

FINANCIAL POLICY



THE FULL GOSPEL CHURCH OF GOD

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FINANCIAL POLICY

PHILOSOPHY SUBJACENT TO THE POLICY

Although the collection and management of finances is not the primary function of the church, achieving its mission by preaching the Gospel, is not possible without good financial management.

ON THE CONTRARY: The way finances are planned and handled, can HELP or PREVENT the Church to fulfill it's calling.

In order to facilitate the financial management process, certain structures and procedures should be in place:

- A Finance Committee with a clearly defined mandate.
- A financial policy that supports the vision of the Church.
- A budget being the biggest financial management recourse to the Pastor and Church Council

This document attempts to establish a financial policy for the Church. Keep in mind that such a policy statement, although long-term in nature, needs to be adjusted periodically according to change in circumstances.

The financial policy may be set up by the Finance Committee, but for the sake of it, it may not be used for any purpose other than:

ACHIEVING THE VISION OF THE CHURCH

It is therefore important that the policy is not formulated in isolation and not from the point of view of Finance Committee alone. The policy should integrate the vision and goals of the church, accelerating the attainment of those goals. The financial policy does not apply in service of the Finance Committee or the Church Council, but is actually part of the process by which the church, in obedience to the Lord, construct the mission and vision of God for the congregation. Where the financial policy then supports the vision, it is imperative that the Finance Committee not only keeps this vision, **but that this vision be in line to God's vision for the congregation.**

VISION

The Finance Committee is of the opinion that the vision of the church is summarized in the words of Jesus in **Matthew 28:19**

"Go therefore and make disciples of all nations, baptizing them in the name of the Father, Son and Holy Spirit; Teaching them to observe all things whatsoever I have commanded you."

An important implication of this command is that our goals may never be self-centered - we are not saved or placed in this church just to enjoy a lovely time in the Lord. NO! Our aim must be to reach out to others and share the good that we are blessed with.

This means that the finances that entrusted to us, not only be used for congregational needs, but provision must be made for:

- Evangelism
- Mission
- Teaching and equipping believers
- Charity

In practice this means that any further inversion in infrastructure can be justified only if it increases the ability of the Church to fulfill this mission. The financial management of the Church must be done in such a way that a healthy balance between the needs and vision of the Church is maintained.

Any expense, big or small, should always be tested to ensure that the goals and vision of the church are maintained

FINANCIAL POLICY GUIDELINES

1. Compliance with financial responsibility

The church accepts full responsibility for the financial management of the finances of the Church. Some responsibilities may be delegated to officers or subcommittees, but the Church Council stays liable.

If the income of the congregation is not sufficient to cover the cost, the fixed obligations outside of the church are settled first and only the remainder thereof, in accordance with the constitution of the church, is available for the maintenance of the minister.

The compensation, whether cash or by housing or other allowances, **MAY NEVER** result in an **overdraft bank account**.

2. Liability in respect of pastor

Notwithstanding the provisions of 3.1, the proper care of the pastor and his family is the first and most important financial responsibility of the congregation and church council.

For as long as the pastor does not receive the minimum agreed remuneration, any expenses other than the fixed monthly obligations, should not only be handled with the utmost care, but must be kept in mind that such expenditure is actually indirectly paid by the pastor.

Under these circumstances, all obligations should only be incurred after thorough consultation with the pastor

3. Debt obligations

Due to the unpredictability of future interest rate levels associated with the uncontrollable pressure on financing costs, the following guidelines are acknowledged:

- Long term commitments are avoided and projects are financed on a cash base.
- When debt obligations are incurred, it is only for financing capital projects.

4. **Overdrafts**
Overdraft facilities may only be arranged with the approval of the Congregation and the Region's Management Committee.

5. **Investments**
The Finance Committee is responsible for ensuring that surplus funds are invested wisely. Investments may only be made at recognized financial institutions and then only in catalysts with no or very low risk.

6. **Compensation Philosophy regarding the pastor**
The pastors' position is regarded highly and is comparable to that of chief executive officer in the business world. The constitution of the church is the ultimate responsibility of the pastor, but it also places him at financial risk if the church does not live up to its financial obligations, therefore it is accepted in principle that the pastor's compensation package should be formulated accordingly. The remuneration of the pastor will be reviewed annually by the Finance Committee and a recommendation will be formulated according to experience, performance and market equations.

The compensation level will always be subject to the affordability and needs to be established in such a matter that the Church's vision is facilitated.

FINANCIAL MANAGEMENT

Financial planning and control:

- Is the responsibility of the Church Council
- Is delegated to the Finance Committee.
- Are implemented on the basis of capital and income- and expenditure budgets.

FINANCIAL ADMINISTRATION

The Finance Committee is responsible for ensuring that the financial administration is operated on a sound basis. In particular, it ensures that officials are familiar with their authorities and responsibilities. The Committee will also operate in conjunction with the Treasurer, give administrative guidelines relating to cash and handling of cheques, payment of expenses and the recording thereof, to all departments.

LIMITS OF THE POLICY

The policy is not just limited to the Church Council, but is also applicable to all other departments of the Church.

APPROVAL AND AMENDMENT

1. The policy is subjected to the provision of the Constitution of the Full Gospel Church
2. It is the responsibility of the Finance Committee to review the policy annually
3. The policy is recommended by the Finance Committee and approved by the church.

INCOME AND EXPENCES

MONTH 20.....

INCOME FOR THE MONTH R _____
EXPENCES FOR THE MONTH R _____
INCOME / EXPENCES ABOVE INCOME / EXPENCES R _____

MONTH 20.....

INCOME FOR THE MONTH R _____
EXPENCES FOR THE MONTH R _____
INCOME / EXPENCES ABOVE INCOME / EXPENCES R _____

MONTH 20.....

INCOME FOR THE MONTH R _____
EXPENCES FOR THE MONTH R _____
INCOME / EXPENCES ABOVE INCOME / EXPENCES R _____

MONTH 20.....

INCOME FOR THE MONTH R _____
EXPENCES FOR THE MONTH R _____
INCOME / EXPENCES ABOVE INCOME / EXPENCES R _____
