

BUDGET PREPARATION POLICY AND PROCEDURES

**Chinese Bible Church of Maryland
4414 Muncaster Mill Road
Rockville, MD 20853**

Reissued 09/21/2021

Revised by Budget Committee

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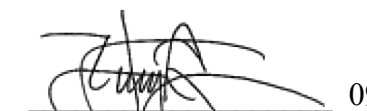
Issued by the Board of Elders

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09/21/2021
Date



Elder Huey Cheung
Secretary, Board of Elders

09/21/2021
Date

BUDGET PREPARATION POLICY AND PROCEDURES

DOCUMENT HISTORY

| REVISION | DATE | CHANGES |
|-----------------|-------------|---|
| 0 | 6/23/98 | Study Committee finalized document for Board of Elders consideration. |
| 0 | 8/20/98 | Adopted by the CBCM Board of Elders. |
| 0 | 1/24/99 | Reformatted Revision 0 document. |
| 0 | 6/26/01 | Modification on unbudgeted fund reallocation, newcomer guest dinner meal costs, etc. |
| 1 | 7/6/01 | Adopted by the CBCM Board of Elders. |
| 2 | 8/30/02 | Finance deacons and credit card issuance and usage. Missions Department allocation of operational expenses as part of General Fund Preparation of Administrative Expenses budget |
| 3 | 8/11/04 | Add Retreat Policy, Ministry Relationship Fund, IT Chairman |
| 4 | 12/17/05 | Subsidy to Training |
| 5 | 3/26/06 | Subsidy for Retreat Committee Friday night stay |
| 6 | 11/19/11 | Amend church credit card policy (3.1.b) Add surplus fund (General Fund) usage (3.1.1.2 & 3.1.1.3) Add BOE initiated projects (3.1.1.3) Amend all-church retreat speaker transportation costs (3.2.4.1 c) Add Youth winter retreat cost coverage (3.2.10.2) Move the content of Ministry Budget (original 3.2.7) to 3.1.3, 3.1.11 & 3.1.23 |
| 7 | xx/yy/12 | Amend church-wide or individual congregational fellowship events for children's prizes (3.1.17) Amend individual congregational retreat (3.1.22 and 3.2.4.1b) Add support church members for teen's program and children's program for their meals and lodging for church-wide or individual congregational retreat (3.2.4.1c) Add financial support to church members for church retreat (3.2.4.1d) Amend meals and lodging to teens speaker |
| 8 | 12/23/13 | Raised general purchase item from \$1500 to \$2000 for all departments except \$2500 (2.2d, 3.1.13) for Physical Facility Department (added 3.2.7.3). Raised Mission Department unbudgeted item from \$1500 to \$2000 (2.3.6.3) |

Chinese Bible Church of Maryland

BUDGET PREPARATION POLICY AND PROCEDURES

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| 9 | 08/19/14 | <ul style="list-style-type: none"> a) All training materials paid through church fund must be returned to Literature once training event is completed (3.1.24) b) Amend subsidize meal/refreshment costs for community center. (3.2.4.1) |
| 10 | 01/16/15 | Travel for church related ministries within a 50 miles radius will not be subjected to any per diem allowance. (3.1.25) |
| 11 | 09/09/21 | <ul style="list-style-type: none"> a) Removed “senior pastor” from 3.1.a b) Clarified re-allocation and transfer of funds (3.1.1.2) c) Clarified meal policy & added exceptions (3.1.10) d) Clarified requirements for quotes & raised threshold for BC review from \$2000 to \$2500 (2.2.b) (3.1.13) and \$3000 for PFD (3.2.8.3) e) Raised threshold for bulletin announcement from \$1000 to \$5000 (3.1.20) f) Changed Service Dept. to Media Dept. (3.1.6) g) Media Department to maintain its own inventory (3.1.8) h) Added provision for more than 2 helpers per children/teens event (3.2.5.1c) i) Church covers room/board for speakers (3.2.5.1e) j) Updated various Article #'s for accuracy |

