

HOW PRINCE HANDLES YOUR GIFTS

Prince Avenue Baptist Church seeks the utmost integrity in handling donations and managing its financial affairs. We correctly see everything the Church receives as God's property, and our primary loyalty is to him and primary mission is to be good stewards of his resources. We also want you to feel certain that your church's leadership and financial staff are capable and scrupulous managers of everything with which the Lord blesses us. This overview summarizes our principles and processes.

Finance and Administrative Staff

Tim Luke, Executive Pastor of Operations

Susan Pittard, Finance Director, Church Secretary

Karlee Armstrong, Accountant

Sherri Humphrey, Finance Associate

Emily Hicks, Executive Assistant to the Senior Pastor and Executive Pastors

ANNUAL AUDIT

Prince undergoes an annual forensic audit of its financial books and records: all receivables, disbursements, holdings, and accounting processes. We use Robins, Eskew, Smith, and Jordan, a prestigious Certified Public Accounting firm based in Atlanta and with multiple branches throughout the metro area. We chose the Stockbridge branch of this firm because of their Christian leadership and expertise in church and non-profit finances. We also chose RESJ to maintain an "arm's length" audit rather than using anyone in our church or community that may have ties to our church. In each year of audits, RESJ has given Prince an "unqualified opinion" in finding that our financial statements are free from material misstatement and that we follow Generally Accepted Accounting Principles. An unqualified opinion is one without qualifications, meaning RESJ approves of our books without reservation or limitation.

ACCOUNTABILITY

The Church elects an Administrative Team to provide accountability and advice to church leadership primarily in the areas of finances, personnel, and general ministry. Current Administrative Team members are:

- Chad Cleveland (Associate VP for Finance, University of Georgia)
- Brian Elrod (Commercial Real Estate Broker, Entrepreneur)
- Trowell Jernigan (Mortgage Broker)
- Mike Maxey (retired CPA)
- Charlie Upchurch (Real Estate Broker, Entrepreneur)

The Administrative Team meets with Executive Pastor Tim Luke approximately every other month to review the current position of the annual budget approved by the Church and the overall financial state of the Church. The Administrative Team receives:

- Updated detail of each ministry/department budget from the most recently closed month
- Updated Income Statement
- Updated Balance Sheet
- Updated Cash Dashboard of all banking and investment accounts
- Report of annual giving statistics to date

The Administrative Team also hears and provides approval or input on large unbudgeted expenses, hiring and termination of Pastoral staff, planned updates/changes in ministries and facilities, and general ministry guidance.

PROCESSES

OFFERING

After gifts are deposited into the worship center offering boxes, a finance office employee retrieves the gifts while escorted by a member of our security team after both services. The gifts are placed in sealed bags and deposited into the church safe in the Security Room. The money is secure in the safe until it is counted on Monday mornings. We also retrieve gifts mailed to the Church or deposited into the Church Office depository.

The Security Room also serves as our Counting Room on Monday mornings. This room is outfitted with cameras that record all actions in the room. Two employees of the finance office and a third employee from a different ministry office removes the sealed bags of gifts from the safe and counts the money. After each employee counts his or her respective stack, the employee records on a form the total amount given by checks on one line and by cash on another line. Cash is counted by two separate employees to ensure accuracy. Each employee also uses a form to record various totals according to the donor's designation: General Budget, Global Missions, Building Fund, and Benevolence.

After all gifts are counted, the employees record the combined totals on a separate master form that lists each designated account by the code used in our accounting software system (i.e. General Budget, Account No. 012345). This master sheet is totaled and the gifts (now individually wrapped with the completed forms by the respective employee who counted them) are placed in a bank bag in the presence of all employees.

The employees then enter the gifts according to donor into our people database called Realm. This records each individual donor's contributions to track an accurate annual giving record. The checks are scanned electronically using a digital scanner that connects directly to our bank,

Synovus Bank. When we scan checks, it deposits them into our Synovus account and charges the individual donor's personal account while also recording a scanned photo of the check in Synovus' system. At least two finance office employees then transport the cash to Synovus Bank for deposit into the church's account.

