

# Church Treasurer's Manual



Seventh-day  
Adventist Church™  
*North New South Wales*

Local Church Support  
Services Department

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## Introduction

In response to the grace and calling of God, the Seventh-day Adventist Church exists to fulfill the commission of Jesus by experiencing and sharing the good news of salvation. Empowered by the Holy Spirit, our church will be characterised by spirituality, teamwork, ministry, nurturing and accountability.

Christians are God's stewards, entrusted with His resources and, as His partners, are responsible to manage them in harmony with His guidelines and principles. The divine counsel is that, as His stewards, we are to "be found faithful" (1 Cor. 4:2 NKJV). Stewardship concerns the entire Church family and involves our recognition of the sovereignty of God, His ownership of all things, and the bestowal of His grace upon our hearts. — Church Manual Ch.11 (Revisions). Good stewardship of our limited financial resources is vitally important. It is dependent on neat and accurate accounting records, founded on consistent 'best practice' principles and rules.

It has been a longstanding determination of the North New South Wales Conference to provide comprehensive support services to all of the local churches it cares for. The Local Church Support Services Department was established primarily to provide support, resources, guidance and training to Local Church Treasury Teams. It is the sincere desire of all conference Treasury personnel to help improve local church functionality so that a stronger, more vibrant financial structure will protect church assets, and contribute directly to the mission of the church.

The Church Treasurer's Manual provides vital information on operational policy and procedures in the Local Seventh-day Adventist Church situation. This manual will be reviewed on an annual basis. Feedback and comments from Local Church Treasurers is welcome. The latest version of the Manual is available online on the NNSW Conference website: <http://nsw.adventist.org.au>.

In addition to this manual, the NNSW Conference Local Church Support Services Department provides ongoing training and support for all Local Church Treasury Teams. The New Treasurers' Orientation Day is held annually in February/March for all new appointees and presentations are made at the conference's annual Big Camp. Local Church Treasurers are also offered support on a daily basis, with one-on-one training provided where possible.

We accept our responsibility to be held accountable to God, the church and corporately to each other. We are accountable for the use of the time, talents, spiritual gifts, position and resources that God gives us in working together in fulfilling His mission.

# Section 1 — The Church Treasurer

## Ethics of Church Officers

“The gathering and handling of funds for the Lord’s work is a sacred responsibility.” – Church Manual Ch.11 (Revisions 2016).

It is for this reason that the process of appointing the appropriate person to fulfil the role of local church treasurer is an important task. The Bible outlines that leaders should fear God, be individuals of truth, hate covetousness and be full of the Holy Spirit and wisdom (see Acts 6:3 and Exodus 18:21). It is therefore wise to choose an individual who would be available for re-election in order to provide continuity in record keeping and reporting. The Local Church Treasurer is in a position to greatly encourage church members to be faithful in the returning of tithe and giving of offerings.

Large churches may appoint assistant treasurers to support the treasurer in fulfilling their responsibilities.

### Privacy and Confidentiality

Local church treasury teams have access to significant amounts of personal information within the local church family. It is a critical requirement that absolute confidentiality of all members’ personal information and giving details be constantly maintained. This can never be emphasised enough. It forms the basis of role integrity.

“The treasurer should always remember that relations with individual members are strictly confidential. The treasurer should never comment on the tithe returned by any member, or on the income or anything concerning it, except to those who share the responsibility of the work. Great harm may be caused by failure to observe this rule” — Church Manual Ch.11 (Revisions 2016).

## Responsibilities of the Church Treasurer

The Local Church Treasurer is responsible to the Local Church Board, Local Church Members, Conference Treasury and ultimately God.

The Treasurer is involved in a range of duties and activities involved in the financial recording of the local church’s finances. Key responsibilities are outlined below:

### 1. Cash Counting

It is best practice to have at least two trusted individuals (treasury personnel, deacons) count the cash and cheques received each Sabbath morning, including the contents of tithe envelopes. These amounts are to be recorded on the Weekly Count Sheet Book or similar before the money leaves the church grounds on Sabbath. Each offering count should be verified by two signatures.

### 2. Receipting

All cash and cheques received are to be receipted as soon as possible. The total receipted in a given week should be equal to the amount to be banked. Individual receipts are to be distributed to the givers on a regular basis in the manner the local church has agreed upon.

### 3. Banking

Church monies are to be deposited into the church's bank account within two business days after the weekend, as insurance only covers the funds until this time.

### 4. Accounts Payable

Invoices and reimbursements are to be paid for in a timely manner. Authorisation for the disbursing of church funds for church operation is generally given by way of the annual church budget. Special projects or items not included in the annual budget must be authorised by the Church Board or by a Church Business Meeting. See conflict of interest section (over the page) about payments to those who are bank account signatories.

### 5. Record Keeping

Bank reconciliations for each of the church's bank accounts are to be completed monthly. Also, the regular Monthly Report needs to be prepared and submitted to the Conference. This report is to include the total amount of funds received in a given month, including non-local and local funds. The non-local funds are to be transferred to the Conference with the monthly report – either by Cash Management Facility transfer or cheque. A monthly GST Report, with relevant documentation, should also be completed and forwarded to the Conference office for processing.

### 6. Financial Statements

Financial statements are to be prepared regularly and in a timely manner. They should include the balance status of all budgeted accounts, total funds received in tithes and offerings, a record of all disbursements made and the reconciled bank account balances. These reports should be regularly presented to the Church Board and Business Meeting.

### 7. Budgeting

In consultation with the Church Board and with the financial approval of a Church Business Meeting, it is recommended that the treasurer formulate a yearly church budget for each local church department.

Each of these areas of responsibility are explained in more detail later in this manual.

## Segregation of Duties

“Segregation of duties simply means the assigning of different people the responsibilities of authorising transactions, recording transactions, and maintaining custody of assets. It is intended to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud” — Australian Society of Accountants Audit Standards.

For the protection of the treasurer and the protection of church funds, it is recommended that, where possible, treasury duties be divided between more than one person of trust. As a principle, it is recommended that the treasury duties be divided along the following guidelines:

- a. Cash offering count is to be done in the presence of at least two people – may include the treasurer, assistant treasurer, deacons, Sabbath School secretary or elders.
- b. Receipting recommended to be processed by someone who has not counted the cash – the treasurer or an assistant treasurer.
- c. It is best practice for the individual who is doing the banking to not have counted or receipted the cash. It may be done by an assistant, elder or other trusted church member.
- d. Payments of expenses require two independent signatories (see Conflict of Interest section below).
- e. The bank reconciliation should be done where possible by someone who is not responsible for the receipting or banking (preferably not the one responsible for the banking).

In smaller churches, these duty segregations may be very difficult to achieve. However, the Church Board/Business Meeting is the final check on the Treasurer's function and it is the Board/Business personnel's duty to diligently review the Treasurer's financial report, ask searching questions, seek quality answers and then affirm the treasurer's report (including a bank reconciliation) by vote if they are satisfied with the whole report.

## Conflict of Interest

The treasurer should always be aware that in the role of Treasurer, there could be conflicts of interest, or perceived conflicts of interest, in dealings with the Church Board, Business Meeting, or other members.

For example, a conflict of interest would exist where a member of the Church Board is a building contractor and quotes a price to the Church Board for the building of an extension. In that instance, the Board member should be excused from the meeting during discussions on price and comparisons with other quotes. The nature of the conflict of interest and the absenting of the board member/builder should both be minuted by the recording secretary.

Another example is where a church member is to receive reimbursement for an approved purchase, and is perchance a signatory to the church bank account. The member should not be the cheque or EFT signatory to any specific reimbursements made to him or herself. Where a member of the treasurer's family requires reimbursement for church supplies, it is considered best practice that the reimbursement be signed by two other signatories, neither of whom is the treasurer.

It is understood that in small churches where there may be only two or three signatories to the local church bank account, a conflict of interest is almost impossible to avoid. In those cases trust and openness is the only protection and defence.

In every Board or Business Meeting where there is a real or perceived conflict of interest, the nature of the conflict of interest and the persons/groups affected by the conflict of interest should be noted in the Church Board or Business Meeting Minutes as and when such conflict occurs.

# Section 2 — Treasury Administration

## Methods of Reporting

There are three reporting options available to the Local Church Treasurer. They are:

### Tithes and Offerings Online Reporting System (TOORS)

The SPD Tithes and Offerings Online Reporting System (TOORS) is a web based system designed to assist local church treasury teams to complete all of the required recording and reporting functions online. Access to TOORS requires a user name and password, which can be obtained by completing the TOORS Access Application form available from the Local Church Support Services department. Passwords are unique for each user and must not be shared.

### Excel Spreadsheet

The Local Church Support Services department has an Excel spreadsheet template that can be used for monthly reporting. It includes a bank reconciliation and GST report template.

### Handwritten Report

The Local Church Support Services department can supply a monthly report sheet, which comes in duplicate, to allow treasurers to handwrite their monthly report. A printed bank reconciliation and GST Report can also be provided

## Bank Accounts

### Cash Management Facility

The Cash Management Facility (CMF) bank account is provided and operated by the South Pacific Division for the purpose of pooling denominational funds to optimise earning potential. Funds held in the CMF are available at all times.

Division CCMF Ltd operates one central bank account with Westpac. However, all communication about the CMF account must go through the Conference office, not directly with Westpac. This includes requests for stationery such as deposit books and cheque books, as well as change-of-address or account signatories.

