

TWIN CITY CHINESE CHRISTIAN CHURCH – Finance Policy (2024)

I Offering

A. Offering Designations

Income received must be recorded separately according to its designated purpose. TCCCC available Funds are:

- 1 Unrestricted Funds: These are resources over which the Deacon Board (DB) has discretionary control according to the approved budget, i.e. General Fund. These monies come from regular offerings given to the church as well as donated stocks, dividends, and credits.
- 2 Temporarily Restricted Funds: Donors may designate only to the following funds or other special funds specified by the DB.
 - a) Thanksgiving/Needy Fund: This fund is distributed to those with financial needs and identified by the pastoral staff and elders. Priority shall be given to TCCCC Christians. DB should be informed about the release of the fund (number of recipients and total amount, no name of recipient shall be mentioned). If the amount is over \$2,000 for an individual, DB approval is needed; no name of recipient shall be mentioned. These offerings are collected all year round.
 - b) Junior Sunday School (Jrss) Fund: This fund is used for designated mission purposes proposed by the Junior Sunday School Committee. These offerings are collected all year round.
 - c) Building Fund: This cash reserve fund is designated for TCCCC major long range and building related expenditures and requires DB approval for use.
 - d) Short Term Mission / Antioch Missions Fund: This fund is designated as financial support for Christians to fulfill the church's desire to participate in worldwide missions. These offerings are collected all year round. While using the missions committee guidelines for any expense, TCCCC finance policy should be followed.
- 3 Emergency/Reserved Fund: This fund is designated to be used on TCCCC emergencies (e.g., roof repair) The fund has to be maintained at 20 to 25% of the yearly budget. The use of the fund will need DB approval.
- 4 Rental Fund: This is the TCCCC rental property income. This fund is used to pay out the building loan or other DB designated purpose. DB approval is needed to use this fund.

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B. Collection of Offerings

- 1 Offerings must be collected from the offering box immediately after all Sunday services conclude for the week or after special meetings during other times of the week. Offering must be collected jointly by the Treasurer and Financial Secretary; both must sign the Weekly Report of Receipts. If either person is unable to perform the collection, a member from the DB or a former deacon authorized by the Treasurer or Financial Secretary may substitute. All monies received must be deposited into the regular checking account on the next business day and entered into the church financial record promptly.
- 2 Fees and offerings received for special purposes, such as for short-term mission trips, retreats or church planting, should be submitted directly to the Treasurer and deposited the following week with the regular weekly deposit. In special cases, collected money can be submitted through mutually agreed arrangements.
- 3 All offerings will be filed under the calendar year in which it was received with an exception in transition of a new year. Offerings dated prior to January 1st received by the first weekend of January can be counted under previous year upon donor's request.
- 4 TCCCC also accepts members' offerings through bank direct deposit, i.e., Electronic Fund Transfer (EFT). The Treasurer is responsible to set up the bank batch job to collect the offering. The batch jobs run twice a month, once in the beginning of the month, the other in the middle of the month. Members can also offer by using credit card through the PayPal Charitable Account. The money in PayPal Charitable Account is available to be transferred to the TCCCC bank account once per month.
- 5 TCCCC chooses not to accept company charitable giving, such as giving through company matching programs.

C. Handling of Offerings

- 1 All offerings, if not specifically designated, are considered regular offerings and are included in the General Fund.
- 2 TCCCC does not endorse a check to an individual when the check is written out to TCCCC.
- 3 If a check is written out directly to a person, the check will be passed on to the designated person. Such contributions are not tax deductible.
- 4 Thanksgiving/Needy offerings, stock offerings and other special offerings approved by the DB will be announced in the Sunday bulletin. Stock offerings will be posted when the transactions are settled.
- 5 The Financial Secretary will coordinate the sale of all donated stocks and physical assets promptly upon receipt. The actual sale of stocks may be handled by a designated member of the TCCCC Investment Committee. The cash received should be transferred to the bank as soon as possible and logged into the church's General Fund unless otherwise designated by the donor.

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- 6 Donors should notify the Financial Secretary of all stock offerings when given through electronic transfer or mail-in stock certificates. Stock offering instruction is available on-line on the TCCCC website or see the Financial Secretary for instructions. The Financial Secretary needs to ensure the information on the website is up-to-date.
- 7 For all potential capital asset offerings, the donor should contact the church office for referral to the appropriate committee.
 - a) Smaller capital asset offerings (furniture, appliances, pianos, and etc.) may be approved on a case-by-case basis by the appropriate committee.
 - b) Larger capital asset offerings (buildings, vehicles, real estate, etc.) are subject to initial review by the trustee or an appropriate deacon. They will make a recommendation to the DB whether or not to accept the potential offering. Acceptance is contingent upon final approval by the DB.

