair or treasurer (if any) of the Committee responsible for

the program. For expenses charged to other programs, the individual or group indicated must approve disbursements:

- Program 810 Administration: Head of Staff or the staff member responsible for the Church office (the Office Manager at time of this writing).
- Programs 910 Building Operations and 920 Building Maintenance: the staff member responsible for facilities (the Facilities Manager at time of this writing).
- Programs 720/740 (Senior/Associate Pastor Expense): the relevant pastor.
- Program 430 Scholar in Residence: the staff Director of this program or chair or treasurer of the McClendon Scholar-in-Residence Council.
- Program 830 Accounting: the Church Treasurer.
- Program 860 Planned Giving: the Director of Planned Giving or chair or treasurer of the Stewardship Committee.
- Program 130 Choir and Music: the Director of Music or chair or treasurer of the Choir.

Staff and volunteer authorizers may issue a standing approval to pay recurring charges and invoices that vary only by small amounts or that are calculated based on number/pay of employees. Examples include monthly Church benefits charges, monthly fees for phone, cell phone, and/or internet access, regular invoices for recurring maintenance/service contracts, equipment lease payments and the like. Standing approval must be reaffirmed as contracts renew and/or rates change.

Payment of invoices for spending by staff on Church credit cards may be made in advance of receiving authorizer approval (but not in advance of pre-disbursement review) if necessary to avoid late fee or interest charges. In these cases, authorizer approval must be received and reported to the Church Treasurer no more than ten (10) days following the payment of the invoice.

The Church Treasurer maintains and updates the list of individuals responsible for authorizing expenses charged to programs and issues an updated list at least annually to the Church Accountant, Board of Trustees, and Session.

3.7.4.3 Volunteer and Staff Reimbursements

Volunteers and staff members are entitled to reimbursement from the Church for expenses made from their personal funds on behalf of the Church, provided that the expenses were authorized by Session through the budget or other authorizing action and approved by the appropriate program chair or staff supervisor. Two basic rules govern all reimbursements:

- All reimbursements requests must be approved by the staff member, chair or treasurer responsible for the program to which the reimbursement will be charged; and
- No staff or member/volunteer can be the sole approver of their own reimbursement request.

Reimbursement requests are submitted to the Church Accountant in writing using the Church Reimbursement Form (available in the Office or from the Church Accountant). All reimbursement requests must include the following information:

- Name, address, email, and phone number of the person to be reimbursed
- Amount of reimbursement sought
- Detailed description of goods/services obtained for the Church
- Copies of receipts or invoices
- Proof of the expense (paid receipt, matching credit card payment from a statement, invoice marked paid, etc.)
- Program to be charged
- Name of person who pre-approved the expense ("Self" where appropriate)

All reimbursements must be approved by the individual indicated below for the program to be charged for the expense:

- For Programs 100-690, 820, 840, 850, 860, 870 – the chair or treasurer of the Program/Committee
- For Programs 711/721 – the Senior Pastor/Associate Pastor
- For Programs 810 and 830 – Head of Staff for managers; managers for other staff
- For Programs 910-930 – Senior Pastor/Head of Staff for managers, managers for other staff
- For Capital Expenses – President of the Board of Trustees or Chair of Trustees Building Committee

Reimbursements made to pastors or program chairs and treasurers require the following additional approvals:

- Program chairs – approval by program treasurer if one exists; Church Treasurer, or Trustee approving disbursement
- Program treasurers – approval by program chair
- Staff other than pastors – approval by their supervisor
- Associate Pastor – approval by Senior Pastor/Head of Staff or Church Treasurer at election of Senior Pastor/Head of Staff
- Senior Pastor/Head of Staff – Church Treasurer or Trustee approving disbursement

3.7.4.4 Options for Receiving Reimbursement Payments

Unless otherwise requested, all reimbursements are made by check mailed to the recipient's address on file. On request, reimbursement checks may also be placed in Church mailboxes or the Church office for pick-up by the recipient. Reimbursement may also be made electronically as mutually agreed to by the recipient and the Church Accountant.

Individuals submitting for reimbursement or payment for speaking/pulpit supply fees and honoraria have the options of converting their reimbursement into a contribution in kind. If this option is selected, the Church Accountant records a contribution to 1005 General Fund in both the Church membership management system (Breeze) and the Church accounting system (QuickBooks). Donors are not permitted to designate gifts in kind in lieu of payment to any other Fund.

The expense is recorded to the Program and Natural Account that would have been charged if payment was made and to Fund 1005 General Fund.

3.7.4.5 Pre-Disbursement Review and Disbursement

No check may be disbursed or electronic payment made until authorized following pre-disbursement review by a member of the Board of Trustees as specified in the Church's Expense Disbursement Authorization Policy (Appendix D). This policy is adopted and amended as necessary by the Board of Trustees and specifies the individuals and number of individuals required to sign checks and reviews and approvals and the means by which pre-disbursement reviews are performed and documented.

At a minimum, all checks and online disbursements must be reviewed and approved by the Church Treasurer or one other Trustee as specified in the Expense Disbursement Authorization Policy before disbursement.

Once authorized following pre-disbursement review, checks are to be mailed and electronic payments made within two (2) business days or earlier as necessary to avoid incurring late/delinquency fees.

3.7.4.6 Stale Checks

Under the District of Columbia's Abandoned Property laws, payroll checks are deemed "abandoned" if not presented for payment one (1) year from the date of issue and all other checks are deemed "abandoned" if not presented for payment three (3) years from the date of issue. The Church Accountant annually files required reports with the District of Columbia Abandoned Property Office listing all abandoned checks and pays those balances to the DC Abandoned Property Fund. The original check is voided and the payment to DC Abandoned property recorded in the year payment is made and with the same Program, Natural Account, and Fund coding as the original check.

The Church Accountant and Church Treasurer review outstanding checks for potential abandoned status at least twice each year. Where outstanding checks are determined to be duplicates for other payments or for invoices or reimbursement requests voided or waived by the recipient, the Church Accountant documents that determination and voids the outstanding check. Amounts of voided checks are credited

to Program 830 Accounting, Natural Account 5399 Miscellaneous Expense, and the Fund originally charged for the payment in the fiscal year in which the check is voided.

For checks outstanding more than one (1) year and payments continuing as due to the recipient and where the Church retains valid contact information for the recipient, the original check is voided and a new check issued and delivered to the original payee. Both the voided and new check are coded to the Program, Natural Account, and Fund used for the original check. This action does not toll the one-year/three-year time frame for DC Abandoned Property calculations. The Church Accountant maintains a log of reissued checks that notes the original issuance date and uses that date for DC Abandoned Property reporting and remittance.

All Church programs that provide scholarship checks to individuals are required to include the following terms in their award: "This scholarship is awarded in the form of a check from The New York Avenue Presbyterian Church made out to you or, in some cases, to a school to your benefit. If the check has not been presented for payment within 12 months of the check date, the scholarship is withdrawn and no longer valid." Scholarship checks issued after August 1, 2022, include these terms and are voided as no longer valid if not presented within one (1) year of issuance and are not subject to remittance to DC Abandoned Property Office.

3.7.5 Payroll and Payment of Employees and Independent Contractors

Payroll files are maintained by the Church Accountant and are separate from personnel files. Payroll files include the application form completed by the supervisor who hired the employee, which lists his/her positions and pay rates, and all authorized changes. These records should also be signed by the employee, including pastors, and an authorized senior Church employee or officer, including the Clerk of Session for pastors.

Annual and hourly pay rates are entered into the Payroll system by the Church Accountant and may only be changed upon written authorization of the Personnel Committee or Session.

The Church pays pastors and staff every two (2) weeks on Thursdays through an outside payroll processing company selected by the Office Manager and Church Accountant and approved by the Board of Trustees. The Church also pays certain non-employee independent contractors through payroll. Independent Contractors paid on an annual or monthly (versus hourly) basis are paid on a pro-rata basis during the year, based on the pay rate as approved in the annual budget or in other Session action.

Church staff and contractors paid through payroll on an hourly basis keep record of their time as specified in the Church Employee Handbook. All contractors paid through payroll must have a current US Form W-9 on file with the Church Accountant before payment may be issued. The Church Accountant issues Form 1099s to all contractors whose pay exceeds the level triggering 1099 issuance as specified by the Federal Government (at the time of this writing, \$600 per year).

The Church pays overtime rates to employees as specified in the Employee Handbook and required by the laws of the District of Columbia and Federal Government.

Timesheets for Church employees and contractors paid on an hourly basis are collected, reviewed, approved, and submitted for processing by the following:

- Office Manager: front desk/receptionist staff.
- Facilities Manager: custodial staff.
- Associate Pastor: nursery staff.
- Community Club Director: student employees of Community Club.
- Chair, Worship & Music: technical staff for worship services.
- Director of Music: choral associates.
- Director of Planned Giving: submits their own time without pre-review; time submissions reviewed periodically post-hoc by Head of Staff and the Stewardship Committee.
- Director, McClendon Scholar-in-Residence Program: submits their own time without pre-review; time submissions reviewed periodically post-hoc by Head of Staff and McClendon Scholar-in-Residence Council.

Payroll information is received by the Church Office no later than noon on the Monday prior to each payday and is entered into the payroll system by the Office Manager by noon on the following Tuesday.

The Church Accountant reviews payroll data entry and submits payroll to the outside payroll either by 5:00 pm Tuesday before payroll is issued or the deadline required by the outside payroll processor (currently Paychex).

The Church Accountant creates PDF files of approved timesheets and other documentation for each payroll run and saves those files on the Church information system (currently Google Drive).

The Church Accountant receives the biweekly payroll packet from the outside payroll provider, confirms each check and the total amount of payroll, then initials indicating approval, and dates the package. The paper version of the Payroll Journal included in the package from Paychex is saved in the appropriate Payroll binder along with the paper copies of the supporting timesheets. A digital version of the Payroll Journal is to be stored in the appropriate Timesheets folder on the Accounting Google Drive.

The Church Accountant prepares a journal entry from the details on the Payroll Journal report included in the payroll package, records and posts the payroll journal entry to the general ledger, and files biweekly payroll reports in a locked file cabinet.

Paystubs documenting electronic deposit of pay and live paychecks (if any) are distributed on the Friday following payday.

After the last payroll for each month, the Church Accountant prepares a report of the SIMPLE IRA contributions eligible employees have had deducted from their pay and the matching amount that the Church offers to pay as part of staff compensation (at the time of this writing, 100% of up to 3% of the employee's compensation). The IRA contributions report is recorded to Accounts Payable and remitted to the IRA company by the 31st day of the month following the month the contribution is deducted from pay.

PART 4: Treasury, Debt, Investments, Endowments, and Restricted Funds

4.1 Treasury Accounts, Policies, and Procedures

“Treasury” refers to the management of the Church’s non-invested cash assets consisting mainly of unrestricted cash, assets of non-endowment restricted funds, and petty cash. “Non-invested” means that the assets are held in federally insured demand accounts (checking or savings) or in non-insured cash-like accounts such as money market funds that do not experience significant risk of principal value and where cash is available for immediate withdrawal.

The Board of Trustees approves the selection of financial institutions and creation/dissolution of all Treasury accounts. In general, the Church seeks to maintain the minimum number of accounts and financial institution relationships consistent with prudent risk management and effective Accounting and Treasury operations. All Church cash accounts must include at least three (3) authorized signers, including the President and Secretary of the Board of Trustees and the Church Treasurer and may have additional Trustee signers at the Board of Trustees’ discretion. The Board of Trustees may also, at its discretion, include the Church Accountant and other staff members as signers.

Usually, the Church maintains three (3) Treasury accounts:

- **Operating Checking Account:** The Church’s main cash account used to receive most revenue and pay most expenses and is covered by FDIC insurance.
- **Online Payment Account:** An FDIC insured bank account that receives deposits from credit card and ACH payments made through the Church’s online giving system. Receiving credit card/ACH payments through a separate account greatly simplifies monthly reconciliation; funds are periodically transferred from this account to the Operating Checking Account.
- **Money Market Fund:** When appropriate and useful, the Church may maintain a non-insured Money Market account provided by a reputable bank or investment firm to hold cash not needed for near-term use in the Operating Checking Account.

