



2017

Financial Policies for Christ Church Pottstown, PA

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I. Introduction

A. Background

This document outlines the financial policies of Christ Church Pottstown (“Christ Church”, “the Church” or “the Parish”). The Financial Policies document is intended to provide guidance to the Vestry, Wardens, various Committees, appointed officers and the congregation on the policies and procedures that govern all the financial activities of Christ Church.

B. Authority

The Financial Policies are the responsibility of the elected Vestry of Christ Church Pottstown. The Vestry may delegate the authority for policy enforcement and administration to various individuals and Committees appointed to perform specific tasks outlined in this document.

This Policy document supersedes any prior Policy documents or policy decisions related to the subjects covered herein.

C. Roles and Responsibilities

The following are general roles and responsibilities for various individuals and Committees of Christ Church. In addition to these general roles and responsibilities, specific duties and responsibilities may be outlined in the various sections of this policy document.

1. The Vestry of Christ Church

The Vestry of Christ Church (“the Vestry” or “Vestry”) has responsibility for:

- Reviewing the Policies contained in this Policy document.
- Periodically reviewing, updating as necessary and reapproving this Policy document.
- Reviewing and approving the financial reports provided by the Accounting Warden or other designated individuals.
- Approving the annual budget.
- Reviewing recommendations regarding the financial condition of the Church.

2. Finance Committee

The Finance Committee focuses on the strategic financial issues facing Christ Church and makes recommendations to the Vestry. The Finance Committee’s responsibilities include by are not limited to:

- Reviewing the financial reports prepared by the Accounting Warden and Bookkeeper.

- Reviewing and recommending to the Vestry, the annual budget for approval.
- Periodically reviewing budget versus actual variances.
- Reviewing the annual audit results and recommendations and taking actions or making recommendations to the Vestry as appropriate.
- Monitoring the investment accounts and activity. As required, making changes to investment holdings as authorized under the Investment Policy section of this document.
- Periodically reviewing this policy and recommending changes to the Vestry.
- Reviewing and discussing other financial issues facing the Parish and as necessary make recommendations to the Vestry on courses of action.

Members of the Finance Committee will include:

- The Accounting Warden
- The Rector's Warden
- The Bookkeeper
- Other individuals as deemed appropriate by the current Finance Committee members.

3. Accounting Warden

The Accounting Warden is appointed by the Vestry to oversee the financial activities of Christ Church. The Accounting Warden's responsibilities include but are not limited to:

- Overseeing the processing of all receipts and disbursements made on behalf of Christ Church.
- Overseeing the reconciliation and controls for receipts and disbursements.
- Preparation of reports for review by the Vestry, the congregation, and as required, the Diocese of Pennsylvania.
- Chairing the Finance Committee.
- Preparing the draft budget of presentation to the Vestry.
- Overseeing the periodic analysis of budget vs. actual receipts and expenditures.
- Arranging for the annual audit of the financial records of Christ Church.
- Reviewing, responding to and implementing recommendations made from the annual financial audit.
- Periodically reviewing the investment activity of Christ Church and making recommendations to the Finance Committee or Vestry as appropriate.

- Making recommendations as appropriate for changes to this policy.

4. Bookkeeper

The Bookkeeper is employed by Christ Church to manage the day-to-day financial transactions for the Parish. The Bookkeeper’s responsibilities include but are not limited to:

- Maintaining records of all income and disbursements from the General Fund and Memorial accounts
- Issuing timely payment for all church related payables
- Generating periodic financial reports as requested.

D. Policy Review Cycle

Review and Approval Requirements

Annually, the Accounting Warden and Finance Committee will review these Policies. If significant changes are made, the revised Policy will be presented to the Vestry for re-adoption. If there are no material changes, the policy will be reviewed on the following cycle:

- Finance Committee – Annually
- Vestry – Biennially

Approval Date:	September 21, 2017
Effective Date:	September 21, 2017
Finance Committee Review:	Annually
Finance Committee Review Date:	September 2018
Vestry Review:	Biennially
Vestry Review Date:	September 2019

II. Operating Budget Process

The annual budget process for Christ Church establishes the framework for the programs that will be undertaken during the Parish’s fiscal year. The budget process attempts to estimate the sources of funding for Church activities and the expenditures to be made during the succeeding fiscal year. Budgets should be developed for both general operating activities (“General Fund”), for capital activities (“Capital Expenditures”) and for designated or restricted funds (Restricted Funds”)

A. Roles and Responsibilities

1. Vestry

Relative to the budget process, the Vestry's responsibilities shall include but not be limited:

