

**First Presbyterian Church  
of Santa Fe**

**Financial Policies Manual**

**As Approved by Session in 2016  
Portions Updated in 2021 and 2022**



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# **I. Institutional Information**

## **A. Legal Name and Information**

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E-mail: [office@fpcsantafe.org](mailto:office@fpcsantafe.org)  
Website: [www.fpcsantafe.org](http://www.fpcsantafe.org)

## **B. Tax Exempt Status and Governing Documents**

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First Presbyterian Church of Santa Fe (also referred to herein as the “Church” or “FPC”) is a nonprofit, tax-exempt New Mexico corporation organized for benevolent, charitable, educational, mission, and religious service and worship purposes in accordance with:

- Its original, amended and restated Articles of Incorporation and Bylaws.
- The Constitution of the Presbyterian Church (U.S.A.), found in the Book of Order.
- Sections 170(c)(2)(B), 501(a) and 501(c)(3) of Title 26, U.S. Internal Revenue Code.
- The New Mexico Nonprofit Corporation Act.
- The New Mexico Uniform Prudent Management of Institutional Funds Act.
- New Mexico Gross Receipts tax as it applies to 501(c ) (3) Non-Profits.

## **C. Statement of Purpose**

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First Presbyterian Church of Santa Fe is a part of Christ’s universal church and of the Presbyterian Church (U.S.A.) (hereinafter, “PC(USA)”). It is a fellowship of believers of all ages who profess faith in God, the Creator; Jesus Christ, the Savior and Lord; and the Holy Spirit, the Sustainer. In response to God’s grace, Members and friends of the Church gather together for the service of God as set forth in Scripture, to be a caring, inclusive, reconciling community in Santa Fe and throughout God’s world.

To be that community, we proclaim good news through:

- Worship.
- Sacraments.
- Education.
- Mission.
- Social justice advocacy.
- Pastoral care.

FPC also operates a Child Development Center (CDC) as a community educational outreach program. The CDC is an inclusive and secular preschool for children of age 12 months

through prekindergarten. It is open to families of all faiths and teaches global principles of kindness, tolerance and compassion.

In addition, FPC engages in other charitable, benevolent and educational activities in Santa Fe and elsewhere.

## **D. History**

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The First Presbyterian Church of Santa Fe was officially organized in the Council Chamber in the Palace of the Governors on January 6, 1867. In March of that year, the ruins of an earlier Baptist Church that had failed were purchased along with two acres adjoining that property. The church remains in the same location today, as the oldest continuing Protestant congregation in New Mexico and Arizona.

The Church is part of the Presbyterian Church (U.S.A.), the Presbyterian Synod of the Southwest, and the Presbytery of Santa Fe.

## **E. Governing Council**

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Consistent with the 2015-2017 Book of Order, section G-3.0201, the Session is the governing council of the Church congregation. Financial instructions to PC(USA) churches are in Section G-3.0113, which instructs churches to have an annual financial review, and Section G-3.0205, which instructs Session to prepare and adopt a budget, authorize special offerings and account for disbursements, provide financial information to the congregation, elect a Treasurer, and oversee financial procedures.

## **F. Pastor and Staff**

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The Pastor is the Head of Staff and reports to the Session. As Head of Staff, he or she supervises all Church staff (all employees and contract workers). This Policy sets forth certain financial roles and responsibilities for staff members, which reflect delegations from the Pastor. These staff roles and delegations may be changed by the Pastor without Session approval. Significant changes shall be reported to Session.

## **G. Committees**

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Committees are established by the Session, which designates their authority and responsibilities (Book of Order Section G-3.0109 and FPC Bylaws Article 7). Chairs of committees at FPC are nominated by the Pastor and approved by the Session. Committee chairs and the Pastor select committee members (except for the Nominating Committee, members of which must be approved by the Congregation). Committee Chairs and members are welcome to attend any Session meeting, and Chairs are encouraged to attend Session meetings when pertinent Committee business is before the Session.

This Policy sets forth financial responsibilities of committees relating to expenditures from the annual budget and from Special Purpose Funds. In some situations a committee's



authority may be delegated to a staff member, with the approval of the Pastor. These delegations to a staff member may be changed by the committee without Session approval. Any new responsibilities for a staff member must be approved by the Pastor as Head of Staff.



## II. Policy Scope and Background

### A. Scope

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This Policy is intended to cover all Church financial policies and practices, with the exception of specific financial practices related to employee compensation and benefits, which are set forth in the FPC Human Resources Manual.

This Policy is arranged approximately in the same sequential order as the flow of funds through the Church. Thus, it begins with the Church's receipt of revenues, primarily in the form of gifts; extends through the Church's preparation and execution of an annual budget and its management of current funds, investment assets, and Special Purpose Funds; and concludes with the Church's accounting and financial reporting practices.

### B. Background

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The Church receives virtually all its revenues in the form of gifts (also referred to as donations) from Members of the Church and others. Such gifts are most commonly received in the form of regular pledges and loose plate collections. However, they also include gifts and bequests from wills, trusts and other planned giving instruments; special purpose gifts; and special collections and fund raising campaigns.

In its management, accounting, and reporting of its finances, the Church complies with:

- Applicable accounting and reporting principles, including the Generally Accepted Accounting Principles (GAAP) as prescribed for nonprofit organizations by the Financial Accounting Standards Board (FASB)<sup>1</sup>.
- The New Mexico Uniform Prudent Management of Institutional Funds Act.
- Guidance from the Santa Fe Presbytery and higher councils of the Presbyterian Church (USA).

Responsibility for the administration of this Policy resides with:

- The Committees on Finance, Stewardship, Investments, and Financial Review.
- Other special purpose Committees.
- The Treasurer.
- The various Church managers and volunteers who are involved in financial management; as set forth in more detail in Appendix A and Tables 1 - 4.

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<sup>1</sup> The Church maintains its books on a modified cash basis, accruing income and expense of larger sums that would most affect the evaluation of its financial status. However, it uses the cash method for routine ongoing items. Sufficient detail is available to convert financial statements to a full accrual method if needed.



## III. Definitions

### A. Gift Instrument

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A “Gift Instrument” is a donor agreement, check memorandum, bequest, Church solicitation, or any other record, pursuant to which property is donated to, transferred to, or held by the Church exclusively for purposes consistent with the mission of the Church. A gift instrument determines whether or not a gift is Restricted or Unrestricted.

#### Unrestricted Gift

An “Unrestricted Gift” is a gift given to the Church without any restriction placed on the purpose or time or duration of the use of the gift, other than that it be used for purposes consistent with the Church’s mission.

#### Restricted Gift

A “Restricted Gift” is a gift that a donor gives to the Church, either by will or bequest after passing, or while living (an “*inter vivos*” gift), and which is subject to a restriction in a Gift Instrument on the use of the gift as to purpose or as to date or duration of use beyond the current year. It is important to note that a Restricted Gift may result either from a restriction imposed by a donor, or from a restriction proposed by the Church in a fundraising solicitation or other Gift Instrument.

### B. Funds

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A “Fund” is an independent general ledger account that is established to track revenues and expenditures of a particular category of programs, projects, or purposes. The term “funds” means, simply stated, “money”; and the verb “to fund” generally means “to pay” or “to finance.”<sup>2</sup>

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<sup>2</sup> The terms “fund,” “funds,” and “Fund” are very confusing concepts for non-accountants. The confusion arises from the many meanings of these terms. First, the term “fund” may be used as noun, to mean a general ledger account; and the term “Fund” is used here to mean a general ledger account that is dedicated to a special purpose. But it may also be used to simply mean a particular amount of money or other financial asset (as in “funds”). Thus it may be said that a “fund balance” is the amount of “funds” in a “Fund” at any given time—confusing to say the least.

This is confusing enough, but it gets even worse. The term “to fund” is also used as verb, meaning to “to pay for” or to “finance.” And it is also used in other special contexts—as in “mutual funds,” “reserve funds,” “sinking funds,” and other special meanings.

## ***1. Fund Accounting***

“Fund Accounting” is an accounting system prescribed by the U.S. Financial Accounting Standards Board (FASB) for use by nonprofit organizations. Under FASB, nonprofits are required to report their net assets (assets less liabilities) in the classifications of unrestricted, temporarily restricted, and permanently restricted. Assets designated for a specific purpose by action of the Session are considered unrestricted assets.

## ***2. Operating Funds***

As used in this document “Operating Funds” (also called current funds, or general operating funds) refers to FPC funds that are unrestricted and available for expenditure in the current fiscal year. They include, but are not limited to:

- Funds derived from general unrestricted pledges.
- Loose plate collections.
- Other unrestricted and unpledged gifts.
- Earnings and other investment income earned on unrestricted investments.
- Unrestricted bequests that are expendable by the church on a current basis.
- Funds received from sources other than gifts or donations, such as building rentals.

Operating Funds are available for expenditure to support general Church operations, ministries and mission activities within the current fiscal year. However, by adoption of an annual budget the Church imposes a limit on the expenditure of otherwise available Operating Funds in the current year.

## ***3. General Fund***

The term “General Fund” encompasses all Operating Funds (defined above), unrestricted investments, and other unrestricted net assets. The net amount in the General Fund is shown on the FPC statement of financial position (balance sheet) as “unrestricted net assets.”

Unrestricted net assets include Session Designated Funds but not Donor Restricted Funds. Assets accounted for in Unrestricted, Undesignated Net Assets are available for any purpose permitted by law or by the governing documents of the Church.

## ***4. Special Purpose Funds***

A “Special Purpose Fund” is a Fund established by the Church to track revenues and expenditures for a special project, program or purpose. There are two types of Special Purpose Funds – Donor Restricted Funds and Session Designated Funds.

(a) Restricted Funds

A “Restricted Fund” (or “Donor Restricted Fund”) is a Special Purpose Fund funded by one or more Restricted Gifts that are subject to a common restriction, and which cannot be effectively used or expended within the current year. There are two types of Restricted Funds: Temporarily Restricted Funds and Permanently Restricted Funds.

(1) Temporarily Restricted Fund

A “Temporarily Restricted Fund” is a Restricted Fund that is restricted to: (a) a particular purpose; or (b) exhaustion of the Fund over a specified period extending beyond the current year, but not extending in perpetuity. The latter (b) is traditionally referred to as a “Term Endowment Fund,” or a “Limited Term Endowment Fund,” or a non-perpetual Endowment Fund.

(2) Permanently Restricted Fund

A “Permanently Restricted Fund” is a Restricted Fund that is required to be maintained in perpetuity, with only the annual income (interest, dividends, capital gains, and capital appreciation) being available for use by the Church each year. Traditional endowments are Permanently Restricted Funds.

(b) Session Designated Funds

A “Session Designated Fund”<sup>3</sup> (or simply “Designated Fund”) is a Special Purpose Fund established by the Session for a particular project or purpose, and which is funded with unrestricted funds appropriated by the Session from the General Fund. Unlike Restricted Funds, Designated Funds are not funded with Donor Restricted Gifts, and thus can be diverted to other purposes by action of the Session at any time. This is not to be confused with a Session initiative to raise money for a specific purpose, in which case contributions would be Donor Restricted.

(c) Pass-Through Accounts

A “Pass-Through Account” is an account used for Restricted Gifts that are designated by a donor as being intended for a specific third-party beneficiary, and are distributed promptly to the third-party beneficiary.

While a Pass-Through Account is categorized here as a Special Purpose Fund, because it is funded with Donor Restricted Gifts, it is in fact treated as a liability account and is normally disbursed as promptly as possible without being recorded as revenue, unless the organization is a related organization (typically PC(USA)), (as per FASB 136).

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<sup>3</sup> Some institutions reverse the meanings of the terms “Designated Fund” and “Restricted Fund” from the meanings used in this Policy.

## **5. *Other Traditional Types of Special Purpose Funds***

### **(a) *Endowment Funds***

An Endowment Fund created by gift or bequest is a type of Restricted Fund. An Endowment Fund may be restricted from complete expenditure in perpetuity, in which case it is a traditional Endowment Fund that the FASB identifies as a Permanently Restricted Fund; or it may be restricted to expenditure over a specified term of years, in which case it is a type of a Temporarily Restricted Fund known as a Term Restricted Fund.

In the absence of any written guidance in a Gift Instrument, a gift accepted to establish an Endowment Fund will be treated as a perpetual Endowment Fund.

Traditional perpetual Endowment Funds typically allow earned interest or dividends to be withdrawn and used for their intended purposes, without invasion of the principal. Fixed Term Endowment Funds typically allow withdrawal of interest and dividend and some part of the principal.

Over time, withdrawal of “appreciation,” or unrealized capital gains has been more commonly allowed, in addition to interest, dividends, and realized capital gains. This is the interpretation adopted in this Policy, unless otherwise specified by a donor.

Further, recent changes in the law (Uniform Prudent Management of Institutional Funds Act, UPMIFA) have also made it easier for churches to make withdrawals from Endowment Funds that are “underwater,” i.e., where their value has dropped below the value of the original gift (the “historic dollar value”). In the past such a situation would have been off-limits to further expenditures until the value of the Fund had risen to its historic dollar value.

A Fund that is created by the Session by appropriation of unrestricted financial assets, and which is designated as an Endowment Fund, is nevertheless a Session Designated Fund; and it may be appropriated to other purposes at any time by action of the Session.

As of the date of issuance of this Policy in 2016, FPC has no Permanently Restricted Endowment Fund.

### **(b) *Memorial Funds***

A Memorial Fund is created by gifts to the Church that are made by friends or family in honor and memory of a deceased loved one (a Memorial Gift).

A Memorial Gift that is not restricted, other than by the intent that it be recognized as a Memorial Gift, is otherwise treated as an unrestricted gift. Such a gift is deposited in the Memorial Gifts Fund, a Session Designated Fund



maintained by the Church to honor the donors as well as the deceased, and used for appropriate purposes designated by the Session from time to time.

If a Memorial Gift is further restricted as to purpose or as to time of expenditure, it shall be treated as a Restricted Gift.

(c) Reserve Funds

A General Reserve Fund is a Special Purpose Fund intended to cover future costs that are typically not covered by the annual budget as ordinary recurring operating expenses. Other Reserve Funds include those that are dedicated to the maintenance and repair of major facilities, and are intended to accumulate funds sufficient to bear the costs of future repairs, replacements and non-routine maintenance of such facilities. Thus, for example, FPC maintains a Building Reserve Fund and an Organ Reserve Fund. Reserve Funds may be either Donor Restricted or Session Designated Funds.

A Reserve Fund created by action of the Session and funded by appropriation of unrestricted Operating Funds is a Session Designated Fund, which may be subsequently supplemented, expended, or changed in purpose by action of the Session.



## IV. Acceptance and Management of Gifts and Donations

### A. General

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The Church solicits and accepts gifts for purposes that will help the Church advance and fulfill its mission. These policies and guidelines govern the acceptance, use, and financial reporting of gifts made to the Church. They are intended to ensure that the Church has flexibility in its acceptance and management of gifts, while also ensuring that prudent judgment and donors' wishes are observed to the maximum extent possible.

This policy is based on the following principles:

- There must be a fair and proper balance between the interests of donors and the purposes of the Church.
- Unrestricted gifts are encouraged.
- Gifts that are restricted as to purpose must be consistent with the purposes of the Church and sufficient in amount to justify their cost and effort of administration.
- Donors are encouraged to discuss gift planning with professional advisors.
- Acknowledgments of gifts will be made to donors unless they wish to remain anonymous.

The Church encourages gifts of money and marketable securities, and will consider accepting gifts of other personal or real property, either as *inter vivos* gifts given during one's lifetime or given through planned giving instruments such as wills, trusts and charitable annuities.

