

Accounting Policies, Procedures, and Guidelines

**St. Anne Orthodox Church
Oak Ridge, TN**

Revision Date: December 19, 2010

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Revision History

Revision Date (date approved by Parish Council)	Brief Description of Change(s)
12/19/2010	Original document approval.

1. Document Ownership and Revision:

This Accounting Policies, Procedures, and Guidelines document is controlled by the parish council. It should be revised as needed by the parish council with advice from the budget committee and/or audit committee, where necessary. Revisions will be voted on and recorded in the parish council meeting minutes, and the parish council will cause the content of this document and its revision date to be updated. A list of revision dates and a brief description of the change(s) is included at the front of this document.

2. The Parish Corporation and Its Real and Liquid Property:

The Parish bylaws control all items related to its legal status as a corporation, and the parish council's responsibilities with regard to real (physical) and liquid (cash and equivalent) property. *See Article VII of the bylaws for details.* This manual gives much greater detail regarding how the parish council and the treasurer will manage St Anne's liquid assets (income, spending, savings, and debt).

3. Controls on Incoming Cash

A. Counting Donations

Donations to the church will be counted weekly after the Sunday services. This will include donations made during the week and at the Sunday morning services, and donations received electronically or by mail. If donations are made in form of stocks, the stocks will be sold without delay and the check received from the sale will be counted the following Sunday. (See section titled "Non-Cash Contributions.")

The collection plates may need to be emptied during the week if tempting amounts of cash accumulate during midweek services. This cash will be stored until Sunday when counting will be done.

At least two people should count the money, and one counter must be a parish council member. Preferably the other counter will be a non-council member, but only members who are trustworthy with confidential information should be selected for this duty. Counting should be done in the open, and by different members so that all parish members can have confidence in the process.

The form used to count the donations is in Appendix A, and should be signed by both counters. The money collected will be assigned to funds designated by the donor. Cash or check without any designation will be assigned to the general operating fund. The donations and the count form are given to the treasurer, and the treasurer will maintain the counting form as part of the record keeping.

B. Pledge Data and Contributions

The treasurer and assistant treasurer shall have exclusive access to pledge data and contribution records. Historical data will also remain confidential. In specific circumstances the parish council can vote to override confidentiality, but should justify

the reasons for doing so in the parish council meeting minutes. (Note: the rector has canonical authority to access this information, but makes it a practice not to do so.)

4. Controls on Outgoing Cash

A. Official Check Signatures

The section further clarifies check signing authority as discussed in Article VIII, Section 3 of the parish bylaws, which defines the signatures required on checks. (Note: The rector has the right to require that he co-sign any and all checks. Therefore the rector has authority to override the following guidelines.)

The treasurer is typically the primary signature required on checks. In cases where the treasure is not available, the rector will sign in his place. Where two signatures are required, ideally the treasurer and rector should sign, but the warden or any council member with a signature card on file with the bank may serve as the second signature in unusual circumstances. Section 3 of Article VIII regarding signatures on checks is further clarified as follows:

- All expenditures made by check for amounts in excess of \$1,000 shall require two signatures as described in Section 3, but lesser amounts require only one signature. All payments to the diocese will be by check and have two signatures, regardless of the amount. Policies for making payments electronically or with debit/credit cards are contained elsewhere in this document.
- A parish council member other than the treasurer will reconcile or at least review all bank statements (checking, savings, loans, credit cards, brokerage account, etc.) once per month. The intent is that check writing responsibilities and account reconciliation activities be done by different people. Ideally, the job of reconciling/reviewing statements would fall to the assistant treasurer, but any parish council member is eligible (other than the treasurer).

B. Electronic Payments

Technology allows payments to be made by online transfers or online checks. This technology allows money to leave St. Anne accounts with only one person's approval. Electronic payments by the treasurer are allowed with the following restrictions:

- Payments can be made for regular expenses (e.g., utilities) that are pre-approved by the annual budget or with special approval of the parish council.
- The payment amount shall not exceed \$1,000 (See requirements for two signatures, above.) Exceptions to this dollar limit are listed here: Priest's paycheck, power bill.

C. Debit/Credit Cards

The parish council will approve in advance church members who are authorized to use church credit cards. Spending limits will be assigned and a list maintained in Appendix B.