- Annually reviewing and approving the General Fund and Capital Expenditures budgets.
- Reviewing and approving any revisions to the previously approved budgets.
- Approving as necessary exceptions to the budgeted totals.
- Periodically, but not less than quarterly reviewing budget versus actual variances

2. Accounting Warden

Relative to the budget process, the Accounting Warden's responsibilities shall include but not be limited:

- Formulating the budget from inputs from various Committees, individuals and the Vestry.
- Presenting a draft budget to the Vestry for approval.
- Periodically, but not less than quarterly reviewing with the Vestry budget versus actual variances

3. Finance Committee

Relative to the budget process, the Finance Committee's responsibilities shall include but not be limited:

- Annually reviewing and approving the General Fund and Capital Expenditures budgets and recommending the budgets to the Vestry.
- Reviewing and approving any revisions to the previously approved budgets and recommending the revisions to the Vestry.
- Periodically, but not less than quarterly reviewing budget versus actual variances

B. Budget Development and Approval Process

The Accounting Warden after consulting with various Committees, Department heads and the Vestry shall formulate a line-by-line budget. A budget should be prepared for the General Fund activity of the Church and separate budget should be prepared for anticipated Capital Expenditures and expenditures from restricted funds.

The budgets will be submitted to the Finance Committee for review and approval before submitted to the Vestry. The Vestry shall review, make changes as deemed necessary, and approve the budgets to be used for the succeeding

fiscal year. Ideally, the Vestry will adopt the budgets for the next fiscal year, no later than the last Vestry meeting of the current fiscal year

C. Budget Revision Process

In the event major revisions need to be made to the General Fund budget, the Capital Expenditures budget, or the Restricted Funds budget, the changes should be reviewed and approved by the Finance Committee, then submitted to the Vestry for approval.

D. Periodic Reporting and Review of Budget Performance

Periodically, but not less than quarterly, the Accounting Warden should present to the Vestry an analysis of the budget projections versus actual results and variances for both the General Fund, Capital Expenditures and Restricted Funds budgets.

III. Receipts Policy

The Receipts Policy establishes guidelines to help insure that income given to Christ Church is fully received and accounted for properly in the respective accounts and on the financial statements of the Church.

A. Roles and Responsibilities

1. Counting Teams

Volunteer counting teams process and record on the weekly counting sheet all contributions or other income received by Christ Church. Their responsibilities include:

- Verifying and recording on an appropriate original document the amount and contributor of the income received.
- Completing the weekly counting sheet, inputting amounts for all appropriate Receipt Groups, then reconciling the Receipt Groups totals to the amount of cash and checks received.
- Providing the Accounting Warden and Bookkeeper a copy of the weekly counting sheet and the Parish Secretary a copy of the weekly counting sheet plus the original receipt documents.

2. Accounting Warden

Relative to receipts the Accounting Warden's responsibilities shall include but not be limited to:

- Verifying the accuracy of the weekly counting sheet information.
- Clarifying as needed the recording of receipt items in the proper Receipts Group.
- Verifying the total on the weekly counting sheet matches the amount reported on the bank deposit receipt.
- Confirming with the Bookkeeper any necessary information

3. Bookkeeper

Relative to receipts the Bookkeeper's responsibilities shall include but not be limited to:

- Verifying that the total on the weekly counting sheet matches the amount reported on the bank deposit receipt.
- Entering in the accounting system the amount of receipts and the accounts to which they should be assigned.

B. Processing weekly or other regular receipts

Regular weekly offerings and other regularly scheduled service offerings should be counted the day of the service or as soon as practical thereafter. The counting and recording should be performed by a minimum of two individuals (preferable unrelated). The Accounting Warden and Bookkeeper are not permitted to be on any counting team.

C. Processing special or irregular receipts

To insure proper recording of receipts, it is preferable to hold any special or irregular receipts and include them in the next succeeding regular weekly count. In the event the next count will be significantly delayed, or the receipt amount is sufficiently large to warrant immediate depositing, the procedure outlined in the Weekly Counting Procedure should be followed, listing the source, amount and account for the special or irregular receipt. The deposit procedures outlined in the Procedure should be followed.

D. Processing receipts of stock or other financial instruments

Donations of stock, bonds, or financial instruments (other than cash or checks) generally require special handling in order to transfer the financial instrument into the name of Christ Church. When a donation of other financial instruments is contemplated, the Accounting Warden should be consulted.

Once received, the Accounting Warden should notify the Finance Committee to discuss disposition of the financial instrument(s).