The Church will not accept a gift that would, in the Church's sole judgment: (a) result in the Church violating the Constitution of the Presbyterian Church (USA) or the governing corporate documents of FPC; (b) improperly inure to the benefit of any individual or would otherwise jeopardize the status of the Church as an Internal Revenue Service §501(c)(3) not-for-profit organization; (c) be too burdensome or expensive to administer in relation to its value; (d) be for purposes outside the Church's mission; or (e) be likely to result in any other consequence deemed unacceptable to the Church.

The Church accepts Restricted Gifts so long as the restrictions are legal, ethical, and consistent with the mission of the Church. Decisions on the acceptability of a gift restriction are made on the recommendation of the Stewardship Committee and by action of the Session. The Session will also consider the recommendation of other standing or *ad hoc* committees with regard to particular proposed gifts.

By accepting a Restricted Gift, the Church undertakes to honor the donor's wishes, unless released or modified by the donor or his or her authorized executor, trustee or other authorized representative; or unless authorized by applicable New Mexico law governing the exhaustion, modification or dissolution of Restricted Funds. Restricted Gifts that

cannot be utilized entirely within the current year will ordinarily be managed by the establishment of a Restricted Fund to track the revenues and expenditures associated with the Gift.

All Donor Restricted Funds shall be managed in accordance with the restrictions applicable to them. Departures from such restrictions require approval of the Session, acting in accordance with the requirements of the UPMIFA, which may require the Church to seek a court order or permission from the Office of the Attorney General before proceeding.

Restricted Gifts offered and accepted to supplement an existing Donor Restricted Fund shall be subject to the same restrictions as the original gift.

All gifts to the Church are maintained and identified in Church financial records in a manner consistent with the requirements of: (1) Generally Accepted Accounting Principles applicable to nonprofit organizations; and (2) the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA).

These policies shall be brought to the attention of any prospective donor of a Restricted Gift and to the attention of each Member or employee of the Church who is involved in FPC fundraising efforts.

## **B. Ethical Obligations Regarding Solicitation and Acceptance of Gifts**

### ***1. Code of Conduct***

All Church representatives involved in fundraising or other solicitation or acceptance of gifts, including Church Members, officers, and staff, shall conduct themselves in accordance with accepted professional standards of accuracy, truth, integrity, confidentiality, and good faith. Church representatives shall exercise caution to avoid pressure, persuasion, or undue influence on prospective donors, and shall encourage such donors to seek independent professional advice when considering a planned gift option. All Church personnel who contact prospective donors or solicit gifts are either unpaid volunteers or are employees who are paid a fixed salary or wage. Such personnel shall not receive any commission or other contingent compensation that would create personal beneficial interest in any gift agreement.

The Church will urge all prospective donors, as appropriate to the gift in consideration, to seek the advice of their own attorneys and financial and tax advisors in reviewing state and federal income tax consequences of their gift, the terms of any trust or annuity agreement, and the advisability of the gift in light of the donor's overall estate plan and financial circumstances.

## ***2. Conflict of Interest***

The Church recognizes its responsibility to be cognizant of the interests and concerns of the donor. In general, no employee, Member or other volunteer shall have a private financial interest, direct or indirect, in any transaction or arrangement with the Church, and shall avoid even the appearance of any act of self-dealing. FPC maintains a separate Conflict of Interest Policy that addresses conflicts in business and other contractual transactions (see Appendix B).

## ***3. Confidential Information***

The Church recognizes that a donor or prospective donor has placed trust in the Church concerning confidentiality. Therefore, all donor information, correspondence and governing instruments shall be treated in a confidential manner and made accessible only to staff or Members of the Church having a need to know such information, except to the extent that such confidentiality is specifically waived by a donor.

## ***4. Use of Membership and Donor Lists***

It is the Church's policy not to sell or otherwise transfer its donor lists or information regarding individual gifts to organizations or individuals for purposes not essential to Church operations.

## ***5. Protection of Donors' Interests***

No program, agreement, trust, contract, or commitment shall be knowingly urged upon any prospective donor that would benefit the Church at the expense of the donor's interest and welfare. No agreement shall be made between the Church and any agency, person, company, or organization on any matter related to investments, management, or otherwise that knowingly jeopardizes a donor's interest.

# **C. Approval and Management of Gifts**

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## ***1. Gifts Accepted Without Review***

### ***(a) Monetary Gifts***

Unrestricted monetary gifts are welcome from any donor, in the form of cash, check, credit or debit card payment, or electronic fund transfer.

Donors wishing to make a gift by credit card, debit card or ACH transfer from their bank account may do so online through FPC's current (2016) payment service provider, Vanco Payment Solutions, which is a registered ISO (Independent Sales Organization) of Wells Fargo Bank, N.A., Walnut Creek, CA. Instructions are available on the FPC website

(<http://www.fpcsantafe.org>), under the link “Donations” at the bottom of the FPC home page.

Note: A check with a statement in the memorandum line, or accompanied by a note, may be a Restricted Gift—see subsection 2. below regarding acceptance of such gifts.

*(b) Pledges*

The Church prefers that pledges be fulfilled as unrestricted monetary gifts. Pledges may be fulfilled with contributions of market-listed securities.

*(c) Unrestricted Planned Gifts*

The Church accepts unrestricted gifts arising from charitable remainder trusts, charitable lead trusts and similar arrangements where the Church is named as an income beneficiary.

*(d) Life Insurance Proceeds and Other Death Benefits*

The Church accepts being named as a full or partial beneficiary of life insurance policies and retirement plans.

*(e) Bequests and Devises*

The Church welcomes unrestricted gifts of money, market-listed securities or other property arising from wills, trusts, and other forms of planned giving. However, such gifts may require review where they would require ongoing active participation or management by the Church as a trustee or in some other role (see below).

*(f) Stocks, Mutual Funds and Other Securities*

The Church accepts gifts of market-listed securities in the form of common stocks, bonds, mutual funds and other marketable securities. Securities may be transferred electronically to the Church’s brokerage account or delivered physically with the transferor’s endorsement or signed stock power (with appropriate signature guarantees) attached. Marketable securities will usually be sold promptly upon receipt unless otherwise approved by the Session upon consultation with the Investment Committee and the Treasurer. In some cases the disposition of marketable securities may be restricted by applicable securities laws, contractual agreements, or the terms of a proposed gift; in such instances the Session shall decide whether to accept such securities. Any security that is not publicly traded will be accepted only if the Session determines there is a readily available market for its disposition and the security does not present an ongoing cost or liability to the Church.

*(g) Substantial Unrestricted Gifts*

Unrestricted gifts or bequests of \$25,000 or more that are not given as part of an annual pledge are always welcome and shall be reported to the Session for its determination as to

their use. Such gifts may be invested in the Session Designated General Reserve Fund or they may be appropriated to support current operations.

#### (h) Gifts to Existing Restricted Funds

Monetary gifts intended for an existing Donor Restricted Fund will be accepted so long as permitted by the terms of the Fund Identification Document.

#### (i) Minor or Routine In-kind Gifts

Church committees and managers may accept or reject minor or routine donations of goods and services offered to support Church operations, such as kitchen or office supplies, flowers, food items, seasonal decorations, etc.

## **2. Gifts Subject to Review**

#### (a) Monetary Gifts Subject to Donor Imposed Restrictions

Some monetary gifts are given with “strings attached,” which can be as simple as a note in the memorandum line of a check made out to FPC, and which make the check a Gift Instrument. Such gifts are Donor Restricted Gifts. Depending on their size and purpose, they sometimes require evaluation by the Treasurer, the Stewardship Committee, and/or the Session. The following guidance regarding covers the most commonly encountered situations of this type:

- Gifts Intended for Existing Special Purpose Funds. Gifts intended to augment an existing Donor Restricted Fund will normally be accepted unless the Fund has been closed to additional gifts. Gifts intended to augment a Session Designated Fund will normally be accepted, with the Treasurer being responsible for separately accounting for Restricted and Session Designated assets in the Fund.
- Gifts Intended to Augment Budget Line Items. The Church generally accepts monetary gifts offered to augment particular categories of budgeted line items. However, the Session is responsible for determining the annual budget each year. Therefore, gifts intended to augment budget line items may be placed in an appropriate Donor Restricted Fund and are subject to spending plans for such Fund.  
In some cases, such a gift may require review by the Stewardship Committee and the Session. For example, gifts intended to supplement particular staff salaries, or to hire additional staff, will be given particularly careful review because of the potential for interfering with staff relations, or creating the expectation of a long term salary commitment that cannot be guaranteed. In some cases, the Stewardship Committee may wish to confer with the donor to discuss alternative arrangements.
- Gifts Intended for Third-party Charities. Gifts offered for the benefit of a recognized third-party charity will be accepted as long as the charity is endorsed by PC(USA) or FPC. The Mission and Social Justice Committee shall be informed of such gifts. Such

gifts are treated as a liability and payment is transmitted to the intended recipient organization as promptly as possible. (Refer to Table 5, see Tables section at end of document.)

- Gifts Intended for Private Organizations or Individuals. Checks intended for the benefit of specific individuals or private organizations will normally not be accepted.

(b) Rare or Unusual Categories of Gifts

The following categories of gifts require approval of the Session on a case-by-case basis:

- Collections of tangible items, such as fine art works, historical or cultural artifacts, jewelry, rare books or documents, antiques, etc.
- Oil, gas or mineral interests.
- Intellectual property rights.
- Gifts offered on the condition of receiving naming rights to facilities, furnishings, or Special Purpose Funds.
- Bargain sales arrangements.

(c) Gifts of Real Estate

Gifts of real estate require prior approval by the Session. In general, only real estate with a value estimated by the donor or others to be \$100,000 or greater will be considered. No gift of real estate shall be accepted without:

- A current appraisal conducted by a qualified appraiser. This appraisal shall be the responsibility of the donor. The Church may also choose to conduct an independent appraisal.
- Title search and title policy.
- Marketability check, completed under the umbrella of a standard appraisal.
- Appropriate environmental impact study of the property to ascertain if it is subject to environmental restrictions, sanctions, toxic wastes, or otherwise encumbered so as to cause possible liabilities for the Church, unless such study is waived by the Session.
- Conveyance by special warranty deed or trustee's deed (preferred to quit claim deed).
- Donor coverage of all costs incurred by the environmental impact study and procuring and paying for the title search and full appraisal, unless waived by the Session.
- Special attention being given real estate encumbered by a mortgage.
- The understanding that it will be held in perpetuity or subject to rights of reversion or other conditions.

(d) Planned Gifts Requiring Session Approval

Planned gifts or gift agreements requiring written FPC consent or active management participation require approval by the Session. Such gifts or agreements include any agreement where the Church consents to serve as a trustee or co-trustee of a trust, or as an



executor or administrator of an estate. Where such an agreement is approved, the Treasurer shall serve as the responsible officer to represent the Church as a trustee.

*(e) Unacceptable Gifts.*

Certain gifts may place an undue risk upon the Church and shall be ordinarily declined. These include:

- Interests in sole proprietorships or partnerships.
- Interests in property that may lead to prohibited transactions under the IRS Code.

## **D. Memorial and Endowment Funds**

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### ***1. Memorial Funds***

The Church maintains a general Memorial Gifts Fund for unrestricted donations made in memory and honor of loved ones. This Fund is monitored by the Clerk of Session and is used by the Session from time to time, generally for special or non-recurring purposes outside the scope of the normal operating budget.

All donors to this Fund will be credited with and acknowledged privately for their donations for tax purposes. Two records of such donations are maintained—a private record and the Church Memorial Book. Donors may choose to have their names released to the Congregation if they wish, and thus recorded in the Church Memorial Book, which is shared with the family and is available to the Congregation. Alternatively, they may choose to remain anonymous and have their names recorded only on the private record.

### ***2. Endowment Funds***

As of the date of this Policy (2016), the Church does not have a traditional Endowment Fund (a Permanently Restricted Fund).

However, the Church will consider offers to create new Special Purpose Funds in the nature of Endowment Funds, including offers that are restricted to particular purposes or term restrictions, in accordance with the gift acceptance policies set forth above.

### ***3. Oversight Responsibility***

The Stewardship Committee is charged with communicating privately with existing and prospective donors regarding special gifts that could supplement existing Special Purpose Funds, or which could result in new Special Purpose Funds, including Memorial and Endowment Funds; and shall make recommendations to the Session as to whether Restricted Gifts regarding the acceptance of such gifts. The Stewardship Committee is also charged with counseling Members and friends of the Church regarding the establishment of

planned giving arrangements in the nature of bequests, trusts and other planned giving arrangements.

The Stewardship and Investment Committees and the Treasurer shall confer on the appropriate deposit or investment of assets maintained in such Funds.

If required by Session or the donor, interest, dividends, or other earnings from such gifts shall remain and be reinvested in the respective Fund.

## **E. Special Offerings, Fundraising Campaigns and Grants**

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Special offerings, collections, or fund raising campaigns (“solicitations”) on behalf of the Church require approval of the Session, acting on recommendation of the Stewardship Committee.

Special solicitations include any solicitation conducted on Church premises or in the course of Church services or events, or using Church personnel, facilities, publications, or mailing lists; excepting however regular Church stewardship pledge campaigns or solicitations sponsored the Santa Fe Presbytery or higher order councils of the PC(USA).

A proposal for a special solicitation shall be submitted to the Stewardship Committee and the Session, with an explanation of the purpose of the solicitation and details regarding the proposed management of the solicitation and its proceeds. Such details should include:

- Whether the solicitation is proposed as a one-time-only solicitation, or whether authority to conduct continuing solicitations is sought.
- Whether subsequent contributions will be accepted after the initial solicitation has been completed.
- Identification of proposed charitable beneficiaries, if any.
- Whether its proceeds will require management as a restricted fund; and, if so, additional identifying details (e.g., duration, carryover of annual earnings, endowment or memorial fund status, etc.).
- Identification of the committee or church administrative department proposed to have responsibility for the solicitation and spending authority over its proceeds.

Any approved special solicitation shall advise prospective donors that contributions shall be payable to the First Presbyterian Church of Santa Fe and should be earmarked as being responsive to the special solicitation.

Contributions earmarked for unknown or unapproved purposes or solicitations will be returned to the donor. If for more than a nominal amount, the donor will first be contacted to seek clarification of his or her intent.

A committee or manager responsible for an approved special collection shall report the proceeds to the Session annually for inclusion in the annual report to the congregation.

Staff and Members of FPC may propose to the Session that a grant proposal be submitted to the City, State, Presbytery, or other foundation or prospective donor. The Session must be provided with a copy of the proposal, including a budget, which has been reviewed by the FPC Treasurer, and Session must approve the grant proposal before it is submitted. If an award letter is received and requires a signature, Head of Staff or Clerk must review the grant conditions, sign the award letter, and share the award letter with the Session at its next meeting.

## **F. Miscellaneous Provisions**

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### ***1. Interpretation of Gift Acceptance Policy***

The Stewardship Committee may be assisted in the interpretation and implementation of this Policy by the Treasurer and/or the Finance Committee. Others may also be consulted at the discretion of the Stewardship Committee. The Session shall specifically approve gift agreements and the acceptance of gifts that deviate from these policies.

### ***2. Valuation of Gifts***

The Church will record a gift at its valuation on the date the gift is received.

### ***3. Responsibility for IRS Filings upon Sale of Gift***

The Treasurer is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Church when the charitable deduction value of the item is more than \$5,000 (see IRS Publication 526). The Church must file this form within 125 days of the date of sale or disposition of the asset.

### ***4. Tax Acknowledgements***

All attributable (i.e., non-anonymous) gifts made to the Church will be acknowledged to the donor in accordance with IRS Publication 1828 or other applicable IRS guidance. Acknowledgment to the Congregation of a donor's gift to the Church shall only be made with the consent of the donor.

