

St. Paul's Episcopal Church
Flint, Michigan
Financial Policies

1. Accounts Payable/Disbursements

All invoices to be paid must be approved by the person authorizing the expenditure, either in writing or verbally unless it is an ongoing expense which is included in the budget. Examples of ongoing expenses include consumers energy, telephone, water, Rose Exterminating, snow plowing or copy machine lease, tax payments, pension contributions, and insurance payments. Others examples needing approval building repairs such as Goyette, Shiflett Electric, Altar Guild items, credit card purchases.

All disbursements will be supported by an invoice or some form of authorization such as a check request with all information included such as who, what for, how much, when and name of person authorizing.

Checks will generally be issued once a week.

Copy of invoice/check request will be kept with check stub showing payment amount.

If available, two persons are required to sign checks, however, under current working conditions, only 1 signature is required with proper invoice approval.

A small petty cash fund of \$100 is kept in the safe for small expenditures and will be used for reimbursement when deemed appropriate. This will be reconciled as needed.

Holly Richardson has a \$50 fund to be used for Music in the Heart of the City

2. St. Paul's Episcopal Church, Flint, MI Addendum to Diocese
Personnel Manual

Vacation

Vacation and sick days are combined into a single number called Paid Time Off (PTO) and can be used for any purpose. Vacation days will be earned as per the Diocese personnel manual. Sick days will increase to 10 days per year instead of 6 days per the Diocesan manual.

Full time employees working 40 hours per week will be entitled to the following PTO:

1. Vacation 10 days per year (80 hours) per year for the first 5 years
 - 1 additional day (8 hours) for the years 6-10
 - 4 weeks (160 hours) after 10 years of employment

- Employees working more than 20 hours per week are entitled to a prorated PTO based on the above schedule. Employee working 20 hours per week is entitled to 50% of the above.
2. Sick days
- All full time employees have 10 days (80 hours) per year
 - Part-time employees earn a prorated share based on hours worked in prior year compared to full time employee base of 2080 hours.
 - New employees receive a prorated first year vacation based on when their first day is.

Sample calculation:

- Full-time employee over 10 years gets 160 hours vacation plus 80 hours sick time or 240 hours per year
- Part-time (with over 10 years)working 20 hours gets 50% of 160 vacation hours or 80 hours plus 50% of sick time (40 hours) for a total of 120 hours of PTO per year.

All PTO time must be used in the year earned or it is lost. PTO may not be carried over.

PTO for the first year is prorated based on when the person starts and the number of hours regularly scheduled.

Employees who worked prior to January 1, 2020 may have unused sick days. Any unused sick days at the end of 2019 will be held until that employee leaves the church employment and will then be paid based on the payout described in the Diocesan Personnel Manual. The unused hours may only be used in the event of a significant illness or injury and the employee has used all of his/her PTO for the year with the approval of the Rector or Vestry (in absence of Rector). In no event can the employee use more than he/she has accrued.

Time off for holidays remains as per the Diocesan manual.

Time off for a death in the family, currently 3-4 days, would not be part of the PTO system for the year and is at the discretion of the Rector

Inclement Weather

The safety of St. Paul's employees is of great importance to the Church and because of this St. Paul's has established the following severe weather policy which would determine when the Church is closed due to weather conditions.

If severe weather happens during the normal work week (Monday-Friday) – The Church will base it's opening/closing on the actions of the Flint City Schools. For the first day of severe weather, the Church will follow the Flint City Schools and be closed when the Flint City Schools (all schools) are closed. Employees will be paid their normal hours for this day. This day would not count against either vacation or sick days. In the event an exempt employee is required to work, he/she will be given comparable time off at a later mutually agreeable time.

If the Rector should decide that the weather does not represent a significant risk (example - cold compared to heavy snow, bad roads), the Rector will notify each employee of such and all employees will be expected to work their normal hours. Strict observance of starting times will be relaxed. Failure to show for work or excessively late for work will be considered an abuse of this policy and the person would not be paid for this day.