Each CMF account is assigned a unique six digit code. This code must be used when making any deposits to CMF – the deposit books supplied include this code. It is recommended to ask the teller to give you a printed receipt with the code on it to ensure that it has been recorded. Business Express Deposits may be used with an encoded deposit slip and a comprehensive

#### Cash Management Facility – Authorised Signatories

Church or Account Name: \_\_\_\_\_

CMF Account Number: \_\_\_\_\_ Date: \_\_\_\_\_

**Please record ADDRESS for mailing of statement**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

**ALL SIGNATORIES now authorised to operate the account**

Family Name	Given Name	Church Position	Signature
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**AUTHORISED BY**

On behalf of the Church, we agree for the individuals listed above to be a signatory on the above listed CMF account.

*Church Pastor or Head Elder*

Name: \_\_\_\_\_ Signature: \_\_\_\_\_

*Treasurer or Other Church Officer*

Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Position: \_\_\_\_\_

analysis of cash and cheques deposited retained as proof of deposit. On the back of any cheques deposited into CMF should be written "Please pay Division CCMF Limited." If a cash/cheque deposit is missing from your CMF account, please contact the Local Church Support Services Department and they will assist in identifying the transaction.

Interest income is distributed to each CMF account at the end of March, June, September and December, having accrued on the daily balance of the account.

Authorised CMF Signatories are to be recorded on the appropriate form supplied by the Conference. These signatories for the account are to be local church approved signatories. It is best practice to have at least three signatories listed, with any two to sign, keeping in mind the avoidance of real or perceived conflict of interest issues.

Expenses can be paid from your CMF account electronically using CMF Online. CMF Online is online banking for CMF and is available to all churches with a CMF account. Access to CMF Online can be obtained by completing a CMF Online Application form available from the conference office. Passwords are unique for each user and must not be shared. The CMF Online service allows users to view their statements, and transfer funds by EFT and BPAY. To use the payment feature, two local church signatories must have access to CMF Online. Please be aware that for payments to be processed the same day, they must be second authorised in CMF Online by 12.30pm Monday to Thursday and 12 midday on Friday. Churches without internet access can complete a form with payment details and forward to the Conference Office where we will process the payment on your behalf.

CMF requires notification, through the Conference, of any deposits or withdrawals of \$20,000 or more before 12.30pm on the day it is to occur.

CMF bank statements will be available towards the end of each month with transactions listed up to around the 22nd of the month. Transactions for that month after that date will appear on the following month's statement, with the exception of June and December when the CMF statement will be available shortly after month end as the statement will include transactions up to the end of the month.

## Local Bank Account

In some cases, for operational convenience, the local church may wish to operate a second bank account (other than CMF) at a local bank branch (Westpac is recommended). This account must be in the name of the local church and set up with a minimum of two signatories to change bank account details and to authorise payments. As with the CMF account, it is recommended to have at least three signatories listed on the account. The treasurer should arrange for bank statements to be issued monthly, with the balance ending on the last day of the month.

It is recommended that the balance of the local bank be kept at a minimum. It can be replenished with transfers from the CMF account as needed. This creates maximum interest income earnings on the CMF account with good general stewardship of the funds.

## Church Treasurer’s Supplies

The Conference carries supplies of some items of stationery that are always available to the Local Church Treasurers.

Supplies include:

- A4 & A5 mail envelopes
- Tithe envelopes – including children’s
- Weekly Count Sheet Books
- Receipt Books
- Weekly Analysis pads
- Monthly Report sheets
- Bank Reconciliation forms
- GST Claim forms
- TOORS Application form
- CMF Online Application form
- CMF Deposit books

Please contact the Local Church Support Services Department if you require any of the above.

## Local Church Record Retention Policy

The treasurer is responsible for storing and archiving local church treasury records. The local church should provide storage space for church records that prevents unauthorised access and provides physical security that is fire, flood and vermin proof, lockable and preferably moisture-controlled. Files

to be preserved permanently may be kept in hard copy and/or electronically at the discretion of the Board.

To the left is a recommended list of retention time frames for specific treasury items. Document destruction should always be deferred if litigation or investigation is anticipated. Documents of a confidential nature (e.g. personal information, reports) should only be disposed of by shredding - not discarded into a bin.

Item	Time	Format
Audit Report/Papers	Permanent	Original
Bank Deposit Books	7 years	Original (stub only)
Bank Reconciliations	7 years	Original
Bank Statements	7 years	Original
Cheque Books	7 years	Original (stub only)
Correspondence	Permanent	Original
Financial Reports	7 years	Original
GST Claims	7 years	Original
Invoice from Supplier	7 years	Copy (Local Church) Original (Conf - GST)
Legal Documents	Permanent	Original
Minutes of Meetings	Permanent	Original
Monthly Reports	7 years	Original
Plant & Equipment Register	5 years	Original
Receipt Books/Summaries	5 years	Original of Duplicates
Tithe Envelopes	3 years (or Until Audit)	Original
Weekly Count Sheet Book	5 years	Original of Duplicates

# Section 3 — Transaction Processing – Income and Expenditure



## Cash Counting

The Weekly Count Sheet book, provided by the Local Church Support Services department, is recommended as the form to be used for all offering counts, including recording the content of the tithe envelopes. Each count should be signed or initialled by two persons. Best practice is recording this information prior to the funds leaving the church.

Any variation between written amount and content of the tithe envelope should be communicated with the donor at the earliest opportunity. All tithe envelopes should then be dated and filed by the treasurer in a secure place for a minimum of three years, or until audit.

On completion of the counting and totalling procedure each week, the original will be removed to go with the monies for banking. Once all funds for the week are banked the original can be filed with the stamped Bank Deposit Slip, after verification of the deposit amount.

The Weekly Count Sheet Book itself, with all duplicates, should remain in a secure place at the church, or if premises are rented, be held by the treasurer in a safe place.

This procedure provides not only protection for the givers, but gives integrity to the treasury functions should any question arise. The duplicate would be used as the basis of any insurance claim should the funds be stolen or lost.

WEEKLY COUNT SHEET					
Church _____			Date _____		
2 people to initial each section					
<b>OFFERING: Sabbath School</b>			\$	c	<b>TITHE ENVELOPES</b>
Cash	\$100.00				Envelope # 1
	\$50.00				Envelope # 2
	\$20.00				Envelope # 3
	\$10.00				Envelope # 4
	\$5.00				Envelope # 5
	\$2.00				Envelope # 6
	\$1.00				Envelope # 7
	\$0.50				Envelope # 8
	\$0.20				Envelope # 9
	\$0.10				Envelope # 10
	\$0.05				Envelope # 11
	Total				Envelope # 12
Cheques	Total				Envelope # 13
<b>OFFERING TOTAL</b>					Envelope # 14
Name:	Initials:				Envelope # 15
Name:	Initials:				Envelope # 16
<b>OFFERING: Church</b>			\$	c	Envelope # 17
Cash	\$100.00				Envelope # 18
	\$50.00				Envelope # 19
	\$20.00				Envelope # 20
	\$10.00				Envelope # 21
	\$5.00				Envelope # 22
	\$2.00				Envelope # 23
	\$1.00				Envelope # 24
	\$0.50				Envelope # 25
	\$0.20				Envelope # 26
	\$0.10				Envelope # 27
	\$0.05				Envelope # 28
	Total				Envelope # 29
Cheques	Total				Envelope # 30
<b>OFFERING TOTAL</b>					Envelope # 31
Name:	Initials:				Envelope # 32
Name:	Initials:				TOTAL
<b>OFFERING:</b>			\$	c	Name: _____ Initials: _____
Cash	\$100.00				<b>SUMMARY</b>
	\$50.00				
	\$20.00				
	\$10.00				
	\$5.00				
	\$2.00				
	\$1.00				
	\$0.50				
	\$0.20				
	\$0.10				
	\$0.05				
	Total				
Cheques	Total				
<b>OFFERING TOTAL</b>					
Name:	Initials:				
Name:	Initials:				
<b>GRAND TOTAL</b>					
This total must match the bank deposit					
Name:	Initials:				
Name:	Initials:				

## Receipting Income

“Receipts should be issued promptly for all money received from members, no matter how small the amount, and a strict account of all receipts and payments should be kept by the treasurer” — Church Manual Ch.11 (Revisions 2016).

Every receipt must include the following elements: date, payee, details of donation, value of donation, name/signature of treasurer/assistant and sequential receipt number.

Receipts for bulk offerings should not be written to an individual’s name, but to the position held. For example, record receipt to “Head Deacon” or “Sabbath School Secretary”, rather than “John Smith”.

Where the donor has not identified themselves, the giver should be recorded as “Anonymous”. All anonymous donations should be receipted individually. It is recommended that all anonymous amounts be listed individually in your local church bulletin, or acknowledged in some other church publication or on the noticeboard so the donor may have the opportunity to verify the donation.

If a minor error is made on a handwritten receipt, it may be crossed out and counter-initialled by the treasurer/assistant. Otherwise the whole receipt must be cancelled by writing “cancelled” across the face of the top receipt. The cancelled receipt must be retained in the receipt book.

Individual receipts are to be distributed to the givers on a regular basis in the manner the local church has agreed upon. Where donors continue to not collect previous receipts, it is the Treasurer’s responsibility to notify the donor of the habit and request that the donor retain the receipt for the purpose of confirming the treasurer’s receipting process.