With support and advice of the Church Accountant, the Church Treasurer is responsible for managing the disposition of the Church’s cash across its accounts to minimize expenses, maximize earnings, and support efficient operations of the Accounting function and is authorized to move cash between accounts as appropriate to support those objectives.

At times when the Church carries a balance on a Line of Credit, the Church Treasurer is authorized to use “Idle Cash” – cash not needed for immediate operations – to temporarily pay down the LOC balance to reduce the Church’s interest costs and then withdraw that “deposited” cash as needed for Church operations. The Treasurer is required to inform the Board of Trustees within 30 days of depositing or withdrawing Idle Cash from the LOC. The amount of Idle Cash in the LOC is shown as the balance of Fund 1056 Idle Cash Held in LOC on the Fund Balance Report.

On recommendation of the Board of Trustees and approval of Session, the Church may also use alternative vehicles for holding cash such as federally insured Certificates of Deposit or short-term government bonds. Any such alternative Treasury strategy must be reported to the Congregation at the time of adoption and in each year's Annual Report. All interest or other revenue and costs or losses from Treasury activities are allocated to 1005 General Fund.

4.2 Debt

The Church uses debt to make substantial investments in the Church facilities and/or mission in advance of receiving anticipated revenues (e.g. from a Capital Campaign or a tenant) or to prudently preserve unrestricted cash needed for operations. Once debt has been incurred, the Church works diligently to retire debt within a reasonable time frame.

Incurring debt – including drawing funds from any Line of Credit other than for management of Idle Cash – requires approval from both the Board of Trustees and Session. Once approved, the Board of Trustees selects a lender, negotiates terms, and executes debt agreements on a basis consistent with Session's approval. If debt agreements require the provision of collateral, the Board of Trustees determines the steps necessary to comply with the agreement and directs the Church Accountant, Church Treasurer, and/or Investment Committee to execute those steps.

Once a debt facility is established and drawn on, the Church Treasurer authorizes disbursement of required payments of interest + principal (for amortized loans) or interest-only (for all other loans) without further approval or review.

If the Church conducts a fundraising campaign to retire debt or receives contributions, including bequests, restricted for use in retiring debt, those receipts shall be used to pay down the debt at the direction of the Church Treasurer. All other optional/non-required permanent principal payments may only be made on approval and authorization of the Board of Trustees and Session.

If the Board of Trustees concludes that refinancing existing debt or moving existing debt to a new lender is advisable, it is authorized to execute that transaction, including entering into any contracts/loan agreements required, without Session involvement provided that the Church's total debt liability does not increase by more than 5%. If refinancing/moving lenders will result in more than a 5% increase in the Church's liability, Session approval is required as well.

4.3 Investments

The Board of Trustees determines the number and type of investment accounts to be maintained. These accounts may include accounts dedicated to different types of investments (e.g. Equities, Fixed Income), assets to be managed by different investment managers, or assets reserved as collateral for Church debt. In general, all invested assets with the same restrictions, if any, on investment strategy and types of permissible investments should be commingled and maintained in the same account. Assets of any endowment required by donors' terms of gift to be held separate from the Church's other assets shall be held in a separate account or accounts. For example, the assets of the McClendon Scholar-in-Residence endowment must be held in accounts separate from all other Church assets.

The Church's Investment Policy is established by the Board of Trustees to provide direction to the Investment Committee and the Investment Manager or Consultant, as applicable, in the management of the Church's investment funds. The current Investment Policy appears as Appendix E to this Manual.

The Policy governs the investment management of all invested assets, which consist of the endowments of the Church, both corpora and retained earnings, other than endowments that have specific restrictions or instructions as to investment. The Policy shall document any unique investment restrictions/instructions for each endowment with such restrictions. As of the writing of this policy, there are no such endowments in the Church's portfolio.

The Policy also specifies the Church's policies and practices for selecting, evaluating, managing, and communicating with outside Investment Managers/Consultants.

The Trustees review the Investment Policy annually to ensure that the specified target return, risk, and liquidity of the Fund, along with the investment management guidelines, remain consistent with the objectives of the Church and industry best practices. When changes are made, Trustees ensure that Appendix E to the Manual is updated.

Current period and year-to-date investment results are reported to the Board of Trustees quarterly within sixty (60) days of the end of the quarter and to Session and the Congregation annually through the Annual Report.

4.4 Endowments

4.4.1 Endowment Overview

The Church has two types of endowments:

- **Permanent Endowments** – created by donor terms of gift that require their original contribution be maintained in value and invested for the Church's benefit in perpetuity; and
- **Board Designated Endowments** – created by act of Session from assets with no donor restriction requiring creation of an endowment, whether or not there are donor restrictions on the use of the contribution or any income earned from the contribution.

Except as described below, each Endowment consists of one or more Funds holding endowment corpora and a single fund holding the value of all retained earnings from those corpora. Multiple corpora with identical restrictions as to investment policy and use of earnings share a single earnings fund. In these cases, the term "endowment" means the retained earnings fund and all associated corpora. For example, the "Music Endowment" consists of two corpora, 3055 J Davis Mem Choir Endow and 3060 R Berquist Choir Endow, plus the earnings fund 4045 TR Music Endowments Earnings.

All changes in value to the endowment from draws or investment results are posted to the Earnings Fund. The value of the corpus does not change from the nominal value of assets received to create the endowment.

Board Designated Endowments are managed in a single fund that commingles corpus and earnings, so all changes in value due to investment results or draws are posted to the single fund. Those endowments are:

- 1265 Cochran-Brown (College).
- 1270 Docherty (College).
- 1280 Community Club (HS or Coll).

The Heath Endowment, consisting of corpus 3430 Heath Fund (corpus) and 4430 TR Heath Fund Earnings is treated differently. Per the terms of the Heath Bequest, one-half of earnings are posted to 3430 Heath Fund (corpus) and one-half to 4430 TR Heath Fund Earnings. If earnings are negative for any period, one half of losses are deducted from the corpus fund and one half from the earnings fund. All draws are made entirely from 4430 TR Heath Fund Earnings, and annual draw rates are calculated on the same basis as for other Church endowments.

4.4.2 Endowment Management

Except as noted below or required by donor terms of gift, the assets of Permanent and Board Designated Endowments are commingled and invested and managed together and identically.

In managing endowments, the Church must:

- Comply with all requirements of District of Columbia Code Chapter 16A: Uniform Prudent Management of Institutional Funds, including:
 - § 44–1632 (a): “Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund. (b) In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.”
 - § 44–1633 (a)(1): “Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.”
- At a minimum, maintain the nominal value of each Endowment’s corpus in perpetuity.

In addition, the Church seeks to prudently balance three other goals for endowments:

- Annually remove the maximum amount of assets prudent from each Endowment possible to support Church mission, program, and operations;
- Avoid large swings in that value of assets removed from each Endowment annually;
- Grow the average amount of assets removed from the Endowment annually at or above inflation over time.

4.4.3 Endowment Draws

The Trustees, on advice and recommendation of their Investment Committee, determines the appropriate amount of assets to release/draw for use from each Endowment annually consistent with these obligations and goals. Session approves the annual release/draw from each Endowment during the budget process or by other action.

Trustees determine annual transfers from endowments (other than those funds that specify withdrawal calculations) as follows:

- Unless modified as described below, annual transfers from endowments are 5% of the average value of each endowment (corpus + retained earnings) as recorded in the Church's financial statements as of the end of each of the preceding 20 quarters beginning in Q3 of the year preceding the year in which the draws will be taken.
 - For example, for budget year 2023, the 20 quarter average is calculated using end of quarter balances from Q3 of 2022 through Q4 2017 (inclusive).
 - For purposes of this calculation, Q1 ends March 30, Q2 ends June 30, Q3 ends September 30, and Q4 ends December 31 of each year.
- If the value of any endowment at the end of Q3 of the year in which the calculation is made is below the value of the original corpus, no transfers may be made from that endowment.
- If the value of retained earnings for any endowment is lower than the amount Trustees find is prudently needed to be retained to protect the value of the corpus, Trustees may reduce the amount drawn as the Board deems appropriate.
- The Board of Trustees regularly reviews the impact of the endowment draw rate in light of the Church's obligations and goals relating to endowment management, and recommends changing the rate as appropriate as an amendment to this manual.

No later than November 15 of each year, the Board of Trustees will adopt its recommended draws from each of the Church's Endowments and provide those recommendations to the Finance Committee for inclusion in the Annual Budget to be presented to Session. If the basis of the recommended draws differs from the current policy, as described above, Trustees will communicate the new basis and rationale for it with the draw recommendations.

Following Session adoption of the Budget and no later than January 15 of the budget year, the Investment Committee shall instruct the Church's investment consultant and asset custodians to transfer the total endowment draw approved by Session to the Church's bank accounts.

Once the annual draws have been received in the Church bank accounts, the Church Treasurer directs the Church Accountant to divide and post the draw amounts to the funds specified in the Session approved budget, ensuring that assets drawn from each Endowment are placed in a Fund carrying restrictions appropriate to those of the Endowment itself.

4.4.4 Extraordinary Draws

In extraordinary situations, the Board of Trustees may recommend, and Session approve, extraordinary Endowment draws. Examples of extraordinary situations include sustained growth in Endowment value above the rate targeted by the Church and/or extraordinary financial need by the Church for cash to support ordinary operations or special projects.

In making any such recommendations, the Board of Trustees must certify that the extraordinary draws comply with the District of Columbia code and case law pertaining to the prudent management of Endowments and document the impact on future annual Endowment draws from the extraordinary draw. Use of assets from extraordinary draws must comply with any donor restrictions as to the use of earnings from the Endowments where the draws were taken.

4.5 Non-Endowment Restricted Funds

Non-Endowment Restricted Funds hold the assets of contributions, endowment draws, and all other revenues other than grants where restrictions on use of the assets exist and have been accepted by the Church.

The receipt of assets restricted for use in support of or "by" programs of the Church does not create an authorization for any program, ministry, board, staff member, or other subsidiary organization of the Church to spend those assets. Non-Endowment Restricted Funds may only be spent as authorized by Session in the Annual Budget or other action. Even if donors' Terms of Gift require annual spending, Session must also authorize the use of those assets through the Budget, ongoing delegation, or other action.

Non-Endowment Restricted Funds are not invested, but instead are held in cash with the Church's unrestricted assets. Any interest or other revenues earned from Non-Endowment Restricted Funds is credited to 1005 General Fund and not to the Restricted Fund.

The Church's policy is to use assets in Non-Endowment Restricted Funds to support Church operations and expenses before using unrestricted assets whenever possible and consistent with donor restrictions as expressed in the Terms of Gift.

The Board of Trustees is responsible for the Church's interpretation of all donor restrictions as to purpose/use of assets in Non-Endowment Restricted Funds. Session approves use of these assets as part of approving the Annual Budget or other supplemental action.

Non-Endowment Restricted Funds are charged for expenses and revenues as those are posted to the Church accounting system (QuickBooks) as authorized by Session during the Budget process or other action.

4.6 Grants

From time to time, the Church receives grants from outside organizations, either as cash provided for the Church to use in accordance with the grant or commitments to provide the Church with cash to reimburse the Church for money spent pursuant to the grant.

Because grant agreements constitute a form of contractual obligation between the Church and grantor, all grant applications must be reviewed by the Board of Trustees and signed by a Trustee on the same basis as contracts before the grant application is submitted. No staff member or volunteer other than a member of the Board of Trustees may sign a grant application or accept a grant except as authorized by the Board of Trustees.

All grants in the form of cash awarded for spending or use in accordance with the grant that require the Church to undertake new volunteer efforts, make changes to the building, or require time from staff other than the Church Accountant to fulfill must also be approved by Session before any money from the grant is spent. In accepting the grant, Session specifies the staff members/volunteers responsible for managing the grant and the program to which grant revenue and expense will be booked and authorizes the creation of a new Fund to hold the grant assets. Session may also require a plan for spending the grant before approval and authorize or forbid the use of any non-grant assets for the activities covered by the grant. If Session rejects the grant, the Church Treasurer ensures the grant proceeds are returned to the grantor in a timely manner.

Grants that require the Church to spend money in advance of reimbursement must be approved by Session before any money is spent. In approving the grant, Session will specify the volunteers or staff responsible for managing the grant, including obtaining reimbursement and the program to which grant revenue and expense will be booked and authorize the creation of a new Fund to hold the grant expenses and reimbursements.