Subsequent weekdays of school closings – After the first day off because of weather, the Church will be open even if Flint City Schools are closed. Employees will be expected to work their regular hours. If the Rector should decide to close the Church, each employee will be notified not to report to work. Employees will not be paid for this day but can elect to use a vacation day or sick day instead. Strict observance of starting times will be relaxed. Failure to show for work or excessively late for work will be considered an abuse of this policy. Anyone who does come to work would be paid for the hours worked.

Suggested Disciplinary Procedures at Rector's Discretion

St. Paul's is dedicated to preserving the dignity of all employees. However, employee misconduct or irresponsibility cannot be tolerated. In most cases of employee misconduct for a non-dischargeable offense, the employee's supervisor will counsel the employee using a progressive discipline approach.

Progressive discipline is understood to mean that the Supervisor will detail in writing the employee's error/misconduct. The employee will be granted full and ample time to respond. The ensuing discussion will be aimed at avoiding a repeat of the problem. Steps to assist the employee's work knowledge, motivation, etc., will be detailed in writing along with any recommended punitive action. A copy of this Assistance and Discipline Plan will be reviewed by the Rector, who may speak personally to the employee, may modify or change the plan, may take other action, or may let the plan stand as presented. A copy of the written Assistance and Discipline Plan will go into the employee's permanent personnel file.

Upon subsequent infractions, the employee will be counseled and may receive sterner disciplinary action, such as time off without pay, the acceptance of which will be requisite upon the employee's further employment. If the employee elects NOT to accept the disciplinary action, termination of employment will be immediate.

The goal of the above is to mentor all employees in their work performance and to guide them to as high a level of success and work satisfaction as possible while still ensuring the needs of the parish are met.

The above notwithstanding, St. Paul's reserves the right to decide, on a case by case basis, when it will utilize progressive discipline and when it will not. There shall be no basis for any employee to expect that he or she will be given progressive discipline prior to the termination of employment. For example, in the event of illegal or inappropriate conduct, such as employee theft, violence, drug or alcohol use in the work place, or the like, termination shall most likely be immediate.

Situations Not Covered by These Personnel Policies

In the event a situation arises that is not covered by the policies in this manual, the Personnel Policies of the Diocese of Eastern Michigan will be in effect and a decision shall be rendered by the Priest-in-Charge/Rector in consultation with the affected employee(s) and the Wardens of the parish.

3. St. Paul's Episcopal Church Annual Budget

The DOF will prepare a final budget to the Vestry for approval at the November vestry meeting as follows:

First step in process:

- Rector may submit his/her budget for following year by August for consideration.
- A preliminary budget for the next year during late September/early October and will be presented to the Vestry at the October Vestry meeting for review/changes.

Preparation of preliminary budget will be as follows:

- The preliminary budget will be based on the actual/projected results for the current year with adjustments for any anticipated known differences
- The preliminary budget will be on a line by line basis.
- Personnel costs will be calculated by person based on the wage of each person and their expected hours to be worked.
- Benefits will be calculated on the expected costs per person
- Some expenses (health benefits, building insurance) may not be known in time for the preliminary budget but can be changed before final review.

Finance committee will meet to review the preliminary budget. Once Finance committee approves, preliminary budget will be presented to Vestry.

Once final budget is approved, DOF will enter into Powerchurch Financial system.

4. Cash Receipts

The church makes one deposit per week consisting of monies received during the Sunday service plus any other monies received during the week.

The deposit is made on Monday or Tuesday morning by (when possible) two individuals usually consisting of the Director of Finance (or someone in his absence) along with another person if available.

The church deposit form will be completed before taking money to bank. All checks will be stamped "For Deposit Only – St Paul's Episcopal Church"

Deposit will be taken to bank on the day it is prepared.