Once deposited, our finance office directs the funds to the appropriate bank account. Prince uses the following funds at Synovus: an Operating account to pay bills, an Operating money market account to gain interest on Operating savings (contains Operating Reserves and Major Maintenance Reserves), a Building Fund money market account to gain interest on Building Fund savings; a Medical Fund account to operate the church and school's combined self-funded health insurance plan, and a Hispanic Operating account to operate our Hispanic Ministry. We also use a second bank, First American Bank in Athens, for safe diversity of savings. We maintain savings accounts for both Operating and Capital Campaign funds at First American. The Church also maintains multiple investment funds: Operating Reserves money market account, Capital Campaign money market account; Children's Camp Scholarship money market account, and, currently, an investment account for United States Treasury bills to safely invest Capital Campaign funds.

During our annual Audit process, we invited our auditor to monitor this process of counting, recording, and depositing gifts. He commented that we perform this process with controls of high integrity and use the same process he leads at his own church.

ONLINE CONTRIBUTIONS

Approximately 50 percent of contributions to Prince are sent through online giving. When a person contributes online, the funds are deposited either through a direct ACH transfer or a debit/credit via online check, depending upon how the donor has set up the transfer. These funds deposit directly into the church's bank account at Synovus and are credited to the account designated by the donor (Operating, Missions, Building, Benevolence). These contributions are recorded in the Church's financial records via journal entry through an automated transfer and recorded to the donor's personal giving record in Realm. The other 50 percent of donations are given via check or cash, which is handled using the aforementioned process and safeguards.

BUDGETING

Each February or March, Executive Pastor Tim Luke emails a "live" spreadsheet of each ministry's line-item budget to the respective minister or manager leading a ministry/department. This spreadsheet includes each line item with its name and account code, the line item's budgeted amount for the current fiscal year, and a blank column to enter the requested line-item amount for the upcoming fiscal year. As this proposed amount is entered, the final column automatically reflects the increase or decrease for that line item, and the bottom line of the budget also automatically reflects the total increase or decrease.

Pastor Luke asks each minister and budget manager to use a calendar to plan the upcoming fiscal year and accordingly prepare each ministry/area budget. In this way, the minister maps out the upcoming ministry year in preparation of calendaring on the Church online calendaring platform called ServiceU and can properly budget for those plans. Pastor Luke then schedules individual meetings with the ministers/managers in the staff conference room to review the individual budgets and discuss adjustments as needed. After this meeting, the ministers/managers adjust their budgets per the previous meeting with Pastor Luke, and, as needed, Pastor Luke conducts subsequent discussion(s) with the minister/manager until each ministry/department proposed budget is finalized.

Pastor Luke also works with vendors and staff to calculate and budget costs for:

- Personnel, including compensation and updated premiums and costs for health insurance and all personnel benefits
- Premiums for all insurances (Property and Casualty, Vehicle, Worker's Compensation, Umbrella, and Cyber)
- Operations and facilities
- Administrative and leadership
- Food service
- Calculated budget contingency

Next, Pastor Luke meets with the Administrative Team for a review of the detail of the proposed budget for each ministry/department, including all projected revenues and expenses. After discussion, the Administrative Team votes to recommend the budget for approval by vote of the Church. This vote occurs in June for the budget to be effective July 1 of the new fiscal year. This Church vote also includes approval of candidates for three-year terms on the Administrative Team. These candidates are nominated by the Pastoral Staff and Administrative Team and approved by the Administrative Team to submit to the Church for vote.

PURCHASE ORDERS

The Church financial office uses a purchase order system for all purchases \$500 and greater. Staff submits these purchase orders using the PO platform in our accounting software, Automated Church Systems (ACS). The deadline for PO requests is Wednesday at noon. Pastor Luke reviews the requests after the deadline and makes approvals or seeks discussion with the staff member to decline if needed. Staff members must enter backup documents and receipts for purchases. All purchases by credit card must be reconciled by the 26th of each month, with staff members submitting receipts and any other backup documents. Prince pays off its credit card balance monthly and carries no debt. All checks written by Prince require two signatures. Pastor Luke, Ms. Pittard, Pastoral Care Pastor Doug Nix, and Missions Pastor Sky Pratt are the approved signatories for checks.

FINANCIAL REVIEW

Finance Director Susan Pittard, Accountant Karlee Armstrong, and Finance Associate Sherri Humphrey maintain the financial books for Prince. Pastor Luke and Ms. Pittard maintain diligence over the financial operations daily. Ms. Pittard conducts a closing reconciliation of the budget after the end of each month. After each monthly closing Pastor Luke performs a line-by-line account review of all revenues and expenses for clarification and, as needed, correction. It is the most recent of these monthly closings that is submitted to the Administrative Team for review in its regular meetings. Pastor Luke and Ms. Pittard routinely review all bank account balances.