The Board of Trustees provides oversight and receives regular reports on the usage of grant funds or spending in advance of reimbursement and ensures that all such spending and reporting to the grantor comply with the terms of the grant and that any reimbursements due the Church are collected in a timely manner.

Cash received from grants is booked to a Fund created for each grant, and all grant revenue and expenses under the grant are also booked to that Fund as received/expensed.

PART 5: The Annual Budget Process

5.1 Overview

The annual budget is the Church's primary tool for planning and monitoring annual revenues and expenses and Session's primary vehicle for authorizing spending from the General Fund and any Non-Endowment Restricted Funds.

The annual budget consists of five elements:

- **Budgeted Statement of Activities for the Church Overall** including forecast revenues other than bequests and investment earnings and authorized expenditures, including planned expenses that may subsequently be capitalized, and excluding non-cash expenses such as depreciation.
- **Budgeted Fund Balance Report for the General Fund and Non-Endowment Restricted Funds** showing estimated starting balances, expected additions from revenue and endowment draws, and budgeted use for expenses to be charged to each Fund.
- **Budgeted Fund Transfers** including draws from Endowments.
- **A "Budget Book"** that provides a Budgeted Statements of Activities for each Program of the Church.
- **Statement of Impact of Budget on Church Financial Condition** including projected year-end Unrestricted Cash and other metrics (such as Spendable Money and Years Until Broke) as appropriate to provide Session and the Congregation an understanding of the impact of budgeted deficits or surpluses on the Church's longer-term financial position.

The Finance Committee has overall responsibility for coordinating and driving the Annual Budget process and for monitoring and reporting on the Church's performance versus budget during the year.

The Annual Budget is formulated on a cash basis and excludes revenues and spending captured on Program 695 Pass-Through/Non-Budget, Investment Returns, Capital Campaign collections, and all non-cash expenses, such as depreciation. It includes all other spending, including spending that may be capitalized during the Year-End Second Close.

The Annual Budget also excludes any estimates of revenues from bequests. On recommendation of the Finance Committee and acceptance by Session, the Annual Budget may also exclude large capital projects that the Church expects to pay for through ongoing or future capital campaigns or other extraordinary fundraising.

5.2 Budget Process Calendar and Steps

The Finance Committee determines the calendar for the Annual Budget process each year in consultation with the Head of Staff and Session. The calendar for the upcoming Annual Budget process is distributed to all boards, pastors, and committee chairs no later than July 30 of each year. The Annual Budget process includes the following elements:

- **Pre-Budget Forecast and Session Review (typically at July Session Meeting)** – The Finance Committee presents an initial pro forma budget for the coming year, based on current year results, a straight-line continuation of Program spending, estimated Endowment draws, and other factors as determined appropriate by the Committee. The presentation includes an analysis of the Church’s financial condition and impact on long-term financial health if the pro forma budget were adopted, including Spendable Money burn, Net Asset burn, Years Until Broke, or other metrics as deemed useful by the Committee and/or requested by Session. Session is invited to identify information requested of programs via the Budget Call beyond financial estimates and requested authorization to spend.
- **Pre-Budget Call (typically August)** – The Finance Committee informs the leadership of all programs of the Church of the Budget process schedule for the year, including the date budget submissions will be due. Programs are invited to review the Statement of Activities report for their program year-to-date for the current year and ask questions of the Finance Committee or the Church Accountant.
- **Budget Year Net Asset Usage Target (typically August Session meeting if one is held; no later than September Session meeting)** – Session provides Finance Committee with a target for Net Asset/Spendable Money burn or other metric as adopted for the targeted maximum gap between budgeted revenues + endowment draws and budgeted spending.
- **Budget Call (typically early September)** – The Finance Committee issues a formal call for budget submissions to all Program leaders and the Chair of the Personnel Committee. The Budget Call specifies all financial and non-financial information required as part of the programs’ budget submissions, the due date for submissions, required method of submissions, and to whom submissions are transmitted. Submissions are due no later than October 15 and are transmitted to:
 - **Justice Ministries Committee:** Programs 210 Community Club, 220 7-2-9 Program, 240 Radcliffe Room, 310 Kenya Partnership, 320 Peach & Justice, 690 Cuba Partnership by October 10; budget for all Justice Ministries programs due to the Finance Committee by October 30.
 - **Board of Trustees:** Programs 830 Accounting, 910 Building Operations, 920 Building Maintenance and Repairs by October 10; budget for all Board of Trustees programs due to the Finance Committee by October 30.
 - **Finance Committee:** All other programs due to the Finance Committee by October 15.

Program submissions will include all requested information, including requests for spending authority for all expenses other than compensation, taxes and benefits paid for pastors and other church employees, and/or any contractors who are paid through the Church payroll system.

Except for Choral Associates (who are budgeted for by leadership of Program 130 Choir and Music) and technical staff needed for Worship (who are budgeted for by leadership of Program 110 Worship Committee), the budget submissions for these costs are prepared and submitted by the Personnel Committee. The Personnel Committee is responsible for consulting with the Head of Staff, Program

committees, and Session as appropriate before making its submission. Proposals for changes in staff pay rates, including COLAs, may be addressed by the Personnel Committee and Session outside of the budget process, if deemed appropriate by the Personnel Committee and Session.

- **Revenue Estimate Generation (typically early October)** – The Finance Committee develops revenue estimates for the coming Budget year based on its analysis of performance in previous years, year-to-date performance in the current year, and other factors, as it deems appropriate. Estimates for Building Use Revenue are developed in collaboration with the Board of Trustees Building Committee. Estimates for Annual Stewardship Campaign revenues are based on advice from the Stewardship Committee; if no such advice is provided, the Stewardship Campaign Target will be used for budgeting purposes.
- **Formulation (October/November)** – The Finance Committee follows up, as necessary, with Program leadership to secure budget submissions and prepares a First Draft Budget that includes all Program expenses as submitted and the Finance Committee’s estimates of revenues. If the First Draft Budget includes Budget Year Net Asset Usage in excess of Session’s target, the Finance Committee prepares a menu of options for Session to consider to achieve the targeted Net Asset Usage.
- **Presentation of First Draft Budget (typically November Session meeting)** – The Finance Committee presents the First Draft Budget for Session review and comment, along with any options to be considered for expense reduction or revenue enhancement. Session accepts the First Draft as is or provides directions for revisions.
- **Follow-Up Session Discussion (if necessary and as needed)** – The Finance Committee implements any Session direction and presents revised a Budget to Session for discussion, further modifications, or preliminary approval.
- **Information Sessions for Other Boards (typically early December)** – The Finance Committee presents the preliminarily approved budget to the Board of Trustees and Board of Diaconal Ministers..
- **Joint Boards Meeting and Final Budget Approval (December Joint Boards meeting)** – The Finance Committee presents the preliminarily approved budget, with any modifications to estimates as needed, to the Joint Boards for discussion. Session directs any final changes required and adopts the Annual Budget and authorizes the Finance Committee to make non-material changes to the Budget as necessary to respond to any errors later identified or to keep the Budget aligned with Church accounting and reporting practices.
- **Dissemination of Final Budget to Programs (by January 15)** – The Finance Committee communicates to Program leadership the final, approved, Budget for each Program.
- **Communication of Budget to Congregation (by February 15)** – The Finance Committee communicates the final approved Annual Budget to the Congregation via channels and methods adopted by the Finance Committee.

5.3 Monitoring and Communicating Performance versus Budget

The Church's Statement of Activities Reports for the Whole Church and programs shows the budget for each natural account and the difference between actual revenues and expenses year to date versus budget.

The Finance Committee notifies Program leadership as monthly Statement of Activities Reports are available, and Program leadership reviews results versus budget and manages spending to ensure spending remains within budgeted levels.

The Finance Committee reviews performance versus budget for the Whole Church and Programs and reports performance and results to Session at least four (4) times per year, including a review of prior year performance versus budget to be presented at the February Session meeting.

The Finance Committee reviews general ledgers for revenues and expenses posted for each Program at least twice per year, with the second review coming no later than the end of November. In this review, the Finance Committee identifies any questions and/or apparent incorrect postings of revenues/expenses to Programs or Natural Accounts, and the Church Accountant makes corrections to the financials, as necessary.

The Finance Committee adopts a communications strategy for keeping the Congregation as a whole informed of the Church's performance versus budget and its general financial condition, inviting questions and/or comments from the Congregation. The Finance Committee presents its annual communication plan to Session for review, comment, and approval no later than the February Session meeting each year.

5.4 Complying with Budgeted Authority

Staff and Program leaders are responsible for ensuring that the Church does not spend any of the Church's money except as authorized by Session in the Annual Budget or other action. There is no authorized overage of "wiggle room" in budgeted expenses for Programs – i.e., it is not acceptable to overspend budget authorizations by "a lot" or "just a little."

Although the Church Budget allocates revenue and expenses to Natural Accounts, Programs' budgeted spending authority is a total amount and applies to the entire Program. Program leadership is responsible for determining the expenses most appropriate and useful in support of their programs and the Church's overall mission and calling. Except as specifically limited by Session, program leadership is authorized to spend the Church's money in different manners than proposed in the Program's budget submission, provided that total spending for the program does not exceed the program's total budget and all spending is consistent with the program's charter/purpose.

Programs that are budgeted to generate revenue for the Church will make all good faith efforts to achieve their revenue budget. If actual revenues generated appear likely to fall short of budget, Program leadership will notify the Finance Committee of the likely shortfall as soon as possible and undertake to reduce the Program's expenses as appropriate and consistent with the Program and Church's mission and any contractual or other obligations of the Church.

5.5 Correcting Budget Errors and Obtaining Additional Spending Authority

If, at any point, in the budget process or budget year any group or individual, including the Finance Committee, a board, or program leadership, become aware of an error in how the budget was presented to Session, the Finance Committee is notified of the error and a proposed solution.

If the error is non-material to the overall budget or a technical adjustment to align with Church accounting practices, the Finance Committee authorizes the budget change and informs the Church Treasurer and Church Accountant.

In cases where the error changes the Church Budget by more than \$500 or represents a request for spending authority in excess of budgeted amounts, the Finance Committee assists the group seeking the budget correction/incremental authority to draft a motion for Session consideration. The motion explains the reason for the budget change/incremental authority sought and identifies the Program, Natural Accounts, and Funds impacted. If the Finance Committee supports or opposes the motion, information on the Committee's position is included as well.

If Session approves the motion for budget adjustment/incremental spending, the Program is authorized to spend as specified in the motion. No spending is authorized until/unless the motion is heard by Session and approved (i.e., Finance Committee does not issue interim authority).

The Finance Committee maintains a log of all Session actions authorizing budget changes and granting non-budget spending authority and notifies the Church Accountant and Church Treasurer as this log is updated.

PART 6: Raising, Collecting, and Accounting for Revenues

6.1 Fundraising Policy

No fundraising activity may take place within or on behalf of the Church by staff or the Congregation except as authorized by Session, except for the Annual Stewardship Campaign and worship plate collections, which are deemed permanently authorized.

Session may grant continuing authorization for certain fundraising campaigns without need for annual affirmation. As of this writing, continuing authorization has been granted to three of the “great offerings” of the PCUSA: One Great Hour of Sharing; The Annual Peacemaking Offering; and The Christmas Joy Offering.

Requests for authorization to conduct fundraising activities and present to Session must include the following information when submitted to Session for the motion to be in order and considered:

- Name of the campaign
- Program leadership responsible for the campaign, including security of any cash contributions
- Start date and duration
- Purpose and use of proceeds
- Communications/events planned (including need to list the campaign on the Church’s online payment page)
- How the funds will be spent, including the name of the Program leader who will authorize expenditures
- From the Church Treasurer, a statement of which Program, Natural Account, and Fund will be credited for revenues/debited for expenses
- If the Church Treasurer deems it necessary, a proposed new fund to hold revenues/be charged for expenses and the description of that fund to be added to the Financial Manual Appendix listing Funds of the Church
- A statement of support, opposition, or no position taken from the Stewardship Committee

Session may delegate review and approval of fundraising proposals to the Stewardship Committee or another committee of the Session, either in full or for campaigns of specified types or potential collections. If so delegated, the action of the committee appointed by Session is deemed identical to Session action.