### Tithes and offerings received from the Conference

There are times when individuals pay money directly to the Conference, but wish for the funds to be recorded at their local church. In these instances the Conference acts as a clearing house and will forward the funds on to the local church for processing. In the majority of these instances there would be no need for the local church to issue a receipt to the original donor.

### Tax Deductible Funds within NNSW Conference

Within the North NSW Conference, two tax deductible funds are currently in operation.

Scripture In Schools Fund (SRE): The Conference Company has a tax deductible fund that operates for the sole purpose of providing Special Religious Education in government schools in the State of NSW.

Schools Building & Maintenance Fund (SBMF): The Education Company has a tax deductible fund that operates to assist the funding of new school buildings and maintenance of existing school facilities.

Tax deductible receipts for donations to the above funds can be issued through TOORS. These funds will then be rolled up to the Conference at the end of each month.

Alternatively, local churches are to receipt and bank any donations received for these funds into their local funds and send a cheque, along with a listing of donors, addresses and amounts to the respective fund administrators:

Scripture in Schools Fund  
PO Box 7  
Wallsend NSW 2287

Schools Building & Maintenance Fund  
PO Box 7  
Wallsend NSW 2287

Upon receipt of the cheque and donor listing, tax deductible receipts will be issued to the donor/s. In that these funds attract tax deductibility it is important that any monies are sent promptly, especially around 30 June so the donations are received in the correct tax year.

## ADRA Donations

For ADRA Appeal donations, refer to the instructions in the ADRA Appeal Treasurer Receipt book.

## Other Auxiliary Organisations

For Auxiliary Funds that are not part of the regular Tithes & Offering stream, it is recommended that the Local Church Treasurer receipt and bank the monies into their local funds. Then pass on those funds by cheque or EFT to the Auxiliary Organisation.

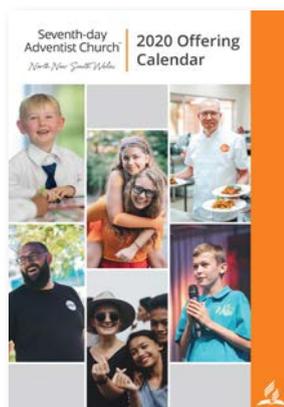
“The funds of auxiliary organisations, often donations given for specific purposes, are ... held in trust by the treasurer, and they too may not be borrowed or in any way diverted by the treasurer or the board from the objective for which they were raised” — Church Manual Ch.11 (Revisions 2016).

## Income Not To Be Received By Local Church

The following forms of income should not be accepted or received by the Local Church Treasurer, but should be passed on to the appropriate recipient or returned to the donor to be mailed to the appropriate recipient.

- a. Distributions from a trust or estate, even if the local church is the intended recipient. To meet legal parameters, these funds need to be sent to the Conference in the first instance. The Conference will then pass the funds back to the local church, or forward the funds onto the intended recipient.
- b. Distributions destined for ACA Ltd.
- c. Generally, any other distributions destined for a third party that requires a tax deductible receipt.

## Conference Offering Calendar



Each year, the NNSW Conference publishes an Offering Calendar Booklet. It is general church policy that all church groups, plants, companies and churches follow this program of giving. As a principle, the Treasurer/Assistant must allocate all offerings in accord with the publicly published or announced purpose or project.

An Offering Calendar Booklet is published yearly and distributed for local churches to give them information about each of the weekly offerings. This booklet is also available on the NNSW Conference website <http://nsw.adventist.org.au>. To download a copy, follow the links on the Stewardship and Treasury pages.

## Bank Deposits

"All church bank accounts are exclusively for church funds and are never to be combined with any personal account or funds." — Church Manual Ch.11 (Revisions 2016).

All church funds collected (local and non-local) should be deposited into a bank or financial institution account in the name of the church. Banking of the funds must occur within two business days of the weekend. Your insurance policy insures the funds for this period only (see Section 7).

It is best practice for the individual who is doing the banking to not have counted or receipted the cash. It may be done by an assistant, elder or other trusted church member. Common sense and caution is the best security for cash in transit from the church premises to the bank. If the amount of cash carried exceeds \$10,000, two responsible persons must accompany the deposit to the bank for the funds to be insured.

In no circumstance should a weekly collection of tithes and offerings be banked net of any cash expenses paid out. If it is necessary to make reimbursement to an individual, then a local church cheque should be drawn, appropriately signed then included in the weekly banking to make up the amount paid out as a cash reimbursement. When the weekly collection is banked intact, it is infinitely easier to successfully complete the bank reconciliations.

It is considered best practice that all church deposits go to the CMF bank account and any funds required for a local bank account be transferred by CMF cheque or electronic transfer to keep the local bank account in credit. Splitting deposits between the CMF Bank and a local bank account is not encouraged.

## eGiving

Church members are encouraged to use the eGiving website, <https://egiving.org.au>, themselves to make direct debit, credit card and BPAY donations, once off and recurring.

Local church treasurers are able to control which local accounts are listed on eGiving, and to choose one featured offering. TOORS users are able to make changes to local eGiving accounts through TOORS (see TOORS Training Manual). Non-TOORS churches should contact the Local Church Support Services Department for assistance in making any changes. eGiving deposits will be processed automatically for churches using TOORS. Non-TOORS churches will need to enter all the eGiving deposits on the monthly report correctly allocating between Conference and local church funds.

# Payments

Before making a payment from church funds, an invoice or other similar documentation should be obtained to validate the reason for the payment. This may require a form to be completed by the claimant with the claimant's name, date, details of supply, amount claimed and claimant's signature.

The type of expense to be paid helps determine the authorisation needed to pay the expense. Expenditure in the local church can generally be classified into two groups:

- **Fixed costs** over which there is little or no control by the Board. These include electricity, water, council rates, building and contents insurance, music copyright licence, pest control and fire risk inspections. All these types of expenditure should be included in the approved annual church budget and would not need any further authorisation by the Board or Business Meeting during a financial year.
- **Variable costs** over which the Board has absolute or nearly absolute control. These include evangelism programmes, Sabbath School/Church supplies, equipment, kitchen supplies, general stationery, maintenance of plant & buildings (mostly) etc. Most of the anticipated variable costs should be carefully estimated and included in the annual church budget as approved by the Business Meeting. Where significant expenditure has not been anticipated or included in the approved church budget, the Treasurer should seek authorisation from a Church Business Meeting before payment of the expenditure. When a particular department uses all of their allocated budget, any extension of the budget should be approved by the Church Business Meeting.

All church payments, whether cheque, EFT or BPAY, should require two signatories. All bank account signatories, including CMF and any other local account, should be approved by the Board or Business Meeting and recorded in the minutes. It is recommended that where feasible, signatories be members of the Church Board.

The first signatory approves the appropriateness of the payment including authorisation, budget provision and arranges the payment (writes the cheque or sets up the electronic payment). The second signatory reviews the validity of the documentation and the validity of the payee, along with the amount to be paid. If a cheque payment, the second signatory should ensure that the amount written on the cheque and cheque butt agree. It is strongly advised that no signatory sign any cheque or electronic transfer until they have first sighted the supporting documentation authorising the payment.

## EFT and BPAY

CMF Online is available for EFT and BPAY payments from your CMF account. Two local church signatories are required to have access to the system.

## Cheques

Access to books of blank cheques must be restricted to authorised persons. This prevents attempts at illegitimate payments by the forging of signatures.

The practice of pre-signing cheques is a high-risk activity and may lead to financial abuse. It is strongly discouraged. Ensure that the amount written on the cheque and the cheque butt agree.



## Petty Cash

It is the local church decision whether or not they wish to run a petty cash account. All risks need to be considered and evaluated. It is important to understand that the cash is not covered under insurance unless it is kept in a safe and listed in the property cover certificate (See Section 7). By running a petty cash account, the local church accepts all risks involved.

To set up a petty cash account, a cheque needs to be written to cash for the amount of the float and the cheque exchanged for cash. Petty cash must only be issued if receipts are provided. Regularly (once a month), reimburse the petty cash float by writing a cheque to cash for the total of used funds. Record the cheque and expenses on your monthly report.

## Goods and Services Tax (GST)

Goods and Services Tax (GST) is a broad based tax of 10 per cent on most goods and services and sold or consumed in Australia. The Conference is registered with the Australian Tax Office for GST and submits regular BAS returns. The Conference ABN covers all local church GST issues. In this context, all local church GST issues are processed by the conference.

The conference must include GST in the price of most goods and services it sells/provides (tithes and certain incomes are exempt). It can also claim GST credits for the GST included in the price of certain items it purchases.

The conference is also registered as a charitable institution. Churches are considered religious institutions by the Australian Tax Office. This status makes tax concessions available, including Income Tax exemption, FBT rebate and GST concessions.

### GST Paid (Expenses)

When a local church pays an expense, GST included in the payment can be claimed back provided a number of criteria are met:

1. The purchase includes GST (items such as fresh produce do not include GST)
2. The supplier has an ABN and is registered for GST (to check this visit <http://abr.business.org.au>)
3. A valid Tax Invoice is obtained from the supplier. A valid tax invoice must include the words "Tax Invoice", the suppliers name and ABN, date of the sale, description of what is sold and total price specifying what parts include GST.