E. Acknowledgement of Receipts

Receipts should be acknowledged pursuant to section 170(f)(8) of the Internal Revenue Code. Generally, the Parish Secretary processes acknowledgements on a periodic basis, generally quarterly for regular contributions or as soon as practical for special or irregular receipts.

F. Reconciliation of Receipts

The Counting Teams provide the initial reconciliation of receipts by reconciling the cash and receipt totals on the weekly counting sheet.

The Bookkeeper then confirms the amount recorded on the weekly counting sheet and agrees the deposit amount to the bank's records. Any discrepancy should be reported to the Accounting Warden.

References: *Weekly Counting Procedure*

IV. Expenses and Disbursements Policy

The Expenses and Disbursements Policy establishes guidelines for issuing checks payments from the Church's accounts and to insure that expenses paid by Christ Church are properly authorized and properly accounted for.

A. Roles and Responsibilities

1. Vestry

Relative to reimbursements and vendor payments, the Vestry's responsibilities shall include but not be limited to:

- Approving exceptions to the requirements stated in Section B of this Policy.
- Approving expenditures in excess of the budget amounts as stated in Sections C or D of this Policy.

2. Accounting Warden

Relative to reimbursements and vendor payments, the Accounting Warden's responsibilities shall include but not be limited to:

- Verifying the authorization, payees, amounts, and appropriateness of requests for reimbursements and vendor payments.
- Confirming the reimbursement and vendor payments are within the current Vestry approved budget for the payment,
- Insuring that the payment is properly reflected in the Church's financial statements.
- Authorizing a check or other form of payment to be issued.

3. Bookkeeper

Relative to reimbursements and vendor payments, the Bookkeeper's responsibilities shall include but not be limited to:

- Verifying the authorization, payees, and amounts requests for reimbursements and vendor payments.
- Insuring that the payment is properly reflected in the Church's financial records and statements.
- Issuing a check or other form of payment.

B. Guidelines for Reimbursements / Vendor Payments

The following general guidelines apply to reimbursements for vendor payments whether from the General Fund or a Dedicated or Restricted Fund:

- The expenditure must be documented on a Request for Funds Disbursement form generally in the form shown in Appendix A along with all relevant receipts.

- For expenditures over \$500, the signature of the Committee Chairman, Department Head, Warden or Vestry person responsible for the specific activity will be required.
- Expenditures over \$500 must have Vestry approval.
- Expenditures over \$500 may only be committed after consultation with the Accounting Warden.
- Checks for reimbursements or vendor payments may not be made payable to an individual authorized to issue or sign the check. When a check is issued to the Bookkeeper, Accounting Warden, or any person authorized on the bank account (see Account Management Policy below), Vestry approval is required.

C. Reimbursements / Vendor Payments from General Fund

The following general guidelines apply to reimbursements or vendor payments from the General Fund:

- Reimbursements and vendor payments may only be made for items in the current fiscal year budget. Reimbursements and payments may be requested up to the maximum amount included in the current fiscal year budget for that activity or line item. Requests for amount in excess of the current year's budget amount must be approved as an exception by Vestry
- When requesting reimbursements or payments a Request for Funds Disbursement form (similar to the example in Appendix "A") must be completed. The form along with all relevant receipts must be submitted to the Accounting Warden for approval and payment.
- Reimbursement and vendor payments must be submitted within 3 months of the expense being incurred.

D. Reimbursements / Vendor Payments from Dedicated or Restricted funds

The following general guidelines apply to reimbursements or vendor payments from Dedicated or Restricted:

- Reimbursements and payments may only be requested up to the maximum amount included in the current fiscal year budget for the specific activity or the total amount of funds dedicated or restricted for the specific activity. Requests for amount in excess of the current year's budget amount or total funds dedicated must be approved as an exception by Vestry
- When requesting reimbursements or payments a Request for Funds Disbursement form (similar to the example in Appendix "A") must be completed. The form along with all relevant receipts must be submitted to the Accounting Warden for approval and payment.

E. Reimbursements for Travel Expenses

The following general guidelines apply when requesting reimbursement for travel expenses:

- When requesting reimbursements or payments a Request for Funds Disbursement form must be completed.
- Reimbursement will be made using the Internal Revenue Service per diem and mileage rates in effect at the time of travel.
- Reimbursement must be submitted within 3 months of the expense being incurred.

V. Account Management Policy

The Account Management Policy establishes guidelines for opening bank accounts, credit or charge accounts, loans and investment accounts on behalf of Christ Church.