REFERENCES

| REFERENCE NUMBER | DOCUMENT TITLE | DOCUMENT DATE |
|------------------|--|---------------|
| 1 | Budgeting Policy and Procedure | 8/10/88 |
| 2 | Policy for Training Reimbursement (Draft) | 2/29/92 |
| 3 | Service Department Duties | 7/25/92 |
| 4 | Budget and Spending Guideline, The Fellowship Department | 9/13/92 |
| 5 | Budget Policy for all Fellowship Department Coordinator | 1/1/96 |
| 6 | Articles of Incorporation & Bylaws, Chinese Bible Church of Maryland | 2/22/15 |
| 7 | Outside Speaker's Honorarium Policy | 3/11/97 |
| 8 | Financial Support Guideline, The Fellowship Department | xx/xx/xx |

BUDGET PREPARATION POLICY AND PROCEDURES

His master replied, 'Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!' Matthew 25:21

This policy provides guidance and procedures for the preparation of the yearly church budget and for the resolution of the budget proposal issues. A Budget Committee (BC) shall be formed to oversee the planning and screening of the budget proposals.

- 1 **POLICY OBJECTIVES.** In order to streamline the yearly church budget preparation and the execution thereof, so as to:
 - a. Set a standard for responsible budget preparation,
 - b. Minimize the learning curve for the department budget preparer, and
 - c. Maximize the overall resources for church ministries.

- 2 **BUDGET COMMITTEE:**
 - 2.1 A BC is to be formed by the Board of Elders (BOE) to maintain the continuity and historical knowledge. The BC, under the supervision of the BOE, will review and provide advice to the Senior Pastor and deacons on the church budget preparation process and will contribute and query ministerial expenditures as a whole. The BC will consist of, but is not limited to, the following members:
 - a. The elder overseeing the Finance Department, the committee chairman,
 - b. The Finance Department deacon(s), and
 - c. One church member, excluding the incumbent deacons.

 - 2.2 The main objectives of BC are at least twofold, i.e., to advise the Senior Pastor and deacons on the (1) budget preparation and (2) budget screening. The specific responsibilities of the BC are to:
 - a. Review all budget submissions,
 - b. Interview and resolve issues with the Senior Pastor (if necessary) and deacons,
 - c. Prepare the final budget package, and
 - d. Review purchases above \$2500 (see exceptions in Article 3.2.8.3).

- 3 **POLICY.** The following sets forth the budget policy in two categories, namely general and specific categories. Exceptions to these policies may be granted by appealing to the BC in writing.
 - 3.1 **General Policy.** The general policy provides budget guidance that applies to every department.

BUDGET PREPARATION POLICY AND PROCEDURES

- 3.1.a. BOE shall determine any new job positions for the church. Upon confirmation, [the elder in charge of the Compensation Policy Committee will work with the Committee](#) to determine the salary and benefit for inclusion into the Administrative Expense budget. The Finance Deacon will be informed as appropriate.
- 3.1.b. Church credit cards, for tax-exempt purchases where other type of payment is NOT accepted, are issued only to incumbent Finance deacons(s) and Finance Department staff when needed. They may also be available to church members designated jointly and yearly by the requesting department and the Finance Department deacons.
- 3.1.c. Any purchase using Church credit card MUST be pre-approved through voucher.
- 3.1.1 Church ministerial needs are the primary consideration in proposing budgets. As a general guideline (exceptions may be granted by BC), the increase of budget for the coming year shall not exceed 10% of the current year's budget.
 - 3.1.1.1 Within each department, any unused budget shall not be carried over to the coming year.
 - 3.1.1.2 **Intra-department Re-allocation** - Throughout the financial year, deacons shall have the flexibility of reallocating all or part of the budget approved for one item to another budgeted or unbudgeted item subject to the following limitation: the overall department budget for the year shall not be exceeded;

[Inter-department Transfer](#) - In the event that any department has exhausted its department budget for the current year, the department deacon(s) may request help using the following procedures:

- a. Contact other departments for help through departments' fund transfer
- b. Ask for fund replenishment from the reserve fund **by contacting BC through the Finance Department. BC will review the request and render a decision. No BOD approval is required since the reserve fund is part of the General Budget previously approved by the Board of Deacons (BOD).**
- c. Submit a request to BC to use General Fund surplus money. After BC reviews and approves the request, BC shall make the recommendation(s) to BOE for final approval

[Note: any transfer of funds between departments, except Missions Fund, shall be reviewed by the BC and approved by the Board of Deacons \(BOD\)](#)

- 3.1.1.3 For BOE initiated projects, the BOE will provide vision, guidelines, and expected outcomes of the project to the BOD. Based on the requirements of the project, the BOD shall select one or more sponsoring departments to submit a proposal with budgeting information to the BC. After the BC reviews and approves the budget, the

BUDGET PREPARATION POLICY AND PROCEDURES

BC shall make recommendation(s) to the BOE for final decision. Upon approval by the BOE, the BC will inform the BOD and the sponsoring department deacon(s) for implementation and make announcement in the Sunday bulletin. (see Article 3.1.20) The budget for executing the projects may come from various church funds (e.g., General Fund surplus, Mission Fund surplus, Caring Fund surplus ...)