If authorization is granted for a fundraising campaign, all promotional materials and communications must be reviewed by the Church Treasurer before distribution to ensure they do not inadvertently create unanticipated restrictions on the use of collections.

6.2 Restriction Treatment of Revenues/Contributions

6.2.1 Interpretation of Donor Restrictions

The Church is committed to honoring donors' terms of gift, including any restrictions on use of funds or endowment status, while also seeking to limit the number of funds maintained and maximize the availability of unrestricted assets for use in living into the Church's call and mission as directed by Session. Therefore, the Church interprets donors' terms of gift strictly to maximize the availability of assets for operations and always uses restricted assets before unrestricted assets when doing so is consistent with donor restrictions.

All non-investment revenues received by the Church, including rent payments, fees for services, contributions, and memorial gifts and bequests, are deemed to be unrestricted unless otherwise explicitly communicated by the donor at the time revenue is received, before revenue is received, or within a reasonable time period after revenue is received by the Church.

Revenue received in response to fundraising campaigns is deemed to be donor restricted per the terms of the Fund designated to hold receipts.

Donors may communicate their terms of gift by contacting the Church Accountant or Church Treasurer or other leader of the Church before or reasonably soon after their contribution is received by the Church. Donors may also communicate terms of gift by notations made on a check or provided while making an online contribution or by selecting a non-endowment restricted fund during the online contribution process.

The Church Accountant and Church Treasurer provide the first review and interpretation of donor terms of gift. If they conclude that the restrictions exactly match those of an existing Church Fund, the revenue is posted to that Fund. This first review/interpretation may be based on past donor contributions, information provided with the contribution submission, or by direct communications with the donor.

If the first review is inconclusive, the Church Treasurer and Church Accountant refer the contribution to the Board of Trustees for review and determination as to whether the revenue is restricted/unrestricted and, if restricted, exactly matches the terms of an existing Fund. Revenue is held in Fund 2401 Funds Awaiting Disposition pending Trustees' determination.

6.2.2 Treatment of Restricted Contributions Not Matching Existing Funds

Revenue received with donor restrictions that do not exactly match those of an existing Church Fund are booked to Fund 2401 Funds Awaiting Disposition and held there until sufficient information is gathered to match the revenue to an existing Fund, the donor agrees to modify terms of gift to match an existing Fund, or Session votes to accept the restricted revenue. Assets in 2401 Funds Awaiting Disposition may not be used for any purpose until accepted by Session.

Information about revenue received with donor restrictions that do not match existing funds' terms is forwarded to the Board of Trustees, Chair of the Finance Committee, and Chair of the Stewardship Committee, or other Session committee charged with evaluating new restricted revenue. The Trustees provide a statement of the restrictions that apply to the revenue and a description of the new Fund

required to the Finance Committee. The Finance Committee, in consultation with Trustees and Stewardship, develops a recommendation to Session on how the new restricted revenues could be used and managed and whether or not the revenue should be accepted. Session accepts or declines the new restricted revenue.

If Session accepts the new restricted revenue, a new Fund is created to hold it and the assets are transferred to that Fund from 2401 Funds Awaiting Disposition. If Session declines the revenue, the Clerk of Session and Church Treasurer jointly communicate that action to the donor and the Church promptly refunds the revenue.

6.3 Large Unrestricted Contributions

All unrestricted contributions, including bequests, of \$50,000 or less are immediately booked to Fund 1005 General Fund.

Unrestricted contributions of more than \$50,000, including bequests and non-bequest contributions, are placed in Fund 2410 Funds Awaiting Disposition pending Session action. The Finance Committee and the Stewardship Committee are promptly notified of the receipt of such gifts.

Within 90 days of receipt of unrestricted revenue of more than \$50,000, the Finance Committee and the Stewardship Committee, in consultation as appropriate with the Director of Planned Giving, prepare and jointly present to Session a recommendation for use of the assets. Examples include placing the assets in 1005 General Fund, permanently paying down Church debt, adding to the Board Designated Endowment Fund, or use for special programming or activities. The Clerk of Session communicates Session's decision to the Church Accountant and Church Treasurer for implementation.

6.4 Plate Collections

"Plate Collections" are contributions received on-site during or immediately before/after worship services. Plate collections are deemed unrestricted assets unless specifically noted by the donor (e.g., by memo on a check or note on an envelope containing cash or a check).

The Board of Trustees establishes and maintains a process for securing, counting, recording restrictions, and readying for deposit all plate collections. The current Plate Collection process, including Counters Guide, appears in Appendix F of this Manual. The Board of Trustees regularly reviews and updates this process and delivers updated versions to the Church Treasurer for incorporation into this Manual.

6.5 Fees for Services

Collection of payment for services rendered that are not tax-deductible to the donor, such as fees for retreats or payment for Congregational meals, are not considered "fundraising" and require no Session authorization. Collection of payments for services are posted to 1005 General Fund regardless of the Fund charged for the cost of those services.

6.6 Building Use Fees and Space Rental

The Board of Trustees establishes a schedule of fees, terms, and availability for rental of Church space for one-time or occasional use. Terms include deposits required, payment terms, late fees charged, and other terms as deemed prudent by Trustees. Availability specifies the various spaces within the Church available for rental and the days of the week and hours those spaces are approved to be rented, including any availability limitations due to holidays or Church events.

The Church Office accepts and approves requests for space rental for one-time or occasional use according to the fees, terms, and the availability schedule established by the Board of Trustees. The Church Office coordinates with Building Operations, informs the Church Accountant of all rentals, tracks payments, and notifies the Trustees Building Committee and Church Accountant of any payments more than sixty (60) days past due. The chair of the Trustees Building Committee notifies the Board of Trustees of any rental invoices more than ninety (90) days past due, and Trustees decide on further action, including writing off the invoice or taking additional collections actions.

The Building Committee of the Board of Trustees oversees rental of space for more than one-time/occasional use, and the Board of Trustees approves all such agreements. The Building Committee consults with Church staff, including the Office Manager, Facilities Manager, and Head of Staff, to ensure space rental agreements do not have negative impacts on Church staff and Congregational use of the building. Rental agreements that have material impact on Church staff or Congregational building use are presented to Session for approval before execution.

All building use revenues are posted to 1005 General Fund, unless otherwise directed by Session.

6.7 Contributions Restricted for Disbursement to an Individual or Organization

Except as recommended by the Board of Trustees and approved by Session in advance, the Church does not accept “pass through” contributions, i.e., contributions restricted for disbursement to named individuals or other organizations other than PCUSA.

If such a contribution is received by the Church, the cash or check is deposited and the assets placed in Fund 2401 Funds Awaiting Disposition. The Church Treasurer or Church Accountant contacts the donor and invites them to modify the proposed restriction to acceptable form. If the donor declines, the Church returns the contribution within ten (10) days.

In years in which Session authorizes fundraising through the Alternative Christmas Store or similar programs, Session also approves the organizations to benefit from contributions received. All contributions received by the Church will be restricted for disbursement to the Session-approved organizations and will be disbursed to those organizations within sixty (60) days of the end of the campaign by the Church Accountant.

The Church maintains Fund 2582 Pastor/Staff Gift Fund to receive contributions restricted for distribution to pastors and/or staff as additional compensation or otherwise used to benefit pastors/staff. Assets in this Fund are disbursed to selected or all staff at the direction and discretion of the Personnel Committee without further Session action.

The Church maintains Fund 2475 Benevolence Fund to receive contributions restricted for distribution to individuals in need as determined by the Benevolence Committee. Contributions to this Fund may not be restricted for the benefit of any named individual or group.

6.8 Stewardship and Capital Campaign Pledges

The Stewardship Committee and the Capital Campaign Committee (when active) determine the methods and channels by which the Congregation and others make pledges, including whether and how pledges may be made via pledge card, online, by email, and/or orally in-person or by telephone.

At the start of each campaign, the Church Treasurer directs the establishment of a Fund to hold collections from the campaign and provides a list of restrictions, if any, that apply to those collections. Creation of this Fund does not require approval by either the Board of Trustees or Session.

All pledges are entered into the Church membership management system (currently Breeze) by the Church Accountant and are reviewed and proofed by the Campaign Committee. The Church Accountant provides regular reports of pledge campaign results to the Campaign Committee as requested/agreed.

Payments toward amounts pledged are recorded in the Church member management system as received and deposited in the Church's bank accounts. The Church Accountant makes a good faith effort to ensure all payments on pledges are recorded as such and are attributed to the correct campaign, but the final responsibility for communicating pledge intent lies with the donor. All payments on pledges are booked to the Fund associated with the campaign.

The Church Accountant provides the Campaign Committee with regular reports on collections versus pledges as agreed or requested by the Committee. The Campaign Committee is responsible for developing programs and communications efforts to ensure maximum collection of pledges for each campaign.

6.9 Memorial Gifts

Contributions designated "In memory/honor of" or with similar language and intent are booked to Program 870 Memorial Gifts, Natural Account 4030 Memorial Gifts, and Fund 1005 General Fund. The Church Accountant provides the Stewardship Committee and the Director of Planned Giving with regular reports on memorial gifts received for appropriate thanks and recognition.

Session may, on its own initiative or at others' request, establish a "Memorial Fund" to accept contributions in memory of a deceased or departing member of the Church community. In creating this Fund, Session specifies the restrictions that will apply to contributions received. All contributions received after Session approves establishment of a Memorial Fund are restricted as per the definition of the Memorial Fund.

6.10 Bequests

Bequests are treated as described above in the sections headed Restriction Treatment of Revenues/Contributions and Large Unrestricted Contributions and below in the section headed Donor Thanks and Recognition.

In addition, the Church Treasurer records all bequests received and adds them to Appendix G Bequests History of this Manual.

6.11 Contributions of Securities

6.11.1 Marketable Securities

Contributions of marketable securities are accepted via transfer to the Church's investment accounts (currently an account at Vanguard and the USB Operating Account). All securities transferred to the Church are to be liquidated to cash upon receipt. Proceeds are transferred to the Church's bank accounts within one (1) business day of liquidation.

Contributions of marketable securities are recorded under the valuation methodology currently required by Generally Accepted Accounting Principles (GAAP).

The Church will assist in the transfer of custody of marketable securities from the donor (or their custodian) to the Church. If the securities are to be mailed, the stock certificates should be sent separately from the signed stock power with signature guaranty. If the share certificates are hand delivered, the stock power may be attached. If the securities are in street name, the donor's broker may transfer them to a brokerage account designated by the Church. The Church Accountant provides a receipt for the securities the Church receives.

If a donor of securities is a member of Session or the Board of Trustees, or a corporate officer of the Church, the Church Accountant will notify the chair of the Investment Committee to determine whether the sale of the securities might be restricted under Rule 144, or other provisions of securities law.

6.11.2 Closely Held Securities

Contributions of closely held stock may not be accepted by the Church except as authorized by Session. Criteria to be applied in evaluating the closely held securities include:

- Whether there are restrictions on the securities that would prevent the Church from ultimately converting those assets to cash
- Whether there is a market for the securities
- Whether the security will generate any undesirable tax consequences (UBTI) for the Church
- Whether the Church could incur liability as a result of holding this asset, including the obligation to provide capital contributions or other funding for the investment, without adequate indemnity from the donor to fulfill those obligations.

The Church may, at its discretion, hire a business valuation appraiser to help determine the true value of the stock and any related liabilities. The cost of this appraisal shall be borne by the donor.

Closely held stock contributions exceeding \$10,000 in value will be reported at the fair market value placed on them as of the date received by a qualified independent appraiser as required by the Internal Revenue Service (IRS) for value in gifts of non-publicly traded stock. Gifts of \$10,000 or less will be

valued at the per-share cash purchase price of the most recent transaction (normally, this transaction will be the redemption of the stock of the corporation).

If no redemption is consummated during the reporting period, a gift of closely held stock may be credited to the gift totals at the value determined by a qualified independent appraiser. For a gift of \$10,000 or less, when no redemption has occurred during this initiative, a Certified Public Accountant who maintains the books or an independent auditor who audits the books for a closely held corporation is deemed to be qualified to value the stock of the corporation.