A. Roles and Responsibilities

1. Vestry

Relative to the various bank, charge or credit, loans, and investment accounts, the Vestry's responsibilities shall include but not be limited to:

- Approving the opening accounts and closing accounts
- Providing the Accounting Warden with any required authorizations to permit opening and closing accounts and contracting for other services as deemed necessary.
- Authorizing loans or other borrowings on behalf of the Church
- No less than annually, reviewing and approving all signers on all accounts including any online account access. Generally, this review and approval should be done at the first Vestry meeting following the election of new Vestry members.

2. Accounting Warden

Relative to the various bank, charge or credit, loan and investment accounts, the Accounting Warden's responsibilities shall include but not be limited to:

- Opening accounts and closing accounts.
- Authorizing services to be included as part of any account package
- Authorizing select individuals to transact as part the account.
- After approval by the Vestry but not less than annually, reviewing and as necessary, changing authorized signers on all accounts. Generally, changes should be made no later than 1 month after Vestry's approval following the election of new Vestry members.

- Insuring that the accounts are properly reflected in the Church's financial statements.
- Insuring that copies of all statements or other evidence of transactions are delivered to the Bookkeeper.

3. Bookkeeper

Relative to the various bank, charge or credit, loan and investment accounts, the Bookkeeper's responsibilities shall include but not be limited to:

- Receiving statements for the accounts
- Reconciling the accounts
- Requesting authorization to pay charges arising from the charge or credit account from individuals authorized to transact on the account
- Recording transactions as required on the Church's financial statements.

B. Bank Accounts (Checking, savings, etc.)

The Accounting Warden is authorized to open deposit accounts with any FDIC or NCUA insured financial institution. Accounts could include but not be limited to checking, savings, NOW and money market accounts. The Accounting Warden is also authorized to close accounts as deemed appropriate.

In addition to opening accounts, the Accounting Warden is authorized to contract for additional deposit related services such as Automated Clearing House (ACH) payments, electronic bill payments, electronic transfers or other services deemed desirable for the efficient use of the accounts.

The Vestry will approve, and the Accounting Warden will establish with the depository, a list of individuals who will have full authority to transact in the accounts on behalf of Christ Church. The authorized signers should be reviewed at least annually and changed as necessary.

The Accounting Warden will insure that copies of statements are made available to the Bookkeeper for reconciliation.

C. Credit cards and other charge accounts (including store accounts)

With approval of the Vestry, the Accounting Warden is authorized to open a credit card or other charge accounts on behalf of the Church.

The Vestry will approve, and the Accounting Warden will establish with the Credit Card or other charge account provider, a list of individuals authorized to incur credit card or charge account debt on behalf of the Church.

Any charges made using these accounts may only be made for official Church activities. Any charges incurred must be reported to the Accounting Warden using the process described in Section IV Expenses and Disbursements Policy.

The Accounting Warden will insure that copies of statements are made available to the Bookkeeper for reconciliation.

D. Loans and other Indebtedness

With approval of the Vestry, the Accounting Warden is authorized establish loans and incur other indebtedness on behalf of the Church. Any debt incurred must be within the guidelines established by the Diocese of Pennsylvania (“the Diocese”).

The Vestry approval should reflect the authority of the Accounting Warden to execute documents necessary for establishing the loan including but not limited to loan notes, mortgages, and other credit agreements.

The Accounting Warden will insure that copies of statements are made available to the Bookkeeper for reconciliation.

E. Investment Accounts

With approval of the Vestry, the Accounting Warden is authorized to open investment accounts with a financial institution insured by the Securities Investor Protection Corp (SIPC). Accounts eligible to be opened are outlined in Section XI Investment Policy of this document. The Accounting Warden is also authorized to close accounts as deemed appropriate.

In addition to opening accounts, the Accounting Warden is authorized to contract for additional related services such as Automated Clearing House (ACH) payments, electronic transfers or other services deemed desirable for the efficient use of the accounts.

The Vestry will approve, and the Accounting Warden will establish with the financial institution, a list of individuals who will have full authority to transact in the accounts on behalf of Christ Church. The approved individuals should be reviewed at least annually and changed as necessary.

The Accounting Warden will insure that copies of statements are made available to the Bookkeeper for reconciliation.

VI. Financial Reporting

Financial reporting should provide the information necessary for assessing the financial condition of Christ Church. Financial reporting should provide the reader with sufficient detail on the General Account and any Capital, Restricted or Designated Accounts to allow for an informed evaluation of the Church’s financial position.