In order to validate any GST claims, Tax Invoices for all purchases are required to be submitted to the Conference with the monthly GST report.

Please note that GST can't be claimed on residential properties.

## GST Collected (Income)

All income received is subject to GST, unless it falls under a GST concession as outlined in the GST Act. The Act contains various concessions for charities and religious entities, some of which are outlined below. If applying a concession to a situation, it must be clearly documented why the particular supply is GST free

GST Concessions include

1. **Religious Service:** religious services provided by the church are exempt from GST provided those services are central to the practice of our religion. For a service to be GST-free under this exemption it has to be:
  - A Service (and not a supply of goods such as bibles or lesson pamphlets)
  - Provided by the church
  - Integral to the practice of our religion

Note: a church camp is not exempt if it is mainly recreational
2. **Non-commercial Supplies** (i.e. not intended to make a profit): income received by the church can be exempt under this point if the money received is less than:
  - 75% of the cost to provide the item, OR
  - 50% of the market value (75% if accommodation).
3. **Second-hand Goods:** the sale of donated second-hand goods are GST free, provided there is no change in the character of the goods.

## Non-profit Sub-entities

For the purposes of simplifying GST claims, a Church can choose to treat a particular activity (e.g. Pathfinder Clubs, Adventurer Clubs) as a non-profit sub-entity. If the turnover of the sub-entity is less than \$150,000 per annum, it does not need to register for GST and is not required to charge GST on income. However, it cannot claim back GST on any of its purchases.

To be a non-profit sub-entity:

- A minute must be approved by the Church Board Meeting indicating the activity is treated as a non-profit sub-entity for GST purposes.
- The sub-entity must keep an independent accounting system/books.
- The sub-entity must be separately identifiable by the nature of its activities or by its location.

*This GST section is written in conjunction with the GST advice received from Seward Dawson Chartered Accountants.*

## Conference KCHURCH Current Account

The KCHURCH current account is an account through which the local church is charged for items by the Conference. These items can include wages for local church employees, copyright charges, resource purchases and insurances. Some of these charges are received from third parties to be passed on to the churches.

The Conference sends out KCHURCH statements each month. Payments are required in a timely manner (i.e. within the month after the statement where the invoice is first disclosed). Any account queries should be directed to the Conference.

Current account payments can be made by a cheque posted to the Conference or CMF transfer along with the monthly tithes and offerings. TOORS users, please see the TOORS Training Manual for more information on processing CMF transfers. For non-TOORS users, under the transfers section on your report, on the 'Payment Conference Current Account' line record the amount you would like to pay.

Better Books and Food (BBF) accounts should be paid directly to BBF. Any account queries are to be directed to the BBF business centre on (02) 4977 2444.

## Conference KFUND Account

The KFUND account at the Conference is for those local churches that do not have a CMF bank account operating for the automatic transfer of the tithes and Conference offerings, and need to send in a cheque each month to cover the total received.

The Conference will process a debit amount to this account for the amount of tithes and other offerings that are required to be remitted to the Conference. A cheque for the same amount should accompany the monthly report and will be credited to the account. Ideally this account will then have a zero balance.

# Section 4 — Budgeting and Reporting

## Purpose of Financial Reports

Financial reports assist in decision-making and give an account of funds. For financial reports to be useful and beneficial in decision-making, they must be:

- Accurate
- Timely (up to date with current information)
- Logical and clear
- Complete (include all information).

If extremely accurate financial reports are produced but cover a period sometime in the past, then the out-of-date information is of limited use in the process of current decision-making. If the financial reports are completed very quickly but are inaccurate, then any decisions based on this data are likely to be flawed. Accuracy of financial data can be best achieved by establishing good internal controls at the transactional level, and ensuring that financial reports reconcile back to the bank statements.



## Bank Reconciliations

Completing monthly bank reconciliations is an important internal control function. It is the process that identifies the difference the bank statement balances and the total amount of local church funds at the end of a given month. All bank accounts need to be reconciled.

A bank reconciliation is the final proof of the accuracy of banking, recording of bank interest and eGiving deposits, recording GST refunds/payments and the recording of expenses. It also confirms the numerical accuracy of your monthly reports to the Conference and the final church's fund balance.

Only recent items should be outstanding on a Bank Reconciliation. If there are older items, they may require investigation.

### Tips for Completing Bank Reconciliations

1. Ensure that the starting balances of your current bank statements are the same as the ending balances of your last month's reconciled bank statement.

2. Tick off any outstanding items from the last bank reconciliation.
3. Compare your payments recorded with payments listed on the bank statement. Payments not yet on the bank statement need to be included as outstanding on the bank reconciliation. Any discrepancies will need to be confirmed with the bank and relevant adjustments made.
4. Compare your deposits recorded with the bank statement. Deposits not yet on the bank statement need to be included as outstanding on the bank reconciliation. Any discrepancies will need to be confirmed with the bank and relevant adjustments made.
5. If there is interest, EFT deposits or bank charges on the bank statement and not in your report, they are required to be recorded. It is recommended not to record these amounts on your report until you see the bank statement.

## Monthly Reports to Conference

The Conference mandates that the treasurer's Monthly Reports be submitted to the Conference no later than the 10th of the following month.

Documents required to be submitted on a monthly basis:

- **TOORS Users:**
  - Copies of local bank statements
  - GST report and GST paid tax invoices
- **Non TOORS Users:**
  - Monthly Report
  - Bank reconciliation and copies of local bank statements
  - Copies of receipts and weekly analysis of receipts
  - GST report and GST paid tax invoices

## Financial Reporting to the Local Church

"Reports of all funds received and disbursed should be presented at the regular business meetings of the church. A copy of these reports should be given to the leading officers" Church Manual Ch.11 (Revisions 2016).

It is important that the treasurer give sufficient opportunities, and encourage all members at the Business Meeting to ask questions and to seek assurances from the treasurer of good recording and reporting practices. Questions asked by church members are not necessarily a sign of distrust, but a seeking of assurance and a confirmation of the members trust in the treasurer.



On the vote at the Church Business Meeting, an affirmation is given on the financial report figures, which is effectively a sign off on the church's financial income and expenditure report including the bank balance.

It may be preferable on some occasions, or even normal practice, for the financial reports to be discussed first at a prior Local Church Board Meeting, and then recommended to the Church Business Meeting. This allows for scrutiny, discussion of detail, and therefore support for the Treasurer from the Board members at the Business Meeting.

### Frequency of Reporting

In the interest of "good governance" and of the expectations of "trust" that church members have placed in the treasurer, it is considered best practice to present up-to-date written financial reports to every Church Business Meeting. Quarterly financial reporting would be considered a minimum regular requirement.

If circumstances deem that four reports per year is not possible (exceptional circumstances), then a minute disclosing the reasons for not doing so should be recorded and voted on at the next Business Meeting.

### Reporting Format

The form of the report presented to Board and Business Meetings is largely governed by the information requirements of the Church Members and the Board. The report should disclose the current financial status of the church's finance and be consistent with the monthly reports presented to the Conference. The Board and Business Meeting members need sufficient information to make a value judgement on how best to allocate limited local church funds to achieve the church's objectives. A copy of the Bank Reconciliation statement should accompany the financial reports.

Where a budget is prepared and approved by the Business Meeting it may be expected that the treasurer will include a running comparison of "actual" local church income and expenditure as compared with the 'year to date' proportion of budget income and expenditure.

Income and expenditure usually fall within three clear-cut categories. Reports can be presented based on these categories:

1. **Conference Funds** – tithes and offerings that flow through the church financial records destined for higher organisations. Examples include tithe, Sabbath School offerings and annual sacrifice offerings. The monthly report records the flow of Conference funds each month. Whatever funds come in must go out in the same month it is received.
2. **Local Church Funds** – funds destined for local church use. Income can be from offerings, budget allocations or fundraising activities. Monthly outflow of these funds occurs with expense documentation and budget allocations.
3. **Auxiliary Funds** – money collected on behalf of an auxiliary organisation, for example Adopt-A-Clinic and *Signs* Campaigns. These funds are held in the local church’s funds until they are passed onto the auxiliary organisation.

TOORS users can use the Monthly Report of Tithes and Offerings along with the Funds Report when presenting to their Board or Business Meeting.

Non-TOORS users will have to use the information in their monthly report to the Conference to compile a report. Below is a basic illustration that can be expanded in accord with the needs of the Board and Business Meeting.

Conference Funds		Local Church Funds			Auxiliary Funds	
Tithe	\$	Local Budget	\$	\$	Income	\$
Sabbath School	\$	Evangelism	\$	\$	Expenses	\$
13 <sup>th</sup> Sabbath	\$		\$	\$	Total	\$
Annual Sacrifice	\$		\$	\$		
Education	\$	Electricity	\$	\$		
World Mission	\$	SS	\$	\$	Income	\$
		Building	\$	\$	Expenses	\$
		Evangelism	\$	\$	Total	\$
<b>TOTAL CONF</b>	<b>\$</b>	<b>TOTAL LOCAL</b>	<b>\$</b>	<b>\$</b>	<b>TOTAL AUXILIARY</b>	<b>\$</b>

**Note:** The total of Local Church Funds balances and Auxiliary Funds balances should equal the total balance of your last treasurers report balance and will be reconciled to the bank account/s. There is no need to show the outgoing of Conference Funds as it is a given that all are transferred to the Conference.