D. Expenditures Approved by the Annual Operating Budget

The Budget Committee (Article X of uniform parish bylaws) proposes an annual budget, and it is approved with amendments, if any, by the parish at the annual meeting (Article IV of uniform parish bylaws). It is the responsibility of the parish council to execute the will of the parish with regard to the operating budget. Non-budgeted expenditures that are not within the scope of the operating budget require parish council approval in advance. Budgeted expenditures that exceed annual budgeted amounts by 10% and \$150 require parish council approval in advance. For all expenditures that fall outside of the annual budget, the treasurer should note the authority (e.g., date of council vote) for non-budgeted expenditures in the accounting system.

E. Fund Balances Cannot Be Negative

In principle, funds on the balance sheet should not have negative value. A balance below zero is not allowed for more than one month without approval of the parish council.

F. Benevolence and Outreach Expenditures

The budget committee proposes an annual budget with input from interested parish members for benevolence and outreach expenditures which is approved by the parish council. Upon approval, the budget becomes the authorization for expenditures. However, the parish council should control the timing of the expenditures.

The rector or treasurer, at their discretion, may, from time to time, allow a donation to be made through St. Anne for a specific person/family for the purpose of preserving anonymity. Those contributions that are earmarked for a specific person/family are not eligible for tax deductible status.

G. Mercy Fund

The Mercy Fund exists to provide assistance to members of the parish in need. To maintain anonymity of the person/family in need, decisions to provide assistance will be made by a three-member committee consisting of the rector, warden, and treasurer. All three members must be involved in the decision process, and a majority vote is required before disbursing funds. Payments to clergy or council members require a vote of the parish council. Funds may be donated directly to the Mercy Fund, but transfers to the Mercy Fund from another account require a vote of the parish council.

Payments should not be made directly to the person in need. Rather payments should go directly to pay for an item. Examples are buying a Kroger gift card or writing a check to the doctor's office. No family can receive more than \$1,500 per year and no individual can receive more than \$1,000 per year without approval of the parish council.

H. Emergency Expenditures

A subcommittee consisting of the rector, warden, and treasurer have authority to unanimously approve emergency expenditures. If one or more of these subcommittee members is not available, another member(s) of the parish council should be contacted for approval. The entire parish council should be notified as soon as possible (e-mail, phone

call, etc) of emergency expenditures, and a confirmation vote should take place at the next parish council meeting (special meeting or regular meeting).

5. Other Accounting Requirements and Details

A. Account Names Used in Financial Statements

The account names and purposes will be approved by the Parish Council. The list of accounts is contained in Appendix C along with a brief description of the purpose of the account. The list can be revised with parish council approval, by adding new accounts, by removing old and unnecessary accounts and by renaming or reassigning existing ones.

B. Accounts at Financial Institutions

A list of account types, account numbers, the associated financial institution, and other critical information is listed in Appendix D. The treasurer or assistant treasurer should ensure that this list updated, including when bank names change, by supplying updated Appendix B inserts to parish council members.

C. Deanery or Diocesan Expenses

Expenses incurred in support of the Deanery of Appalachia or the Diocese of the South may not be paid using parish funds or parish credit cards. Travel required by the parish bylaws will be funded by the parish, but deanery or diocesan expenses incurred during these trips are not included and should not be paid with parish funds or credit cards. The diocese is responsible for reimbursing deanery or diocesan expenses.

D. Travel Expense Reports

St. Anne's standard travel expense report is in Appendix E. Travel expenses will follow the U.S. General Service Administration (GSA) guidelines for per diems (lodging, meals, and incidental expense) and mileage. Expenses that exceed GSA guidelines will not be paid/reimbursed with parish funds. Updated GSA guidelines can be found at the www.gsa.gov website.

E. Reimbursement of Miscellaneous Expenses

Miscellaneous expenses require a receipt attached to the form contained in Appendix F. Special projects (e.g., summer church school program) should use the expense report in Appendix F unless the scope of the project requires more detailed information (at the treasurer's discretion).

F. Honoraria and Related Expenses

Visiting priest that serve liturgy in place of Fr. Stephen will be paid a standard honorarium of \$250 which covers all travel expenses, hotel expenses, food, etc.

St. Anne will pay the customary honorarium of \$350 for visits from a Bishop/Archbishop or Metropolitan. Amounts exceeding these standard amounts must be approved by the parish council in advance. Hotel expenses for bishops and those travelling with them will be paid by the parish, but parish members should offer to house visiting clergy to save expenses.

