



The Foursquare Church

Jesus Christ is the same yesterday and today and forever. Hebrews 13:8

Dear pastors and leaders,

I pray that this fall season is proving to be a time of great harvest and celebration in both your ministry and personal life. The holidays are a time where we intentionally celebrate the blessing of family and friends, and I am so blessed to be part of a movement that is characterized as a "church family."

As you know, Foursquare has been on an important journey to "Reimagine" the structures, policies and processes that are intended to serve our shared mission to spread the message of the Foursquare Gospel in the ever-changing landscape of the 21st century. As part of this journey, church leaders from around the nation have partnered with the central office teams to refine the standard operating procedures that support our corporation's bylaws in defining administrative processes that will ensure good stewardship over church assets.

I am excited to announce to you that, after a careful vetting process, our board of directors has approved an updated policy on the use of credit cards and reloadable pre-paid debit cards. This is intended to better equip and empower church leaders and team members to transact church business in the current environment where electronic transactions are the new normal. Our former policy, outlined in the Foursquare Handbook of Operations, prohibited the use of church credit cards and debit cards and only allowed for reimbursement of substantiated expenses by personal or electronic check. This policy, along with Article 16 of the Foursquare bylaws, was designed to incorporate accountability measures to protect the church from the potential of fraud or mismanagement, and to protect pastors and ministry leaders from the accusation of such.

The new policy, available in the Handbook of Operations or downloadable online from the Foursquare Administrative Toolkit, has been carefully drafted to align to our existing bylaws and incorporate good accountability and internal controls intended to protect against theft or unintended credit card debt.

We hope that you find this updated policy to be an important step forward in our shared commitment to reimagine Foursquare into a movement that embraces 21st century technology to empower church leaders toward dynamic and fruitful ministry without compromising our enduring values of appropriate accountability and biblical stewardship.

We pray the Lord's blessings over you and yours this holiday season, and trust that the Spirit of Christmas will fill your hearts and homes with joy!

Blessings,

Adam Davidson
Vice President, Chief Operating Officer



Proposed Policy Amendment: Accountable Plan for Church Credit Cards

Reason: In the 21st century, electronic transactions have overtaken traditional paper--based transactions (checks, money orders etc.) as the primary mode of transacting business for most merchants and financial institutions;; a process known as “digitization.” The Internet is the great marketplace for these kinds of transactions;; a marketplace developing almost daily. A recent study indicates that approximately 61% of organizations in the US have already adopted paperless technology as their primary mode of business, thus causing accounting firms to design and endorse new internal control recommendations for electronic commerce.

The church environment is faced with similar, and in some cases, an even greater need to empower team members (pastors, staff and volunteer leaders) to transact business on behalf of the church while maintaining strong internal controls and accountability over financial transactions. The following proposal contains two recommendations for expanded policies on the use of 1) credit cards and 2) reloadable debit cards in conjunction with an accountable plan that follows principles outlined by a joint initiative of accounting agencies;; this initiative is called the COSO internal control framework.

Current policy: The Foursquare Handbook of Operations section 16.4.1 states “Church finances will typically involve a checking account and a savings account. However, ICFG policy is that church credit cards are not permitted.” In the current business environment, this policy seems outdated and inconsistent with the realities of how business is transacted by a significant number of Foursquare churches.

After reviewing the Foursquare bylaws, this proposal was drafted to prescribe an amended policy that adheres to all of the internal control provisions stated in the bylaws and therefore should not necessitate any bylaw revisions. The applicable bylaws are as follows:

Bylaws Article 16.1.F:

1.1 -- The church council shall assure that all funds received by the church shall be deposited in a bank account in the legal name of the church and assure that all disbursements of church funds are made by check or **other non-- cash debit (i.e. no cash withdrawals)**.