## Budgeting

*“Suppose one of you wants to build a tower. Won’t you first sit down and estimate the cost to see if you have enough money to complete it?”* (Luke 14:28, NIV)

A very important part of financial planning in the local church is the formulation of an annual budget, which will indicate the sources of funding and provide authorised expenditure amounts for the various church departments and ministries. The annual budget provides a benchmark for tracking income and expenditure and important information for effective financial control to avoid overspending or unauthorised allocation of resources.

Advantages of a budget include:

- Provides knowledge of what the organisation can achieve with scarce resources
- Facilitates early detection of unwanted or unexpected trends with income or expenditure
- Assists in avoiding cost overruns with predetermined income and expenditure
- Provides department heads with a clear idea of their specific scope for activities and constraints in finance
- Reduces the need for day-to-day approvals or otherwise of expenditure requests

## Preparing a Church Budget

There are several approaches to preparing a local church budget, including:

- Start with last year's budget figures and compare them to the actual income and expenditure achieved over that year. Then consult with the pastor and church officers, and adjust the proposed budget figures based on comparative activity and future promotions for each department.
- Alternatively, start with a zero base and build up an estimate of future income and expenditure based on anticipated income and planned activities of the church.

It is recommended to consider breaking income into two categories to help with budgeting:

- Income that is considered almost certain provided that the numbers and socio-economic mix of the membership remains fairly static.
- Income that is considered uncertain such as special fund raising ventures. Predictions in this area should always be conservative.

Likewise, it is suggested to consider breaking expenses into two main types:

- Fixed expenditure charges that arrive regularly and can be estimated with a fair degree of accuracy. For example, rates, insurance, electricity and cleaning.
- Variable expenditure that is generally activity related and may depend on participant numbers. For example, Pathfinders, Social Club and Evangelism. Consultation with the Church Board, the Pastor and Departmental Leaders is suggested for budget forecasting in this area.

## Approval Process

"The budget should be presented to the church for its study and adoption ... to assure that funds shall be provided to balance the budget during the coming year." — Church Manual Ch.11 (Revisions 2016).

Once it has been formulated, the budget may, if necessary, be discussed by the Local Church Board and then recommended to the Local Church Business Meeting who then is able to adopt the annual budget.

## Section 5 — Local Church Audits



### Reasons for Audits

“Every set of accounting records, from those of the local church to those of the General Conference, are subject to audit by auditors appointed for the purpose. This rule, which also applies to every denominationally affiliated institution, provides the maximum of safety in the handling of funds” — Church Manual Ch. 11 (Revisions 2016).

The business world considers audits as the “watchdog” of financial activity, not the “hound dog.” The watchdog is there to protect and assure the managers and the stake holders that all is okay. Church audits are designed for the same purpose. Those that handle money need to be protected from real temptation, from misunderstanding and from unsubstantiated rumours.

North NSW Conference’s Audit/Review Procedure enables the Conference Treasury to identify function areas where assistance is needed and to discuss with local members particular issues that may affect the functions of the local treasury team in their financial reporting to the Local Church Board, the Business Meeting and to the Conference. An Audit/Review for the Local Church provides opportunity for liaison and relationship building. It is intended to be informative and constructive in explanations of best practice policy and accurate report presentation. This process is not an act of mistrust, but rather a protection activity.

Every church member is an auditor in reality to support and affirm each other by ensuring there are adequate resources, foundations and fences to support those in responsible positions.

Internal controls, in both detection and prevention, protect the church assets, facilitate accurate recording of financial transactions and provide conditions for reliable reporting and efficient operations. Therefore, it is not an act of mistrust for a Treasurer to have one or more assistant treasurers in sharing the responsibility of receipting, banking, recording the income and expenditure, writing cheques, counter signing payments, cross checking by random sampling the offering counts and doing the bank reconciliations. In fact it is an act of building fences around those in trust positions to protect them from criticism and failure, and ensure data integrity. In small congregations where prevention controls are difficult to implement, detection controls will need to be more heavily relied upon.

In general most irregularities (theft, fraud) in the financial realm start off when three conditions come together. These conditions are:

- The opportunity to manage financial records and funds
- Observable controls to ensure accuracy and honesty are minimal or non-existent
- There is an individual’s need for additional funds for selfish purposes

Even if the church treasurer shows a lack of interest, or takes the role and responsibility for granted, it may lead to a weakening of his or her own expectations of professionalism as a guardian of Church funds.

## Documentation Required for an Audit

Documents required for an audit are as follows:

- Tithes and offerings envelopes
- Receipt books and weekly summaries
- Weekly count sheet book or similar records
- Bank deposit book/bank stamped slips
- Suppliers invoices/debit notes
- Cheques books – current and used
- GST claims
- Plant and equipment register (insurance policy)
- Authorised signatures list for each bank account
- Bank statements for all accounts
- Bank reconciliations for all bank accounts
- Minutes of Business Meeting
- Financial reports to Business/Board Meeting
- Monthly reports to the Conference
- Remittance advices, if any

## Audit Report

After an Audit/Review has taken place, a written report will be sent from the Conference to the Local Church Board, Pastor and Treasurer, identifying the strengths, adherence to, or any variation from best practice policy and any areas where training may be of benefit. In conjunction with the Church Treasurer, the Local Church Board should formulate a plan to address any variations from best practice policy, and train up treasury staff when required.



State legislature requires that every employee or dependent contractor without an ABN must be covered by a Workers' Compensation policy based on the wages/salary and nature of the employment/contract. If a local church pays or remunerates someone, the local conference cannot cover any such employee or dependent contractor for any injury incurred whilst acting as an employee or dependent contractor. Your Conference runs a special fortnightly payroll for any such employee/dependent contractor and only needs to be advised of details of employment.

The government legislation dictates that an employer pays superannuation guarantee of 9.5% for an employee who earns \$450 or more in each monthly period and are over 18 years old, or, are under 18 years old and work more than 30 hours per week.

## Employment Classification

Employers should notify their employees at the beginning of their employment if they are employed as casual or permanent workers.

### Full & Part Time

Full time employees work an average of 38 hours per week and usually have ongoing employment.

There is no standard definition of part time work but it is usually defined as an employee who is engaged to work less than an average of 38 ordinary hours per week and whose hours of work are reasonably predictable, with a guaranteed minimum number of hours of work. Work is usually performed on regular days of the week. A part time employee will usually be entitled to the same employment conditions as a full time employee, but on a pro rata basis compared to the full time hours (usually 38 per week).

Full or part time workers are entitled to the minimum provisions as provided in the National Employment Standards and the Fair Work Act, including:

- Maximum number of hours of work per week
- Paid annual and personal (sick) leave
- Public holidays
- Notice when they lose their job

For further clarification, view the documents at: [www.fairwork.gov.au/employment/pages/default.aspx](http://www.fairwork.gov.au/employment/pages/default.aspx)

Full and part time workers are also entitled to:

- Be paid at a higher rate of pay for public holidays worked but are not entitled to be paid for public holidays that they do not work
- Extra pay (penalty rates) for evening, night and weekend work
- A minimum length of shift – 1 hour

## Casual

There is no standard definition of casual work but usually they are positions that are temporary, have irregular hours and are not guaranteed to be ongoing.

Casual workers are entitled to some, but not all, of the benefits given to permanent workers.

A 25% loading is paid to casual employee's to compensate for no paid leave (annual leave, sick leave) provisions that permanent employees are entitled to, as well as the insecurity of their employment. Under the new Fair Work laws, casuals are protected from being sacked unfairly.

Casual workers can request 12 months of unpaid parental leave if they have been working regular shifts in the same job for 12 months or more, and would have a reasonable expectation of ongoing work.

Casual workers can also access long service leave. The length of service after which this can be taken, and the amount of long service leave the worker should get, will be set out in the award or agreement that covers the work, as well as the relevant State or Territory legislation.

Casual workers are entitled to:

- Be paid at a higher rate of pay for public holidays worked but are not entitled to be paid for public holidays that they do not work
- Extra pay (penalty rates) for evening, night and weekend work
- The same rest breaks as permanent works, including at least 30 minute unpaid break for every five hours of work
- A minimum length of shift – 1 hour

## Section 7 — Risk Management – Insurance



### Risk Management Service

Risk Management Service (RMS) is a service department of the South Pacific Division established to assist the Church manage risks and take advantage of opportunities. This includes administering the church's insurance program. It is important to note that it is not an insurance company or an insurance agent or broker, but a service.

Local Churches are able to access RMS for all their insurance requirements including:

- Cash
- Building and Contents
- Extra Risks
- Public Liability
- Personal Accident
- Worker's Compensation

Some of these covers are briefly explained below.

Further up-to-date information and forms about these covers are available by contacting RMS:

**Risk Management Service**

Address: 148 Fox Valley Road (Locked Bag 2014), Wahroonga NSW 2076

Phone: (02) 9847 3375

Email: [info@rms.org.au](mailto:info@rms.org.au)

Web: [www.rms.org.au](http://www.rms.org.au)

### Property

The physical property of a church is often critical to their mission as it accommodates almost all of their activities. It also often represents a large financial investment and commitment.

Not surprisingly then it is essential to have property cover for all property owned by the church as well as any property that the church is responsible for. RMS administers property cover for all churches within North NSW Conference.