After deposit is complete, then all information will be entered into Powerchurch Financial Computer Program

A validated bank receipt will be obtained from bank when deposit is made and attached to the church deposit form

Copies of all checks will be made before sending to bank. Copies will be kept with deposit form.

Deposit form will be dated and signed by person(s) completing it.

Weekly deposit form will be kept in a file of all deposits.

Bank activity will be reviewed online weekly and any unusual entries researched and properly recorded. This would include:

- member donations paid by credit card
- member donations paid by ACH Transfer
- Direct deposits from other banks such as Barth Trust Distribution, Ingalls Trust or Dalton Johnson made Qtrly

5. St. Paul's Episcopal Church Credit Cards

St. Paul's has church issued credit cards issued to the following persons:

1. Rector/Priest-in-Charge
2. Director of Finance
3. Sexton
4. Junior Warden

Credit cards are to be used for church business only. Each person must maintain security over their card.

Each person must notify the DOF if their card is compromised in any way.

Receipts must be given to the DOF immediately upon use for all purchases.

It is the responsibility of the cardholder to provide receipt for all purchases and to clearly identify what the purchase was.

Certain expenses (Call em phone service, Zoom) are monthly charges and may not provide receipts.

Upon leaving the employment of St. Paul's, each card must be returned to the DOF.

The credit card holder is personally responsible for all unauthorized purchases.

Discretionary Fund

Please see policy on the Discretionary Fund as adopted by the vestry and part of the General Policies.

6. Financial Accounting Function

To develop and maintain accounting policies and procedures that will properly maintain, protect and report the financial records and assets of St. Paul's Episcopal Church. These will include internal controls to insure all church property is protected from any loss.

Assets include all cash, all trust or endowment accounts, all investments, personnel information, buildings, equipment and accounts receivable.

Responsibilities include:

1. To follow generally accepted accounting standards
2. To collect and properly record the information as it is received.
3. To distribute financial information to the Treasurer and Vestry on a timely basis or as requested
4. To develop an annual budget for Church Vestry
5. To comply with all church, state and federal laws such as paying or filing taxes, completion of parochial report.
6. To maintaining adequate property and casualty insurance to protect the Church against loss.
7. Maintain files for all church contracts
8. Maintain files on all Columbarium Niches either sold, for sale, or occupied.

7. Investment Accounts/Annual Withdrawals

1. Endowment accounts

The church maintains two investment accounts with JP Morgan/Chase Bank. These are in two different accounts. While only two accounts in the bank, these are actually 13 different endowments from current or past members which are listed separately on the Church balance sheet.

The church takes a 4% withdrawal from the investment funds for use in the church operations. It is taken in 4 quarterly amounts as included in the annual budget.

The 4% is based on the average quarterly balance for the past 4 years ending with June 30 of the prior year. For example, the amount used for the 2023 budget will be based on the average from September 30, 2018 until June 30, 2022. This is taken into income during the last month of each quarter.

The church takes 1% at the start of the year based on the same calculation as above. This is transferred to the Building Reserve Fund until needed.

The monthly gain or loss on each of these accounts is only recorded at the end of the year in the general ledger. During the year, an excel worksheet tracks the gain or loss by individual trust. The change by month is allocated by fund as a percent of the total fund. This provides a monthly recap as to the balance of each individual fund.

The investment accounts include all endowment accounts from past or present years plus the operating reserve from prior year, any building reserve from current or past year, the building reserve fund, the Barth Missionary Reserve and the Delisle. Any gain or loss is not allocated to the reserve funds listed above. By Trust, the Delisle must maintain the balance of \$8,000.

The Finance Committee will meet with the representative of JP Morgan/Chase and Raymond James during March to discuss results of past year, future expectations and possible changes to investments

2. Short-term investments

The church has investments outside of the endowment accounts listed above. The gain or loss of these is recorded monthly to the church financial statements. An excel worksheet is kept to allocate out the gain or loss. Allocation is based on a straight percent of gain/loss to fund balance and is recorded monthly.