A. Roles and Responsibilities

1. Vestry

Relative to reporting Vestry’s responsibilities shall include but not be limited to:

- Reviewing the financial reports presented by the Accounting Warden
- Periodically reviewing the actual versus budget variances.
- Approving the Parochial Report prior to submission to the Diocese.

2. Accounting Warden

Relative to reporting Accounting Warden's responsibilities shall include but not be limited to:

- Preparing the monthly financial reports showing the income and expenses of Christ Church and the periodic variance to budget. Presenting reports to the Vestry as requested.
- Preparing and presenting the financial information at the annual meeting.
- Preparing the annual Parochial Report for the Church and submitting the report to the Diocese of Pennsylvania.
- Organizing information for the annual financial audit.

3. Bookkeeper

Relative to reporting Bookkeeper's responsibilities shall include but not be limited to:

- Preparing the monthly financial reports showing the income and expenses of Christ Church and the periodic variance to budget.
- Assisting the Accounting Warden in preparing the financial information for the annual meeting
- Assisting in the preparation of the annual Parochial Report for the Church.
- Assisting in organizing the information for the annual financial audit.

B. Accounting basis

Christ Church uses a Cash basis of accounting. Financial statements will be prepared using a Cash basis.

Non-profit organizations such as churches account for and report income and expenses based on the wishes of the donors making contributions. This is generally accomplished through the use of "funds," that is a series of accounts that show the sources of receipts and how those funds were spent. This is broadly known as Fund Accounting. Examples of funds are Unrestricted or General and either permanently or temporarily restricted or designated. Christ Church uses two broad fund definitions:

1. Operating or General Funds – any contributions to these funds are unrestricted and are generally available to pay any Church related expenses.
2. Restricted or Designated Funds – generally any contributions to these funds are restricted or designated and may only be used at the time or for the purpose designated by the donor or contributor.

C. Financial Reporting

The Financial Reports for the Church should provide the information necessary to enable the reader to assess the financial condition of Christ Church. Periodic reporting should include, but not be limited to:

Monthly Vestry Reports

- Monthly Income and Expense
- Monthly cash balance report
- Monthly asset position including investments and restricted funds
- Monthly liability position including loans and unpaid invoices outstanding

Annual Reports

- Annual Income and Expense
- Year-end cash balance report
- Year-end asset position including investments and restricted funds
- Year-end liability position including loans and unpaid invoices outstanding
- The annual Parochial Report

VII. Annual Audit

In accordance with Diocesan requirements, an annual audit of Church's financial records will be performed.

A. Roles and Responsibilities

1. Vestry

Relative to the annual audit, The Vestry has responsibility for:

- Appointing a Vestry member to be responsible for financial audit related matters.
- Insuring that the resources are made available to complete the annual financial audit.
- Reviewing the audit results and recommendations.
- Insuring that the accepted recommendations from the audit are implemented.
- Insuring that the audit results are filed in a timely manner with the Diocese.
- As deemed appropriate, instruct the disclosure of audit findings in the Annual Financial Report of the Church.

2. Appointed Vestry member responsible for the financial audit

Relative the annual audit, the vestry member responsible for the audit will have duties including but not limited to:

- Insuring that an Audit Committee is selected in a timely manner.

- Insuring the work of the Audit Committee is started and completed in a timely manner.
- Reviewing with the Audit Committee any recommendations.
- Insuring the financial audit is filed with the Diocese in a timely manner

3. Accounting Warden

Relative to the annual financial audit, Accounting Warden's responsibilities shall include but not be limited to:

- Providing the financial and other information requested by the assigned Audit Committee.
- Reviewing and as needed discussing the audit results with the assigned Audit Committee.
- In conjunction with the assigned Audit Committee, presenting the results and recommendations to the Vestry for their approval
- Implementing the recommendations made in the final audit report.
- Insuring the annual audit is filed with the Diocese in a timely manner.

4. Bookkeeper

Relative to the annual financial audit, the Bookkeeper's responsibilities shall include but not be limited to:

- Providing the financial and other information requested by the assigned Audit Committee.
- Assisting the Accounting Warden in implementing recommendations made in the final audit report.

5. Audit Committee

Relative to the annual financial audit, the Audit Committee responsibilities shall include but not be limited to:

- Planning the scope and establishing the processes for completing the annual audit
- Requesting all required financial and other information for completing the audit.
- Establishing findings and making recommendations to the Vestry as a result of the audit process.
- Filing with the Diocese a completed audit report with appropriate recommendations.