3.1.2 Deacons shall work with their overseeing elder on their budget proposals, and the Senior Pastor shall work with the BOE on the Ministry budget and Ministry Relationship budget proposals before submitting them to the BC.

3.1.3 All laymen training budgets shall be under Laymen Ministry Training and shall be proposed by the Senior Pastor and managed by pastors. Any department wishing to have training for its coworkers shall propose the budget to the Senior Pastor. The participants are required to submit a written report within 30 days after the training to the responsible pastor before Church will reimburse the appropriate costs. Only the Senior Pastor can approve the voucher.

The church may subsidize, laymen training, conference, and convention up to 75% of the registration fee and up to 50% of room-and-board and travel. Training requiring long time commitment (e.g., weeks or longer) may allow 100% subsidy with the prior approval of Senior Pastor.

3.1.4 All outreach activities budget shall be proposed and managed by the Evangelism Department. Other departments desiring to conduct outreach activities shall work with the Evangelism Department to propose the budget.

3.1.5 The Literature Department is responsible for proposing and managing the budget for Sunday School curriculum materials, pre-recorded medium, books, trainer's materials, and magazines on behalf of other departments. Other departments desiring to purchase these materials shall work with the Literature Department to propose the budget.

3.1.6 The **Media** Department is responsible for proposing and managing the church audio/video (A/V) equipment budget and purchases. Other departments desiring to purchase A/V equipment shall propose the budget to the **Media** Department.

3.1.7 The Secretary Department is responsible for proposing and managing the church computer-related hardware, software, and networking (HSN). An Information Technology (IT) Committee shall be established by the BOE and chaired by the Secretary Department Supervising Elder to evaluate the church computer-related HSN needs and issue guidelines for budgeting and for purchase.

BUDGET PREPARATION POLICY AND PROCEDURES

- 3.1.8 A church staff designated by the Senior Pastor shall keep inventories of all church properties except those purchased by the Literature Department and the Media Department, which are responsible for their own inventories.
- 3.1.9 In general, the church shall not cover childcare costs (see exceptions in Article 3.2.3.2 and 3.2.5.1b.). Childcare should be served by volunteers or the costs will be shared by the parents for their meetings. For some meetings (e.g., church-wide meetings), childcare costs incurred through outside help may be covered by the church after the cognizant deacon(s) have consulted the BC.
- 3.1.10 In general, the church shall not cover meals for meetings (see exceptions in Articles 3.2.3.1, 3.2.5.1b, 3.2.6.1, 3.2.6.2, 3.2.6.3 and 3.2.11.2). For some meetings (e.g., church-wide meetings), refreshments may be covered by the church, after the cognizant deacon(s) have consulted the BC.

Exceptions and Food Budget Policy

- a) Reasonably decent quantity and quality of snacks/refreshment or meal provided during church-sponsored training events for the specific purpose of training church ministry coworkers to better serve in their official church ministries positions, such as Sunday School teachers, cell and fellowship group leaders, deacons, Stephen Ministers, disciple makers, etc. General church-wide training event for the edification of all believers, such as prayer, sexual holiness, parenting, evangelism, etc. are not included in this exception. Each departmental deacons will use this at their discretion, subject to approval by the senior pastor, similar to all their training budgets.
- b) Reasonably decent quantity and quality of snacks/refreshment or meal provided during any church-wide activity that requires the volunteer labors of our people, such as church-wide cleanup, or ballot counting, etc.
- c) The maximum food subsidies for each person attending the training will be: \$5 for breakfast, \$7 for lunch, \$10 for dinner. These price caps are subject to periodic revisions by the BOE.
- 3.1.11 In general, the church shall not cover gifts or prizes to individuals (see exceptions in Articles 3.1.17, 3.2.5.1.d., 3.2.9.2, and 3.2.11.1). The church may cover the gift costs for baby dedication.
- 3.1.12 The church shall pay for outside speakers (see current Outside Speaker's Honorarium Policy).
- 3.1.13 The purchase of items or services between \$700 and \$2500 (see exceptions in Article 3.2.8.3) shall require two quotes, and a purchase decision statement shall be submitted along with the voucher to the Finance Department. For purchases exceeding \$2500 (see exceptions in Article 3.2.8.3), a price comparison report (e.g., comparing prices and/or specs of product/services, etc.), consisted of three quotes, shall be reviewed by the BC prior to actual purchase.