Closely held securities include debt and equity positions in non-publicly traded companies (i.e., stock that is not regularly traded on an established national exchange such as NYSE or NASDAQ) as well as interests in LLPs and LLCs, or other ownership forms.

Non-marketable securities are to be liquidated as quickly as possible without regard for market conditions or potential gains from delay.

6.11.3 Restricted Stock

Gifts to the Church of publicly traded securities that are restricted by applicable securities laws, which typically bear a legend on the certificate (“Restricted Stock”), shall be referred to the Session to determine whether the gifts should be accepted. The Church will not accept gifts of Restricted Stock where the beneficiary is not The New York Avenue Presbyterian Church. These gifts include gifts that are processed by the Church, but designated by the donor for receipt by another charity.

The Session shall decide whether the Church will accept gifts of restricted stock where the beneficiary is The New York Avenue Presbyterian Church.

With respect to gifts of restricted stock in general, the donor shall be asked to pay all the expenses of lifting the restriction and any other expenses associated with the administration of the gift, except when the Session determines an exception to this rule is appropriate. Exceptions may be made based on a variety of factors, including the value and desirability of the gift, ease of administration of the gift, the donor’s connection with the Church, the donor’s past giving record, and the donor’s contributions to the Church.

6.12 Gifts in Kind/Non-Cash Contributions

The Church may accept tangible personal property contributions (also called “gifts in kind”). In-kind contributions valued at \$1,000 or less are accepted with approval of the Church Treasurer and valued by the Church Treasurer and Church Accountant, based on information provided by the donor or commonly available comparable cost information.

In-kind contributions valued at \$1,000 or more may only be accepted with the prior approval of the Board of Trustees following the Board’s consideration of issues such as the potential value of the contribution to Church operations/Programs, any costs associated with accepting title to the donated property, and the ability of the Church to liquidate the contribution, if desired.

Notwithstanding the preceding, the Church may accept contributions of tangible and intangible assets given for sale at silent auction or similar fundraising events. (Examples of intangible assets include copyrights to literary or artistic works and software.)

6.13 Contributions of Other Assets

The Board of Trustees evaluates and recommends, and Session accepts or declines, all other assets offered as contributions to the Church. In the event legal or other professional advice is required to evaluate acceptance of other asset contributions, the cost of that advice is deducted from the donor's contribution.

6.14 Donor Statements

The Church Accountant prepares and distributes quarterly donor statements no later than:

Q1 = April 30

Q2 = July 30

Q3 = October 30

Q4 = February 15

Donor statements display all contributions received from each donor by Fund and indicate which, if any, contributions are non-tax deductible. Donor statements may be distributed by US mail, by hand delivery, or by email if the donor has elected to receive statements through this channel.

6.15 Online and Electronic Contribution Vehicles

The Church maintains a variety of online and electronic vehicles for paying bills and making contributions. At the time of this writing, options are credit card and ACH contributions/payments via the Church website and the Church membership management system (Breeze) and direct ACH payments to the Church's bank accounts.

On recommendation of the Church Treasurer and Church Accountant, the Board of Trustees reviews and approves additions and deletions to the Church's online/electronic payment channels, including the addition of electronic payment options within the Church building. Adoption of new online payment or contribution vehicles does not require Session approval.

6.16 Donor Thanks and Recognition

The Church Accountant prepares monthly "Thank You" reports of non-pledge and non-fee-for-service (including building use) contributions received by the Church and distributes these reports to the Chair of the Stewardship Committee and any Capital Campaign Committee then active. "Thank You" reports include the names, addresses, phone numbers, and email addresses for all donors as recorded in the Church membership management system (Breeze) along with the contributions received and the Funds to which these contributions were posted.

The Stewardship Committee adopts and manages the Church's process for thanking donors for their contributions, including delegating thanks for contributions that largely benefit individual Programs of

the Church to leadership of those Programs. Information distributed to Program leadership includes names, addresses, email addresses, and Funds contributed to, but not the amounts of these donations. The Stewardship Committee, including the Director of Planned Giving, manages the “Thank you” process for donors who contribute unrestricted assets and all others not covered by Programs.

6.17 Donor Confidentiality

The Church strives to provide maximum protection for donor confidentiality at all times, balanced by the need to share donor information with Church officers, volunteers, and staff requiring this information for accounting/recordkeeping purposes, to effectively lead the Church, and to provide pastoral care, as needed.

For purposes of this section of the Financial Manual, “donor” refers to individuals and estates making contributions to the Church and excludes other organizations, tenants, and any payments related to fees for services such as Congregational meals, retreats, etc.

Donor information, including information on pledges and contributions, is held in the Church membership management system (Breeze). Individuals with unlimited access to donor information in this system are:

- Church Accountant
- Church Treasurer and Assistant Treasurer, if any, and as authorized by the Treasurer
- Chair(s) of the Stewardship and any Capital Campaign Committees then active along with other members of those committees as authorized by the Chair

Church staff and volunteers engaged with posting deposits or counting plate offerings are granted access to donor pledge and contribution information, as necessary to perform those tasks; access is granted to view this information, as necessary, on a donor-by-donor basis versus granting the ability to run reports for multiple donors.

The Church Head of Staff and other pastors may be granted access to donor pledge and contribution information on a donor-by-donor basis by the Stewardship Committee as memorialized by a motion duly made and adopted by the Committee.

Other staff and Program leadership may be granted access to the names, contact information, whether or not pledges have been made, whether or not pledge fulfillment has been/is being achieved, and Funds contributed to by the Stewardship Committee, as is deemed necessary and important to the operations and leadership of the Church.

All Church officers, staff, and volunteers who receive donor contribution information are required to keep that information strictly confidential and may not share such information with anyone not authorized to have access to it.

Contributions received from donors requesting anonymity shall be held as confidential by the Church Accountant and, if necessary, the Church Treasurer; identifying information regarding these donors is not shared with any other member of Church staff or others under any circumstances.

PART 7: Spending the Church's Money

7.1 Guiding Principles

No one is permitted to commit the Church or any fund or asset of the Church, either verbally or in writing, to an expense except as authorized in the Annual Budget, by separate and prior action of the Session, or by approval of another Board of the Church as delegated and authorized by the Session.

The Church will not reimburse any member or staff member for any expense to the Church's benefit unless the expense amount and purpose are authorized in the Budget or in subsequent Session action or by another Board under delegated authority.

All Church staff, officers, volunteers, and members are responsible for ensuring that the Church expenditures are appropriate and demonstrate good stewardship of the Church's resources.

7.2 Spending by Church Officers and Volunteers

All authority to spend the Church's money is linked to a specific Program of the Church. No money is to be spent except with prior authorization of the staff or leadership/volunteers responsible for the budget of the Program to which the expense will be charged.

7.3 Spending by Pastors/Staff

Except as noted below, all Church staff are required to obtain authorization before making any expense (reimbursable or to be billed to the Church) from their supervisor and from the chair or treasurer of the program whose budget will be charged for the expense.

Exceptions to the previous paragraph:

- Managers are authorized to incur certain levels of expenses without pre-authorization of a supervisor as described in the Employee Handbook; note that pre-authorization from the chair/treasurer of the program whose budget will be charged is still required for all staff (including pastors) if the expense will be billed to programs other than:
 - 810 General Management
 - 830 Accounting
 - 910 Building Operations
 - 920 Building Maintenance & Repairs
 - 930 Kitchen Expenses
- Pastors require no pre-authorization for expenses to be charged to 711/721 Pastor Expenses

The Director of the McClendon Scholar-in-Residence Program is required to obtain pre-authorization from the Scholar-in-Residence Council Chair, although the Council may authorize the Director to make expenses up to a predetermined level without specific pre-authorization.

The Music Director is required to obtain pre-authorization for expenses to be charged to Program 130 Choir from the President or Treasurer of the Choir, although the Choir Council may authorize the Music Director to make expenses up to a predetermined level without pre-authorization.

Members/Volunteers are required to obtain pre-authorization for all expenses (whether to be billed or reimbursed) from the staff member, chair or treasurer (if any) responsible for the program to which the expense will be charged.

All contracts for goods/service must be presented to the Board of Trustees for review and acceptance and signed by the President of Trustees or, for contracts of less than \$1,000, their authorized designee before the Church is obligated to pay. There are no exceptions to this rule.

7.4 Contracts

A “contract” is defined as any agreement that obligates the Church to expenditures or actions over time. Included in this definition are:

- Building user contracts other than those entered into pursuant to the Board of Trustees’ approved schedule of fees, terms, and availability
- Service agreements, including repair/maintenance and communications/information technology agreements, that commit the Church to pay one-time or over time for services to be received in the future
- Grant agreements that commit the Church to use grant receipts in specified manners
- All credit card agreements
- All leases of equipment and licenses for software valued at more than \$1,000
- Any agreement that requires the Church to expend \$10,000 or more following receipt of goods or services

Excluded from “contracts” as used in this section are purchase orders, work orders, and estimates for repairs valued at less than \$5,000 as authorized in the Annual Budget or by other Session action.

All contracts must be presented to, and approved by, the Board of Trustees before execution, except that contracts for emergency repairs where time is of the essence may be approved by the President of the Board of Trustees, or in their absence/unavailability, the chair of the Trustees’ Building Committee, or in both their absence, the Head of Staff. Approval for emergency repair contracts in excess of \$5,000 must be reviewed by the Board of Trustees at their next scheduled meeting.

Except for areas where the Board of Trustees has oversight responsibilities (e.g., rental agreements, building maintenance, and repair), Trustees’ review of contracts is limited to issues related to contract structure and terms versus the wisdom of the expenditure.

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All contracts valued at more than \$5,000 other than emergency repair contracts must be signed by the President of the Board of Trustees or by a member of the Board of Trustees as designated by the President of the Board. The Board of Trustees may designate Church staff to sign contracts valued at less than \$5,000. The chair of the Trustees Building Committee or, when they are unavailable, Head of Staff, may sign emergency repair contracts.

PART 8: Annual Audit

As required by the Church's bylaws and agreements with lenders, the Church annually conducts an audit of its financial reports, systems, and operations, including compliance with this Financial Manual.

The annual audit is performed by a reputable outside auditing firm selected by the Board of Trustees Audit Committee and approved by the Board of Trustees.

The audit is completed, and final audit report delivered, no later than June 30 of the year following the year under audit.

As recommended by the Audit Committee, the Board of Trustees adopts recommendations from the annual audit and directs the Church Treasurer or others, as appropriate, to implement those recommendations.

In cases where the recommendations of the auditors as accepted by the Board of Trustees conflict with the Financial Manual, those adopted recommendations are deemed an immediate amendment to the Financial Manual with no need for Session action or approval.

The Audit Committee reports the results of the Annual Audit and any action in response thereto by the Board of Trustees to Session within 30 days and to the Congregation within 90 days and in the Annual Report of the Audit Committee.

PART 9: Roles, Responsibilities and Authorities

9.1 General

The purpose of this section is to describe the roles and responsibilities of Church leadership, volunteers, pastors, and staff in managing the Church's financial systems, policies, processes, and assets. The Manual intends to follow all requirements of the Church's bylaws and the Book of Order and incorporates by reference the Church Employee Handbook and staff position descriptions as adopted by the Personnel Committee and/or Session. In cases where the Manual is found to be in conflict with the Church bylaws or the Book of Order, the requirements of those guiding sources govern. In cases where the Manual is found to be in conflict with the Church Employee Handbook or staff position descriptions approved by the Personnel Committee, the more recently adopted/revised document takes precedence.

Roles and Responsibilities in this Manual are described in broad terms around functions rather than specific staff position titles, committee names, etc. to allow Session-approved changes in staff and committee organization to be implemented with minimal need to amend the Financial Manual.

- For example, "Church Accountant" refers to volunteers, staff, and outside service providers who are responsible for the Church's accounting activities. At the time of this writing, the Church employs a full-time Finance Manager with support from an outside accounting firm. Together they constitute the "Church Accountant" as that term is used in this Manual.
- The allocation of the duties and responsibilities specified in this Manual are divided between the Finance Manager and outside accountants as described in the Finance Manager's position description (from the Personnel Committee) and as directed by the Finance Manager's supervisor (the Church's Head of Staff) and as approved by the Church Officer responsible for the Church's accounting quality and performance (the Church Treasurer).
- Should the Church elect to change the structure of the Church Accountant function by in-sourcing or out-sourcing activities currently handled otherwise, the duties and responsibilities associated with the Church Accountant function will be reallocated by those same parties without need to revise the Financial Manual.