D. Contribution Receipts

- 1 A letter of appreciation will be issued by request with no assigned value for any approved non-monetary donation.
- 2 Cash offerings to General, Thanksgiving, and DB approved special funds are recorded as tax deductible contributions. Contribution receipts will be issued annually and distributed to the congregation before January 31 of the following year.
- 3 Contribution receipts from the church for stock offerings will be issued if the donor notifies the finance team.
- 4 On all contribution receipts, one of the following types of statements must be included: (1) no goods or services were provided in exchange for the contribution, (2) goods or services that were provided in return for the contribution consisted entirely of intangible religious benefits.
- 5 Offerings given by individuals through charitable services of financial institutions, such as PayPal, Fidelity, Charles Schwab, will not be included in the TCCCC offering receipt. Tax Receipts should be provided by the charitable financial institution. TCCCC will generate a confirmation letter for this type of offering annually and distribute before the January 31 of the following year.

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II Reimbursements

Reimbursements at TCCCC follow the IRS Accountable Reimbursement Plan. Under the Accountable Reimbursement Plan, there are three requirements: (1) the expense must have a church related purpose, (2) the expense must be substantiated and (3) any excess amount must be returned to the church. Church related expenses can be either reimbursed or advanced.

- 1 To receive an advance or reimbursement, a Finance Request form must be fully completed to show: the date, amount, related financial account if known, and church related purpose for the expense. Receipts must also be submitted within the accounting year of incurring the expense.
 - a) Receipts must have the vendor, location, date, items purchased and dollar amount. Having this information handwritten on the receipt is also acceptable, in which case the requestor's signature will also be required on the receipt.
 - b) If a credit card receipt is submitted, itemized details are still needed together with the credit card receipt.
 - c) Keep church related expenses on their own receipts; do not mix non-church related items on the same receipt if possible.
 - d) Check with the bookkeeper if the church's tax-exempt status can be used for an upcoming purchase; do not use the tax-exempt status for personal or non-church related purchases.
- 2 For accountability, two signatures are required to authorize a Finance Request on the form. The one submitting the form must sign as well as the appropriate committee person or a person officially approved by the DB. If a committee chairperson is seeking a reimbursement, he/she should have the form approved by the chair or vice-chair of the DB.
- 3 Approved routine invoices (such as for electric bills, phone bills, garbage collection, etc.) can be submitted without a Finance Request form.
- 4 Requests for advances will be reviewed and approved within 30 days. Expenses must be accounted for within 60 days after the expenses are paid, and any excess amount must be returned immediately when the payment is finalized.
- 5 The accounting-book for the year will be closed in the third week of January of the following year. Reimbursement requests from the year will not be accepted after the closing of the accounting book for the year.
- 6 When requesting travel reimbursement for a TCCCC business or short-term mission trip that mixes with personal purposes including personal side-trips and personal events, the requestor must prorate the amount spent or deduct the personal related expenses.

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- 7 For all mileage reimbursements, the miles traveled, the date of travel, and the purpose of travel must be stated on the request form. TCCCC will use the most current Standard Mileage Rate set by the IRS.
 - a) For paid staff, if the above listed items are not specified, a W-2 Form must be issued to the recipient at the end of the year for the unsubstantiated miles. Paid staff will be reimbursed at the Business mileage rate. If appropriate, the Medical/Moving rate may also be used.
 - b) For volunteers, mileage may be reimbursed for miles traveled on approved TCCCC business. And the IRS published Volunteer mileage rate will be applied. Mileage reimbursement is intended to cover all the costs associated with operating a vehicle for business purposes, including wear and tear on the car as well as fuel costs. The mileage reimbursement requestor should be the vehicle operator and owner.

- 8 Education support and subsidy can be requested by individuals.
 - a) Education

TCCCC may pay the following expenses for regular active church attendees who attend seminars and workshops related to church ministry. Approval by pastoral staff is required.

 - (1) Registration fee (no room and board)
 - (2) Course materials

 - b) Church Mission

Refer to the 'Missions Policy of the Twin City Chinese Christian Church'

 - c) Evangelistic and Ministry Events

TCCCC may provide partial/full scholarship for individuals attending or supporting evangelistic meetings and ministry events (e.g. TCCCC Summer Conference, Senior High Retreat, Gospel for China Conference). Approval by pastoral staff is required.

 - (1) For accountability and audit purposes, names of the applicants must be provided to the finance team.
 - (2) The amount of the support will be determined by the event coordinator.

- 9 Reimbursement for food expenses
 - (1) Food expenses associated with church activities or programs approved by pastoral staff or DB with budgets can be reimbursed.
 - (2) Approved and budgeted meals intended as appreciation lunch/dinner or one-to-one/small group counseling activity are reimbursable. The reimbursing amount shall not exceed \$20 per person. For appreciation lunch/dinner, its frequency shall not exceed once per quarter (for recurring events).