### ***5. Pledge Credit***

Donor Restricted Gifts from Members or others will be acknowledged to the donor for tax purposes. However, such donations are not credited toward pledges, and statements provided to donors shall clearly reflect this policy.

## ***6. Release or Modification of Restricted Funds***

A Restricted Fund may become so depleted as to make its continued management impractical, or its purpose may become obsolete or no longer consistent with the mission of the Church. In such event the Session may release the Fund and transfer any remaining assets to the Operating Fund, upon compliance with the rigorous procedural requirements of the NM Uniform Prudent Management of Institutional Funds Act.

# V. Financial Assets Management

## A. Purpose and Scope

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Assets of the Church are reported and accounted for in the following three broad categories:

- Cash and cash equivalents.
- Investments.
- Property and equipment.

The Policy in this section is applicable to the first two categories above.

This Policy establishes procedures and financial controls necessary to prudently manage the financial assets of the Church, and takes into consideration socially responsible investing guidelines established by PC(USA).

## B. Management of Cash and Cash Equivalents

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The Cash and Cash Equivalents (C&CE) account includes petty cash, checking and savings accounts, money market accounts, and certificates of deposit (CDs) having maturities of no more than one year.

The C&CE account is intended to collectively contain funds that are necessary and sufficient to meet short-term operating expenses and Special Purpose Fund activity.

Unrestricted revenues are normally deposited in, and all expenses are paid from, the checking account, which is maintained at a level estimated to be sufficient to meet financial obligations as they are incurred.

The savings account is intended to cover operational contingencies and is maintained with a balance estimated to be sufficient to meet any expenses not covered by the checking account, as determined by the Treasurer. The savings account is linked to the checking account to cover inadvertent overdrafts.

Cash that is beyond what is needed in the checking and savings accounts is maintained in money market accounts and/or short-term CDs, using a ladder approach, and is deposited with a bank that charges no penalty for early withdrawal, if available.

Funds in excess of 6 months of operating expenses and planned Fund expenditures should be invested in accordance with the investment policies set forth below.

Petty cash of approximately \$100 is maintained for small and/or unexpected cash requirements. However, no cash reimbursements are made for items purchased for the church.

Responsibility for management of C&CE resides with the Treasurer in consultation with the Finance Committee. Session approval is required only where material changes are recommended. Day-to-day duties concerning C&CE may be delegated to a business manager or other delegee.

## **C. Management of Investments**

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Investments are financial assets that have an expected life of more than one year and which are not anticipated to be liquidated in the current year.

Financial assets of the Church that are not necessary to meet current obligations are invested and are recorded in a General Investment Account, the Building Maintenance Account, or other investment accounts approved by the Session. These are collectively referred to as the Church's investment portfolio, comprised of Restricted and Unrestricted funds.

## **D. Objectives**

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The primary objectives in management of the Church's investments are the following:

- **Liquidity:** To ensure the ability to meet all expected and unexpected cash flow needs, investments shall ordinarily be made in securities that can be sold readily and efficiently.
- **Preservation of Capital:** The Church seeks to minimize the possibility of loss of principal over time, both absolute and net of inflation, recognizing the inherent risks that markets in securities present. Valuations will vary up and down, both in the short and long term. Emphasis is placed on the relative stability of an investment as well as a competitive rate of return.
- **Growth:** Growth of both principal and income is sought so that the Church can meet its obligations and goals, both current and in the future. Such growth is sought with investments that are consistent with a moderate tolerance for risk, as influenced by the long time horizon for the expected use of such investments.

## **E. Strategy**

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In order to meet its needs, the Church's investment strategy is to emphasize total return. Total return is the aggregate return from interest, dividends and capital appreciation. Total return can result in a gain or a loss for any particular time period. Investments shall be diversified in order to minimize the risk of loss from any particular investment unduly affecting the performance of the investment portfolio.

Unless otherwise allocated by action of the Session, investment returns in the form of interest, dividends, and any capital gains or capital appreciation, are automatically reinvested within the respective investment vehicle that generated the return. With the approval of the Session, investment returns earned during a year may be allocated between reinvestment in the same or similar investments, and transfer to C&CE to support current operations. Interest from individual bonds is an exception to this, since reinvestment is not an option for bonds, and shall be reinvested in the investment portfolio or be distributed to fund operations.

## **F. Investment Guidelines**

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Acceptable investments include fixed income (debt) securities such as certificates of deposit (CDs) with maturities of one year or longer, corporate bonds and US Treasury bills, notes, bonds and Treasury Inflation-Protected Securities (TIPS); equities (stocks); and mutual or exchange traded funds (ETFs) that invest in such securities.

Individual securities, other than CDs and Treasuries, are discouraged. Any purchase of a CD is to be within the limits of FDIC insurance. Individual bonds shall be rated at least AA- by Standard & Poors or Aa- by Moody's. Collective, diversified investments such as mutual funds and ETFs are favored. Such fund titles as strategic, multi-asset, multi-sector, allocation and asset allocation, reduced or managed volatility may be considered in addition to the more familiar titles such as growth, growth and income, value, balanced, income, total return, and index. A broad mix of choices should lead to greater diversification and more effective risk management, important for the Church with its moderate risk tolerance.

Direct investments in the following are prohibited: commodities, private placements, options, limited partnerships, derivatives, hedge funds, managed futures and real estate.

## **G. Acceptable Ranges of Investment Categories**

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Given the Church's primary objectives of liquidity, preservation of capital, and growth, all consistent with a moderate tolerance for risk, the following are the appropriate ranges to utilize in the management of the investment portfolio.

### Equities (Stocks)

40 to 65 percent of the total investment portfolio

### Fixed Income (Bonds)

35 to 60 percent of the total investment portfolio.

Money market funds, 90-day Treasury bills, and even cash may be substituted for any or all of what normally is invested in equities and/or fixed income. Examples of when cash equivalents might be used in this manner are extreme market volatility, apparent financial system risk, and simply when monies become available in between Session meetings.

In the event of a perceived financial crisis, the Chair of the Investment Committee and the Treasurer, acting jointly, can take whatever action they deem appropriate to protect the portfolio value. In the absence of the Treasurer and/or the Chair of the Investment Committee, any two of the authorized persons (President, Vice President, Treasurer, and Chair of the Investment Committee) can jointly take such action. Any action shall be reported to the Session in a timely manner.

In order to manage the portfolio over time within the broad ranges identified above, the Investment Committee shall recommend to Session a narrower range of equities and fixed income (and may recommend a specific target within such narrower range).

More detailed guidance for the Investment Committee is set forth in Appendix D.

## **H. Implementation—Investment Committee**

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Significant decisions regarding investments shall be made by the Session, acting on recommendations of the Investment Committee.

The Investment Committee shall meet semi-annually or more often as may be necessary to review investment results and market conditions. Evaluation of the need for rebalancing the equities vs. fixed income proportions shall be another semi-annual task. Unless the cost of bringing the portfolio back to the desired ratio is prohibitive, it is expected that the Committee will take action when the ratio becomes 3-5% off target. Meeting by e-mail or teleconferencing may be held as necessary, provided minutes are kept and votes are unanimous. The Committee shall report regularly to the Session and shall prepare an annual report to the Session and the congregation for inclusion in the Church's Annual Report, showing deposits during the reporting year, disbursements, and investment results.

In accordance with UPMIFA, the Committee shall manage the Church's investment portfolio in good faith and with the care an ordinarily prudent person in a like position would exercise.

Investment costs shall be appropriate and reasonable for the size of the investment assets, the purposes of the Church, and the skills available to the Church.

In addition to the guidance set forth above with regard to types of investments and relative allocations of investment assets, investment recommendations of the Investment Committee shall take into account the following:

- General economic conditions.
- Possible effects of inflation or deflation.
- Expected tax consequences, if any.
- The role that any particular investment or action plays in the overall investment portfolio.
- Socially responsible factors, as defined by PC(USA).



- Other resources of the Church.
- The needs of the Church to take distributions as well as to preserve capital.

Any decision regarding a specific investment shall be made within the context of the portfolio as a whole and as part of the Church's overall strategy, taken together with appropriate risk and return objectives.

## **I. Portfolio Selection, Review, and Changes**

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Portfolio components will normally be selected expecting to be held three to five years, or even longer. However, for any number of reasons over time changes will become warranted. Other than in times of perceived financial crisis, changes will be recommended to the Session only following appropriate research and an Investment Committee meeting. Changes are defined as replacing, adding, or eliminating any part of the Investment Portfolio.

Every three years the Committee will conduct a more thorough review of all portfolio components. At that time alternatives will be considered for even components with which the Committee has been well satisfied. During these more thorough assessments, and, in keeping with the Presbyterian Church (U.S.A.) commitment to "socially responsible investing," the Committee will consider anew inclusion of the New Covenant Funds, if they are not already part of the portfolio. The New Covenant Funds are professionally managed mutual funds designed to implement socially responsible investing as determined by the PC(USA) Mission Responsibility Through Investment Committee.

## **J. Determining Distributions from the Investment Portfolio**

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Distributions from the unrestricted portion of the investment portfolio are to be determined during the annual budget preparation process, as recommended by the Investment Committee and approved by the Session. The distribution amount, including the income portion of the distribution, should not exceed 4% of a rolling four-year average of semi-annual investment portfolio values ending with the June 30 value, unless a different percentage is authorized by the Session.

## **K. Effect of Gift Restrictions**

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Financial assets given to and accepted by the Church with specific investment restrictions shall be managed so as to observe the intent and purpose of the donor(s) to the maximum extent possible, consistent with UPMIFA.

Financial assets subject to investment restrictions may be commingled with other investments, provided that the intent and purpose of the donor(s) are observed, by: (1) accounting for such assets as a Restricted Gift Fund; and (2) monitoring and accounting for the Church's investment portfolio by the Treasurer and the Investment Committee in order to ensure that such assets remain available for their intended purpose,

notwithstanding occasional partial or total liquidations of investment assets to meet operational needs.

If such assets cannot be commingled with other investments without placing at risk the ability of the Church to observe the intent and purpose of the donor(s), they shall be separately invested and accounted for.

## **L. Delegation of Management and Investment Functions**

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Subject to the approval of the Session, the Investment Committee may delegate to an external agent (financial advisor, broker, representative, etc.) the management and investment of specific financial assets available for investment.

In entering into any such delegation, the Session and the Investment Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

- Selecting an agent.
- Establishing the scope and terms of the delegation, consistent with the purposes of the Church, the requirements of the NM UPMIFA, and the terms of any applicable Gift Instrument.
- Reviewing the agent's actions semi-annually in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

Any agent appointed by the Church shall be required to submit to the jurisdiction of the courts of New Mexico in any proceedings arising from or related to the delegation or the performance of the delegated function.

## **VI. Non-Contribution Revenue**

### **A. Purpose and Scope**

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This section states the policies regarding income from non-contribution sources, such as user fees, rents, and CDC tuition.

The Book of Order in Chapter 4, G-4.02 confirms that “the property of the Presbyterian Church (U.S.A.) . . . and of its congregations is a tool for the accomplishment of the mission of Jesus Christ in the world.... A congregation shall not lease its real property used for purposes of worship, or lease for more than five years any of its other real property, without written permission of the presbytery transmitted through the session of the congregation.”

FPC has long opened the doors of the Church to community groups either free or charge or at a nominal fee in pursuit of using the facility as Mission.

As the governing body, the Session is ultimately responsible for setting/approving user fees, rents, CDC tuition and any other such non-contribution fees or schedules.

### **B. User Fees**

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The FPC Facilities Use Manual includes a schedule of fees. The schedule and permitted uses shall be reviewed and updated every three years. The Facilities Committee shall report any updates to Session in a timely manner.

### **C. Rents**

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The Facilities Committee, Facilities Manager, and Office Manager have the overall responsibility for negotiating leases or use agreements of the designated spaces in the building for permitted use (i.e., office or storage) for a period not to exceed one year, consistent with guidance set forth in the Facilities Use Manual and Section XII (Contracts and Other Agreements) of this Policy. Monthly rents shall be competitive in the market in Santa Fe for similar space in order to maximize the revenue for the Church. A market rental analysis shall be conducted at least every three years and rents adjusted appropriately. The Facilities Committee shall draft a proposal to Session for any change in rental fees.

### **D. CDC Tuition**

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The Director of The Child Development Center (CDC), in consultation with the CDC Advisory Committee, shall conduct a competitive fees analysis annually as part of the budget process and make recommendations regarding the adjustment of tuition. The Director shall first go over the analysis and fee recommendations with the Finance Committee and the Treasurer and shall then seek Session approval for the fee adjustments.

After Session approves the new fees, the Director shall inform parents prior to the start of the new school year.

## **E. Other Non-Contribution Revenue**

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Other types of non-contribution revenue include proceeds from sale of items such as promotional items (T-shirts, mugs), soup sales by Deacons, coffee and olive oil fair trade items, annual directories/photos, and Christmas cards. All proposed sales shall be approved by Session.

Adult education materials sold by presenters at cost shall be approved by the Adult Education Committee (usually in the course of approving the education class), and these do not need to be approved by Session.

Session may designate certain sales for certain purposes (e.g., soup sales to support Deacon activities). If so, then accounting will be implemented to properly record revenue for these purposes. If Session does not designate the proceeds to go to specific purposes, it will be recorded as general unrestricted revenue.

## **VII. Budget and Fund Management**

### **A. Overview**

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The Church receives revenues from sources including contributions, CDC tuition, building use fees and other miscellaneous sources.

The Church spends money in two ways: (1) general operating funds are expended in accordance with a Session-approved annual budget; and (2) funds are expended (released) from Special Purpose Funds.

The Church's fiscal year is the calendar year. The annual budget preparation process begins in the third quarter. It is a joint effort initiated under the leadership of the Finance Committee, drawing on the support of the Treasurer, Stewardship and Investment Committees, and in collaboration with the Pastor and staff, Committee Chairs, and Session.

The annual process begins in the late summer, with a request to Church managers and Committee Chairs having spending authority to provide an estimate of: (a) the amount they will need in the following fiscal year to support their annual operations, to be funded by an allocation in the approved budget for the following year; and (b) additional amounts that they intend to expend in accordance with a proposed spending plan that they submit for Special Purpose Funds for which they are assigned or delegated responsibility.

### **B. Budget and Spending Plan Preparation**

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A draft budget and spending plans for Special Purpose Funds are prepared, based on Church needs as perceived by the various Managers and responsible Committee Chairs, the financial condition of the Church as the year-end approaches, and forecasts of the Church's financial condition in the following year.

Estimation of the Church's financial condition for the following year takes into account primarily the amount of pledges received during the stewardship campaign. Also taken into account is the availability of additional unrestricted current funds in the form of C&CE and investments. In addition, the Church must take into account the portion of C&CE and investments that represent Restricted Funds, since Restricted Funds are available only for particular purposes or for expenditure over particular periods of time.

The final budget is determined by the Session. The several managers of the Church (e.g., Office Manager, Music Director, Facilities Manager, CDC Director, all under the supervision of the Pastor as Head of Staff) are allocated a portion of the annual budget amount that is estimated to be sufficient to cover their ordinary operating expenses during the year (salaries, supplies, routine maintenance, utilities, contractor services, etc.). These are expenses that are routinely incurred each year. They generally do not include expenditures for large, one-time capital expenditures; special projects that extend over a period of years; expenditures arising from Restricted Gifts; or investments made to generate income.

The level of the annual budget is determined primarily by the level of pledge commitments for the year, as supplemented by other income (e.g., estimated CDC revenues, building rental fees, unpledged contributions, and plate offerings). It may also include funding from unrestricted funds, Temporarily Restricted Funds (to the extent consistent with donor intent), and/or proceeds from the sale of investment assets, as approved by the Session.