The type of property that can generally be covered includes buildings, the contents kept securely in buildings (such as furniture, plant & equipment), fences, swimming pools, shade sails and other site improvements. All buildings, fences, swimming pools, shade sails and site improvements need to be separately listed on the property certificate issued by RMS. Each building should have a separate contents item on the property certificate but it is not necessary to list each individual piece of furniture or equipment. A renewal notice is generally circulated in June each year and this serves as a good reminder to check that all property is adequately covered, and items no longer owned by the church are not included in your policy.

There are some types of property that are not covered by property cover such as:

- Property undergoing construction, alteration or addition. Special construction cover can be arranged – please contact RMS for further information.
- Property while in transit.
- Portable items while being moved or while offsite. Extra Risks cover can provide additional protection for portable items (e.g. Laptops, Projectors)
- Motor vehicles and trailers of any description registered to travel on public roads.

### Types of Damage Covered

Property cover responds to unexpected loss or damage from a number of insurable events or perils. Common perils include fire, flood, storm, earthquake, vandalism, burglary, fusion and impact by vehicles and falling trees.

Damage or loss resulting directly or indirectly from the following perils or events is not covered:

- Water from or action by the sea, tidal wave, high water.
- Erosion, subsidence, earth movement or collapse.
- War and associated perils.
- Theft of property in the open air (property not contained in a building).
- Breakdown, malfunction or failure.
- Radioactivity and contamination from nuclear waste.

For further information please contact RMS or LCSS.

## Cash

Cash cover is automatically included with contents cover for your church. Care should be taken to check that your contents cover amount is sufficient to include all regular contents plus the maximum amount of cash held or transited at any one time.

Cash is a valuable asset that can be lost, stolen or destroyed by fire. It is expected that a Church will reduce the risk of cash loss through the following security provisions. Failure to exercise these basic security provisions may prevent or limit the reimbursement of any cash loss by RMS or the Church's insurers.

## Keep Cash Secure

Cash should always be in the care and custody of a responsible person and not left unattended or unsecured. Where cash is temporarily kept at the home of a responsible person it must be kept securely and out of sight inside the dwelling.

## Bank Cash As Soon As Possible

Cash should be deposited in the bank on the day it is received or, where that is not possible, within two business days after it is received.

## Carry Cash Carefully

- Carriage of cash, wherever possible, should be undertaken by two responsible persons. If more than AUD\$10,000 is being carried it is a requirement that two responsible persons be involved.
- Cash should be carried directly from one location to another.
- Vary the times, routes and persons used to carry cash.

## Cash Must Be Kept In A Safe

While cash is at the premises of a church organisations it must be kept in a locked strong room or safe designed for the protection of cash or under the direct control of a responsible person. Filing cabinets, cupboards, cash drawers, tins, tithe boxes or other similar containers do not qualify as cash safes and cash left unattended in such items is not covered.

- Safe and/or strongroom keys must not be left unattended on the church organisation premises except for spare keys locked in the safe or strongroom to which such keys apply.
- Where possible build the safe into the building or firmly bolt it to a brick or concrete wall or floor.
- Bank often so that only the minimum amount of cash needed is in the safe.

## Accountability

Issue receipts wherever possible and ensure all accounts fall under the general accounting and auditing structure of the organisation.

## Notify Police Immediately And Rms As Soon As Practicable

In the event of a cash loss you must notify the police immediately. Once you've obtained a police report number contact RMS as soon as possible.

## Important!

NO COVER for criminal acts of employees or other responsible persons.

NO COVER for cash held in trust for other organisations or persons such as employees and volunteers.

NO COVER for cash left unattended in a vehicle, locked or otherwise.

NO COVER for cash posted in the mail.

## Extra Risks

Extra Risks cover responds when equipment is accidentally damaged or lost or stolen when taken outside of a secure building or offsite to another location. The regular contents cover does not cover the church against these two risks. If your church has equipment that is moved around or taken offsite regularly then you should consider Extra Risks cover. It is the local church churches responsibility to organise Extra Risks cover as needed.

Extra Risks cover can be arranged for almost any item of equipment owned by a church organisation. It can also be arranged for non-owned items of equipment that the church organisation borrows or hires.

### Types of Cover

There are three types of extra risk cover available. You can mix and match to purchase the protection required.

- Blanket Cover
  - Provides Extra Risks cover without the need to specifically identify the actual items of equipment covered
  - Only covers church equipment – cannot be used to cover non-church equipment
  - It cannot be used to cover computers
- Specific Cover
  - Applies to a specific item of equipment only
- Temporary Cover
  - Blanket or Specific cover for a specified time

There are some exclusions to the cover – please contact RMS for further information.

## Public Liability

Like most organisations, the Seventh-day Adventist Church has Public Liability Insurance. If you are asked for proof of Public Liability, you can apply online and a certificate will be emailed to you within 3 business days. The web address is: <https://rms.org.au/forms/request-a-public-liability-certificate/>

### Hiring our buildings to other organisations

When Church-owned\* buildings and facilities are hired or loaned to other organisations (hirer) the hirer must have adequate public liability insurance (minimum \$5m). Hirers should be asked to provide an endorsement to their insurance policy naming the appropriate Church legal entity as a co-insured for the purposes of the hire/loan. This will protect the Church from vicarious liability for incidents arising out of the negligent acts of the hirer.

This procedure is normal business practice and should not be regarded as unreasonable. For clarity, it is not necessary to ask for proof of public liability insurance when hiring buildings to family groups or other official Seventh-day Adventist Church organisations. All other groups should be expected to have their own public liability cover.

\* Church-Owned buildings and facilities include Seventh-day Adventist Church-owned schools, churches, halls, offices, campgrounds and other facilities owned by an SDA Church organisation.

## Personal Accident

Personal Accident cover is for all voluntary workers engaged in any approved activity, authorised and organised by the Seventh-day Adventist Church. It is charged to all churches on a pro rata basis on membership numbers.

This cover includes participants and invited guests of Pathfinder and Adventurer programs, but additional costs are incurred based on enrolment numbers in your clubs.

### In Event of Loss

In the event of loss or damage or an incident occurs that is likely to cause loss, you should follow the steps outlined below:

1. Immediately notify RMS of the incident providing all available particulars of the loss.  
**IMPORTANT:** Failure to notify RMS within four weeks of the happening of any event giving rise to a loss shall provide sufficient reason for RMS to refuse payment under the Extra Risks cover.
2. Take all reasonable precautions to prevent further loss.
3. Immediately notify the police of any criminal activity and fully cooperate with any investigation including taking all reasonable steps to recover the cash. RMS will not process your loss until this has been attended to.
4. Do not dispose of any damaged equipment until RMS advises that it is no longer required, or our assessment of the loss is complete.
5. Complete a "Loss Notification Form" (available from RMS). Attach:
  - > Quotes or invoices to substantiate the cost to reinstate the loss suffered. RMS will not normally pay any loss for which quotes or invoices are not provided. If you anticipate any difficulty in meeting this requirement please contact RMS to ask for assistance. We are happy to pay the reasonable cost of a supplier providing a quote. If in doubt please check with us.
  - > Photos that show the damage to the property equipment (where possible).
6. Send the completed Loss Notification Form and attachments to either your Conference, Union, Division or Institution Office for countersigning and ask the office to forward it to RMS.

For further information, contact RMS.

## Section 8 — Funds for Church Growth

### Conference Evangelism Funds

Conference Evangelism Funds are offered to Local Churches of the North NSW Conference to support Holy Spirit inspired efforts to win people to Christ. They are allocated to aid in the evangelistic proclamation of the “Everlasting Gospel”.

### Evangelism Grant Fund

The Evangelism Grant Fund will replace two former streams of evangelism funding; Tithe Reversion and Field Evangelism. The Evangelism Grant Fund will receive a monthly allocation equivalent to 2.7% of gross tithe for the conference based on the previous months actual tithe received. Beginning January 1, 2020 the Evangelism Grant Fund will receive its first allocation which will be 2.7% of the tithe received from December 2019.

#### Applying for Funds

- Local Churches may lodge evangelism funding proposals with the Evangelism Department at any time throughout the year.
- Applications for funding will be processed within fifteen business days from the date they're received by the Evangelism Department
- Proposals will be considered by the Evangelism Department based on merit (see funding guidelines attached at appendix A)
- To receive approved Evangelism funding from the Evangelism Department a “Claim for Evangelism Funding” form needs to be filled out and delivered to Leah Hodge at: [leahhodge@adventist.org.au](mailto:leahhodge@adventist.org.au)
- Claims based on actual expenditure incurred can be made to the Evangelism Department no later than 12 months following the grant approval date.

#### General Information

- The maximum amount of evangelism funding an individual church may receive in any 12 month period is \$50,000.
- Approved grants may be provided up to a maximum of 75% of the total project costs.
- If a church decides not to use funds that have been approved from the evangelism grant fund the Conference Evangelism Department should be notified so that the funds can be re allocated to other churches and / or projects.

## Transitional Arrangements

The following guidelines will assist an orderly phase out of the old tithe reversion policy.

- The transition periods with both the new and the old schemes operating simultaneously will span 2020 and 2021.
- All tithe reversion funds committed under the current policy 3-year cycle will be honoured and applications and claims will be processed under the existing rules.
- Budget allocations for local churches in the years 2020 and 2021 will therefore include two components
  - a) New amounts eligible under the rules of the new scheme
  - b) Any legacy unspent funds courtesy of the old three-year tithe reversion scheme.
- From 1 January 2022 onwards, churches will only be eligible for funds under the new scheme and the transition period will be complete.