1.4 -- The church council shall require two signatures for all disbursements of church funds. **One of the signatures shall always be that of the pastor or treasurer.**

1.5 -- When making disbursements of church funds via on--line transactions, the church council shall **pre--approve establishment of each electronic account** prior to conducting a transaction via the account.

1.6 -- Bank account statements and reconciliation summaries shall be **presented at each council meeting**.

1.7 --- Council members shall have **viewing access to online accounts** and supporting documentation for bank account reconciliations shall be made available for review to any council member for any proper purpose relating to the council’s duties upon request.

The primary internal control principles that are represented by these bylaws are focused on ensuring that 1) the council has the ability to establish and monitor accounts used by the church to transact business and 2) the pastor and treasurer are, at all times, aware of and accountable for these transactions.

In accordance with the COSO framework, the following policy recommendations prescribe a segregation of duties for the following functions:

- **Authorization** -- Establishing financial accounts with appropriate thresholds (credit and transaction limits) and pre-approval of authorized cardholders.
- **Disbursement** -- Card issuance and accountable process for collection of receipts.
- **Custody & Review** -- Reconciliation of all financial transactions within an account and presentation of the transaction history to the church council.

Recommendation #1: Church credit cards or lines of credit with purchase order system

In many cases, churches have preferred relationships with specific vendors that allow authorized persons to make purchases on account. This is helpful for churches without paid staff or with bi-vocational pastors who are not always available to sign reimbursement checks or when church leaders don't have the wherewithal to pay in advance and be reimbursed by the church. By prescribing a system that involves the church council in establishing credit limits and authorized purchasers the church may effectively foster a system with better internal controls than what is possible through the issuance of checks (that may be falsified or tampered with) and physical receipts (that may be lost).

Authorization (see bylaws 16.1.F -- 1.1, 1.4. 1.5)

- **Proposal**-- The church council may authorize the Sr. Pastor and other designated person(s) to obtain a church credit card or line of credit with a preferred vendor (printer, cleaning supply company, hardware store etc.) under the following provisions:
 1. All financial transactions are exclusively for church business purposes. Personal charges of any kind are expressly **not** permitted, even in cases where the cardholder intends to reimburse the church for personal charges.
 2. The church council may establish a minimum credit line of \$1,000. The combined maximum balance of all credit cards should not exceed 20% of the church's average **monthly** income from the previous calendar year (to minimize exposure to unsecured liabilities).
 3. The authorized cardholder will serve as a personal guarantor for the charges incurred and will be responsible for any charges not substantiated by receipt.
 4. All cards and lines of credit must include fraud protection insurance.
 5. The spending limits for each cardholder must be approved by the church council and documented in church council minutes annually.
 6. The senior pastor must be the primary cardholder and the church treasurer must be an authorized account manager for each credit account.
 7. Church bookkeeper, treasurer or other party responsible for logging transactions should **not** be an authorized cardholder or be related by blood or marriage to the senior pastor, except by written authorization from the District Supervisor.

Disbursement (see bylaws 16.1.F -- 1.1, 1.5)

- **Proposal**-- In accordance with banking regulations stemming from the Patriot Act Section 326.2, all credit cards must be personalized and issued to individual cardholders who verified their identity with the banking institution. In-person transactions may only be processed by the cardholder. A cardholder may authorize another individual to use their card for online transactions with written authorization via a purchase order (see attached diagram for illustrated process for approval and issuance of a purchase order). Cardholders maintain the following responsibilities for all transactions:
 1. All transactions must be documented with a receipt containing:
 - Date of transaction
 - Amount of transaction
 - A written description of the business purpose
 - Cardholder's signature or proof of authorization (**signature #1, bylaw 1.4**)
 2. Receipts must be submitted to church bookkeeper by the end of the billing cycle.
 3. Receipts must be logged in bookkeeping software or accounting ledger and kept on file to be matched to monthly account statement to be reviewed and/or reconciled by the church treasurer.