G. Diocesan Tithe

The form for remitting the monthly tithe to the diocese can be found on the diocesan website. The form lists all the types of income where the tithe applies. Tithes for three income types on the list (candle sales, bookstore sales, and coffee hour sales) are further clarified here.

- Coffee hour donations are meant to break even, and may even run at a loss since donations are optional. St. Anne will not tithe against coffee hour income while it is being run as a break even operation.
- The bookstore's income will barely exceed expenses, and is not intended as a profit generating operation. From time to time the parish council may choose to transfer excess funds from the bookstore's bank account to the general operating fund. When such a transfer occurs, a tithe will be paid on the amount transferred.
- Candle sales require the church to purchase inventory and request donations which are paid on the honor system. It is the treasurer's responsibility to keep track of net income (profit) on candle sales and pay a tithe only against profits.

Other types of fundraising activities typically are intended to do better than break even, and the "inventory" sold (e.g., a bake sale) is typically donated. Therefore, a tithe against gross income for these types of projects is appropriate.

Donations and fundraisers to benefit outreach/benevolence are not intended to make a profit (e.g., funds for helping families send children to Camp St. Thekla), and will not be burdened with the tithe.

6. Miscellaneous Items

A. Clergy and Employee Employment Expenses

Clergy are not typically "employees," but rather more like "contractors." The parish council should require a written understanding between clergy or other full/part-time employees that defines St. Anne's expectations and related compensation (whether paid directly by the parish or not). All pay, benefits, direct and indirect expenses associated with employment, etc, should be reviewed and approved by the parish council before a hiring decision is made.

Each year all paid clergy will communicate with the treasurer regarding how to divide their paychecks into various categories. These categories and proportions are specified by each clergy member for tax purposes. Clergy, as independent contractors, are solely liable and responsible for making accurate income tax filings. The parish is not responsible for clergy tax filings. Therefore, there is no parish approval required.

From time to time the diocesan bishop will "attach" a priest to St. Anne. The parish has no financial responsibility for attached priests whatsoever.

B. Bookstore Audit

The bookstore falls into the category of "parish organizations" addressed in the Article XI of the uniform parish bylaws. The bookstore will be run by parish members appointed

by the priest. Any member of the parish may recommend a parish member to run the bookstore. At least annually the parish council will review the financial statements from the bookstore and audit the records to ensure their accuracy and adequacy.

C. Non-cash Donations

Donations that are easily convertible to cash will be converted into cash as soon as practically possible, rather than attempting to “time the market” to maximize the value. The parish will keep a stock brokerage account open for the purpose of receiving marketable securities and converting them into cash.

D. Sales Tax Exemption

The parish is legally exempt from paying sales taxes. Members who purchase items for the church’s use should use our tax exempt number/certificate to minimize our expenses. The sales and use tax exempt number is **780016420**, and the sales tax exemption certificate is in Appendix G.

E. Accounting Software

The accounting software used by the parish will be available at the church, but may be available on other computers. The current data file will be available at the church, or it will be available online. Whether the file is at the parish or online, it will be adequately protected with a password(s). At least one other member of the parish council should have password access to the file, and be notified when passwords are changed.

Appendix A

Donation Counting Form

Appendix B

List of Credit/Debit Cards

Approved Card Holder	Visa or MC	Financial Institution	Credit or Debit	Credit Limit	Account #
TBD					

Appendix C

List of Account Names and Purposes

INCOME ACCOUNTS	
Account Name	Purpose(s)
Candle Fund Income	Income from candle donations
Christian Ed Income	Donations earmarked for Christian education
Church Supplies Income	Donations earmarked for church supplies (e.g., ???)
Coffee Fund Income	Donations collected for coffee hour.
Liturgical Materials Income	Donations (cash or in-kind) designated for liturgical materials (e.g., wine, oil, vestments)
Plate	Donations that are not fulfilling a pledge. Donations that do not have a specified purpose go to support the general operating budget. This also includes donations for prosphora.
Pledge	Donations fulfilling pledge amounts that go to support the general operating budget.