Field Evangelism Funding that was allocated to Churches for use in 2020 will still be available to those Churches. November 23, 2020 will be the deadline for claiming Field Evangelism funds and will mark the end of the old Field Evangelism Funding Scheme.

### FAQ's

*Q. What should we do if our funding application is approved yet decide we need to change our plans for the use of the funds?*

**A.** If the project is still evangelistic in nature your claim for funds will be approved. If in doubt ring the evangelism department for authorisation.

*Q. Can we apply for funding from the evangelism grant fund for seed sowing ministries?*

**A.** Yes if seeds are being sown and if the ministry is intentionally evangelistic, has a spiritual component, and is being used to invite people to a Bible based ministry.

*Q. Is there less funds now available to local churches for evangelism?*

**A.** No. The 2.7% of gross tithe is the equivalent of what was previously available through Tithe Reversion and Field Evangelism Funding.

*Q. Why are we changing from the old Tithe Reversion / Field Evangelism Scheme to the new one?*

**A.** The old scheme is unnecessarily complicated and confusing. It also ties up funding that might otherwise be used when it's needed. The new scheme is simple, provides the same amount of funding to Local Churches, and allows us to distribute funding when the Churches see they are in the best position to use it not two years after a tithe increase or six months in advance. So much changes in the time between funding being allocated and used that 40% of it isn't being used. The new scheme is more practical. Lastly there hasn't been any indication that tithe reversion has increased tithe in NNSW which was it's intent from the beginning.

## Our New Funding Scheme Aims

1. To make the process of accessing Conference Evangelism Funding simple and user friendly.
2. To decrease the amount of funds that go unspent after being allocated to Local Churches.
3. To encourage increased effectiveness of evangelism spending.

## Appendix A

### Types of Programs Funded

Evangelistic programs that Conference Evangelism funds can be used for include:

- Bible based outreach, such as:
  - Public Evangelism
  - Seminars (i.e. Daniel, Revelation)
  - Bible Study Lessons
  - Video Evangelism
  - Small Group Evangelism
- Pastoral Support Personnel, such as Ministry Volunteers Signs Outreach and Ministry
- Global Mission Projects Children's Evangelism

All evangelism programs, including children's evangelism, must demonstrate the following aspects to qualify for Conference Evangelism funding:

- Message
  - There must be a gospel message component in, or throughout, each session or presentation.
- Decision
  - It is vital that an opportunity be given to make a decision. This is not necessarily a decision for baptism, but a decision to accept Jesus in some way.
- Follow Up
  - It is vital that some carefully planned follow up activities be a part of the overall evangelism strategy.

The Conference Administration will consider all other requests that fall outside these examples on their individual merits. Please note, that Conference Evangelism funds are not able to be used for Special Religious Education (SRE) in schools.

## Types of Programs NOT typically funded

Under normal circumstances “stand alone” bridge building programs, would not qualify for support from Conference Evangelism Funds, these include but are not limited to:

- Family Seminars
- Health Seminars
- Concerts
- Displays at shows
- Welfare programs
- Neither does the purchase of sound, computer or video equipment. Local church funds support these.

Evangelism funds will go towards efforts that lead to gaining decisions for Christ. Programs or processes which do not directly gain decisions for Christ must explain how they will lead to it in order for evangelism funds to be granted.

# Church Building Grants - North NSW Conference

Churches in the North NSW conference may apply to the conference Chief Financial Officer for Grants to assist with building development work at the local church.

The categories of grants that can be applied for are as follows;

1. Establishment of a new church  
10% of building cost up to a maximum      \$150,000
2. Relocation or rebuild of existing church  
10% of building cost up to a maximum      \$150,000
3. Supplementary building eg church hall  
20% of building cost up to a maximum      \$80,000
4. Renovation of church or other building  
20% of building cost up to a maximum      \$50,000
5. Approved Church Signage  
80% of cost of Signage up to a Maximum      \$10,000

A formal letter of application from the church board should be sent to

Seventh-day Adventist Church  
North NSW Conference  
Chief Financial Officer  
PO Box 7  
Wallsend NSW 2287

The letter should outline the proposal and the need for financial assistance. A statement of how the local church will fund its contribution to the project should be included along with any request for a loan facility. A statement should also be included indicating how the proposal will integrate with the strategic mission of the church in terms of membership growth and quality of services to the community, etc.

Conference Administration and in the case of large projects the Conference Executive Committee will consider each application and provide grants where possible based on the availability of funds and the demonstrated needs.

# Building Grants from SPD

## Guidelines for Church Fund Grant Applications

It is recognised that the cost of establishing a new congregation in many of our cities makes it impossible for them to ever have a church building. To help the church in these situations the Division has established a church building fund from which to make significant grants. These guidelines provide the principles for the granting of these funds for new church buildings in major urban areas.

## Fund Use

The fund is available to assist with the following types of development:

1. Establishing a new church facility (land and building)
2. Building a new facility on already owned land
3. Extensions to an existing church building that significantly expands its seating capacity
4. Relocation or amalgamating to expand its capacity and mission potential

See Principles for Fund Distribution for further details about fund use.

**Note:** No grant will be given for maintenance or refurbishment projects.

## Principles for Fund Distribution

The Division Fund will not meet all needs so a process of prioritisation has been put in place. Priority will be given to help churches get established in major urban areas. A major urban area is an urban area that has been approved by the Grant Committee and placed on their list of Major Urban Areas.

Because of the varying needs of churches and their different costs and incomes it is not possible to have a set formula for assistance. Each church will be treated differently so as to be able to acquire a building.

The emphasis of the fund is to provide assistance so that a project will happen within the next 24 months. This approach may mean that in some years few churches will be assisted. In other years no churches may be assisted so as to build up the fund to make major grants if that is what the committee deems is necessary.

The following principles are designed to serve as the foundation for prioritising this distribution of funds.

1. Funds are to be used for the strategic acquisition of church property.
2. Distribution of funds will be for the support of new church buildings, major extensions to existing buildings or a land acquisition to enable a congregation to build a church worship facility. These funds will not be available for renovations.
3. Where funding is for new Church Buildings, priority is to be given based on the following criteria:

- a. Demonstrate evidence of predominantly Kingdom Growth rather than transfer growth.
  - b. Strategic plans demonstrate a clear mission focus. Financial commitment is not to inhibit growth or divert this focus.
  - c. A facility that is Multi Purpose rather than single usage. Some priority will be given to projects that have the potential of generating income to assist with loan repayments.
  - d. The church must demonstrate its capacity and willingness to grow.
  - e. Division supported Global Mission and Church Planting projects to receive some preference.
  - f. Union and/or Conference financial commitment to the project.
4. In addition to the above:
- a. Where a grant is requested by an existing church with a building it must demonstrate:
    - i. That it is significantly expanding its seating capacity, or
    - ii. That it is expanding its mission potential

In both these cases, Division grants will be given in the form of interest subsidies with capital assistance provided by the conference and union.
  - b. Where a grant is requested by an existing church with no church building a capital grant may be made from the Division fund or from the conference and/or union and it may be given in the form of an interest subsidy over a longer period.
5. All churches applying to the fund must be able to demonstrate their financial capacity to borrow and are expected to fully utilise their own funds and borrowing capacity for the project.
6. In all cases sustainability of plans is to be demonstrated through the presentation of a comprehensive business/mission plan.
7. Unions are encouraged to provide a church acquisition consultation service to applicant churches prior to any grant being approved.
8. The original amount granted must be returned to the control of this committee should a church within 20 years of receipt of the grant either:
- a. relocate to an alternate site, or
  - b. sell a building which is the subject of the grant with no intent of reinvesting the funds into another church property
- Any variation to this requirement will only be considered where that church has first consulted with this committee.
9. An exit option is to be included with each application should the church reach a situation where it is no longer viable. Viability measures to include:
- a. Size
  - b. Leadership
  - c. Mission
  - d. Finances
  - e. Doctrine

### Fund Considerations

1. The fund may underwrite minimum financial requirements for up to 5 years on properties where an income is to be generated until it reaches its expected potential.

2. Assistance with repayments may be made from the fund while the church is getting established.
3. Congregational leverage is to be fully used before grants are made.
4. Incentives may be provided to fast track plans to encourage the congregation to be financially self-sustaining.

## Strategic Land Acquisition

Strategic land acquisition is the responsibility of the union and/or conference

## Application Process

The following application process is to be administered in the granting of funds from the reserve:

1. All applicants are to complete the South Pacific Division Australia and New Zealand Church Grants Application Form which can be provided by a conference CFO. This application form outlines what information needs to be prepared as part of the submission to the Division Church Fund Grant Committee.
2. Applications will be considered once each year for approval or provisional approval by the Division's Church Fund Grant Committee. All applications must be supported by the Union and Conference.
3. A business/mission plan is to accompany each application. This business/mission plan is to provide the following details:
  - a. Purpose statement
  - b. Growth goals
  - c. Demographic study indicating evidence of future growth
  - d. Leadership development plans
  - e. Financial plan showing:
    - i. Revenue streams
    - ii. Annual budget
    - iii. Congregational capacity to service loans
4. Completed application form is to be sent to the conference Chief Financial Officer for processing in sufficient time for it to be processed by the conference and union.

