

New Life Church Credit Card Policy - 2017

1) Introduction

A qualifying Team Member may be issued or allowed to use an NLC corporate credit card (hereinafter "CC" or "CCs"). A Team Member must unequivocally meet and affirm the following standards:

2) Why are NLC CC's Issued and Used?

- A) Efficiently execute the vision, values and purposes of NLC
- B) Promote the following of Christ
- C) Minister the Word of God
- D) Conduct local and international church
- E) Promote cooperation between churches
- F) Train and send out ministers of the Gospel
- G) To receive tithes and offerings and distribute them according to NLC purposes
- H) To distribute collected tithes and offerings to other exempt organizations
- I) To promote, encourage and foster the body of Christ by promoting organizations with similar values

3) Why do we need a Credit Card Policy?

- A) For Administrative Efficiency
- B) For Compliance with Legal Standards
- C) For Assurance of Integrity and Education of Proper Usage

4) How are NLC CCs to be Issued and Used?

To be issued an NLC corporate credit card, one must meet certain qualifications as follows:

- A) Be a Director, Campus Pastor, Executive Pastor or Administrative Assistant to the preceding,

- B) Oversee and annual budget of at least \$12,000.
- C) Receive appropriate training on the Tallie or other designated reporting system,
- D) Receive education on the NLC Credit Card Usage Policy,
- E) Affirm accountability, appropriate use, reporting, and integrity standards,
- F) Agree to meet accountability, appropriate use, reporting, and integrity standards,
- G) Present expense reports accurately, with appropriate receipts, and on time,
- H) Document payee, date, amount, purpose and expense account number for every expense, and
- I) Have the report approved by a supervisor or the finance department.

5) What are the Specifics of NLC CC Issuance?

I) Qualifications:

- A) An Executive Pastor who directs and oversees ministries statewide, who oversees a budget of more than \$12,000 annually, uses the credit card for acceptable uses only, and timely submits completed expense reports.
- B) An administrative assistant to a Campus Pastor, who uses the credit card for acceptable uses only, and timely submits completed expenses reports.

II) Who Does Not Qualify?

- A) A staff Pastor who oversees a ministry of his Campus, oversees an annual budget of \$50,000, who uses the credit card for acceptable uses only, and timely submits completed expenses reports.
- B) An administrative assistant to a staff Pastor who over sees a student ministry at their campus, oversees an annual budget of \$15,000, who uses the credit card for acceptable uses only, and timely submits completed expenses reports.

C) An Executive Pastor who oversees a ministry statewide, oversees an annual budget of \$100,000, who has demonstrated a consistent inability to use the credit card for acceptable uses only, and does not timely submit completed expenses reports.

III) Accountability and Reporting Examples

A) Acceptable: A Pastor uses his NLC CC for appropriate uses and presents his expense reports to NLC Finance on time, with each Expense documenting Payee, Date, Amount, Purpose, and Expenses Account Number, and has the approval of his Campus Pastor for all charges.

B) Unacceptable: An admin assistant for an Executive Pastor has lent out his card to numerous people for the acceptable purposes, she has difficulty in getting back acceptable documentation from those to whom she lent the card. This causes her to present an expense report to NLC Finance that is untimely, lacks appropriate documentation for each charge, and causes her Executive Pastor to approve an incomplete expense report.

6) Legal Definitions and Standards.

A) Pastoral Care. An expense directly related to a purpose of New Life Church and/or giving spiritual guidance, teaching, reproof, correction, and for training of the ministry team or members of the congregation. There must include a bona fide pastoral or purposeful discussion regarding the active conduct of the ministry of New Life Church. The amount of expense must be directly related to the preceding purpose. An expenses directly related to "Pastoral Care" may include but is not limited to: Provision of food and beverages, recreation, sporting events, hospitality, meeting facilities, hotel rooms, automobile rental, and qualified personal expenses (meaning related to a ministerial purpose). Meals with staff are acceptable if the purpose is to celebrate a work anniversary, birthday, or to celebrate a ministry achievement. Occasional lunches to discuss operations are also acceptable as long as a predictable pattern does not emerge. Occasional would be defined as less than 4 times per year.

B) Ministry Expenses.

Are expenses incurred in furtherance of the purpose of the organization typically referred to as business expenses and include office supplies, furniture and fixtures, facility or building rental, business software, and contract labor.

C) Gifts. Are expenses that are not includable to the recipient as gross income and must be less than \$25 annually. An expense incurred for the

purchase of food or beverage for the use of a person at a later time is a gift. An expense incurred for the purchase of tickets for admission to an entertainment or sporting events to be used at a later time is a gift. A gift to a company that is intended for the eventual personal use of a particular person or a limited class of people will be considered an indirect gift. (See appropriate uses below)

“The truth is special occasion gifts to employees are taxable income almost always. I won’t cite case law but holiday or other special-occasion gifts could be de minimis fringe benefits and non-taxable (occasional office parties/picnics, traditional holiday gifts of non-cash property with low fair market value (turkeys and fruitcakes, hams, gift baskets, \$25 or less generally, can’t be cash)). The way around this is to do a group office party situation and that generally is fine. You can’t do season tickets and certainly no cash cards. The only other exception is an employee achievement award. I hope this helps. There isn’t much flexibility for employer gifts.” Steven D. Goodspeed, Senior Associate Attorney - Tax Specialist, Anthony & Middlebrook - Church Law Group, Dallas, TX.