B. Self audits and External audits

Ideally, a professional accountant or Certified Public Accountant ("CPA") would be contracted to perform the annual audit. However, given that the cost of

engaging an accounting professional may be beyond the means of smaller parishes, the Diocese permits the following alternatives:

Self-Audit

- Churches with Operating budgets of \$ 500,000 or less;
- An Audit Committee with generally at least 3 members should be appointed. The members should be qualified and independent.
- At least one of the Audit Committee members should qualify as a financial expert.
- The Audit Committee should establish an audit plan or use a plan similar to the Audit Program Check list for Churches with Operating Budgets of \$500,000 or less, published by the Diocese of Pennsylvania

Another approach is to partner with another parish to do a “Congregational exchange” of Audit Committees. This process provides a more independent review of each parish’s position with generally little or no additional cost.

Outside Audit/Review

- Churches with Operating Budgets of \$ 501,000 to \$1,000,000 require annual review by CPA.
- Churches with Operating Budgets over \$ 1,000,000 require annual review by CPA and a full outside audit every four years.

C. Completing a submitting audit results

The annual audit must be completed, approved by the Vestry, and submitted to the Diocese no later than June 15 of the year following the fiscal year being audited

VIII. Fixed Assets and Property

A. Roles and Responsibilities

1. The Diocese of Pennsylvania

The Diocese is the owner of record of all real church property not specifically gifted to the parish. In it’s ownership capacity, the Diocese must approve:

- Any sale or conveyance of real property including easements.
- Any mortgage or other encumbrance of the real property.
- Any lease to tenants for more than 1 year.

2. Vestry

Relative to Fixed Assets and Property, The Vestry has responsibility for:

- Insuring the Fixed Assets and Property of the Church are well maintained.
- Establishing policies for use of the Church buildings for other than Church activities.

- Approving the budget for capital expenditures.
- Approving contracts related to the acquisition, use, insuring or maintaining of Church facilities.

3. The Accounting Warden

Relative to Fixed Assets and Property, The Accounting Warden has responsibility for:

- Establishing fee schedules for the use of the Church buildings for other than Church activities.
- Establishing a standard use of facilities / building rental contract.
- Approving contracts related to the acquisition, use or maintaining of Church facilities.
- Verifying the authorization, payees, amounts and appropriateness of requests for capital expenditures.
- Confirming the capital expenditures are within the current Vestry approved budget for the payment.
- Insuring that any capital expenditures are properly reflected in the Church's financial statements.
- Authorizing a check or other form of payment to be issued for capital expenditures.
- Arranging for the periodic inventory of church assets.

B. Use of Church property

With Vestry approval, the facilities of Christ Church may be rented or otherwise used for activities other than regular Church activities.

The rental or use of property should be done under a contract, which should include:

- The responsibilities of the renting party
- The fee (if any) for the use of the building and any related costs.
- Proof of insurance for liability, damage etc. provided by the renting party.

C. Capital Expenditures

All capital expenditures less than \$500 must be approved by the Property Committee Chairman or a Warden. In addition, the Accounting Warden must affirm that the expenditure is within the current approved property budget.

Capital expenditures in excess of \$500 must be approved by the Property Committee, the Finance Committee, and the Vestry. The Accounting Warden must affirm that the expenditure is within the current approved property budget and that funding is currently available for the project.

The Finance Committee and the Vestry must approve any capital expenditures in excess of the current approved Capital Expenditures budget.

D. Competitive Bids

In general, any capital expenditure in excess of \$5,000 requires at a minimum 3 competitive bids. The requirement for a minimum number of competitive bids may be waived by the Vestry if insufficient number of bidders is available for a given project.

When awarding a successful bid, the following should be considered:

- Price
- Bidder's prior record on performance
- Timeliness of response and delivery of work promised
- Insurance carried by the contractor
- References

E. Reimbursements and Vendor Payments

Reimbursements and Vendor Payments should follow the same procedures outlined in Section IV Expenses and Disbursements Policy of this document.

F. Inventories

Church assets with an estimated value of \$1,000 or more should be inventoried at least every three years. A listing of each asset should be recorded and if possible, a photographic record should be made.

If an asset is disposed of, a notation should be made in the most recent recorded inventory.

IX. Insurance Policy

Responsible stewardship requires that the congregation and the Church's property be protected from certain risks. An insurance review is a critical component of risk management for the Church

A. Roles and Responsibilities

1. Vestry

Relative to the insurance, The Vestry has responsibility:

- Reviewing at least annually the current insurance coverage for the Church and determining if changes to the current coverage are warranted.
- Insuring the inventory of Church fixed assets and property are up to date.
- Approving contracts related to insurance on church facilities.