The budget preparation process begins with the Finance Committee requesting budgets and spending plans from the Pastor, staff and Committee Chairs. The Finance Committee shall develop a procedure that ensures collaboration and transparency among all involved parties.

The Session approves the annual budget in December and presents it as information to the Congregation at the annual meeting in January.

### **C. Establishment and Closure of Special Purpose Funds**

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The Church maintains Special Purpose Funds in order to track and independently account for funds that are limited by donor-imposed or Session-imposed restrictions and therefore ensure that donations are used for their intended purposes.

As noted in section IV. C. (1) "Substantial Unrestricted Gifts," one reason for creating a Special Purpose Fund is the receipt of an Unrestricted gift or bequest of more than \$25,000 that is not given as part of an annual pledge. Such a gift may be invested and accounted for in a Special Purpose Fund.

Restricted Gifts that can be completely expended in the current year may or may not be held in a Special Purpose Fund, depending on accounting requirements.

A Special Purpose Fund may be closed by action of Session. This could take place upon the depletion of a Donor Restricted Fund or the determination that a Session Designated Fund is no longer required.

### **D. Types of Special Purpose Funds**

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Special Purpose Funds consist of two types: (1) Session Designated Funds (sometimes referred to simply as Designated Funds) and (2) Restricted Funds (sometimes referred to as Donor Restricted Funds).

Session Designated Funds are Special Purpose Funds created by the Session and funded with unrestricted assets of the Church. They are generally intended to be expended over an extended period time, or for a particular purpose outside the scope of normal recurring operations. However, unlike Restricted Funds, Designated Funds can be diverted to another purpose or exhausted at any time by action of the Session.

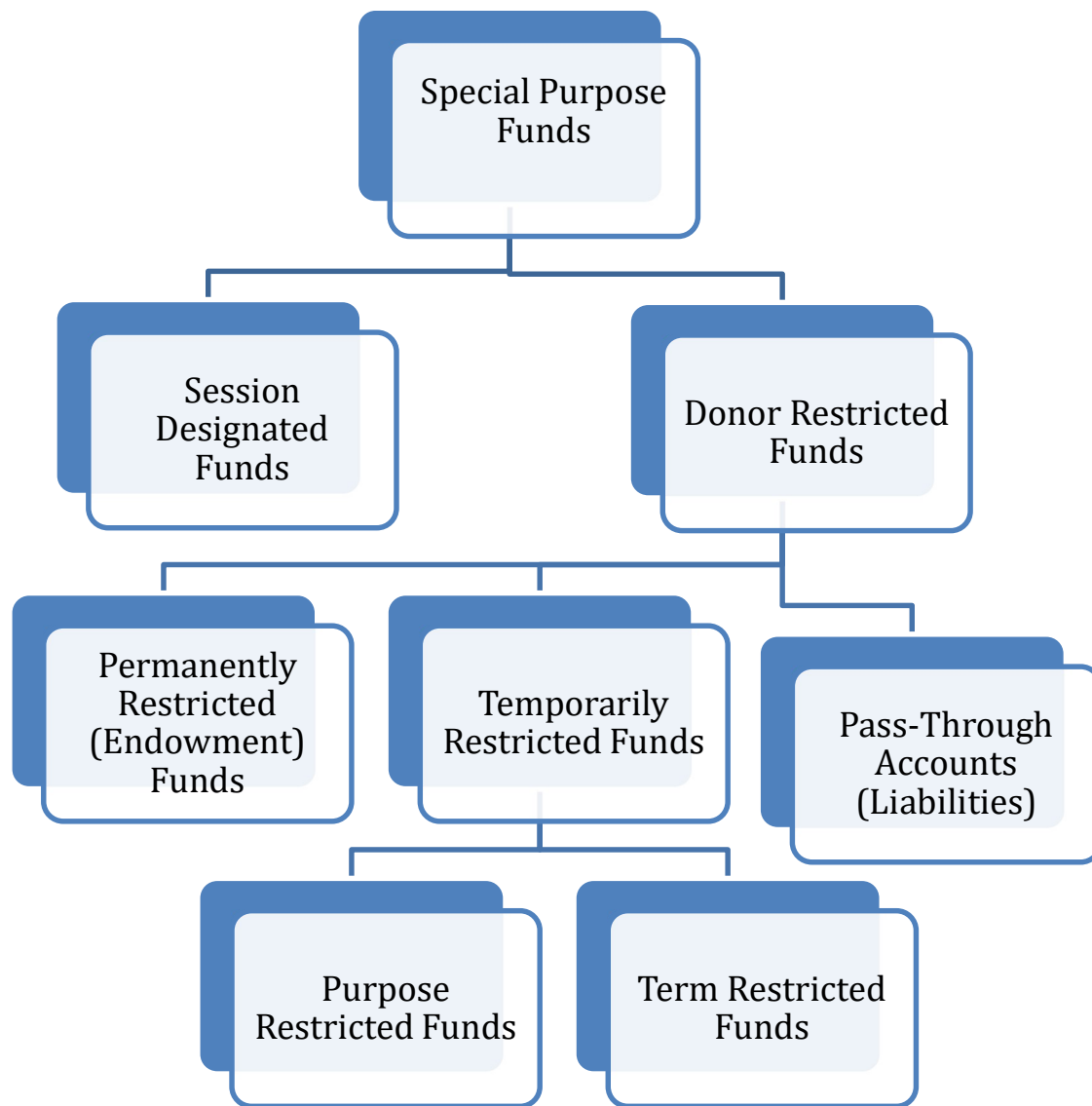
*Examples of Session Designated Funds include the following:*

- The Church decides to appropriate a portion of its annual pledge revenues to accumulate a building reserve fund over a period of years to cover expected costs of major building repairs or capital improvements as they are incurred in future years. The Session then creates a new Session Designated Fund for this purpose.
- A donor leaves a substantial Unrestricted Gift of funds to the Church in her will. The Session determines it is more than is needed or can be effectively used to support operations in the current year. The Session thus designates the funds to go into the General Reserve Fund, which is a Session Designated Fund.
- In an unusually good year, the Church receives regular contributions considerably in excess of its budgeted expenditures, so the Session decides to set aside the excess in a new Parking Facility Fund.

*Examples of Temporarily Restricted Funds and Permanently Restricted Funds include the following:*

- A donor gives funds with the restriction that they be used to pay for the maintenance of a particular item of capital equipment over a period of years, e.g., the organ. The Church creates a new Temporarily Restricted Fund to account for the funds.
- The Church solicits donations for a special grant of financial aid to a sister church in a foreign country, and thus the solicitation is a Gift Instrument, which renders the subsequent donations Restricted Gifts. The session creates a new Fund that is Temporarily Restricted, as it is donor-restricted to a particular purpose.
- A donor leaves a bequest in his will, with the restriction that it be invested in perpetuity, with only the income available each year to support Church operations. The Church establishes traditional Endowment Fund, which is a Permanently Restricted Fund.
- A donor makes a special gift, outside of his or her normal pledge, with the restriction that it be used to support a special program of educational music lessons for children over a 5-year period. The Church establishes a new Temporarily Restricted Fund (a limited term Endowment fund in this case).

The following chart illustrates the relationships among the several kinds of Special Purpose Funds.



Revenues and expenditures associated with a Special Purpose Fund are independently recorded and reported periodically, so that donors, staff and responsible Church committees can easily monitor revenues accruing to the Fund and expenditures from the Fund, and thus track the financial status of the Fund.

Financial assets recorded in Special Purpose Funds may be held as cash and cash equivalents (C&CE) or as investments, as determined by the Session acting on recommendations from the Investment Committee based on the estimated rate of depletion of the Fund.

**Carryover of Special Purpose Funds:** Unexpended assets in Special Purpose Funds are carried over from year-to-year until completely expended.



Commingling of Restricted and Unrestricted Assets in Special Purpose Funds: The Session may appropriate Unrestricted funds to a Donor Restricted Fund, resulting in the commingling of Restricted and Unrestricted funds. In such event, the Unrestricted assets shall be separately accounted for as a Session Designated Fund, which may be released and diverted to other purposes at any time by action of the Session, unless and until they have been released and expended in accordance with the purpose of the Restricted Fund.

## **E. Budget and Fund Expenditures**

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### ***1. Session Role in Delegations***

The Session determines who has authority to initiate expenditures within the limits of the annual budget and also who has authority to make expenditures from Special Purpose Funds. Session has delegated the authority for annual budget expenditures and certain Special Purpose Fund expenditures to the Pastor as Head of Staff and to designated Committees within the limits of annual spending plans.

The Head of Staff has in turn delegated day-to-day responsibility for routine and approved budget expenditures to certain individual staff members. As Head of Staff, he or she can change these delegations without Session approval. The Head of Staff shall provide the Treasurer and Finance Committee with a detailed list of delegated authority and inform them immediately of any changes.

The Session has delegated to committees, as represented by the Chairs or their delegees, the authority to make expenditures from Special Purpose Funds within the limits of the annual approved spending plan for each Fund. In some cases, Committees have delegated their responsibility to a staff person, with the approval of the head of staff, or to the chair or a member of their committee. Delegations by the committees may be changed without Session approval, but the committee chairs must notify the Treasurer and Finance Committee of such changes.

The Treasurer shall maintain a list of persons approved to make expenditures. The Finance Committee shall periodically review this Financial Policy Manual and ensure that it is up to date consistent with Session direction.

### ***2. Delegations in Operation***

This section outlines the delegations in effect as of the most recent version of this Policy.

Church managers generally have the authority to make budget expenditures. For example, the Facilities Manager is authorized to make routine expenditures for operational purposes, within the limits of the budget for facility expenses, and the Office Manager is authorized to spend office expense line items.

Some staff, such as the Pastor, Music Director and CDC Director, have authority to spend budgeted line items as well as authorize expenditures from particular Special Purpose Funds for which they have been delegated responsibility.

Further, while Committees are generally given the authority to authorize expenditures from particular Special Purpose Funds, and in some cases are given the authority over budget line items.

### ***3. Execution of Budget and Spending Plans***

During the fiscal year, managers and Committee Chairs are expected to exert reasonable efforts to achieve estimated revenue projections and to limit their expenditures over the year to the amounts and purposes approved in the budget and spending plans.

In the event subsequent contributions are made to an existing Fund during a fiscal year, such contributions do not increase the amount of authorized expenditures from the Fund, unless approved by the Session.

During the course of the year, responsible Managers and Committee chairs initiate expenditures by the submission of a check request along with supporting documentation to the Business Office. The Business Office issues the requested check and forwards it to the intended recipient.

The Treasurer shall issue timely reports showing monthly expenditures and revenues compared with approved budget and spending plans. Responsible managers and Committee Chairs shall review these reports. In the event of a potential shortfall in revenue or an unanticipated expense, the responsible person shall work with the Finance Committee and the Session as necessary to resolve the problem.

For example, in the event unanticipated building expenses arise, the Facilities Committee may propose to the Session that it be authorized to expend additional funds from the Building Reserve Fund. If the Session approves such a request, the Chair of the Facilities Committee, working with the Facilities Manager, is authorized to approve such expenditure.

Further guidance on the administration of Funds is set forth in Appendix F, which includes a list of active Special Purpose Funds and the manager and/or Committee Chair responsible for their management. Descriptions of Funds are in Appendices F-1 through F-8.

The Finance Committee monitors revenues and expenditures on a monthly basis to identify potential or actual variances from the approved budget and spending plans. The Finance Committee shall bring any concerns to the responsible staff or Committee chairs and to the Session as needed.

## VIII. Accounting and Financial Reporting Practices

### A. Restricted and Unrestricted Gifts

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The Church strictly accounts for all Restricted and Unrestricted gifts. Special accounts are set up to track both Donor Restricted gifts and money designated by the Session for special purposes. In compliance with FASB 117, financial statements are prepared showing net assets classified into unrestricted (including Session designated) funds, temporarily restricted funds, and permanently restricted funds. This implements what is commonly referred to as "Fund Accounting," which is a system of accounting and financial reporting that is particularly useful for tracking gift revenues that have been restricted to specific purposes, programs or projects.

By way of background, for-profit organizations use traditional accounting systems, which are designed to present to investors the financial condition of the organization and its profitability. In contrast, nonprofit organizations typically have a different objective, which is to present their financial condition in a manner that facilitates transparent accountability to donors, grantors and other sources of nonprofit funding.

Consequently, nonprofit organizations use the net assets classification method of reporting, as prescribed by the U.S. Financial Accounting Standards Board (FASB).

In addition to the net assets reported on the balance sheet, other reports are prepared to allow volunteer leaders, Church managers, and donors to review revenue and expenditures related to Restricted Funds.

Any amount remaining in a Donor Restricted Fund or a Session Designated Fund at the end of a fiscal year is carried forward into the next year, so that donors or fund managers can track the disposition of their gifts from year to year until they are fully expended. This is unlike the treatment of unrestricted operating funds that are allocated to various line items of the annual budget, which are not carried over if not used by the end of the year.

Appendix F sets forth: (1) a summary of the process for establishing and managing Special Purpose Funds; (2) a list of active Special Purpose Funds, together with Fund account numbers and the identity of the responsible Committee Chair or FPC employee having spending authority over the Fund, and (3) the current Fund Identification Document for each Fund, which sets forth pertinent information regarding the Fund.

The overall policy regarding the investment of financial assets recorded in Special Purpose Funds may be summarized as follows:

- Special Purpose Funds that are small in amount, or for which there are frequent transactions, or which are "flow-through" Funds; are generally held as Cash and

Cash Equivalents, and interest earned will be credited to the Operating Fund. The rationale for this policy is that such Funds generate small amounts of interest and reallocation of small amounts consumes a great deal of accounting time.

- A Fund that is rarely used, or which is intended to be exhausted over an extended or indefinite period of time, such as a large Donor Restricted Fund, may be invested as determined by the Treasurer and the Investment Committee. Earned income from such investments may be reinvested and allocated to the Fund, depending upon the requirements of the donor or the Session.

Transactions and balances associated with Special Purpose Funds are reported to the Finance Committee and the responsible managers or Committee Chairs on a monthly basis, to the Session on a quarterly basis, and to the Congregation on an annual basis.

## **B. Financial Reports**

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On a quarterly basis, the Treasurer prepares and presents a full set of financial statements to Session. This includes a Statement of Financial Position, Statement of Activity (compared to budget), Cash Flow Statement, and a Report of Fund Activity. Prior to Session, the Finance Committee reviews these statements in depth and provides its input to Session. Further, the Finance Committee sees and reviews monthly detailed financial statements and presents to Session a summary of year-to-date total income and expense.

The Bookkeeper provides monthly detailed income and expense reports to Committees and to the Pastor and staff who have budget responsibilities. These reports are expected within the first two weeks after the close of the month.

The quarterly financial reports are published on the FPC website for the Congregation to view.

The year-end Statement of Financial Position, Statement of Activity (compared to budget), and a Report of Fund Activity Summarized by Category are presented to the Congregation at its annual meeting in January.

## **C. Annual Audit and Reports**

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Each year, as required by the Book of Order (Section G-3.0113), “A full financial review of all financial books and records shall be conducted every year by a public accountant or committee of members versed in accounting procedures.” Annually the Finance Committee shall recommend to Session the procedures and personnel who will conduct the annual audit. After Session approval, the Finance Committee will arrange for the audit/review by an outside auditor or a Financial Review Committee. (See Appendix A.)

The auditors/reviewers shall present their findings to the Session. If Session accepts the audit, the results shall be shared with the full Congregation, along with any adjustments required in the financial statements presented to the Congregation earlier.