8. Month End/Quarterly/Annual Responsibilities

After the close of the month, the following steps will be taken:

- All bank accounts will be reconciled. This includes the cash and short-term investment accounts with any discrepancies reviewed and corrected
- All investment statements will be reviewed for significant changes in the balances. This includes:
 - church investments
 - Kilmer Scholarship Fund
 - Lile Music Fund
 - Ingalls
 - Dalton Organ Fund.

The following will be given to the Treasurer for review:

- Bank reconciliation
- Short Term investment reconciliation
- Journal Report (report details all transactions which occurred during month and provides a second set of review for any questionable transactions)

The Treasurer will review, ask questions, and sign off on the above items. DOF will maintain files for these reports.

DOF will review the cash balances by Fund and correct any shortages.

Other Funds/accounts to reconcile include:

Fund 11 – Memorial Fund (excel file to maintain detail)

Fund 20 – Rector’s Discretionary

Rector’s discretionary account is funded from allocations from annual budget and misc. contributions directly to Discretionary Fund. Money from budget will be recorded as expense in Fund 1 and income in Fund 20 and funds transferred. Misc. contributions are recorded directly into Fund 20. Cash balance carries over at end of year.

Fund 4 – Music in the Heart of the City

Rental income – A/C 4607 to insure all parking fees have been paid

All balance sheet accounts

Acct 01-1101 Temporary holding account for pass thru items i.e. \$ collected to buy Angel Tree Gifts, wedding deposits, Back to Bricks funds, etc.

Review activity report for all funds to insure accuracy and all entries included.

Financial statements will be prepared and distributed by the 15th of the following month.

Annual Financial Review

- An annual review of the financial records of the church is required each year.
- Instructions for completing this will be sent out early in the new year.
- Depending on revenue, this is performed by either an licensed CPA firm or one of the persons authorized by the Diocese.
- Instructions on how this is done are sent out by the Diocese early in the following year.
- Church must make the arrangements to complete review completed, approved by Vestry and returned to Diocese by September 1.

Annual Parochial Report

- Each church is required to report their financial results for the previous year.
- Forms will be sent to church around February 1
- Report is due by March 1
- Report is used to determine church’s Tithe for following year.
- Copies of prior year is in files of Director of Finance’s office.

Other

All other reporting required by Diocese.

9. Payroll

All employees must:

1. complete an application, have a criminal background check performed, and complete all state, federal and city tax form prior to being paid.
2. Employees are paid every two weeks.
3. Pay period ends on a Friday with payment being the following Friday.

4. Hourly employees must submit a timesheet showing the hours worked by day by the Monday after the pay period ends.
5. Director of Finance will distribute a calendar of payroll end dates and pay dates.
6. All payroll is paid by direct deposit unless extenuating circumstances arise.

Director of Finance must have the following information before a new employee can be added to roster and paid:

1. Completed application
2. Background check with references
3. Criminal record check performed (this may take 1-2 weeks and can be completed after starting). If report is negative, then employee will be terminated.
4. All required tax withholding forms.
5. Rate of pay (hourly or weekly)
6. Routing and account number information for direct deposit
7. DOF will maintain file of records for each employee.

All rate changes or special payments must be in writing from the authorizing person.

All payroll taxes and reports will be paid and filed on or before due date.