Custody & Review (see bylaws 16.1.F -- 1.4, 1.6,1.7)

- **Proposal**-- All electronic charges must be clearly documented in the church's accounting records and reconciled to the monthly account statement. Reconciliations should be conducted and/or reviewed by the church treasurer who shall sign and date the reconciled statement listing all individual charges made during the billing cycle (**signature #2, bylaw 1.4**). The church council shall review the following on a monthly basis:
 1. All credit account statements and reconciliation summaries signed by church treasurer shall be available for presentation at each council meeting.
 2. Council members shall have viewing access to online accounts and supporting documentation for credit account reconciliations shall be made available for review to any council member for any proper purpose relating to the council's duties upon request.

Recommendation #2: Reloadable debit cards

Several financial institutions now offer prepaid debit cards that are reloadable through a web-interface and allow for a greater degree of control over the available card balance and spending thresholds. These tools may be used in conjunction with an accountable process to empower church leaders to delegate spending authority to members of their team within defined limits and with little or no exposure to church cash reserves. Currently, PayPal and PEX Card are market leaders in offering reloadable card solutions that accommodate email notifications for each transaction, spending thresholds, FDIC insurance and fraud protection for all cardholders on a business account.

Authorization (see bylaws 16.1.F -- 1.1, 1.4, 1.5)

- **Proposal**-- The church council may authorize the church to adopt a reloadable prepaid debit card system with the Sr. Pastor, Treasurer and other designated person(s) listed as cardholders under the following provisions:
 1. All financial transactions are exclusively for church business purposes. Personal charges of any kind are expressly not permitted, even in cases where the cardholder intends to reimburse the church for personal charges.
 2. The authorized cardholder will serve as a personal guarantor for the charges incurred and will be responsible for any charges not substantiated by receipt.
 3. All prepaid debit cards must include fraud protection insurance and be connected only to a church bank account that is FDIC insured.
 4. The daily and monthly spending limits for each cardholder must be approved by the church council and documented in church council minutes annually.
 5. The senior pastor must be the primary cardholder and the church treasurer must be an authorized account manager for the banking service used to manage the prepaid card(s).
 6. Church bookkeeper, treasurer or other party responsible for logging transactions should ***not*** be an authorized cardholder or be related by blood or marriage to the senior pastor, except by written authorization from the District Supervisor.

Disbursement (see bylaws 16.1.F -- 1.1, 1.5)

- **Proposal**-- In accordance with banking regulations, all reloadable prepaid cards must be personalized and issued to individual cardholders with a unique personal identification number (PIN). Cardholders maintain the following responsibilities for all transactions:
 1. Cards may only be used for online or point of sale transactions. **ATM transactions or other cash withdrawals are not permitted.**
 2. All transactions must be documented with a receipt containing:
 - Date of transaction
 - Amount of transaction
 - A written description of the business purposeCardholder's signature or proof of authorization (signature #1, bylaw 1.4)
 3. All receipts must be submitted to the church bookkeeper and reconciled to the remaining balance **before** funds may be reloaded onto the prepaid card(s).
 4. Receipts must be matched to the transaction history and submitted to the church treasurer for verification and signature (signature #2, bylaw 1.4) **before** funds may be reloaded onto the prepaid card(s).

Custody & Review (see bylaws 16.1.F -- 1.4, 1.6, 1.7)

- **Proposal**-- All electronic charges must be substantiated with receipts and reconciled to the transaction history log, which must indicate the remaining balance available for each card or account. Reconciliations should be conducted and/or reviewed by the church treasurer who shall sign and date the reconciled statement listing all individual charges made during the reconciliation cycle (signature #2, bylaw 1.4). Council members shall have viewing access to online accounts and supporting documentation for prepaid card reconciliations shall be made available for review to any council member for any proper purpose relating to the council's duties upon request.

Purchase Order Requests Work Flow

An accountable process for advance approval of electronic card transactions with reconciliation to a monthly statement.