## Reporting

The church will provide the Church Fund Grant Approval Committee before their meeting each year the following reports:

- a. Financial report on project development until completion of the project and occupancy of the premises.
- b. Mission report on the church's involvement in community, attendance, baptism and tithe/offering data for a period of five years from receipt of the grant.

Grant recipient churches will be notified of the due date for this report by the union or conference.

## Local Church Loans

1. In general, loans for local church buildings shall be available only in Australia and New Zealand. Division CCMF Limited may, in special cases at the request of the union mission concerned, extend the benefits of this policy to churches in the island field. The approval of such a loan in no way commits any organisation to the granting of an appropriation or any additional appropriation to the project.
2. Loans shall be available for:
  - a. the purchase or construction of a building (including initial furnishings) that will be used whole or in part as the church's regular worship facility.
  - b. Additions to, reconstructions of, or major renovations to existing local church buildings.
  - c. The purchase of land that will be used for the building of a church.
3. Loan Criteria
  - a. The loan will not exceed 50% of the entire cost of purchase and/or construction of the church. For extensions or major renovations of existing churches it will not exceed 50% of the current market value of the property. This amount may be increased to up to 75% when:
    - i. It is for the purchase of "commercial property" that will be used as a church facility and will not be altered in such a way to have its resale value affected negatively on the open market, or
    - ii. The conference is satisfied on the church's ability to afford the repayments and the loan does not exceed 75% of the resale value of the property to be sold within one year on the open market. To determine the estimated resale value, when an external valuation is to be obtained, a valuation from a credible source shall be obtained.
  - b. The annual church loan repayments cannot exceed:
    - i. 40% of the average annual tithe for the church, calculated on receipts over the most recent two-year period (the calculation can include tithe attributable to denominational employees who are members of the church) plus
    - ii. 80% of any property's net lease income that is derived from leases with a term greater than one year,
    - iii. any denominational appropriations for loan repayments that are committed for at least half the term of the loan.
  - c. The title to the land is in the name of the Division approved legal entity which has been established to hold denominational property in trust.
    - i. In Australia the title documents shall be lodged with Australasian Conference Association Limited.
    - ii. In New Zealand the titles shall be lodged with Seventh-day Adventist Church Property Trustee (NZ) Limited.
    - iii. In union missions the original title documents shall be forwarded to the ACA for safe-keeping with a copy being retained by the local association.
  - d. The buildings for which the loan is granted are covered at replacement value for fire and other risks with the Risk Management Service of the Division.
  - e. Floor, site and financial plans, are referred to the appropriate building committee for careful study and approval before the loan is authorised or building operations are commenced. (Refer policy, Building Projects.)
  - f. Local churches shall be expected to utilise their own local church funds before drawing loan funds under this policy.

g. The church has met the provisions of Policy FIN.50.60 Financing of Church Buildings.

#### 4. Application Procedure

The church requesting a loan under this policy shall use the church loan application form and include the following information:

- a.
  - i. An estimate of the cost of the project at the date of the application.
  - ii. The proposed date of commencement and the expected time to complete the project
  - iii. The expected increases in costs of labour and materials and the basis on which the increases were estimated.
  - iv. The final estimated cost with the amount, if any, included for contingencies shown as a separate item. The project cost shall include:
    - (a) cost of building materials;
    - (b) cost of skilled labour;
    - (c) cost of initial furnishings;
    - (d) cost of landscaping, parking facilities and fencing, but the value of the land shall not be included. In the case of additional buildings and/or extensions to existing buildings on property already owned and occupied, and/or the reconstruction of buildings, the value of land and existing buildings shall not be included in the calculations.
  - vi. A declaration of the amount of cash and readily convertible assets set aside for the project, and on hand at the date of the application.
  - vii. The percentage of this amount to the final estimated cost.
  - vii. A church financial statement showing.
    - (a) analysis of actual receipts and disbursements for the immediately preceding two years.
    - (b) budget for the current year and actual "year to date."
    - (c) a budget forecast on how the debt will be repaid.
    - (d) The method of raising the finance if significantly greater than the church income including details on any lease income generated by the property.
- b. The application shall be signed by the church pastor or senior elder and the church treasurer following approval and action of the church business meeting. A copy of this business meeting action shall accompany the loan application.
- c. In passing on loan requests with their recommendation to the union conference, each local conference shall accept the terms of this policy and the resulting obligations. Union conferences similarly shall accept the obligations of the policy when they approve loans and advise the loan fund accordingly.
- d. The local conference concerned, and in turn the relevant union conference, shall countersign the application, a copy of which is to be forwarded to the Division Investment and Financial Services Manager as soon as the loan request receives the endorsement of the union conference. The endorsement indicates that:
  - i. all policy requirements have been complied with;
  - ii. the executive committee has studied and approved the request, and
  - iii. the guarantee obligations have been accepted.
  - iv. In passing on loan requests with their recommendation, each local conference shall accept the terms of this policy and the resulting obligations.
  - v. Union conferences similarly shall accept the obligations of the policy when they approve loans and advise the loan fund manager accordingly.

## 5. Division Loan Fund Terms

(Specific conditions for the Division Loan Fund are contained in the Division Financial Services Policy)

- a. Conferences and churches shall be encouraged to liquidate their indebtedness under this policy as quickly as possible by means of special repayments from time to time.
- b. Loans from the Division Loan Fund shall normally be repayable by equal monthly or quarterly instalments of both principal and interest over a period of not more than ten years, by automatic debit to the church account in the Cash Management Facility on the last day of each repayment period following the quarter/month in which the loan is taken up or final progress payment made. Where there is a change in interest rate during the term of the loan, the instalment amount may be varied accordingly.
- c. Bridging loans shall stipulate a term which shall not exceed the lesser of two years from the date of the initial drawdown or eighteen months from the date of the last drawdown of the loan. A schedule of repayments shall be submitted for such loans by the time of the last drawdown on the loan.
- d. While the loan is made directly to the local church, the local and union conferences concerned shall guarantee the repayment of the principal and interest to the Division Services Loan Fund. Should a church default in repayment, or not have sufficient funds in its Cash Management Facility account to meet the repayment instalment, the Loan Fund may transfer the outstanding amount (including all interest accrued) to the debit of the Cash Management Facility accounts of the local or union conference at the discretion of the Loan Fund. In such case the Loan Fund shall immediately forward full details in writing to the union and local conference.
- e. Interest shall be charged at a rate determined from time to time by Division CCMF Limited.
- f. *Guarantor details.* When the loan is made directly to the local church, the local conference shall be the primary guarantor for the repayment of the principal and interest to Division CCMF Limited. Should an organisation default in repayment, or not have sufficient funds in its Cash Management Facility account to meet the repayment instalment, the Loan Fund may transfer the outstanding amount (including all interest accrued) to the Cash Management Facility accounts of the local conference at the discretion of Division CCMF Limited. In such case the Loan Fund manager shall immediately forward full details in writing to the union and local conference.

Should a church be in default of loan repayments or any part thereof for more than three months:

- i. The primary guarantor will be charged with any unpaid portion of such repayments in default including any future unpaid amounts as they become due.
- ii. By agreement between the guarantors, if the primary guarantor is not able to meet this charge the secondary guarantor shall accept the charge or part thereof.

The union conference shall be the *Secondary Guarantor* of loans to local conferences and churches. *Either the Primary or Secondary Guarantor* in return for giving the guarantee may impose additional loan criteria to that contained in this policy.

## 6. External Loans

External church loans are to be sourced and arranged by Division CCMF Limited or by an arrangement with a financial institution that has been approved by Division CCMF Limited.

- a. The application for an external loan for a local church shall be submitted to the respective

union conference governing committee. All external local church loans shall be approved by:

- i. Seventh-day Adventist Church Limited when the loan or mortgage is to be in the name of the denominational property trustee, or
  - ii. the respective Union Conference when the loan is not secured against denominational real estate and the loan is to be in the name of the local conference and meets the denominational policy criteria.
- b. The application procedure and criteria shall be the same as for other church loans.
  - c. The term of a loan shall be kept to a minimum but shall not exceed twenty years.
  - d. Bridging finance for interest only loans shall stipulate a term which shall not exceed the lesser of two years from the date of the initial drawdown or eighteen months from the date of the last drawdown of the loan. A schedule of repayments shall be submitted to the Union for such loans by the time of the last drawdown on the loan.
  - e. Where a church wishes to purchase a property on a separate title it shall be permitted to borrow up to 75% of its purchase price on the condition that:
    - i. the repayment criteria is met, and
    - ii. when income generated from the acquired property is used for meeting the repayment criteria the property remains leased until such time as repayment criteria can be met without lease income, and
    - iii. the property is not demolished or altered in such a way that would reduce its resale value below 75% of the value of the outstanding loan balance, and
    - iv. the security for the loan is limited to the property, and
    - v. the property will be sold if the loan repayments fall into arrears.
  - f. The conference is to ensure that the local church understands that the church property is security for the loan and in the event that the loan is in arrears the property may be sold by action of the conference governing board to extinguish the loan.
  - g. A register of external indebtedness for local churches is to be maintained by the Division.

This information is taken from the South Pacific Division Policy Book.



# Seventh-day Adventist Church™

*North New South Wales*

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