Changes made to the Church's Committee and/or staff structures in place at the time of the adoption of this Manual shall be documented jointly by the Clerk of Session, the Personnel Committee, and the Church Treasurer and added to Appendix H: Church Organization Structure by the Church Treasurer in a timely manner following implementation of those changes.

Roles and responsibilities as listed below incorporate by reference any additional roles and responsibilities described elsewhere in the Financial Manual.

Throughout the Manual, statements such as "The Church Treasurer does x" or "The Finance Committee will x" grant the holders of these positions the authority to take those actions.

9.2 Session

9.2.1 The Board

As the overall leadership body of the Church, Session holds ultimate responsibility for the Church's financial condition, including generating revenues and making expenditures and establishes the Church's overall mission and operational and financial strategies and priorities. All other Church officers, volunteers and staff perform their roles in compliance with and support of Session's leadership and determinations.

Session leads the Church and Congregation in developing a culture of abundance, generosity, sound stewardship of financial and non-financial assets, fulfilling legal and moral responsibilities to honor donors' terms of gift, and balancing financial prudence with living fully into God's call to the Church.

Session authorizes all expenditures of Church assets through the annual budget, by continuing authorization to use specific funds, or by other action authorizing expenditures. No Church money may be spent except by Session authorization.

Session determines the appropriate use of large contributions (more than \$50,000) and whether to accept grants or restricted contributions that do not exactly match existing restricted fund definitions.

9.2.2 Clerk of Session

The Clerk of Session is elected by the Session for a specific term of office in accordance with the Church bylaws and the Book of Order. Roles and responsibilities include:

- Prepares and delivers to the Finance Committee Session's annual budget submission
- Maintains minutes of Session meetings in good order to fulfill requirements for a successful audit
- Communicates Session actions relating to budget, finance, or use of assets to the Board of Trustees, Finance Committee, the Church Treasurer, and/or Church Accountant as appropriate
- Ensures that motions to accept large contributions, bequests, and restricted contributions comply with the requirements of this Manual
- Ensures that motions for fundraising authority and non-budget spending authorization comply with the requirements of this Manual

9.2.3 Session Treasurer

The Treasurer of the Session is elected annually by Session in accordance with Session's rules. Roles and responsibilities include:

- Approves all spending under Session's budget
- Serves on the Benevolence and Metcalf-Edgington Committees
- Delivers to the Finance Committee the Session's annual budget submission

9.3 Session Committees

9.3.1 Finance Committee

Voting members of the Finance Committee consists of two members of Session, the Church Treasurer, two members of the Board of Trustees (one of whom may be the Church Treasurer), and one representative appointed by the Board of Diaconal Ministers. Session appoints the chair of the Finance Committee and the chair appoints a secretary and other officers as deemed appropriate and useful. The Committee may also invite other Church officers, board members, or members of the Congregation to participate in the Finance Committee's work as non-voting members.

The Finance Committee meets regularly and achieves a quorum with the presence of three voting members. Minutes of all meetings are taken and posted to the Church Accounting Google Drive to be available, as required, during the annual audit.

The Finance Committee's primary responsibilities are to:

- Regularly communicate and explain the Church's recent past and projected future financial results and condition to Session, other boards, and the Congregation
- Provide analysis and information to support Session's evaluation of budget and other revenue generation and spending requests
- Coordinate and lead the Annual Budget process, including providing program leadership with assistance needed to prepare budget submissions, advise Session of the implications of the budget as presented and, as directed by Session, provide recommendations for changes to budgeted revenue and spending as submitted by programs
- Monitor coding of revenues and expenses by the Church Accountant to ensure postings are made to Natural Accounts, Programs, and Funds in accordance with the Church budget and other Session actions
- Monitor each Programs' expenditures versus budget or other Session-granted spending authority, advise Program leadership of potential for overspending, and notify the Church Treasurer, Church Accountant and Session when a Program has exceeded authorized spending levels and no further spending is authorized

9.3.2 Stewardship Committee

The Stewardship Committee consists of two members of Session and other Congregational members as appointed by the chair. The chair of the Stewardship Committee is appointed by Session, but is not required to be a serving member of Session.

The Stewardship Committee has overall responsibility for the Church's fundraising from the Congregation and friends of the Church. The Committee prioritizes raising unrestricted contributions and restricted contributions that are generally available for use in funding ongoing Church activities.

The Committee evaluates requests for Fundraising authority presented to Session and presents recommendations for Session action, based on the purpose, efficacy, and impact on other fundraising activities of the proposal.

The Committee oversees all aspects of the Church's Planned Giving program to encourage structured contributions and bequests, including oversight of the activities of the Director of Planned Giving.

The Committee oversees and ensures execution of the Church's donor "Thank You" program that delivers written or email expressions of thanks for all non-pledge contributions received by the Church from identified donors. The Director of Planned Giving supports this effort as described in their position description and/or the Church Employee Handbook. Leadership of other programs are strongly encouraged to support the "Thank You" program by sending expressions of thanks for contributions benefiting their Programs.

The Committee leads the Church's annual Stewardship Campaign and campaign collection efforts, including:

- Submitting the Stewardship Committee budget request during the Annual Budget process
- Establishing the annual Stewardship Campaign Goal
- Preparing stewardship pledge forms and electronic pledge submission forms
- Developing and executing plans for publicizing the campaign, encouraging members to pledge, communicating the importance of pledging and celebrating campaign results
- Coordinating with pastors to support the campaign during worship and via small group and one-on-one contacts with potential donors
- Tracking pledge results and providing to the Church Accountant for entry into the Church membership management system (currently Breeze)
- Tracking pledge fulfillment during the year and developing strategies and activities to encourage maximum pledge fulfillment

9.3.3 Capital Campaign Committee

Session may direct the formation of a Capital Campaign Committee to support such campaigns. In authorizing such a committee, Session specifies how the committee relates to the Stewardship Committee and the committee's responsibilities and authorities.

9.3.4 Justice Ministries Committee

Membership of Session's Justice Ministries Committee is at the discretion of the Committee Chair as appointed by Session.

The Committee oversees and coordinates the activities and budgets of the Church's Local Outreach programs (programs numbered 2xx), Non-Local Outreach (programs numbered 3xx), and 690 Cuba Partners, as well as recommends and manages new initiatives.

Local Outreach Programs transmit budget requests to the Justice Ministries Committee. The Committee reviews, revises, and harmonizes those requests and then submits them to the Finance Committee for inclusion in the Annual Budget.

9.3.5 Other Session Committees

Other Session Committees prepare annual budget submissions and transmit them to the Finance Committee on the timeline established in the budget process. Leadership of these committees are responsible for ensuring that spending by their committees reflects good stewardship of Church assets and remains at or below budgeted levels or obtains additional authorization from Session to spend, as needed.

Chairs and/or treasurers of Session Committees are responsible for reviewing and approving invoices, bills, and reimbursement requests before payments are disbursed by the Church.

9.4 Board of Trustees

9.4.1 The Board

The Board of Trustees is the legal representative of the Church corporation, responsible for preservation, maintenance, and investment of the Church's real and financial assets, and approves and signs all Church tenant leases, contracts, banking, investment account, and debt agreements.

The Board of Trustees elect the following officers annually:

- President (also President of the Corporation)
- Secretary (also Secretary of the Corporation)
- Treasurer (customarily elected by Session as Church Treasurer and, in that role, Treasurer of the Corporation).

The Board of Trustees appoints all authorized signers of Church checks and signers/representatives for Church banking and investment accounts. At a minimum, the Board ensures that the President,

Secretary, Treasurer and one other Trustee are authorized signers of checks and that at least three members of the Board are authorized signers on all other bank/investment accounts. The Board may appoint non-members of the Board as signers or authorizers of transactions involving these accounts, but no check may be executed, payment disbursed, or investment transaction executed without approval of a Trustee.

All contracts or other legal agreements entered into by the Church must be reviewed and approved by the Board of Trustees before execution and signed on behalf of the Church by the President of the Board, another Trustee as authorized by the President or Board, or as provided for elsewhere in this Manual, for certain contracts by a staff member or other office of the Church as authorized by the Board of Trustees.

The Board of Trustees reviews all bequests or other revenues/contributions received by the Church that may be accompanied by restrictions, develops the Church's interpretation of donor restrictions, and monitors investment and use of all restricted assets to ensure the Church remains in compliance with donors' terms of gift. As the Board deems necessary and wise, the Board retains legal or other counsel to aid in its interpretation and monitoring of donor terms of gift.

The Board of Trustees establishes and appoints the required number of members to the following Committees annually:

- Audit Committee
- Investment Committee
- Property Management, Capital Improvement, and Real Estate Committee (the Building Committee)
- Other Committees as deemed useful and appropriate by the Board

Two members of the Board of Trustees serve on the Finance Committee, including the Treasurer of the Board and one other member, as appointed by the Board.

9.4.2 President of Trustees

The President of the Board of Trustees is elected by the Board of Trustees annually and may participate on any of the Board's committees.

The President serves as the President of the Corporation and signs all contracts, corporate resolutions, filings, and other documents requiring the signature of the President of the Corporation.

9.4.3 Secretary of Trustees

The Secretary of the Board of Trustees is elected by the Board annually and may participate on any of the Board's committees.

The Secretary serves as Secretary of the Corporation and signs all contracts, filings, corporate resolutions, filings, or other documents requiring the signature of the Secretary of the Corporation.

The Secretary keeps minutes of Trustees meetings, providing them to the Session and ensuring that they are complete for the annual audit.

9.4.4 Treasure of Trustees

The Treasurer of the Board of Trustees is elected by the Board annually, serves on the Finance Committee, and may participate on any of the Board's committees.

The Treasurer of Trustees prepares, obtains Trustees' approval for, and submits to the Finance Committee the Trustees' budget submission, and monitors compliance with, and reports on, Trustees' budget during the year.

The Treasurer of Trustees coordinates the review, Board approval of, and transmittal to the Finance Committee of the budget submissions of Programs 830 Accounting, 910 Building Operations, and 920 Building Maintenance and Repairs.

By custom, the Treasurer of Trustees is also elected Church Treasurer by Session; responsibilities belonging to the Church Treasurer role appear below.

9.5 Committees of the Board of Trustees

9.5.1 Audit Committee

The Audit Committee consists of three currently serving Trustees as appointed by the President or otherwise selected by the Board of Trustees. The Church Treasurer, if also a Trustee, may serve on the Audit Committee although it is preferable that they do not.

The Audit Committee schedules and oversees the annual audit of the Church financial statements, recommends the adoption/rejection of the auditors' recommendations to the Board of Trustees for action, and ensures communication of the audit results to the boards, committees, and Congregation.

As appropriate and requested, the Audit Committee assists the Church Accountant and Church Treasurer in gathering and submitting information required by the auditors.

The Audit Committee periodically evaluates the performance of the Church's auditors and, as appropriate, recommends evaluation and selection of new auditors for approval by the Board of Trustees.

9.5.2 Investment Committee

The Investment Committee consists of three currently serving members of the Board of Trustees; other Church leaders and volunteers may be invited to join Investment Committee meetings to provide advice and/or support, but only appointed Trustee committee members vote.

The Investment Committee evaluates the Church's Investment Policy and Endowment Draw Policy at least every two years and recommends changes, as appropriate, for Board of Trustees approval.

The Investment Committee develops recommended Endowment draws for the coming year in November of each year for approval by the Board of Trustees and delivery to the Finance Committee no later than December 1.

The Investment Committee monitors the performance and retained earnings levels of all Church endowments on an ongoing basis and develops and recommends changes to the Church's Endowment Draw Policy, if needed, for Board of Trustees approval no later than September 30 each year.