# **IX. Benevolence Policy**

## **A. Background**

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FPC engages in modest benevolence activities in the form of direct provision of financial support for the benefit of individuals and families in need in the Santa Fe area. These activities are distinct from other FPC charitable activities that typically take the form of donations to other charities and nonprofit organizations.

To this end, the Church maintains a Special Purpose Benevolence Fund that is funded by donations and occasional offerings approved by the Session.

The Benevolence Fund is separate and distinct from the Pastor's discretionary account, which is a budgeted line item available for providing assistance to FPC Members or others in need.

It is also separate and distinct from the Miscellaneous Emergency Offerings Fund (for disaster relief); the Miscellaneous Other Charities Fund (for donations to other charitable organizations); and both the Congregational Emergency Assistance Fund and the Deacons Fund (the latter two of which exist to support FPC Members and their families in need).

## **B. Purpose and Administration of Benevolence Fund**

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The primary purpose of the Benevolence Fund is to furnish direct financial assistance to individuals and families in need in the Santa Fe community who are not Members of the Church. However, the Fund may be used to support financial assistance to Members or Staff of the Church in need, in the event other FPC sources of funds are insufficient. (Applicable tax reporting requirements will be observed.)

These purposes are achieved through direct disbursements under the direction of a Benevolence Committee, which consists of the Pastor as Chair, a member of the Mission and Social Justice Committee, and an ordained Elder appointed by the Session.

## **C. Oversight and Accountability**

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The Benevolence Committee is accountable to the Session for discharging the responsibilities set forth below.

## **D. Revenues**

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Sources of revenues for the Benevolence Fund are gifts from Members and friends, which are accepted at any time, and special offerings authorized by the Session. Gifts earmarked for the Benevolence Fund must be identified as such. They may not be earmarked or otherwise restricted to specific individual recipients, although donors are free to recommend individual recipients to the Benevolence Committee.

## **E. Requests for Benevolent Assistance**

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A request for financial assistance must be documented by the Benevolence Committee member assisting the person. The request must be signed and dated by the applicant and the Committee member. The Committee member taking the request will also request verification of need in the form of supporting documentation or the applicant's consent to contact third-party references for confirmation.

## **F. Guidelines for Selection of Recipients**

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Disbursements from the Fund under this Policy are limited to individuals in need and their families. Benevolence assistance is intended as a source of last resort, to be sought only when an individual has exhausted other possibilities of help from family, friends, savings and social welfare programs, including other mission resources of the Church. It is intended to be a source of temporary assistance during a time of crisis.

Assistance is generally intended to be a one-time gift. In special circumstances, the Committee may make multiple disbursements over a period of time.

No benevolent disbursement is to be considered a loan. Repayment will not be requested nor accepted as such, either in part or in full. If a recipient desires to give to the Church at a later date, he or she should be encouraged to give directly to the Church without qualification.

The Committee shall make a reasonable inquiry of any individual seeking assistance, to ensure that his or her need is legitimate and that the individual is accurately representing his or her financial situation. The Committee may condition financial assistance on receipt of verifying documentation or communications from third-party references verifying the need of the individual.

Persons requesting assistance must also be willing to accept financial, family, occupational or emotional counseling. The Committee will not provide assistance to anyone who, in its sole opinion, is likely to squander such assistance through negative or irresponsible behavior.

Generally, assistance will not exceed \$1,500 per person or family. (This is a cumulative cap in the case of someone who receives more than one gift from the Fund.) In very unusual circumstances, families and individuals who are in need of additional funds and who have the opportunity to make a life-changing decision can continue to be assisted up to whatever limit the Committee deems appropriate, subject to the availability of funds. Such cases shall be reviewed carefully and, when appropriate, the case should be submitted to the Session for approval.

## **G. Types of Assistance**

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The stated purpose of the Benevolence program is to meet basic needs of individuals and their immediate families. Normally, these needs are:

- Food.
- Lodging.
- Clothing.
- Medical treatment.
- Transportation to or from a place of employment.
- Funeral expenses.
- Initial evaluation and up to two additional professional counseling appointments.

Needs that may not be met by the Benevolence program include:

- Private school fees or tuition, business investments, or anything that is intended to generate income to the individual or family.
- Paying off credit card debt (exception may be made when an individual has had to use a credit card in a crisis or emergency).
- Legal expenses.
- Fines or penalties relating to late payments or irresponsible actions.

Financial assistance for counseling will be considered if it is determined that counseling would directly enable the individual to address a current financial situation. In most cases, this is limited to an initial counseling appointment. Under special circumstances, additional assistance may be given.

## **H. Processing of Requests and Disbursement of Funds**

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Requests for assistance shall be submitted to the Committee, which shall review the request, reach a decision, and notify the person making the request of the decision. While recommendations of recipients from donors or others will be considered, all decisions of the Committee shall be made independently and shall be final.

The Committee shall submit summary reports of its decisions to the Session. Personally identifiable information shall be reported to the Session only upon its request, and only in a confidential executive session of the Session. Otherwise, such information shall be maintained in confidence by the Committee.

To the maximum extent feasible, disbursements of currency directly to the beneficiary will be avoided. Disbursements will preferably be made in the form of direct payment from FPC to service providers (e.g., by direct payments of rent or utility bills, purchase of grocery store cash cards, etc.).





## **X. Internal Controls (updated 2022)**

The leadership of the First Presbyterian Church recognizes the need for strong internal accounting controls to protect the Church and its staff and volunteers who handle money. Internal controls are the mechanisms, rules, and procedures that ensure the integrity of financial and accounting information, promote accountability, and prevent fraud. Strong controls not only help prevent fraud but also protect volunteers and staff from unfounded suspicion of wrongdoing.

Important control activities involve the segregation of duties, proper authorizations of transactions and activities, adequate documents and records, physical control over assets and records, and independent checks on performance.

Following are the internal controls adopted by the Session.

### **A. Session Responsibility**

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In addition to setting the internal controls, it is the policy of the Session to:

- Adopt an annual budget and compare actuals to the budget at least quarterly.
- Review financial statements (balance sheet and profit and loss) at least quarterly.
- Maintain and periodically review all financial policies.
- Designate signatories on bank and investment accounts and safety deposit box(es).
- Designate persons allowed to see individual donor information without the specific consent of the donor.
- Ensure that any IRS notices, bank statements, and investment statements are opened by someone other than the Bookkeeper or authorized signatory.
- Divide and segregate duties related to finances so that no one person handles all aspects of a transaction from beginning to end.
- Ensure that the Treasurer elected by the Congregation is not also the Bookkeeper.
- Ensure that there is an active Finance Committee, chaired by someone other than the Treasurer.
- Designate person(s) authorized to open bank accounts.
- Ensure that any staff or volunteers who have the ability to edit the accounting records not have access to FPC cash or cash equivalents, unless compensating controls are in place.<sup>4</sup>
- Ensure that all staff and key financial volunteers (i.e., bank and investment account signatories, Primary Contacts for payment processing vendors, Counter Supervisors, others as defined) have criminal background checks.

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<sup>4</sup> "Compensating controls" include timely monthly review of audit trails available in the accounting systems; inspections of setups, entries, or external sources; or other similar accounting practices typically used when limited staff resources preclude strict compliance with these policies.

- Ensure that financial staff and volunteers take an annual vacation from their financial duties in such a way that allows others to perform those duties.
- Ensure that a financial review of all financial records is conducted each year, either by a public accountant or a committee of members versed in accounting procedures. Session approves the audit/financial review firm or committee upon recommendation of the Finance Committee.

## **B. Cash Receipts**

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### ***Pledges***

- Pledges are recorded in the donor database (Church Windows) by the Pledge Clerk or Bookkeeper or other person authorized by Session for such duties.
- Statements showing pledge and donations are sent to donors quarterly by USPS or email.

### ***Collections***

- Money received during collections (e.g., Sunday offerings, TGIF,) shall be in plain sight of at least two unrelated persons until it is placed in the safe.
- Money collected for sales (e.g., promo items, coffee and oil, soup sales, flowers) shall be put in sealed envelope(s) with supporting documentation and placed in the safe.
- Someone independent of the accounting records shall be designated to open the mail, unless compensating controls are in place.
- When possible, checks received through the mail or collected on site shall be immediately endorsed with a “For Deposit Only” stamp. Money and supporting documentation shall be secured in a sealed envelope and placed in the safe. Money collected during the week may be deposited by office staff or volunteers weekly.
- No less than once a week, at least two designated and unrelated counters should take all envelopes from the safe and take them to a secure location to count any uncounted funds.
- Each person shall in full sight of each other count the cash and the checks, and all checks shall be endorsed with a “For Deposit Only” stamp.
- Checks and other documents shall be copied and given to the Bookkeeper along with the summary and deposit ticket.
- Counters shall take the money to the bank for deposit immediately after counting, or if that is not possible, they shall place it in sealed and signed envelope and put it back in the safe for someone else to deposit.

- The Treasurer and Bookkeeper shall not usually take deposits to the bank. If circumstances dictate that it is best for a deposit to go to the bank right away, they shall work together or with another person to ensure that the deposit is made properly (e.g., one doing the deposit and the other checking the deposit slip).
- The Bookkeeper (or other person designated by Session) shall record the deposits into the donations and accounting systems. Any donations earmarked for another organization should be reviewed by the Treasurer.
- All collections shall be deposited in the FPC checking account. No disbursement may be made from undeposited collections.
- Offertory counting procedures are in writing (see Appendix E), and the Counting Coordinators ensure that new counters are trained.
- The Finance Committee appoints and oversees the Counting Coordinators.
- All staff and financial volunteers shall keep donor information confidential within guidelines established by the Session.

## ***Tuition***

- The CDC Director uses a database (which, at this writing in 2022, is carried as a separate “company” on the QuickBooks accounting system) to track invoices and payments.
- The CDC Director invoices the parents based on contracted rates and adjustments.
- Parents turn in payments to the CDC Director or designee.
- Preschool payments are held in a locked drawer and deposited once a week by the Director or designee.
- Copies of checks are turned in with deposit slip to Bookkeeper (marked as CDC tuition).
- The CDC Director has access to reports for online tuition payments so he/she can record online payments.
- The CDC Director enters all payments into the CDC database. The Bookkeeper and Treasurer have access to view the CDC database.
- The CDC Director maintains complete records of CDC attendance, invoices, and payments.
- The Bookkeeper, Treasurer, and/or the Financial Review Committee shall periodically review CDC attendance and other records and compare attendance, invoices, and payments.

### ***Electronic Receipts***

- Someone with no editing access to the accounting or donor records shall establish and maintain the link from the Church's EFT processors for online payments and sales (see Table 4) to the Church's bank account, unless compensating controls are in place (e.g., dual or periodic reviews of the setup). (See Internal Controls on Vanco.)
- The Bookkeeper or other designee shall enter donations and payments into the donor and accounting systems.

### ***Donor Statements***

- The Bookkeeper sends quarterly statements or other acknowledgement to all donors. Statements include the amount pledged (if appropriate), all giving to date, and the designation for each gift (to meet pledge, for special purpose, etc.). Usually, no statement is sent for donations under \$250.
- The Treasurer or Bookkeeper promptly follows up on any discrepancies between donor and Church records.

### ***Special Donations***

- The Stewardship Committee administers the policy on Acceptance and Management of Gifts and Donations (Section IV).
- Donations of stock shall be converted to cash immediately upon notification of receipt by the brokerage firm. (See Section IV, C.1 "Stocks, Mutual Funds and Other Securities").
- Donations of goods are inspected and valued for internal accounting purposes only.
- Donations of professional services are valued at their normal billing rate and recorded in the accounting system.
- In addition, the Treasurer or Clerk of Session signs tailored acknowledgement letters if requested by the donor.

## **C. Cash Disbursements**

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### ***General Disbursement Policies***

- Session shall authorize all bank account signatories.
- All signatories shall have criminal background checks.
- Expenditures for \$5,000 and over shall be authorized by two signatories.

- No one is allowed to make a payment to him/herself or to a related person (e.g., spouse or family member). Further, someone other than the payment recipient or related person shall also authorize the disbursement.
- All statements/invoices should be addressed to Business Office, First Presbyterian Church of Santa Fe, 208 Grant Avenue, Santa Fe NM 87501. All emailed statements/invoices should be addressed to [businessoffice@fpcsantafe.org](mailto:businessoffice@fpcsantafe.org). The Bookkeeper shall forward the statements/invoices to the appropriate person for authorization.
- All payment requests shall have backup documentation and a check request form properly completed and authorized. A check request may be authorized via email provided the body of the email contains the vendor, date, description, and amount and a PDF of the actual invoice is attached.
- This Financial Policy identifies which staff persons and volunteer leaders have the responsibility to authorize payments out of budgeted line items or Restricted/Designated funds. In addition, the Pastor and any officer not signing the check can authorize a payment. Further, committee members may sign for reimbursements to the applicable committee chair.
- Only one authorization is needed for payment requests unless having only one authorizing signature violates any other controls in this document (e.g., authorizing a check to oneself or for a company credit card).
- Payment requests and full documentation with necessary approvals should be submitted to the Bookkeeper at least one week before the payment is due.
- The Bookkeeper enters fully documented payment requests into the accounting system, uploads the documentation, and notifies the Treasurer of the pending payment.
- The Treasurer or other signatory reviews the payment request form and backup documentation before making the payment.
- The Treasurer verifies new vendors by searching the Better Business Bureau, Chamber of Commerce, or other sources.
- W-9s are required for all contractors or vendors that are not incorporated. FPC follows the IRS 1099 reporting requirements.
- Payment documentation is filed in the Business Office by fiscal year and by vendor.

## ***Checks***

- It is the policy of FPC to ordinarily pay vendors by check for goods or services.
- Checks are pre-numbered and are printed with the requirement for two signatures for \$5,000 and over and the message "Not valid after 90 days."
- Checks are secured in a locked and safe location approved by the Finance Committee.

- Voided checks are marked with “VOID,” mutilated (e.g., signature portion removed) and saved.
- All check numbers shall be accounted for.
- Blank checks shall never be signed.
- Checks should not be made out to “CASH” unless there is no other practical option. Such checks are fully documented, carefully monitored, and all cash fully accounted for.
- Once fully documented payment requests are loaded into the accounting system, either the Bookkeeper or Treasurer prints the check.
- The Treasurer or other check signer reviews the request form, backup documentation, and the check itself, signs the check, and mails or returns to the Bookkeeper to mail.
- Normally, the Treasurer refrains from entering checks except in unusual circumstances. If the Treasurer does need to enter a check, he/she secures the necessary full documentation and provides it to the Bookkeeper. The Bookkeeper reviews the accounting system and follows up on any checks entered by the Treasurer.

### ***Automatic and Online Electronic Payments***

- FPC currently limits automatic payments to utilities, payroll service, and pension and benefits payments to the PC(USA) Board of Pensions. Managers still review invoices and authorize electronic payments as outlined in the General Disbursement Policies.
- Two authorized check signers shall approve/sign any automatic bank payment agreements.
- The Bookkeeper and Treasurer compare the invoices to the bank drafts at least monthly.
- Online payments are made to credit card companies or occasionally to other vendors by the Treasurer or other signatory following General Disbursement Policies.

### ***Petty Cash Change Boxes***

- The Sunday Manager maintains petty cash change boxes, as authorized by the Finance Committee.
- No reimbursement shall be made from petty cash.
- Petty cash change boxes are reconciled by the Bookkeeper when additional money is needed, or at least annually.