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- 10 Reimbursement and spending guideline regarding other activities:
 - (1) Fellowship/small group picnics: reimbursement for picnic site rental can be claimed. See 9 (1) above for food expenses reimbursement.
 - (2) TCCCC can prepay tickets for group activities that are primarily for entertainment, such as camping, amusement parks, concerts, etc. The coordinators of the activities are responsible to collect the fees in full and to submit them to the church treasurer directly. In special cases, collected money can be submitted through mutually agreed arrangements. Scholarship coverages can be applied for the needy individuals/families. Pastoral staff approval is required for scholarship.
 - (3) Church ministry gifts should not be given in cash. Any purchased gift with an amount over \$100 needs to be approved by an appropriate pastor or deacon. For accountability and audit purposes, names of the gift recipients must be provided to the finance team.

III Budgeting

- 1 Each committee must manage their total approved budget. Any expenditures above and beyond their budgets must be approved by the DB.
- 2 See the Finance Committee for documentation on TCCCC's Budgeting Guidelines, Budget Protocols, and Budget Request Forms.

IV Large Project Approvals

- 1 Deacons are authorized to sign agreements to execute projects up to \$5,000, or annual contracts up to \$5,000, if they are within budget.
- 2 All projects greater than \$5,000, or annual contracts greater than \$5,000 will require DB approval. The Deacon who initiates the project shall be the project manager who will be authorized to sign agreements, be responsible for execution of the project, and provide monthly status reports to the DB.
- 3 Projects that are greater than \$10,000 or will continue for 3 years or longer require a signed contract prior to the start of work. This contract must be reviewed and approved by a church appointed lawyer.
- 4 Projects greater than \$10,000 will require a minimum of three bids. The final accepted bid must be presented to the DB for final approval. Each contractor who bids must be bonded and have insurance liability coverage.
- 5 All projects or project phases (for large projects), prior to starting, must be: (1) pre-approved by the DB, (2) budgeted, and (3) fully funded.

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V Finance Committee

A finance committee will be formed each year when a new DB is formed. The Finance Committee is made up of Finance Deacons, Bookkeeper and previous Finance Deacons who are invited by the current Finance Deacons to join the team. Persons with financial background are preferred. No more than 7 members preferred. The team is responsible for reconciling the monthly TCCCC accounting book with the bank account, conducting internal audits and consulting on financial matters. Each team member will serve a one-year term, with no limit of terms.

VI Audits

Every other year the Financial Secretary will initiate an internal audit of the financial statements and records. A team of 2 persons who conducts this internal auditing will be either previous DB members with financial background or persons appointed by the Finance Deacons, with approval by the DB. The internal audit should be completed in the first quarter of the year.

An external audit by a CPA firm will be performed on an as needed basis. For example, when applying for a loan.

VII Tax Reporting

1 TCCCC has an obligation to file the 1099-Misc or 1099-NEC form for the following individuals:

- (1) Any ordained pastors and staff (exclude staff who elect to use an IRS W-2 form and church secretaries who shall receive an IRS W-2 form)
- (2) Persons (non-church employees) who provide a service to TCCCC and receive payment over \$600 during the tax year
- (3) Speakers who receive an honorarium over \$600 during the tax year.

TCCCC must send copies of the 1099-Misc to the individuals by January 31 and file the 1099-Misc forms to the IRS as required.

TCCCC should request payees EIN/SSN and full addresses when filling out the 1099-Misc form.

2 TCCCC MUST include the following compensation in the W2 form in addition to the base salary:

- (1) FICA paid by TCCCC
- (2) Health/dental insurance premium and health related reimbursements
- (3) The amount of the health insurance subsidy that TCCCC provides for those staff members whose health insurance is covered by his/her spouse

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(4) Health saving accounts (HSA) that TCCCC contributes

(5) Thanksgiving/Christmas or other special occasion gifts

(6) Unaccountable expenses account

VIII Others

A. Reports

Monthly financial status reports will be given out during the DB meeting each month unless specifically requested otherwise. Any other detailed information can be requested from the Finance Team.

B. Bank Accounts

A minimum of two months of operating expenses will be kept in the church's regular checking account. The remaining funds will be transferred into interest bearing accounts.

C. Housing Allowance

According to the IRS rule, the housing allowance must be determined at the beginning of each year. For example, the 2021 housing allowance must be set and approved by the DB before January 1, 2021.

D. Guest Speaker Honorarium

Refer to the document 'Speaker Honorarium Guidelines'.

E. Foreign Currency

Offering of foreign currency is discouraged.

F. Money Lending

TCCCC does not lend money.

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Revision	Date	Changes	Author
C	07/08/08		Lulu Kwan
D	01/01/2024	Reviewed entire document to update it with most current TCCCC Financial states.	Colin Chan; Sue Yang; Esther Wong; Julie Wong; Liping Hu; Rita Kao and Joyce Chow