The Investment Committee is also responsible for:

- Identifying and recommending an investment manager or consultant for Board of Trustees approval
- Determining asset allocations in consultation with the manager or consultant
- Reviewing the performance of the investment fund and manager or consultant on a quarterly basis, ensuring that the Investment Policy is being adhered to and its objectives are being achieved
- Holding in-person or telephonic meetings no less than quarterly, including a report from the manager or consultant
- Generating, approving, and retaining minutes of all meetings
- Providing the manager with the list of "prohibited investments" obtained from the Mission Responsibility through Investment Committee (MRTI) of the General Assembly
- Reviewing transactions and holdings to ensure prohibited investments have not occurred
- Recommending action when appropriate to discharge a manager or consultant for failing to adhere to the Investment Policy, perform in accordance with Investment Committee direction, and/or achieve long-term risk/return objectives
- Working with the Investment Manager to ensure that adequate cash is available and prudently reserved to make annual transfers from endowment funds in January of each year without unplanned or ill-timed liquidation of market assets
- Reporting to the Board of Trustees on the Church's most recent 12-month and longer-term investment performance in the first calendar quarter of each year

9.5.3 Property Management, Capital Improvement, and Real Estate Committee (Building Committee)

For convenience, this committee is also referred to as the "Building Committee" elsewhere in this Manual.

This committee is chaired by a member of the Board of Trustees as appointed by the President or otherwise selected by the Board and includes at least two additional members. Other members may be

members of the Board of Trustees or others, as proposed by the chair of the Committee and approved by the Board of Trustees.

The Committee has overall responsibility for working with Church staff to manage the rental of Church facilities, including setting rental rates, terms, and duration, determining availability of Church facilities to be rented, preparing lease agreements, and ensuring rental payments are collected in a timely manner.

- The Committee drafts for Board approval a schedule of fees, terms, and availability for rental of Church space for one-time or occasional use. Terms include deposits required, payment terms, late fees charged, and other terms as deemed prudent by Trustees. Availability specifies the various spaces within the Church available for rental and the days of the week and hours those spaces are approved to be rented, including any availability limitations due to holidays or Church events.
- The Building Committee of the Board of Trustees oversees rental of space for more than one-time/occasional use and the Board of Trustees approves all such agreements. The Building Committee consults with Church staff, including the Office Manager, the Facilities Manager, and Head of Staff, to ensure space rental agreements do not have negative impacts on Church staff and Congregational use of the building. Rental agreements that have material impact on Church staff or Congregational building use are presented to Session for approval before execution.

The Committee has overall responsibility for ensuring the use and maintenance of the Church's building, equipment, furnishings, and other physical assets in safe and useful operating condition and for long-term capital investments to maintain or improve the Church's assets and operations.

In consultation with the Office, Head of Staff, Personnel Committee, and Program leadership of the Church, the Committee plans and allocates usage of Church facilities, balancing the needs of all constituent groups with opportunities to generate/maintain rental income. In the event affected groups do not reach consensus, the Committee obtains approval from the Board of Trustees for its recommendation and then brings the issue to Session for resolution by Session.

The Committee oversees the work of the Facilities Manager, provides advice and support, and assists the Facilities Manager in preparing the annual budget for Programs 910 and 920. The Committee also monitors the Facilities Manager's spending versus budget during the year and provides approvals for expenditures as specified in the Employee Handbook (if any).

The Committee identifies urgent and long-term capital projects, leads the Board of Trustees in capital investment planning activities, and recommends capital projects for inclusion in the Trustees' budget and/or for approval by the Board of Trustees for submission for Session approval.

9.5.4 Other Trustees Committees

The Board of Trustees specifies the responsibilities and authorities of any other committees it may form, but remains responsible for approval of their recommendations and actions.

9.6 Church Treasurer

The Church Treasurer is elected annually by Session. By custom, the Treasurer of the Board of Trustees is elected to this position, although Session is not obligated to do so. The Church Treasurer serves as Treasurer of the Corporation and signs all contracts, corporate resolutions, filings, and other documents requiring the signature of the Treasurer of the Corporation.

The Church Treasurer serves under the supervision of the Board of Trustees. The Church Treasurer's principal responsibilities are:

- Management of the Church's non-invested financial assets
- Supervision and oversight of the Church's accounting activities, including quality control, establishment of operating practices consistent with this Manual and best practices, and preparation and distribution of accurate financial reports for the Session, Trustees, committees, Programs, and Congregation
- Ensuring that no Church financial assets are disbursed except as authorized by Session
- Monitoring and acting to ensure proper receipt of income from outside trusts and endowments managed by outside organizations
- Participation as a member of the Finance Committee
- Maintenance and interpretation of this Financial Manual
- Facilitating the exchange of information and coordination of actions of all other staff, boards, and committees involved in the management of the Church's financial assets

The Church Treasurer reviews monthly Bank Account Reconciliation and Breeze to QuickBooks Reconciliation reports and documents those reviews as required by the auditors. During this review, the Church Treasurer reviews the payee for each check cleared to ensure that all paid checks are to authorized recipients.

Except as specifically limited by other provisions of the Financial Manual, the Church Treasurer is granted authority to act as necessary to accomplish their responsibilities.

When not a member of the Board of Trustees, the Church Treasurer is added to all Church bank and investment accounts as a signer/authorizer.

9.7 Assistant Treasurer

The Church Treasurer may, at their discretion, appoint any Church member to serve as Assistant Treasurer to undertake special projects, assist with the Church Treasurer's responsibilities, or act in the Church Treasurer's stead and with their authority in specified areas and circumstances. The Board of Trustees reviews and approves the proposed Assistant Treasurer candidate and scope of responsibility and authorities as proposed by the Church Treasurer.

9.8 Staff

9.8.1 General

The Church modifies and evolves its staffing and organizational structures over time, including changing position titles, job responsibilities, and reporting relationships. The Church's Employee Handbook as adopted by Session describes the Church's current staffing structure.

This Manual describes staff responsibilities and authorities by broad functional role, regardless of the actual titles or organizational structure in place at the Church at any time. For example, the role "Head of Staff " in this Manual may apply only to the Senior Pastor or only to an Associate Pastor/Head of Staff, if in place. Or the role may be divided between the Senior Pastor and Associate Pastor/Head of Staff or even a Church administrator, if such a position is created and staffed. The position descriptions developed by the Personnel Committee should reconcile the actual titles/positions in use in the Church at any given time with the duties and authorities laid out in the Financial Manual.

9.8.2 Head of Staff

Head of Staff is the direct or ultimate supervisor of all Church pastors and staff and, as such, is responsible for ensuring Church staff fulfill the responsibilities and act within the authorities laid out in this Manual. Head of Staff may delegate some/all of their responsibilities within this Manual to Associate Pastors or Church administrators, if any, with the approval of the Personnel Committee and notification of the Church Treasurer, Session, and Board of Trustees.

Head of Staff is the "chair" of Program 810 Administration, preparing the program's budget, approving expenses charged to the program, and ensuring the program's spending is within budget and Session authorization.

If also the Senior Pastor, Head of Staff authorizes expenses for Program 711 Senior Pastor Expense and submits reimbursement requests with required information and records.

9.8.3 Associate Pastor(s)

Authorizes expenses for Program 721, Associate Pastor Expense, and submits reimbursement requests with required information and records.

9.8.4 Church Accountant

The Church Accountant's responsibilities and authorities are described throughout this Manual and in their position description as adopted by the Personnel Committee. Any responsibility or task described in the Manual not assigned to some other group or staff role is the responsibility of the Church Accountant to perform or ensure it is performed.

The Church Accountant maintains the Church's financial files, including paper and electronic files documenting deposits, payments, pledges, physical asset values and service dates, payroll, bank/investment account balances and activities, and terms of gift accompanying restricted donor contributions.

The Church Accountant role may be supported by non-staff volunteers (such as counters, data entry volunteers, filing volunteers, etc.) as recommended by the Church Accountant and approved by the Church Treasurer. The Church Accountant defines volunteer roles, provides standard operating procedures, recruits volunteers, trains them, and supervises their work.

At the time this manual is adopted, the “Church Accountant” role is staffed as follows:

- **Finance Manager:** the Church’s senior accounting manager with overall responsibility for: accounts payable, accounts receivable, cash management and security, accounting operations, maintaining accurate data in the Church’s accounting system (QuickBooks), providing information required for the annual audit, providing reporting and other support to boards, committees, volunteers, and members, and ensuring timely performance of accounting activities and issuance of financial reports, including preparing monthly/annual Program reports.
- **YPTC Consultant:** provides approximately three (3) days per month (plus extra hours at year end and during the annual audit), allocates and reconciles investment results, balances and reconciles bank accounts, prepares and posts entries for depreciation/capitalization, prepares and issues Whole Church financial reports.
- **YPTC Manager:** oversees the work of the YPTC consultant and provides other accounting advice and support as requested.
- **Church Treasurer:** performs overall quality management and control for Church accounting activities and reports and, with support from the Finance Manager and YPTC, makes final decisions on accounting policy issues.

Minor changes in task assignments within the current individuals staffing the Church Accountant function may be made by the Finance Manager and Church Treasurer, as jointly agreed.

Material changes to the staffing of the Church Accountant role are approved jointly by the Head of Staff, the Personnel Committee, the Church Treasurer, and the Board of Trustees.

9.8.5 Head of Church Office

The Head of Church Office’s responsibilities and authorities are described throughout this Manual and in their position description as adopted by the Personnel Committee. At the time of this writing, the Head of Church Office is the Office Manager.

9.8.6 Facilities Manager

The Facilities Manager’s responsibilities and authorities are described throughout this Manual and in their position description as adopted by the Personnel Committee. The Facilities Manager regularly consults with and supports the Property Management, Capital Improvement, and Real Estate Committee of the Board of Trustees (the Building Committee), including providing advance notice of pending capital and non-capital investments required for maintenance and repairs.

9.8.7 Director of Planned Giving

The Director of Planned Giving's responsibilities and authorities are described throughout this Manual and in their position description as adopted by the Personnel Committee. The Director of Planned Giving provides support for stimulating planned giving from the Congregation and supports the "Thank You" program.

9.9 Other Organizations and Groups

9.9.1 Auditor

The auditor performs the Church's annual audit per an audit engagement letter composed by the audit firm in advance of this work and signed by the President of the Board of Trustees and the Chair of the Audit Committee. The audit is due no later than June 30 of each year.

9.9.2 All Church Leaders, Staff, Volunteers and The Congregation

All Church officers, leaders, staff, volunteers, and the entire Congregation are jointly responsible for the Church's responsible stewardship of the Church's resources; for building, maintaining, and using those resources wisely; and for complying with the requirements, rules and processes in this Financial Manual.

PART 10: Whistleblower Policy

10.1 General

The New York Avenue Presbyterian Church (NYAPC) Policy for the Promotion of Ethical Conduct (hereinafter referred to as the Code) requires Church leaders, other volunteers, and employees to observe high standards of business and personal ethics in the conduct of their Church duties and responsibilities. Employees and representatives of the organization must practice honesty and integrity.

10.2 Reporting Responsibility

Each Church leader, volunteer, and employee of NYAPC has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of NYAPC's Code (hereinafter collectively referred to as Concerns).

10.3 Authority of the Audit Committee

All reported Concerns will be forwarded to the Audit Committee, in accordance with the procedures set forth herein. The Audit Committee shall be responsible for investigating and making appropriate recommendations to the Board of Trustees, with respect to all reported Concerns.

If one of the members of the Audit Committee is named in any Concern reported to the Audit Committee, the President of the Board of Trustees will name another member of the Board to replace this member on the Audit Committee for purposes of conducting any investigations or inquiries.

All alleged improprieties that are reviewed by the Audit Committee will be presented to the entire membership of the Trustees.

10.4 No Retaliation

This Whistleblower Policy is intended to encourage and enable Church leaders, volunteers, and employees, including pastors, to raise Concerns within the Church for investigation and appropriate action. With this goal in mind, no Church leader, volunteer, or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences.

Moreover, a volunteer or employee who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

10.5 Reporting Concerns

10.5.1 Employees

Employees should first discuss their Concern with their immediate supervisor. If, after speaking with their supervisor, the individual continues to have reasonable grounds to believe the Concern is valid, the individual should report the Concern to the Chair of the Audit Committee. In addition, if the individual is

uncomfortable speaking with their supervisor, or the supervisor is a subject of the Concern, the individual should report their Concern directly to the Chair of the Audit Committee.