## ***Credit Cards***

- Upon recommendation by the Finance Committee, Session authorizes credit cards by named individual and approves the credit limit of each.
- FPC credit cards shall be used only for FPC purposes—no private use is allowed. Any purchases should be preapproved by the budget manager for the account to be used. Credit card holders are responsible to ensuring that credit cards are used properly.
- No cash advances are allowed.
- Online purchases shall be accompanied by an order confirmation and a packing slip, as appropriate.
- The credit card holders are responsible for providing receipts and payment request forms that reconcile with credit card statements.
- The payment request form shall be signed by the person(s) holding the credit card and approved by the Pastor, committee chair, or corporate officer not signing the check.
- Fully authorized payment request forms, credit card statements, and expense documentation should be submitted to the Bookkeeper at least one week before the payment deadline.
- The Bookkeeper reconciles the receipts with the credit card statement before payment is made.
- Payments may be made by check or online by an authorized signatory.
- All rebates or rewards earned on the card account shall be deposited in the Church account or otherwise accrued to the benefit of the Church.

## **D. Journal Entries**

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- Journal entries are made by the Bookkeeper and/or Treasurer and reviewed by both as a part of the closing procedures.
- Explanations and documentation are retained for all journal entries.
- Journal entry transactions are included in the detailed financial reports to the Finance Committee.

## **E. Accounting Software and Subscriptions**

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### ***QuickBooks (QB)***

- As recommended by the Finance Committee, Session approves the Primary Contact and Administrator on QuickBooks (QB), the desktop software used for accounting. (The Primary Contact for QB is currently the Treasurer).

- As necessary, the administrator will temporarily change the password so the IT contractor can work on the system, and he/she will change it back after the IT contractor has concluded his/her work.
- In the role of Primary Contact and Administrator, the Treasurer sets up users and their access and permission levels, resets passwords, and enters transactions on QB.
- Each user has a unique login and password, which is not shared with others.
- The Bookkeeper has the ability to do all accounting transactions, but not create users or modify permissions.
- The CDC Director has access to the preschool portion of QB, where he/she tracks tuition invoices and payments. The Treasurer and Bookkeeper also can view the CDC company records.
- Should the Primary Contact need to be changed, one of the current users can call QB and get the necessary paperwork to change the Primary Contact.
- The QB audit trail function shows all transaction edits and the person making those edits.

### ***Church Windows (CW)***

- Church Windows (CW) is an online subscription database used to track members/friends and their contact and participation information and to record donations and run statements.
- Upon recommendation by the Finance Committee, the Session approves the administrator of Church Windows (currently the Clerk of Session). The administrator sets up users and their access and permissions levels (with outside IT contractor support as necessary).
- The Finance Committee determines which users have permissions to carry out each function, in order to ensure proper separation of duties.
- Each user has a unique login and password which is not shared with others.
- The Bookkeeper reconciles donations recorded on CW and deposits made to the bank at least on a bi-weekly basis.
- The Bookkeeper does not routinely receive checks and makes donation entries into CW based on counter sheets and check photocopies.
- The CW audit trail can be requested from the CW service team.

### ***Vanco***

- Vanco is the processor for online ACH or credit card payments made to the church. Two accounts are set up: the main church account and a subaccount for CDC.



- The Session approves the Primary Contact for Vanco, who should not be someone who has access to the accounting records or has signatory authority with the bank or investment accounts. For the current Primary Contact, see the Named Persons List at the end of this Internal Controls Document.
- As authorized by the Finance Committee, the Primary Contact sets up users and their access and permissions levels and sets up the bank account used for deposits.
- The Primary Contact works with the Bookkeeper to change the online Donation Form(s). Any changes must be approved by the Treasurer.
- The Primary Contact for Vanco is registered with Vanco with the church mailing address, the church phone and personal cell phone, and a church email account.
- The Bookkeeper receives copies of Vanco emails to the Primary Contact but is not able to send messages from that account.
- Each user has a unique login and password which is not shared with others.
- Upon request, Vanco can run audit trails and send them to the church.
- With Session approval, the Primary Contact can change the Primary Contact to a new person, and during such transitions, the Bookkeeper shall monitor the account more frequently than usual.
- The Treasurer and Bookkeeper are both administrators of the main church Vanco account and CDC subaccount, and the Preschool Director is an additional administrator for the CDC subaccount. In their roles as administrators, each can manage the account, run reports, set up ACH transactions for donors, make refunds to a credit card or bank account, and all other tasks except change the bank account into which the funds are deposited, edit online forms, or create and maintain users and permissions. Administrators are able to issue refunds to the payor but only to the same bank account or credit card for the original payment. Any refund issued shall be approved by someone who is an authorized signer on the bank operating account.
- The Bookkeeper reconciles the Vanco report on deposits with the bank account records of such deposits at least monthly.
- If the Primary Contact needs to be changed, Session will appoint a new Primary Contact, and the outgoing Primary Contact shall change the settings on Vanco. In case the outgoing Primary Contact is no longer available to do this task, Session shall authorize someone to take the necessary steps to change the Primary Contact and reset the password to the finance email address. The person authorized to secure the change and the new Primary Contact shall document that this transfer happened on a certain date at a certain time. During any such change in Primary Contact, the Treasurer and Bookkeeper shall monitor the Vanco account often until the change and new permissions are fully in place.

## **F. Bank and Investment Accounts and Statements**

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- The Session approves the establishment of new bank and investment accounts.
- For any bank or investment account using the TIN of FPC, the Session shall appoint at least two signatories and balances in the account(s) shall be reported in FPC financial statements.
- The Clerk of Session, office staff, or a member of the Finance Committee who is not a check signer opens or downloads the bank and investment statements, reviews for reasonableness, noting any unusual or unknown vendors, any checks not properly signed, cash withdrawals, any unusual transactions, and anything else that appears to be out of the ordinary. The reviewer initials the statement.
- The Bookkeeper reconciles the bank statement with the accounting records at the beginning of the month-end closing and reconciles the investment account through the appropriate journal entry.
- The Treasurer reviews the bank statement noting any unusual or unknown vendors, any checks not properly signed, any payments that appear to be duplicated, any unexplained out-of-order checks numbers, and anything else that appears to be out of the ordinary.
- The Treasurer reviews the reconciliations, noting open items on reconciliations, such as deposits on books but not bank statements, payments on bank statements but not on books, and unreconciled items over 30 days old.

## **G. Vendors**

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- Treasurer shall review the establishment of new vendors and other payees in the accounting records prior to any initial payment, including the verification of vendor name, physical and mailing address for check, phone number, banking instructions (for ACH transfers), and tax ID (for 1099 contractors).
- Names of vendors for each transaction appear on the monthly expense detail given to the Finance Committee monthly.

## **H. Payroll**

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- Session approves new positions and compensation and changes in compensation for existing employees, upon recommendation by the Personnel Committee and Head of Staff.
- The Head of Staff hires new employees with a letter over his/her signature and notifies existing staff of compensation changes.
- The Personnel Committee Chair and/or Head of Staff execute a Personnel Action Form for new hires and any compensation changes and give to the Bookkeeper to enter on the payroll.
- Payroll is handled by an outside Payroll Processor.

- All employees receive payments by electronic funds transfer to their bank accounts (except for an initial or final payment).
- Employees enter their timesheets into the online payroll system, supervisors (or designees) approve the timesheets, and the Bookkeeper processes the payroll.
- The Treasurer reviews the payroll records monthly.
- Resignation notices should be signed by the employee, or any other termination documentation should be signed by the Head of Staff, Chair of Personnel Committee, or the Clerk of Session. Upon notification via a PAF, the Bookkeeper removes the terminated employee from payroll.
- Each payroll, the Payroll Processor automatically sends required payroll tax payments to the state and federal governments.
- After review by the Treasurer, the Bookkeeper promptly forwards any other withholdings (retirement, etc.) to the appropriate vendors.
- Payroll records are kept for seven years

## **I. Investments**

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- There is a written investment policy approved by Session (see Section V and Appendix D and see vendors in Table 4).
- Session authorizes the opening of any investment accounts and the signatories and account managers for the accounts.
- The Investment Committee makes recommendations to the Session on the allocation of investments in compliance with the investment policy, and the authorized persons buy and sell funds accordingly.
- The Treasurer and Chair of the Investment Committee each receive email notifications from the brokerage firm confirming any fund movements.
- The Investment Committee reviews investment statements quarterly to determine that investments are in compliance with policy and to evaluate the need for allocation changes. Annually, the Investment Committee shall review the performance of each investment against the relevant indices.
- Invested funds are withdrawn in accord with guidelines set by Session. Funds withdrawn are sent by check to FPC or transferred directly into FPC's checking account.

## **J. Physical Assets**

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- Physical Assets in this section are defined in three categories:
  - Category 1 – Scheduled Assets are those with a value of \$10K or greater, those listed on the financial statements, those in the insured musical instruments schedule, those in the insured fine arts schedule, and/or those in the arts and artifacts inventory.

- Category 2 – Personal property includes furniture, fixtures, electronic and computer equipment, decorations, and other durable items less than \$10K in value and not included in Category 1.
- Category 3 – Supplies are such items that are low cost and purchased frequently to perform routine office, building, or other tasks, including such things as consumable office supplies, building items (brooms, vacuums, hoses, masks, etc.), classroom supplies, music supplies (sheet music, stands, etc.), and other similar supplies.
- Acquisition and disposals of assets are subject to the following rules:
  - Category 1 – Session must approve the acquisition and disposal of Category 1 assets, after recommendation or input by the appropriate committee.
  - Category 2 – Session committees may acquire assets in Category 2 within the annual budget approved by Session and may dispose of such assets as appropriate, notifying any staff or other committees affected by such disposal.
  - Category 3 – Staff and volunteers managing day to day activities may acquire supplies in Category 3 (within the approved budget) and dispose of such items as appropriate.
- The Facilities Committee is responsible for the security of the building and its contents and works with the Facilities Administrator and other staff to establish procedures for securing the building.
- The History Committee maintains inventories of the art and artifacts; the Treasurer keeps a schedule of assets on the financial statements, and the Finance Committee keeps a record of the items on the insurance schedule.
- Each year, the Finance Committee arranges for photographs to be taken of each office, room, and storage space in case property is destroyed and proof of ownership is required for insurance purposes. Photographs shall be stored in digital form on the church's online cloud storage.

## **K. Computer Security**

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- The Treasurer and Finance Committee shall approve who has what type of access to the computer accounting systems, and no changes in access shall be made without prior approval.
- Computer files shall be backed up each night into the cloud.
- The network has a currently valid internet security software package, which includes anti-virus, anti-malware, content filtering and firewall which is the first line of defense.
- Each computer has anti-virus software.
- All users have unique logins and passwords and are not allowed to share passwords with anyone.

## **L. Safe and Safety Deposit Box**

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- Session shall approve who has access to the full safe combination or keys to safety deposit box(es).
- Codes are in two parts—one part distributed to counting volunteers and one part distributed to key staff. Both parts of the code must be entered in order to open the safe. Three positions have full access to the safe combination—Office Manager for Hospitality and HR, and two Counting Coordinators. All persons with access to both codes shall have criminal background checks.
- Collections of cash and checks are kept in the safe until counted and deposited.
- The safety deposit box holds documents such as designated by Session and the key is held in the Business Office.
- Any time the safety deposit box is opened, two authorized persons shall be present.

## **M. Debt**

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- Any borrowing, with the exception of credit card debt within the credit limits of the card account, shall be approved by action of the Session and recorded in its minutes and, if required by PC(USA), shall be approved by the Presbytery.
- Details on management of debt is decided by Session at time of incurrence of debt.

## **N. Other Protections Against Financial Misconduct and Dishonesty**

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- The Session may require a surety bond of any Officer, Elder, Deacon, or Member of the Congregation who has access to, or is in charge of, or controls funds of the Church.
- The Church maintains employee dishonesty insurance covering against theft by employees or volunteers.
- Any instances of theft that are discovered are reported to the insurance carrier.
- Staff and volunteers are urged to immediately report suspicions of misconduct by any party to either the Chair of the Finance Committee, Head of Staff (Pastor), or an officer of the corporation (President, Vice President, Treasurer, or Secretary). The person notified shall promptly convene a meeting of at least three of the aforementioned persons to determine a course of action.

## **Persons in named positions in Internal Controls as of 10/19/2022:**

Bookkeeper—Maria Romero, Business Manager

Treasurer—Gale Wright

Finance Committee Chair—Dennis Sanderson

Pledge Clerk—Judi Haines, Clerk of Session and Corporate Secretary

Sunday Manager—Delicia Nakazono and Marie Gonzales

Facilities Administrator--Marie Gonzales

Office Manager for Hospitality & HR—Delicia Nakazono

Office Manager for Administration—David Beatty

CDC Director—Anne Liley

Corporate President—Bill Eklund

Corporate Vice President—Margaret Lyerly

Head of Staff—Rev. Dr. Harry Eberts III, Pastor

Counting Coordinators—Betty Jones and Margaret Lyerly

Payroll Processor—Paychex

IT Service Contractor—Sundance

Authorized check signers and investment managers: Gale Wright, Bill Eklund, Margaret Lyerly, and Dennis Sanderson

Primary Contact for Vanco—David Beatty, Office Manager, Administration

# **XI. Insurance and Risk Management**

## **A. Purpose and Scope**

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The Book of Order (G-3.01112) requires each Session to obtain property and liability insurance coverage to protect its facilities, programs, staff and elected and appointed officers.

The role of churches is changing and with it the need for church boards to review ways to provide adequate insurance for all property damage, accident and liability situations. Gone are the days when the church activities were limited to weekend services, special holiday functions and church dinners. Today, the church is the hub of diverse activities including fundraising events, preschool programs, social action groups, scouts and other meetings.

Many churches have related property such as schools, gymnasiums, nursing homes and cemeteries. Congregations are involved in many off-premises activities such as camps, excursions, tours, outings and retreats, many of which require the use of buses and other motorized equipment. In addition, there is the exposure to vandalism, riots, bombings and arson.

With all this involvement, the church has increased liability over the church of 50 years ago. The task of adequately insuring the church against many situations becomes complicated. Responsibility for risk management and insurance at FPC resides with the Treasurer in consultation with the Finance and Facilities Committees and the Facilities and Office Managers. The Finance Committee shall recommend to the Session a program of insurance with approved brokers and/or insurers duly licensed in New Mexico. The Facilities Manager is considered the Risk Officer for FPC and therefore is responsible for issues such as security, safety and incident reporting.

The PC/USA has an Office of Legal/Risk Management that welcomes questions at any time in the areas of Insurance for churches. PC(USA) has published and continues to update a Manual entitled "Legal Resource Manual for the Presbyterian Church (USA) Middle Governing Bodies and Churches."

## **B. Delegation of Insurance and Risk Management Functions**

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Subject to the approval of the Session, the Finance Committee may delegate to an external agent (insurance broker or agent) the management of the bid process.

In entering into any such delegation, the Session and the Finance Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

- Selecting a broker or agent.

- Establishing the scope and terms of the delegation, consistent with the purposes of the Church needs and risk management policies.
- Reviewing the agent's actions semi-annually in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

Any agent appointed by the Church shall be required to submit to the jurisdiction of the courts of New Mexico in any proceedings arising from or related to the delegation or the performance of the delegated function.

## C. General Insurance Guidelines

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The Finance Committee shall review and report to Session on FPC's insurance program annually. Annual audit of the Church finances shall include verification that insurance bills have been paid.

Insurance packages and/or programs shall be bid every three years. Insurers shall be admitted in the State of New Mexico and carry an A. M. Best Rating of not less than A-IX. Non-admitted insurers may be considered with S&P rating of at least AA or equivalent with Moody's or Fitch's.

Brokers shall be approved by Session and shall have experience in risk management for churches as well as adequate licensed staff to provide all services required by FPC. Broker performance shall be periodically reviewed by the Session.

A Risk Profile shall be maintained which captures the exposure information for the purpose of buying insurance and updated every three years as to replacement cost values.