2. The Accounting Warden

Relative to insurance, The Accounting Warden has responsibility for:

- Initiating the annual review of the Church's insurance coverage.
- Recommending to the Vestry changes to the coverage as warranted.

B. Insurance coverage

Insurance coverage will change over time and as the Church's needs evolve. With the complexity of insurance products and pricing, the advice of an insurance professional is highly recommended when considering coverage and pricing.

In general, it should be expected at a minimum the following areas of coverage should be considered:

- Church property
- Church contents
- General liability
- Blanket fidelity bond
- Workman's compensation
- Employee benefits
- Directors and Officers insurance
- Employee practices liability
- Umbrella liability
- Equipment breakdown

X. Computer System Policy

Computer systems provide significant efficiencies in automating various church tasks. However, precautions must be taken to insure records are not lost and that there is no improper access or use of systems or data.

The Computer system policy requires:

- It is recommended that for each system requiring a password, each user should have a unique login and password. Logins and passwords should not be shared.
- Computer files should be backed up at a minimum weekly.
- Where files are maintained on a local hard drive, a backup must be made at least weekly and maintained in an offsite location.
- Where files are maintained on a network ("cloud") site, the Church should receive assurances from the vendor that periodic backups of all files are maintained.

XI. Records Management Policy

Historic records provide an ongoing history of the Christ Church congregation. The Vestry has custodial responsibility for the records of the Church.

The general retention period for important church documents is outlined in the Diocese of Pennsylvania publication *Records Management for Congregations: An Archives Manual for Episcopal Parishes and Missions*.

(https://www.episcopalarchives.org/sites/default/files/RecManManual_rev_05-05-2017.pdf).

XII. Investment Policy

The purpose of the Investment Policy is to outline a philosophy and attitude, which will guide the investment management of the Church's investment assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

This policy is set forth in order to:

- Define and assign responsibilities to all involved parties
- Establish a clear understanding of the investment goals and objectives for investment assets
- Offer guidance on the limitations regarding investment assets
- Establish a basis for evaluating investment results
- Establish the relevant investment horizons for which investment assets will be managed.

A. Definitions

- "Investments" shall mean the memorial funds (endowment, restricted, unrestricted and designated) and any other endowment funds set aside for future use, capital growth, or income production.
- "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
- "Fiduciary" shall mean any individual or group of individuals as defined in ERISA, section 3 (21) (a).
- "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
- "Securities" shall refer to the marketable investment securities that are defined as acceptable in this statement.

- “Investment Horizon” shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Plan is 5-10 years.

B. Roles and Responsibilities

1. Vestry

Relative to the Investment Policy, The Vestry has responsibility for:

- Reviewing the recommendations of the Accounting Warden and Finance Committee relative to the investments, investment objectives, investment horizon and other components of this Investment Policy.
- At least quarterly review the purchase, sale, exchange and other investment transactions authorized by this Policy.
- At least annually, review the performance of investment portfolio.

2. The Accounting Warden and Finance Committee

Relative to the Investment Policy, Accounting Warden and Finance Committee responsibilities shall include but not be limited to:

- Projecting financial needs and consulting with the Investment Management Consultant on strategies to achieve desired results.
- Determining investment risk tolerance and investment horizon, and communicating these to the appropriate parties.
- Establishing reasonable and consistent investment objectives, policies, and guidelines, which will direct the investment of assets.
- Prudently and diligently selecting qualified investment professionals, including, Investment Consultant(s), and Custodian(s).
- Regularly evaluating investment performance to assure adherence to policy guidelines and to monitor progress toward the investment objectives.
- Developing and enacting proper control procedures: For example, re-allocating investment assets due to fundamental change in investment management process, or failure to comply with established guidelines.
- At least annually reviewing the investment portfolio versus a pre-determined market based index. Determining if any asset re-allocation is required or advisable based on the performance review
- Voting proxies and communicating such voting records to the Finance Committee on a timely basis.

3. The Investment Consultant

The Investment Consultant’s role is that of a non-discretionary advisor concerning investment assets, and consistent with the investment objectives,

policies, guidelines, and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

- Assisting in the development and periodic review of investment policy.
- Conducting due diligence on investment alternatives when requested by the Finance Committee.
- Monitoring the performance of the investment portfolio to provide the Finance Committee with the ability to determine the progress toward the investment objectives.
- Communicating matters of policy, investment research, and investment performance to the Finance Committee.
- Periodically reviewing investment history, historical capital markets performance and the contents of this investment policy statement with existing and any newly appointed members of the Finance Committee.