EXPENSE ACCOUNTS	
Account Name	Purpose(s)
Advertising	Newspaper ads, radio ads, promotional flyers, yellow pages.
Candle Fund Expense	The purchase price of candles, including delivery.
Car Reimbursement	Allotment of priest's salary to automobile expense. This covers all wear and tear on the vehicle, regardless of the number of miles on the car.
Christian Education	Expenses related to Sunday School and Vacation Church School.
Cons. Loan Add. Principal	Additional principal paid towards the consolidated loan.
Cons. Loan Interest	Regular interest payment for the consolidated loan.
Cons. Loan Principle Expense	Regular principal payment for the consolidated loan.
Health Insurance	Allotment of priest's salary to cover health insurance.
Housing Allowance	Allotment of priest's salary to cover housing expenses.
Liturgical Materials	Expenses related to conducting services such as wine, oil, incense, etc. This does/doesn't include vestments, crosses, and other long-term assets.
Maintenance	Expenses related to maintaining the building and grounds. Mowing, fixing HVAC problems, and painting are examples. Long-term investments such as a new

	roof or a new air conditioner will not come from this account, but from the building fund.
Postage & Mailing	Expenses related to mailing or shipping via UPS or FedEx.
Priest Stipend	Allotment of priest's salary towards his stipend.
Retirement	Required payment above and beyond the priest's salary to cover retirement. This is determined by the diocese.
Supplies, Church	Non-liturgical items used to keep the church clean, toilet paper, etc.
Supplies, Office	Supplies to run the office such as paper, printer ink, etc.
Tithe (Candle Fund)	A 10% payment of the net profit from selling candles.
Tithe (Operating Fund)	A 10% payment on all income (operating fund, building fund, flower fund, etc.) that is not donated for benevolence/outreach purposes. The policy manual goes into detail on this subject.
Utilities	Phone, internet, power, waste removal, etc.

ASSET ACCOUNTS

Account Name	Purpose(s)
St. Anne Orthodox Church	Checking, primary account through SunTrust
Y-12 Checking Account	Checking
SunTrust Building Savings	This should balance with the building fund total.
Y-12 Money Market 49438-075	?
Y-12 Savings - 49438- 00	?
Morgan Stanley brokerage account	Account used to temporarily hold marketable securities until they are sold and the funds disbursed.
Church Building	Original purchase price plus value of long-term additions/improvements that increase the value of the structure.
Lot Next Door	Original purchase price of the unimproved lot next to the church building

LIABILITY ACCOUNTS

Account Name	Purpose(s)
Consolidated Loan	Separate loans for the building and lot next door were consolidated into a single loan. The value is the outstanding principle balance.
<i>Note: Credit cards</i>	<i>Credit cards are not tracked as liabilities. No balance is carried on parish credit cards.</i>

EQUITY ACCOUNTS	
Account Name	Purpose(s)
Building Fund	Money designated to purchase a new building, and to make long-term investments in our current building. The tithe for building fund donations comes from this fund.
Candle Fund	Profits after expenses. The candle tithe comes from here.
Church School Food	Donations for church school food less expenses (and tithe)
Cleveland Mission	Allows the mission in Cleveland, TN to use our tax exempt status.
Coffee Fund	Profits after expenses for coffee hour food and beverage.
Flower Fund	Profits after expenses for decorating the church with flowers (tithe?)
General Operating Fund	Cumulative profits after expenses from the general operating budget.
Icon Fund	Donations less expenses for purchasing icons for the church beautification project.
Landscape Master Plan	Donations less expenses for upgrading/maintaining the landscape around the building.
Library Fund	?
Memorial Fund	Donations in memory of those fallen asleep, less tithe and expenses. Expenses are for “permanent” items used in the worship services of the church.
Mercy Fund	Donations for people in need less expenses. The people in need should be members of the parish. This policy manual describes this fund in detail.
Metropolitan’s Reception	Funds for hosting a bishop or metropolitan, less expenses.
Misc. Church Furnishings	Such as chairs and tables for the church school.
OCF Fund	No tithe. A subset of the outreach fund directed towards supporting the OCF group at UT. Cumulative donations less expenses.
Outreach Fund	No tithe. Non-specified outreach funds. The expenses for this fund are suggested by the budget committee and approved by the parish council.
Server Robes	Donations to purchase server robes, less tithe and expenses.
Summer Camp	No tithe. This is a subset of the Mercy Fund. This is to help assist families with financial constraints to send their children to summer church camp.

Appendix D

List of Bank Accounts and Financial Institutions

Account Name	Financial Institution	Account Number	Use/Purpose	Other Information
Building/Land Loan	SunTrust	TBD	Consolidated debt for purchasing building and land	TBD – such as interest rate, etc.

Appendix E

Travel Expense Report Form

Appendix F

Expense Reimbursement Form

This form has not yet been created.

Appendix G

Sales and Use Tax Exemption Certificate