Schedule<sup>5</sup> shall be created and maintained to include:

- Property—Buildings, furniture, fixtures and equipment, supplies and other fixed assets. Insurance shall be acquired on a replacement cost basis, covering "all risk" or special perils including flood, earthquake and other catastrophic perils if such exposures exist. Deductibles shall not exceed \$25,000, shall be written on a blanket value basis with no coinsurance penalties. An inventory of all items within these properties, even those that are not the property of the church, such as the pastor's personal library or equipment loaned or leased.
- Fine Arts—Musical instruments, other specialty items. Insurance shall be obtained on a scheduled, stated value basis with the same perils as on the Property. Deductibles shall not exceed \$25,000 for the entire schedule, \$5,000 each item.
- Business Interruption—Extra Expense. Insurance shall be obtained to adequately cover the cost of alternate facilities for the Child Development Center as well as the

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<sup>5</sup> Any reference to limit amounts and/or deductibles is reflective of current policies, and such amounts may be subject to change by Session (upon advice of the Finance Committee and/or Brokers).



Church for usual operations—for a period of at least 6 months, in the event a catastrophe occurs and the facilities are severely damaged or destroyed.

- Employee Dishonesty—Crime Policy. Appropriate limits shall be maintained.
- General Liability—Excess and Umbrella—Automobile Liability. Appropriate levels of coverage (not less than \$5,000,000 each occurrence and in the aggregate) for third-party injury either bodily injury or property damage shall be purchased. The coverage shall extend to all operations and facilities of FPC, including CDC.

Policies covering other liabilities to be insured as specified by the Book of Order shall be maintained with adequate limits and appropriate deductibles. These include:

- Directors & Officers Liability.
- Employment Practices Liability.
- Sexual Misconduct.
- Professional Liability (i.e., Pastors and Educators, Counselors).

Statutory or Required Insurance shall be maintained. These include:

- Workers' Compensation—Employers Liability.
- Employee Benefits and Pension.



## **XII. Contracts and Other Agreements**

### **A. Purpose and Scope:**

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The Third Amended and Restated Bylaws of FPC effective January 1, 2013, Article 6, Section 6.1 states that: "Session may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of the Corporation or on behalf of the Church which will further the purpose for which the Church was established and maintains its existence. Such authority may be general or confined to specific instances."

Article 5, Section 5.2 (A) states that:

"except as otherwise provided by the Session, these bylaws or required by law, the president shall execute all legal documents and instruments on behalf of the Corporation with the secretary. . . ". In the absence of the President, the Vice President shall perform the duties of the President (Section 5.2 (B)).

### **B. Legal Documents or Instruments**

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The term "legal documents or instruments," as referenced in the Bylaws above and requiring execution by the President (and the Secretary if required), is interpreted by the Session to include complex contracts, agreements and other legally binding documents such as the following:

- 1) Trust agreements.
- 2) Litigation or investigatory matters.
- 3) Real Estate Transactions such as deeds or lease agreements that extend more than one year.
- 4) Agreements or other documents relating to corporate governance, partnerships, reorganizations, mergers, dissolution and other similar corporate matters.
- 5) Other complex contracts, agreements or other documents having significant impact on the finances or the mission of the Church, including but not limited to contracts and agreements that:
  - a) Are anticipated to have an annual cost of more than \$5,000.
  - b) Will result in FPC commitments extending more than 1 year.
  - c) Include indemnification and insurance provisions.
  - d) Are for the acquisition of non-retail goods or services not sold at published prices.
  - e) Have a potential to result in significant and unanticipated FPC liabilities or costs.
  - f) Involve use of FPC property by third parties for more than 30 days.
  - g) Involve acquisition of audit, accounting, legal, consulting or other professional services.
  - h) Involve negotiated intellectual property rights.
  - i) Could expose FPC to controversy or criticism or would be inconsistent with the mission of the Church.

In ordinary circumstances, the Session shall approve all legal documents and instruments as defined above. The Administration Committee shall be responsible for evaluating and providing recommendations to the Session on such legal documents and instruments. In extraordinary circumstances where Session approval is not feasible due to time constraints, the Administration Committee and President shall assume responsibility for final approval and execution, and shall report the action to the Session at the next opportunity.

## **C. Management Authorizations**

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The following defines the authority of the Head of Staff and other FPC managers to negotiate and execute contracts, agreements and other documents.

The Head of Staff, and such FPC managers as may be proposed by the Head of Staff and authorized by the Session, may negotiate and execute, without Session approval, contracts, agreements and other documents that do not arise to the level of “legal documents or instruments,” as defined above. These include routine purchase orders, use agreements, service agreements extending for one year or less, supply orders, short term leases (either as tenant or landlord, either new or renewal, and for either real estate or equipment) that fall within their individual project or responsibilities.

Managers shall follow all applicable FPC policies and procedures, such as the Facilities Use Policy, Personnel Manual and this Financial Policies Manual. For contracts, agreements or documents that depart from or are not covered by other FPC policies and procedures, managers shall consult with and seek approval of the Administration Committee and any other appropriate Committee prior to execution.

Other than elected officers of FPC, Members and other FPC volunteers are not authorized to execute contracts, agreements or other documents on behalf of FPC.

## **D. Documentation and Filing**

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FPC Managers are responsible for acquiring valid and appropriate Certificates of Insurance from any contractor or user of FPC facilities, as specified by the Facilities Use Policy. Any question regarding this requirement may be directed to the Treasurer or Finance Committee.

Final copies of all legal documents and instruments; other contracts, agreements or documents; and Certificates of Insurance shall be filed in the Business Office or approved filing system within the Archives.

# XIII. Document Retention and Destruction Policy

## A. Purpose and Scope

In compliance with The Presbyterian Historical Society guidelines, FPC has adopted the following Retention Schedule. It is applicable to both digitized, electronically stored document as well as paper copies.

## B. Retention Schedule

<i><b>Types</b></i>	<i><b>Retention Period</b></i>
Minutes	Permanent
Registers	Permanent
Reports/Annual reports	Permanent
Bylaws/Charters	Permanent
Incorporate Records	Permanent
Annual budgets	Permanent
Annual audits	Permanent
Annual financial statements	Permanent
Subject correspondence	Permanent
Manuals/handbooks	Permanent
Newspapers/newsletters	Permanent
Brochures/promotional materials (1 copy)	Permanent
Photographs	Permanent
Property appraisals, records of sale	20 years after sale
Architectural drawings, plats, plans, blueprints	Permanent
Wills, bequests	Permanent
Legal/judicial case records	Permanent
Loan agreements	Satisfaction + 20 years
Contracts	Active + 3 years
Personnel/employee records and payroll records	Employment + 7 years
FICA/W2 records	7 years
Accounts payable invoices	3 years
Accounts payable	7 years
Accounts receivable records	3 years
Bank deposit slips	3 years
Bank statements	7 years
Canceled checks	7 years
Cash receipt records	3 years
Data for updating mailing lists	1 year
Mailing lists	Active

<b><i>Types</i></b>	<b><i>Retention Period</i></b>
Periodic financial statements	2 years
Expense reports	7 years
General/routine correspondence (acknowledgements, requests, travel arrangements, etc.	3 years
Invitations	1 year
Petty cash records	7 years
Receipts of purchases	7 years
Meeting notices	1 year
Travel plans/arrangements	1 year
Resource files	Active

# Appendices

## Appendix A: Responsibilities of Finance-Related Committees and Officers

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### *Stewardship Committee*

The Stewardship Committee shall ordinarily be chaired by a Ruling Elder serving on the Session. It is generally responsible for overseeing all fundraising activities of the Church. In particular, and subject to the guidance and approval of the Session, it is responsible for:

- Conducting the annual stewardship campaign.
- Overseeing special offerings and fundraising campaigns, including capital campaigns as needed, and including the approval of terms of solicitation for such offerings and campaigns.
- Interacting with potential donors who express interest in giving to the Church by way of wills, bequests, trusts, memorials, endowments, restricted gifts, or other forms of special gifts, following Church policy on acceptance of gifts and the establishment of Memorial or Endowment Funds.
- Assisting in the appropriate categorization of gifts as Session Designated, Donor Restricted or Unrestricted.

### *Finance Committee*

The Finance Committee shall ordinarily be chaired by a Ruling Elder serving on the Session. Its responsibilities shall include:

- Supporting preparation of the annual operating budget and its presentation to the Session for approval.
- Making recommendations to the Session regarding the establishment or dissolution of Funds.
- In consultation with the Pastor, the identification of staff or committee chairs who have budget and/or Fund expenditure authority.
- Preparation of spending guidance to Church staff and/or committees having expenditure authority over budget line items or Funds, and its presentation to the Session for approval.
- Monitoring of budget execution and transactions within Fund accounts, bringing variances to the attention of responsible parties and the Session as needed.
- Review of financial reports and evaluation of the financial condition of the Church, including its Funds.
- Administering the FPC Conflict of Interest Policy (Appendix B).
- Administering and maintaining this FPC Financial Policies Manual
- Appointment, training and supervision of Counters, through the Counters Coordinator.

## ***Investment Committee***

The Investment Committee shall ordinarily be chaired by a Ruling Elder approved by the Session. Its responsibilities include:

- Identifying and evaluating potential investments.
- Presenting recommendations to the Session, consistent with the investment policies of the Church, with regard to particular investments for Church funds.
- Monitoring and reporting on the performance of the Church's investments on a regular basis or as requested by Session.

## ***Treasurer***

The Treasurer:

- Is elected by and reports to the Session, and must be or have been a Ruling Elder.
- Is an officer of the Corporation.
- Is charged with the responsibilities and authorities set forth in the Church Bylaws at Art. 5, Sec. 5.2(D).
- Performs such other duties as may be assigned by the Session.
- Shall not be involved in the counting or depositing of Church funds.
- Is responsible for:
  - The recording of and accounting for funds and securities of the Church and the preparation of the annual budget and regular financial reports consistent with the Church's Financial Management Policies.
  - Overseeing the preparation of checks for payment and ensuring that all funds disbursed are within the Church's budget and limitations on Fund expenditures.
  - Supervising daily cash balances to ensure sufficient funds are maintained to cover payments and making recommendations as to the amount of funds available for investment.
  - Overseeing counting procedures.

## ***Other Corporate Officers***

In addition to the functions of Corporate Officers set forth the FPC Bylaws, the following Officers have the following authorities:

- President and Vice President are authorized to sign checks and withdraw funds from brokerage accounts.
- The Corporate Secretary has authority to open new bank and/or brokerage accounts with Session approval.
- The Corporate Secretary has responsibility for opening sealed bank statements and reviewing transactions.



### ***Financial Review Committee***

The Financial Review Committee shall ordinarily be chaired by a Ruling Elder approved by the Session. Members of the Committee shall be approved by the Session. The Committee shall include members knowledgeable of accounting procedures to the extent feasible. It is responsible for observing the requirements of section G-3.0113 of the Book of Order and any additional guidance provided by the Session or the Church's Financial Management Policy.



## **Appendix B: Conflict of Interest Policy**

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### ***Article I—Purpose***

The purpose of this Conflict of Interest Policy is to protect the interests of First Presbyterian Church and its Members and other donors, against the adverse effects of actual, potential or apparent conflicts of interest (COIs) in the execution and administration of FPC contracts, purchase orders, gift agreements and other contractual transactions.

This Policy is also intended to instill confidence in Members and other donors that their gifts and donations are managed competently, ethically, and transparently.

This Policy is intended to supplement but not replace or conflict with any applicable state or federal conflicts of interest laws or regulations applicable to nonprofit, religious, or charitable organizations.

### ***Article II—Definitions***

#### **1. Interested Person**

An Interested Person is any FPC employee, Session member, Elder, corporate officer, Committee member, or any Church volunteer who has an actual, potential or apparent Financial Interest in a proposed or existing FPC contractual transaction, as defined below.

#### **2. Financial Interest**

A person has Financial Interest in an actual or proposed transaction if he or she has, directly or indirectly, through personal or family business, investment, contractual or ownership interests:

- An ownership or investment interest in any entity with which the Church has a proposed or existing contractual transaction or arrangement;
- A compensation arrangement with the Church or with any entity or individual with which the Church has a contractual arrangement; or
- A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Church is negotiating a contractual transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial.

### 3. Significant Conflict of Interest

A Significant Conflict of Interest is an actual, potential or apparent COI that, in the sole determination of the Session, poses a significant risk to the Church of:

- Financial loss, overcharging, or unacceptable performance of a contractual agreement.
- Embarrassment.
- Unlawful excess benefit.
- Inurement to the benefit of any private individual.
- Any other consequence that could jeopardize the tax-exempt status of the church or the tax deductibility of donations to the church.

## ***Article III—Policies and Procedures***

### 1. Overview

Not all Financial Interests constitute a Conflict of Interest, and not all Conflicts of Interest arise to the level of a Significant COI. Under Sections 2-5 below, an Interested Person be deemed to have a Significant COI only when so determined by the Session.

### 2. Duty to Disclose

Any Interested Person who is in a position to influence, implement, or participate in a decision to award an FPC contractual agreement has a duty to disclose any actual, potential or apparent COI to the Session or an authorized Committee responsible for investigating the matter.

### 3. Extent of Disclosure

An Interested Person shall disclose the existence and nature of his or her Financial Interest and shall be given the opportunity to disclose all other material facts to the Session or to the members of any Committee authorized by the Session to consider the matter.

### 4. Determining Whether a Significant Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after discussion with the Interested Person, the Session or Committee shall discuss the matter in the absence of the Interested Person, and shall determine whether a Significant COI is deemed to exist. A Committee authorized to investigate the matter shall reports its determination and a proposed disposition of the matter to the Session, and the decision of the Session shall be final.

### 5. Procedures for Addressing a Significant Conflict of Interest

If the Session determines that there is no Significant COI, the matter is closed and there shall be no adverse consequence to the Interested Person for having disclosed his or her Financial Interest.

If the Session determines that there is a Significant COI, it may:

- Direct that the Interested Person have no further involvement in any decision regarding the award or administration of the contractual transaction; or
- Direct the taking of appropriate measures to eliminate or adequately mitigate the COI; or
- In exceptional circumstances, where the value of the contractual transaction is deemed to outweigh the potential adverse consequences of proceeding despite the Significant COI, allow the Interested Person to remain involved in the award and/or implementation of the contractual transaction.

### 6. Violations

If any employee, officer, Elder, Session member or Committee member has reason to believe that a person, who is in a position of influence over the award or administration of a contractual transaction, has failed to disclose an actual, potential or potential apparent COI, he or she shall inform the Head of Staff of the basis or such belief, and the Session shall afford the accused person an opportunity to explain the alleged failure.

If, after considering the response of a person so accused and after making further investigation as warranted by the circumstances, the Session determines that the accused person failed to disclose an actual or possible conflict of interest, the Session shall take appropriate disciplinary and corrective action.

## ***Article IV—Records of Proceedings***

The minutes of the Session and any Committee with Session-delegated authority to investigate a COI matter shall contain:

- The name(s) of any person who disclosed or otherwise was found to have a Financial Interest in connection with an actual, potential or apparent conflict of interest, the nature of the Financial Interest, any action to determine whether a Significant COI was present, and the Session's decision or Committee's recommendation as to whether a Significant COI existed.
- The names of the persons who were present for discussions and votes relating to the contractual transaction, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## ***Article V—COI Policies and Practices Regarding Compensation***

With the exception of the Head of Staff, the members of the Session shall not receive compensation for their service as Session members. However:

- A voting member of the Session or a staff employee who receives compensation, directly or indirectly, from the Church for any services is precluded from voting on any COI determination pertaining to that person's compensation and shall exclude himself/herself from all discussions and votes regarding such compensation.
- A voting member of any Committee whose jurisdiction includes compensation matters, and member who receives compensation directly or indirectly from the Church for any services, is precluded from voting on matters pertaining to that member's compensation and shall exclude himself/herself from all discussions and votes on such compensation.
- No voting member of the Session or a Committee whose jurisdiction includes compensation matters, or who receives compensation, directly or indirectly, from the Church for any services, is prohibited from providing information to the Session or to any Committee regarding any matters, including the member's compensation.