C. Investment Objectives

In order to meet its needs, the investment strategy of Christ Church is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the management of investment assets shall be:

Income and Growth – To achieve a balanced return of current income and modest growth of principal.

The secondary objectives in the management of investment assets shall be:

Preservation of Purchasing Power – To achieve returns in excess of the inflation over the investment horizon in order to preserve purchasing power of Plan assets. Risk control is an important element in the investment of Plan assets.

Social Responsibility – Where comparable investment alternatives are available, preference should be given to those companies, funds or investment managers whose goals include supporting environmental stewardship, promoting higher labor standards and encouraging the production of safe and high quality products.

D. Volatility of Returns

The Finance Committee understands that in order to achieve its objective for investment assets, there may be volatility of returns and fluctuations of market value. The Finance Committee's general volatility tolerance is a maximum loss of 5-10% over any one-year period, and cannot sustain a loss over the investment horizon. Therefore, the Finance Committee supports an investment strategy that minimizes the probability of losses greater than stated above.

However, it realizes that the return objective is its primary concern. There is, of course, no guarantee that investment assets will not sustain losses greater than those stated herein.

E. Liquidity

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Accounting Warden and Finance Committee will periodically estimate the expected net cash flow required from the investment portfolio. The Accounting Warden will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

F. Marketability of Assets

The Finance Committee desires to have all assets invested in liquid securities, defined as securities that can be transacted quickly and efficiently with minimal impact on market price. To provide maximum investment liquidity, securities trades should be executed where possible on a nationally recognized exchange (e.g. NYSE, NASD). In those instances where a security does not trade on an exchange, execution through the mechanism providing most market transparency and liquidity should be preferred.

G. Allowable Assets

The following is a list of generally acceptable investment assets:

1. Cash Equivalents
 - U.S. Treasury and Government Sponsored Enterprise debt
 - Money Market Funds
 - Certificates of Deposit or other FCIC insured deposit accounts
2. Fixed Income Securities
 - U.S. Treasury and Government Sponsored Enterprise debt.
 - Corporate Notes and Bonds
 - Preferred Stocks
3. Equity Securities
 - Common Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Stocks of Non-U.S. Companies (Ordinary Shares)
4. Mutual Funds
 - Open End, Closed End, or Exchange Traded Funds which invest in securities permitted in this statement.

- Church Foundation

H. Prohibited Assets

The following is a list of investment assets that are generally deemed unsuitable for the Church’s investment portfolio:

- Commodities
- Futures and Options Contracts
- Private Placements
- Options
- Limited Partnerships
- Venture-Capital Investment
- Real Estate Properties
- Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMO’s
- GIC’s
- Single property or single sector Real Estate Investment Trusts

I. Prohibited Transactions

The following is a list of transactions that are generally deemed unsuitable for use in the Church’s investment portfolio:

- Short Selling
- Margin Transactions
- Covered Call transactions

J. Asset Allocation Guidelines

The Investment allocation of the assets of Christ Church shall be in accordance with the following asset allocation guidelines: Aggregate Asset Allocation Guidelines (at market value)

Asset Class	Minimum	Maximum	Preferred
Domestic Equities	10%	80%	50%
International Equities	0%	10%	10%
Fixed Income	10%	80%	30%
Cash and Equivalents	5%	80%	5%
Alternative Investments	0%	10%	5%

In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Finance Committee will Investment Consultant to devise a strategy to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

K. Guidelines for Fixed Income Investments and Cash Equivalents

Fixed Income assets may be invested only in investment grade bonds rated A (or equivalent) or better or securities issued or guaranteed by the U. S. Treasury of a Government Sponsored Enterprise.

Fixed income maturity restrictions are as follows:

- Maximum estimated modified duration for any single security is 10 years.
- Weighted average portfolio modified duration may not exceed 7.00%.

Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's or be made up of FDIC insured deposits.

Appendix A

Christ Episcopal Church		
Request for Funds Disbursement		
Date _____	Amount _____	
Purpose _____		
Issue check to: Name _____		
Address _____		
Name of Requester _____ Approved _____, Acct'g Wrtn _____		
<i>Funds will not be disbursed without a dated Invoice or Sales Receipt attached to this form.</i>		
~~~~~		
Treasurer's Use Only		
Date Paid _____	Check # _____	Amount _____