If the Concern was reported verbally to the supervisor, the reporting individual, with assistance from the supervisor, shall put the Concern in writing. The supervisor is required to promptly report the Concern to the Chair of the Audit Committee, which has specific and exclusive responsibility to investigate all Concerns. If the supervisor, for any reason, does not promptly forward the Concern to the Audit Committee, the reporting individual should directly report the Concern to the Chair of the Audit Committee. Contact information for the Chair of the Audit Committee is available at the end of this policy and on the NYAPC website (www.nyapc.org). Concerns may also be submitted anonymously. Such anonymous Concerns should be in writing and sent directly to the Chair of the Audit Committee.

10.5.2 Church Leaders and Other Volunteers

Church leaders and other volunteers should submit Concerns in writing directly to the Chair of the Audit Committee. Contact information for the Chair of the Audit Committee is available at the end of this policy, or may be obtained from the NYAPC website (www.nyapc.org).

10.6 Handling of Reported Violations

The Audit Committee shall address all reported Concerns. The Chair of the Audit Committee shall immediately notify the Audit Committee, members of the Board of Trustees, and the Senior Pastor/Head of Staff and Associate Pastor/Deputy Head of Staff, if appropriate, of any such report. The Chair of the Audit Committee will notify the sender and acknowledge receipt of the Concern within five (5) business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

The Audit Committee will promptly investigate all reports, and appropriate corrective action will be recommended to the Board of Trustees, if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Audit Committee has the authority to consult Church counsel or to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations; however, the Board of Trustees shall be consulted and shall authorize the expenditure or obligation for the expenditure of funds deemed necessary by the Audit Committee.

10.7 Acting in Good Faith

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice.

The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct could also give rise to other actions, including civil lawsuits.

10.8 Confidentiality

Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

PART 11: Conflicts of Interest Policy

11.1 Purpose of Policy and Duties of Church Leaders and Officers

The officers and leaders of The New York Avenue Presbyterian Church (NYAPC or the organization) owe a duty of loyalty to the organization, which requires that in serving NYAPC they act, not in their personal interests or in the interests of others, but rather solely in the interests of the Church. Officers and Church leaders must have an undivided allegiance to NYAPC's mission and may not use their position as officers or leaders, information they have about NYAPC, or the Church's property, in a manner that allows them to secure a pecuniary or other material benefit for themselves, their relatives, or a third party. Accordingly, no Church leader, director, or officer may use their position at NYAPC for personal gain or to benefit another at the expense of the organization, its mission, or its reputation.

A conflict of interest may arise when a person has an existing or potential financial interest or other material interest that impairs, or might appear to impair, their independence or objectivity in the discharge of responsibilities and duties to NYAPC. This policy is intended to protect the organization's interests when it is contemplating entering into a contract, transaction, or arrangement that might benefit the private interests of a member of NYAPC's Session, Board of Trustees, Diaconal Ministers, or other officer of the Church. This policy is also meant to aid Church leaders and officers in performing the duties imposed upon them by the laws of the District of Columbia and the United States of America with respect to their management responsibilities and fiduciary obligations to the organization. NYAPC is committed to transparency and openness in its operations.

Every Church leader, director, and officer must discharge their duties in good faith, with the degree of care that an ordinarily prudent person in a similar position would exercise under similar circumstances. This requires using common sense, being diligent and attentive to the organization's needs, and making thoughtful decisions in the best interest of NYAPC. No leader, director, or officer may take personal advantage of a business opportunity that is offered to the Church unless the Session or Board of Trustees first determines not to pursue that opportunity.

Each leader, director, or officer must protect the confidential information of NYAPC and must not use confidential information of the Church for their personal benefit, or use such confidential information or their position as a leader, director, or officer to the detriment of the organization. Confidential information is information obtained through the leader, director, or officer's position that has not become public information.

11.2 Direct or Indirect Financial or Other Material Interest

Contracts, transactions, or arrangements of the organization in which a leader, director, or officer has a direct or indirect financial or other material interest shall not be prohibited, but they shall be subject to scrutiny. Any such proposed contract, transaction, or arrangement (collectively, "Arrangement") is to be reviewed to determine that it is in the best interests of NYAPC.

For the purposes of this policy, a leader, director, or officer has a direct or indirect financial or other material interest in a proposed or existing arrangement if they, or one of their relatives:

has a substantial financial interest directly in the proposed or existing arrangement; or

has a substantial financial interest in any other organization that i) is a party to the proposed or existing arrangement; or ii) is in any way involved in the proposed or existing arrangement, including through the provision of services in connection with it (an “involved organization”); or

holds a position as trustee, personal representative of an estate of which the Church is a beneficiary, director, officer, member, partner, or employee in any such party or involved organization.

A Church leader, director, or officer’s financial interest will be considered substantial if it involves:

- an ownership or investment interest representing more than 1% of the outstanding shares of a publicly traded company or 5% of the outstanding shares or comparable interest of a privately-owned company with which NYAPC has or is negotiating an arrangement or which is an involved organization with respect to the arrangement; or
- an ownership or investment interest, which produces a significant amount of income for or constitutes a significant part of the net worth of the Church leader, director, or officer, or a relative of the leader, director, or officer, in an entity with which the organization has or is negotiating an arrangement or which is an involved organization with respect to the arrangement; or
- a compensation arrangement of any kind with any entity or individual with which the Church has or is negotiating an arrangement or with any involved organization with respect to the arrangement.

11.3 Disclosure of Interest and Participation in Meeting

Each leader and each officer of NYAPC shall promptly disclose any direct or indirect financial or other material interest that they have or reasonably expects to have in any proposed or existing arrangement with the Church prior to the start of any negotiations with respect to such matter. A direct or indirect financial interest that this policy requires be disclosed shall be made known in writing to the President of the Board of Trustees. Such disclosure shall include all material facts and supply any reasons why the arrangement might be or not be in the best interest of NYAPC. The President of the Board shall refer the issue to the full Board or other Board Committee having decision-making authority over the substantive matter in question (the “Board or Committee”).

The Church leader, director, or officer who discloses a direct or indirect financial or other material interest in a proposed or existing arrangement may make a presentation and respond to questions by the Board or Committee, but after such presentation, they shall leave the meeting during the discussion of, and vote on, the arrangement that results in the conflict of interest. As part of any such presentation, the leader, director, or officer shall provide to the Board or Committee any reasons why the arrangement might or might not be in the best interest of NYAPC. The Board or Committee shall determine whether NYAPC can obtain a more advantageous arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. The Board or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed arrangement. If a more advantageous contract, transaction, or arrangement is not reasonably attainable

under circumstances that would not give rise to a conflict of interest, the Board or Committee shall determine by majority vote of the disinterested members of the Board or Committee whether the arrangement is in the Church's best interest and whether it is fair and reasonable to the organization and shall make its decision as to whether to enter into the arrangement in conformity with such determination.

11.4 Minutes of Meeting

The names of the Church leaders and officers who disclosed or otherwise were found to have a direct or indirect financial or other material interest in a proposed or existing arrangement of NYAPC, the nature of the interest, and the extent of the leader's or officer's participation in the relevant Board or Committee meeting on matters related to the financial or other material interest shall be recorded in the minutes for that meeting.

The minutes also shall include a record of meeting discussions and any determination as to whether the arrangement was in the best interest of and fair and reasonable to NYAPC, notwithstanding the interest, and the specific reasons supporting the determination, including any alternatives to the proposed or existing arrangement, the names of the persons who were present for discussions and votes relating to the proposed or existing arrangement, and a record of any votes taken in connection with it.

11.5 Co-investment Interest

Each leader and each officer of NYAPC also shall disclose whether they, or one of their relatives, has personal funds invested with an investment manager providing, or expected to provide, investment management services to the Church or in a professionally managed investment fund in which NYAPC is invested or is considering investing (a "co-investment interest"). For the purposes of this policy, a "professionally managed investment fund" shall not include mutual funds or other similar investment vehicles generally available to the investing public on essentially the same terms.

Such co-investment interest shall be disclosed in writing to the President of the Board of Trustees. Such disclosure shall include all material facts, including, but not limited to, fee arrangements and any preferential treatment received by the Church leader, director, or officer, or one of their relatives, and not available to other investors necessary to determine whether such co-investment interest may provide a benefit to the leader, director, or officer, or one of their relatives.

If the President of the Board determines that the co-investment interest may provide some advantage to the leader, director, or officer, or one of their relatives, the President of the Trustees shall refer the issue to the organization's Investment Committee.

The leader, director, or officer who discloses a co-investment interest may make a presentation and respond to questions from the Investment Committee but shall not be present during the discussion of, and vote on, how to address the co-investment interest. The Investment Committee shall determine what, if any, corrective action is required with respect to the co-investment interest, including, but not limited to, terminating the investment relationship, or seeking an adjustment in fee structure.

11.6 Failure to Disclose

If the Board or Committee has reasonable cause to believe that a Church leader, director, or officer has failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this policy, it shall inform the leader, director, or officer of the basis for such belief and afford that leader, director, or officer an opportunity to explain the alleged failure to disclose. If, after hearing the response of such individual and making such further investigation as may be warranted in the circumstances, the Board or Committee determines that the leader, director, or officer has, in fact, failed to disclose a direct or indirect financial or other material interest or co-investment interest subject to this policy, it shall take appropriate disciplinary and corrective action.

11.7 Employees and Directors and Officers Covered by Policy

This policy shall apply to the Senior Pastor/Head of Staff and Associate Pastor, the Church managers of the office and facilities, and the Church Accountant, the Clerk of Session, the Church Treasurer, and members of the Board of Trustees.

11.8 Annual Disclosure Statement

Each Church leader, director, and officer has a duty to place the interest of NYAPC foremost in any dealing with the organization and has a continuing responsibility to comply with the requirements of this policy.

Promptly following the adoption of this policy, and thereafter not later than the first day of March of each year, each Church leader, director, and officer shall acknowledge their familiarity with this policy and shall disclose in writing to the President of the Board of Trustees any existing financial or other material interests or co-investment interests subject to this policy by completing a Conflict-of-Interest Disclosure Statement.

The President of the Trustees shall review these Conflict-of-Interest Disclosure Statements. The President shall refer any issues not previously disclosed to the Board or appropriate Committee. The President shall retain in their confidential files the Conflict-of-Interest Disclosure Statements.

11.9 Policy Supplements Applicable Laws

This policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit charitable corporations.

11.10 Conflict of Interest Disclosure Statement:

The Conflicts-of-Interest Policy of The New York Avenue Presbyterian Church (NYAPC) requires any director or officer of the organization to disclose any direct or indirect financial or other material interest or co-investment interest that they have or reasonably expect to have in any proposed or existing contract, transaction, or arrangement with the Church, or in any other matter under consideration or to be considered by the Session or the Board of Trustees or any other Church committee.

The following form will be used to certify that individuals covered by the Conflict of Interest policy have made all necessary disclosures:

Please initial each statement that applies to you:

I have read and am familiar with the NYAPC Conflicts-of-Interest Policy.

I am not aware of any direct or indirect financial or other material interest or co-investment interest that is required to be disclosed under the Conflicts-of-Interest Policy.

I have described in the attached letter every direct or indirect financial or other material interest or co-investment interest that is required to be disclosed under the Conflicts-of-Interest Policy. (Please attach a letter providing complete details of any direct or indirect financial or other material interest or co-investment interest subject to the policy.)

During the time I am an Employee, Pastor, Director, or Officer of NYAPC, I agree to report promptly any future situation that might involve or appear to involve me or any of my relatives in any potential conflict of interest with the Church.

Signature: _____ Date: _____

Please return this statement in the enclosed envelope not later than _____.

PART 12: Amendments to the Financial Manual

Material amendments to this Manual are made upon recommendation by the Board of Trustees and approval by Session.

The Board of Trustees consults with the Head of Staff, the Finance Committee, the Church Treasurer, and the Church Accountant, as appropriate, before recommending amendments to Session.

The Church Treasurer initiates a review of the Manual in full at least every two (2) years and reports any suggested amendments to the Board of Trustees.

Non-material changes such as correcting typos, misspellings, formatting, numbering, and similar changes may be made by the Church Treasurer, as needed and useful. The Church Treasurer reports all such changes to the Board of Trustees for approval as non-material.

Appendices

Appendices to the Financial Manual are available from the Church Treasurer, Church Accountant, and/or Secretary of the Board of Trustees.