BUDGET PREPARATION POLICY AND PROCEDURES

- 3.1.14 In general, the Board of Trustees (BOT) signs contracts for the church. Unless specifically delegated by the BOT in writing, no one else is authorized to sign contracts for the church.
- 3.1.15 In the event that church funds become low and drastic action is deemed necessary during the calendar year, the Finance Department deacon, in consultation with the BC, will issue guidance to delineate the spending practice.
- 3.1.16 Questions that arise during the implementation of this policy shall be addressed to the BC. The BC shall document all new guidance given, shall revise the policy accordingly, and obtain the BOE approval at the appropriate time.
- 3.1.17 The church may give prizes to children (up to the 12th grade) for Sunday school, church-wide or individual congregational fellowship events, in amount to be determined by the cognizant deacon(s).
- 3.1.18 The church may pay for consumable materials used in Sunday school classes. The cognizant departments shall propose the budget and purchase these materials.
- 3.1.19 All publications, except church directory and retreat handbook, should have contents with theme for spiritual growth in order to be budgeted.
- 3.1.20 Any unbudgeted or over the budget spending of **\$5000** or above must be announced to the congregation in the Sunday Bulletin within 30 days of its disbursement. The cognizant department deacon(s) are responsible for putting the announcement in the Bulletin.
- 3.1.21 The church may cover costs of small group bible study or discipleship materials for full time students (up to college senior level).
- 3.1.22 The church recognizes the following three types of retreat, church-wide retreat, individual congregational retreat (see current Outside Speaker's Honorarium Policy and Article 3.2.5.1a) and retreat conducted by BOE-authorized fellowship groups (see Article 3.2.5.1e).
- 3.1.23 The church may budget the Ministry Relationship expenses which will be managed by BOE.
- 3.1.24 All training related (conference, seminar, workshop, etc.) teaching/training materials not under registration but purchased (or reimbursed) through church fund must be returned to the Literature Department once the training event is completed.

BUDGET PREPARATION POLICY AND PROCEDURES

- 3.1.25 All travels for church related ministries within a 50 miles radius will not be subjected to any per diem allowance. This policy will also apply to certain ministry locations such as the Baltimore and Northern Virginia vicinities.
- 3.2 **Specific Policy.** The specific policy provides additional budget guidance to specific departments with considerations of their needs and circumstances.
- 3.2.1 **Caring Department**
- 3.2.1.1 Department operational costs shall be budgeted under the church general fund.
- 3.2.1.2 The Caring Fund shall be managed by the Department deacon(s).
- 3.2.2 **Christian Education Department**
- 3.2.2.1 The church may subsidize portions of the registration fee for Sunday School teachers to attend conferences or seminars.
- 3.2.3 **Evangelism Department**
- 3.2.3.1 The church may cover guest meal/refreshment costs for outreach meetings.
- 3.2.3.2 The church may cover childcare and children's program costs for outreach meetings.
- 3.2.4 **Community Service Department**
- 3.2.4.1 The church may help subsidize meal/refreshment costs for community center.
- 3.2.5 **Fellowship Department**
- 3.2.5.1 All fellowship activity expenses shall be self-sufficient (e.g., they are paid for by the participants) including sporting and recreational events, bus rental, photography, film, etc. The following are known exceptions (see also the General Policy):
- a. CBCM pays (from administrative cost of the annual retreat) the Friday night's (the day before the Church annual retreat) meal and lodging for the retreat committee members and their designated co-workers. This provision does not include their family members
 - b. Church-wide retreat or individual congregational retreat – childcare, handbook, and snacks
 - c. CBCM pays up to two (2) church members per teen's program and two (2) church members per children's program for their meals and lodging (no honorarium and travel) for the benefit of encouraging church members to serve and bond with our teens and children during church-wide retreat or individual congregational retreat.