## ***Article VI—Annual COI Statements***

Each Session member, principal Officer, Committee member, or other volunteer having Session delegated authorities involving purchase orders or other contractual agreements shall annually sign a statement (see Forms) that affirms he or she:

- Has received a copy of the Conflict of Interest policy.
- Has read and understands the Policy.
- Has agreed to comply with the Policy.
- Understands the Church is a nonprofit corporation and that, in order to maintain its tax-exempt status, it must engage primarily in activities directed to its tax-exempt purposes.

## ***VII—Periodic Reviews***

To ensure that the Church operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based of competent survey information, and the result of arm's length bargaining; and
- Whether contracts, partnerships, joint ventures, and other contractual arrangements with third parties conform to the Church's written policies and are:
  - Properly recorded.

- Reflect reasonable investment decisions or payments for goods and services.
- Advance charitable purposes and do not result in private inurement or an excess benefit transaction.

### ***Article VIII—Use of Outside Experts***

When conducting the periodic reviews as provided in Article VII, the Church may, but need not, use outside experts as advisors. If outside experts are used, their use shall not relieve the Session of its responsibility for ensuring that periodic reviews are conducted.





## **Appendix C: Expense Reimbursement Plan**

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The First Presbyterian Church maintains this fully accountable Expense Reimbursement plan for its pastors, employees and volunteers, in accordance with the rules and regulations of the Internal Revenue Service. Such rules and regulations provide that an employee “need not report on his/her tax return” expenses paid or incurred by the employee solely for the benefit of the Church, and for which such employee is required to and does account to the Church and which are charged directly or indirectly to the Church. Accordingly, all property, goods and services purchased under this accountable expense reimbursement plan belong to the Church, not the individual.

In addition to the rules and regulations of the IRS, the following requirements for expense reimbursement apply:

- a. All mileage expenses will be reimbursed at the published IRS rate. Documentation must accompany the request that lists the time and place, odometer readings, identification of business and statement of business purpose. Commuting miles will not be reimbursed.
- b. Individual receipts are required for reimbursement of expenses.
- c. Requests for reimbursement for meals or other expenses must include the business relationship among the parties to sufficiently explain the business purpose and why the expense was incurred on behalf of the church. Guidelines for determining reasonable meal expenses shall generally conform to IRS per diem rates.
- d. When necessary, the Church will provide cash advances for allowable and appropriate business expenses. By accepting an advance, the minister, employee, or volunteer agrees to comply with the requirements of this Plan and will document the expenses and return any excess payments within 60 days.
- e. Requests for reimbursement or cash advances will be made on an expense report, signed by the payee, approved in the same manner required for all checks and submitted for payment. Reimbursement requests must be approved by someone other than the payee.
- f. Expenses will be charged to a particular program area that is associated with the reason for the expense. Professional development expenses will be charged to an appropriate personnel account.
- g. Requests for reimbursement must be made within 60 days of the expense.
- h. Original receipts and documentation of the request for reimbursement will be retained by the Church to substantiate the expense.

As applicable individuals seeking reimbursement are required to have signed and have on file Expense Reimbursement Plan Acknowledgement form.



## **Appendix D: Acceptable Ranges of Investment Categories in the Investment Portfolio**

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### ***Equities (Stocks)***

The range of equity investments shall ordinarily fall between 40% and 65% of the total investment portfolio. A neutral range is between 50-60%.

Within equities the following categories should be represented:

- Large and mega capitalization (cap).
- Small and mid-caps.
- Foreign, including emerging markets.
- REITs.

In terms of capitalization, a strong majority of the equity investments should be in large and mega caps. A normal range for them would be 65-80% of total equities. Thus, the normal range for small and mid-caps would be 20-35%.

In another breakdown, domestic equity range should be 65-85% of total equities, with foreign falling between 15 and 35% of the total equity investment.

Investment in REITs should generally be 5% or less of total equity investment.

### ***Fixed Income (Debt) Ranges***

Fixed income investments shall fall between 35% and 60% of the total investment portfolio. A neutral range would be 40-50%.

Within fixed income the following categories should be represented:

- Investment grade.
- Below-investment grade.
- Foreign, including emerging markets.
- Duration: short, intermediate and long.

Quality ranges should be 70-90% investment grade, relative to the total allocated to fixed income investments. Thus below-investment grade fixed income investments should be between 10% and 30%.

A range of 70-90% domestic debt securities and 10-30% foreign should be maintained.

As a general rule an average bond duration of 4-8 years (intermediate) is advisable to balance income and price volatility factors; however, there are times when a shorter average duration is advisable.

## **Appendix E: Cash Handling Policy**

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The Church receives cash and checks in its Sunday offerings, TGIF concerts, social events, and Church sales. All Church Members who handle cash are instructed on basic internal controls related to cash receipts.

Cash handlers are also instructed that they are required to keep all financial information confidential. Offering counters are expected to sign the following agreement.

Detailed instructions to Counters consistent with these policies are provided by the Treasurer with approval of the Finance Committee



## **Appendix F:**

### **Special Purpose Fund Identification Documents**

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A Special Purpose Fund Identification Document shall be created for each Special Purpose Fund proposed for approval by the Session. See the model template for a Special Purpose Fund Identification Document set forth below.

#### ***Document Contents***

The Special Purpose Fund Identification Document shall contain all pertinent information regarding the proposed Special Purpose Fund, including:

- The proposed name of the Special Purpose Fund.
- The account number of the Fund (assigned by the Treasurer).
- The purpose of the Fund, specifically including any donor-imposed restrictions, special conditions or instructions; or any Session-imposed restrictions regarding use or duration of the Special Purpose Fund, carryover of unused funds to subsequent years, retention of income earned on the assets in the Fund, etc.
- The initial level of funding and its source (individual donation(s); will, trust, charitable annuity, etc.; special solicitation and collection; Session appropriation of unrestricted funds; or other).
- Name(s) and contact information for any donor(s), unless Special Purpose Fund is based on a Church solicitation accompanied by general membership contributions.
- The identification and location of any pertinent Gift Instrument (donation agreement, Church solicitation, will, trust, etc.).
- Any pertinent information on a donor, or the circumstances of the formation of the Special Purpose Fund, that might assist future Church representatives in the management of the Fund.
- Proposed sources of subsequent or continuing funding, if any.
- The type of Special Purpose Fund (Temporarily Restricted, Permanently Restricted, or Unrestricted (Session Designated) (see Definitions).
- The Committee Chair and/or FPC employee having expenditure authority over Special Purpose Fund.
- The date of approval by the Session.

#### ***Fund Creation***

A draft Special Purpose Fund Identification Document shall be prepared in connection with a proposal to the Session to approve a new Special Purpose Fund. The approved Document should be referenced in connection with any subsequent contribution or appropriation of new funding to the Fund, or any request for expenditures from the Special Purpose Fund. The responsible FPC employee or committee chair is responsible for ensuring that there is a record of Session approval or delegated expenditure authority to support a proposed disbursement, and for ensuring that the correct account number is referenced.

### ***Existing Funds***

Special Purpose Funds are described shown a separate document: [Special Purpose Funds](#).



# Forms

Forms are a means to execute the policies established in this document. They may be changed without Session approval. New or revised forms will be included in this section as necessary.

## **FPC Special Purpose Fund Identification Document Template**

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Name of Special Purpose Fund:

Account Number:

Purpose:

Initial funding level:

Initial source of funding:

Name(s) and contact information on donor(s), if any:

Identification and location of pertinent Gift Instrument or Church Solicitation:

Other pertinent information on source or circumstances of the creation of the Special Purpose Fund:

Proposed sources of subsequent or continuing funding, if any:

Type of Special Purpose Fund (Temporarily Restricted, Permanently Restricted, or Unrestricted (Session Designated):

Responsible FPC employee or Committee having expenditure authority:

Date of Session approval: \_\_\_\_\_

Clerk of Session: \_\_\_\_\_

Date: \_\_\_\_\_

## **FPC Agreement for Offering Counters**

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I, \_\_\_\_\_, hereby agree as follows:

- I have read, understand and will comply with Church policies and procedures regarding counting of collections;
- I will keep confidential any and all information about individuals' giving, to which I am exposed as a Counter of collections;
- I will not share or disclose to others Member financial information or amounts donated to the Church, excepting only authorized Church financial personnel having a need for access to such information;
- I will make no disbursements from pre-deposit cash collections;
- I will ensure that all collections are promptly secured in the safe or deposited in the bank; and
- I will not share or disclose the combination of the Church safe to any other person.

As an FPC Counter, I will be responsible for ensuring that collections are accurately and completely counted, balanced and reported to authorized financial personnel.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date \_\_\_\_\_

## FPC Check Requisition

---

Please issue the following check:

DATE NEEDED: _____	Vendor # _____
PAYEE NAME: _____	
ADDRESS: _____	
_____	

Explanation on check voucher:

Remarks:

Charge to Account #:	Account Name:	Amount
	Total	\$

Committee Chair/Manager Approval:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Officer of the Corporation/Pastor Approval

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

☐ Mail check to payee      ☐ Put check in my box      ☐ Hold check for pickup

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## FPC Income Distribution Worksheet

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Deposit funds to:

Account # and Name: \_\_\_\_\_

Date Counted: \_\_\_\_\_

Description	Amount	Quantity	Total
Coin			\$
Currency			
Ones	1.00		\$
Twos	2.00		\$
Fives	5.00		\$
Tens	10.00		\$
Twenties	20.00		\$
Fifties	50.00		\$
Hundreds	100.00		\$
Other			\$
Coin and Currency Subtotal			\$
Checks Subtotal (make copies of ALL checks)			\$
TOTAL			\$

Counted by: \_\_\_\_\_  
Printed Name/Signature

Counted by: \_\_\_\_\_  
Printed Name/Signature

Additional Information: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## **FPC Conflict of Interest Disclosure Statement**

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This Conflict of Interest Disclosure Statement is intended to ensure that members of the Session, Staff, Officers, Committee Members and any other person having authority delegated by the Session to influence, make or implement decisions regarding the execution or administration of contractual transactions, comply with the Conflict of Interest Policy of the First Presbyterian Church of Santa Fe.

Instructions: Please read the certification below and mark an "X" in the space before either Item A or Item B, whichever is appropriate. If you mark Item B, please provide the information requested.

Please then print your name, sign and date this Statement, and return this form to the Clerk of the Session.

Certification: I have received a copy of the Conflict of Interest Policy, have read and understand the Policy, and I agree to comply with the Policy. I understand that the First Presbyterian Church of Santa Fe is a nonprofit corporation and that, in order to maintain its tax-exempt status, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

[    ] A. I am not aware of any relationship, Financial Interest, or actual or prospective contractual agreement involving myself or any family member or any other person to whom I am related, and any other individual or organization, non-profit or otherwise, which constitutes or may constitute in an actual, potential or apparent conflict interest with respect to my responsibilities as an Employee or Member of the First Presbyterian Church of Santa Fe.

[    ] B. The following relationships, Financial Interests, or actual or prospective contractual agreements involving myself, a family member, or other individual to whom I am related, with other individuals or organization, whether nonprofit or otherwise, may constitute or might result in an actual, potential or apparent conflict of interest with my responsibilities as a Member the First Presbyterian Church of Santa Fe.

Financial (contracts, partnerships, contractual agreements, and investments):

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For-profit directorships, positions, and employment:

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Nonprofit directorships, positions, and employment:

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Other:

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I will promptly notify the Head of Staff of the First Presbyterian Church of Santa Fe of any material change in my relationships, Financial Interests, or transactions that would constitute or might result in any actual, apparent, or potential conflict of interest with regard to my responsibilities as a Member or employee of First Presbyterian Church of Santa Fe.

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Name (Print)

---

Signature

Date: 

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## **Expense Reimbursement Plan Acknowledgement**

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I have received a copy of the Church's Fully Accountable Reimbursement Plan and understand that it provides guidelines and summary information about the Church's reimbursement policy, procedures and rules of conduct. I understand that it is my responsibility to maintain adequate and accurate records and forward all supporting expense reports, receipts and documentation to the Church.

---

Name (Print)

---

Signature

---

Date





# Tables

Tables 1 through 4 provide current names or organizations associated with positions or functions described in this document. They may be updated by the Office Manager upon notification by the Clerk of Session following a Session action. Table 5 may be updated by the Office Manager upon notification by the Chair of the Mission and Social Justice Committee.

## Table 1 - Committee Chair Positions

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The chairs of committees can be found on the [Church Circles and Committees](#) website page. Moderator of Deacons can be found on the [Deacons](#) page, and Elders can be found on the [Sessions](#) page. These persons have authority to accept contributions to, and initiate expenditures from, Special Purpose Funds to the extent authorized in special fund identification documents.

## Table 2 - Officer/Staff/Volunteer Positions

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The following table lists the officer/staff/volunteer leadership positions referred throughout this document. (Updated February 26, 2024)

<b><i>Position</i></b>	<b><i>Name</i></b>
Pastor/Head of Staff	Harry Eberts
Music Director	Linda Raney
Office Manager – Administration	David Beatty
Office Manager – Hospitality	Delicia Nakazono
Facilities Administrator	Marie Gonzales
CDC Director	Anne Liley
President	Bill Eklund
Vice President	Dennis Sanderson
Treasurer	Gale Wright
Clerk of Session/Corporate Secretary	Judi Haines
Bookkeeper	Maria Romero (Contractor)
Counter Coordinators	Betty Jones and Margaret Lyerly

### Table 3 – Check Signatories

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Session authorizes those persons who are responsible for signing checks. Signatories are authorized by name, not by position. As of February 25, 2024, the following persons are authorized by the Session to sign checks:

<b><i>Names</i></b>	<b><i>Position</i></b>
Gale Wright	Treasurer
Dennis Sanderson	Vice President & Chair, Finance Committee
William Eklund	President
Margaret Lyerly	Member of Finance Committee
Richard Lindahl	Member of Finance Committee

### Table 4 – Vendors

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This table lists current FPC vendors referred to throughout this document. (Updated February 26, 2024)

<b><i>Service or Function</i></b>	<b><i>Name of Vendor or Contractor</i></b>
Payroll processor	PayChex
IT Service Contractor	Sundance Networks, LLC
EFT/Credit Card Processor (online)	Vanco
Accounting system	QuickBooks
Membership & donations system	Church Windows
Bank Checking and Savings Accounts	Enterprise Bank Bank
Certificates of Deposit	Bank of America
Investment Accounts	Fidelity

### Table 5 – Third Party Charities

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The following is a list of the currently approved third party charities as supported by FPC:

Alice King Center  
BorderLinks  
Boys and Girls Clubs, Del Norte  
Coalition for Prisoners' Rights  
Community Farm  
Envision Santa Fe  
Esperanza Shelter for Battered Families  
Feeding Santa Fe

Food Depot  
Ghost Ranch  
Girls Inc. of Santa Fe  
Habitat for Humanity  
HEPAC  
Interfaith Community Shelter  
Interfaith Workers' Justice NM  
La Familia Medical Center  
Lutheran Advocacy Ministry NM  
Menaul School  
Need and Deed  
New Mexicans to Prevent Gun Violence  
No More Deaths  
Pastoral Counseling Center  
Santa Fe Public Schools Adelante Program / Juntos Los Jueves  
Solace Crisis Treatment Center  
Somos un Pueblo Unido  
Southside Soccer Club  
St. Elizabeth Shelter