10. St. Paul's Episcopal Church Contract Policy

Building and Grounds maintenance procedures:

1. A need (for building repairs, equipment, etc) is identified by a church member who passes this on to Building and Grounds. For non-building items see step 8 below,
2. Building and Grounds reviews request and makes determination if suggestion is warranted:
 - a. If normal building maintenance item, then Building and Grounds would arrange for the repair to be completed using normal vendor.
 - b. Building and Grounds will maintain minutes recommending project.
 - c. Building and Grounds will notify Financial Director of all projects prior to the start of the project
 - d. If repair is over \$2500 and/or out of normal, then must get 2 estimates
3. If more than one estimate is required, then a comparison of estimates must be made to determine if same work is being done.
4. Financial Director along with Jr Warden will review estimates.
5. Recommendation for which estimate will be made by Jr. Warden and Financial Director.
6. Recommendation is presented to Vestry for final approval by Building and Grounds.
7. After approved, Jr. Warden will contact vendor to start work.

8. After project is complete, Jr Warden will notify the Financial Director thus approving payment to vendor.

All other expenditures (non-building and grounds) such as Outreach, electronics, music robes

1. The need is identified and presented to the appropriate committee for approval.
2. That committee reviews and makes recommendation.
3. Copy to Financial Director
4. No approval needed from Vestry if under \$1,000.
5. Committee chair places order
6. If over \$1,000, Vestry approval is required prior to start of project.
7. Committee chair notifies Financial Director so payment can be made

Other requirements

The Director of Finance will maintain a file of all contracts/bids for all projects approved at the church.

11. Taxes

St. Paul's is a non-profit and not subject to income taxes.

St. Paul's does have the following tax responsibilities:

1. Collection and payment of federal payroll taxes (income, FICA and Medicare)
2. St. Paul's must withhold from an employee's check:
 - federal income tax based on the number of exemptions claimed by employee
 - state tax based on number of exemptions claimed by employee
 - city tax based on the number of exemptions claimed by employee and based on whether employee lives inside city of Flint or outside
3. Each type of tax have specific due dates for payment of taxes and reports:
 - Federal taxes withheld must be paid by the Tuesday following the pay date.
 - State taxes withheld must be paid by the end of the quarter
 - City taxes must be paid by the end of each month
4. Federal Annual Reporting requirements
 - Quarterly Form 941 must be filed with the IRS. This recaps the taxes withheld for the quarter and compares to the taxes paid.
 - W-2 must be mailed to each employee who worked the previous year by January 31 of the following year.
 - Copies of the W-2 must be sent to the IRS along with a completed W3 form
 - A copy of everything form must be kept in St. Paul's file.
 - The W2's must be reconciled against the actual tax withheld and paid.
 - An excel worksheet when completed monthly will help with this task.
 - See IRS regulations (online accessible) for due dates.

5. State tax reporting requirements

- An annual tax form LW 3 must be completed and filed by January 31 of the following year.
- Amount of tax withheld must be reconciled to actual submitted to State.
- An excel schedule, when completed, assists with this.
- Copy of the completed form must be kept with the payroll files for St. Paul's

6. City tax reporting requirements

- An annual tax form LW 3 must be completed and filed by January 31 of the following year.
- Amount of tax withheld must be reconciled to actual submitted to City.
- An excel schedule, when completed, assists with this.
- Copy of the completed form must be kept with the payroll files for St. Paul's

The goal should be to have all tax forms and reports distributed by the 20th of January or before.

Reporting of payments to non-employees:

St. Paul's must annually report to Federal, state and local governments amount paid to non-employee's for work or services performed such as supply clergy, musicians hired for specific events, piano tuners. This applies to individuals who are not incorporated and earn more than \$600 in a year.

Any non-employees must complete a W9 providing their tax information prior to being paid.

Anyone falling into this category must be given a 1099 at the end of the year just like a employee gets a W2 except St. Paul's does not withhold or pay anything to government. For this St. Paul's must complete a Form 1096 and send to government with 1099 copies by the same deadline as for W2's.

State Sales Tax

Normally St. Paul's is not subject to collecting or paying sales tax but must still report each quarter even if \$0. St. Paul's does have a sales tax license and must remit sales tax in rare instances. One situation would be if we had a garage sale and had over \$5000 in sales. We would be subject to paying.

The quarter withholding tax form has a space to enter \$0.