BUDGET PREPARATION POLICY AND PROCEDURES

Any additional helper and associated cost shall be pre-approved by the respective congregational pastor.

- d. Based upon the Fellowship Department's Financial Support Guideline, the respective congregational pastor may offer financial aid for church-wide or individual congregational retreat by subsidizing the registration fee for students, unemployed and those in need of our church members. Amount to be determined by the cognizant deacon.
- e. Fellowship group retreat- honorarium, room/board and transportation for speakers only, other costs shall be shared by participants
- f. Children's program: craft materials
- g. Mother's Day gifts
- h. Father's Day gifts
- i. Church-wide Thanksgiving program
- j. Church-wide Christmas program

3.2.6 Hospitality Department

- 3.2.6.1 The church may cover guest lunch costs after Sunday worship services.
- 3.2.6.2 The church may cover the lunch costs for mothers on Mother's Day and for fathers on Father's Day.
- 3.2.6.3 The church may cover the meal costs of guests for "newcomers welcome dinner".

3.2.7 Missions Department

- 3.2.7.1 The Missions Fund budget requires the BOE's approval.
- 3.2.7.2 Department operational costs (funds not directly received by the missionaries or missions organizations) shall be budgeted under the church general fund.
- 3.2.7.3 The Missions Fund shall be managed by the Department deacon(s). The Department shall prepare a policy and procedure to delineate the use of the reserve fund. Any unbudgeted cost item over \$2000 shall be reviewed by the BC and approved by the BOE.

3.2.8 Physical Facilities Department

- 3.2.8.1 Building facility needs shall be budgeted and managed under the Department.
- 3.2.8.2 The Building Fund shall be managed by the Department deacon(s) under the BOT's supervision.

BUDGET PREPARATION POLICY AND PROCEDURES

- 3.2.8.3 The purchase of items or services exceeding \$3000 shall require two **additional quotes** and a price **comparison** report before actual purchase.
- 3.2.9 **Worship Department**
- 3.2.9.1 The Department shall consult with the pastoral staff to estimate outside speaker budget for the coming year.
- 3.2.9.2 The church may cover the costs of "baptismal packages" for newly baptized members and "new member packages" for newly transferred members.
- 3.2.10 **Scholarship Fund**
- 3.2.10.1 The BOE shall establish a committee to manage the Scholarship Fund.
- 3.2.11 **Youth Department**
- 3.2.11.1 The church may cover the costs of gifts for graduating high school seniors.
- 3.2.11.2 Youth Winter Retreat costs covered by the church are: meals, lodging, honorarium and transportation for speakers, handbook and snacks.
- 4 **SCHEDULE AND PROCEDURE.** The following outlines the schedule for budgeting process. The schedule may vary from the following depending on the time required to complete sequential individual activities.
- 4.1 **First half of July.** The Finance Department deacon will distribute budget forms with detailed instructions and attachments of the prior 12-month expenses/incomes per department to the Senior Pastor and deacons.
- 4.2 **Second half of July.** The Senior Pastor, departmental deacons, and coworkers prepare their budgets.
- 4.3 **First half of August.** The Senior Pastor, BOE, overseeing elders, and deacons review their respective budgets and submit the budgets to the BC by mid-August. The BC consolidates all proposed budgets and distributes them to the departmental deacons.
- 4.4 **Second half of August.** The BC reviews all proposed budgets, schedules interviews with the Senior Pastor (if necessary), and departmental deacons. The interview schedule should be posted so that interested deacons/coworkers can participate in the discussion.

BUDGET PREPARATION POLICY AND PROCEDURES

- 4.5 **Month of September.** The BC interviews the Senior Pastor (if necessary) and deacons and resolves budget issues.
- 4.6 **End of September.** Finance Department deacon presents the budget to the BOD for approval.
- 4.7 **Month of October.** Finance Department deacon presents the budget to the congregations.
- 4.8 **Month of November.** A church members' meeting is held to confirm the new budget.
- 4.9 In case the budget is rejected by the BOD or by the congregation, the church will be allowed to operate at the current spending level. In the interim, the budget preparation cycle will immediately start over.
- 5 **EFFECTIVE DATE AND AMENDMENT.** This policy becomes effective on the date it is adopted by the BOE. In the event of conflicts between policies, this policy will take precedence over other existing policies. The BOE has the authority to amend this policy as it deems necessary.