D) Travel (see NLC Travel Policy for details). Generally travel expenses must be related to overnight stays and be away from home. Acceptable purchases associated with travel can include: taxi, Uber, or car rental, meals and lodging, cleaning and laundry expenses, tips and communication expenses. In order to substantiate an expense, one must indicate time, person(s), place, and ministry purpose of each expenditure.

E) Benevolence. Benevolence is the payment of a specific need for a person (not a Team Member). Benevolence is a high risk category for churches and is where most embezzlement or conversion of church funds occurs. In the event of payment for benevolence, the church should issue a pay order or credit card charge that provides the person’s name, address, and other contact info for the person as well as a bill or invoice confirming exactly what is being paid.

7) What are some examples of appropriate and inappropriate uses?

I) Appropriate uses:

A) Pastoral Care:

- i) A pastor and his family take a visiting family out to dinner after the Sunday service in order to offer them friendship, discipleship and an invitation to become regular members of the congregation.
- ii) An admin purchase dinnerware, art, and floral arrangements to used at the church or the Pastor’s home from time to time and is stored at the

church and is only used for church/ministerial events

iii) A department director provides lunch for a different church member several times per week wherein general personal and/or ministerial conversation occurs but only repeats his guest(s) 2-3 times per year.

B) Gifts:

i) A Pastor instructs his admin to purchase \$25 gift cards for five Team Members. The admin notifies NLC Finance who advises the team members have not received any other gift cards for the calendar year and endorses the expense. The admin purchases the gift cards and timely submits an expense report naming each of the team members and why they were given the gift cards.

ii) A director wants to give a gift basket with candy, a coffee mug and a book to a team member in celebration of their birthday.

C) Travel:

i) The NLC Fayetteville staff travels to Conway for a staff conference; The Campus Pastor pays for gas, hotel rooms, breakfast, lunch, dinner for three days and two nights, and fees for an outing to a local shooting range.

II) Inappropriate:

A) Personal, Living or Family Expenses:

i) A pastor takes his family out to dinner following the Sunday service, no other staff or members of the church are present.

ii) An admin purchases dinnerware, art, and floral arrangements for a Pastor's home prior to an in home meeting with ministry leaders. The dinnerware, art and floral arrangements are stored permanently at the Pastor's home and are used for personal use as well.

iii) A department director provides lunch for the same team member or church member once every other week wherein general personal and/or ministerial conversation occurs.

iv) A staff member purchases outdoor furniture for their home in order to entertain their ministry team for a night of celebration.

B) Gifts:

i) The wife of a Pastor wants to bless a ministry admin with a monthly visit to a local provider of manicures and pedicures.

ii) A pastor purchases a birthday gift at home depot for another staff member.

iii) A pastor purchases a \$300 gift card for a church member and claims it as benevolence.

C) Disqualified Travel:

i) A Team Member leaves his Conway office and travels to the NLC Fort

Smith campus to discuss a business issue, and stops at Russellville to have a new set of tires placed on his vehicle and buys lunch at Wendy's. The Director completes his meeting with NLC Ft. Smith and returns to Conway by 7p.m. The purchase for tires and lunch at Wendy's are disqualified travel expenses.

ii) A campus pastor flies he and his family to Breckenridge for a spring break ski-trip for one-week. While there, the Pastor meets with a local Pastors' group to discuss foreign missionary theory. The meetings last one and one-half days. All costs of travel are disqualified except those related to the ministry meeting.

8) Violations and Discipline

I) Violations - Violations of the Credit Card Policy cause many problems that give rise to unacceptable risks, some of which are:

A) Violation of NLC's 501(c)(3) Non-profit guidelines - Violation of non-profit accounting practices may result in the loss of a church's non-profit status effectively closing the church.

B) Violations of IRS Code - Deducting credit card expenses as business expenses when they were improper or personal charges of an Employee may result in fines and penalties. Failing to allocate gifts and other personal expenses to an employee as taxable income can result in tax evasion penalties for the church and the employee.

C) Embezzlement Charges against the Offending Individual - The wrongful conversion of church funds for personal use, regardless of the means used, is a criminal offense punishable by fines and imprisonment. Usually intent is implied in the purchase itself.

II) Discipline - Without consequences there is no policy. Grace will be applied when appropriate and self-reported violations are welcome and given reasonable deference. Usually a phone call, email, text will be sent if a charge needs further explanation or the charge's description needs revision. If a charge is deemed to be in violation of the credit card policy then the following schedule of discipline will be followed.

A) First offense. A card holder or user who: makes an improper charge, fails to timely submit their credit card report with all applicable receipts, fails to reimburse the church for an improper charge, will receive a written warning by email from Christine Shrewsbury, Ashley Meredith, Trip Leach or Bryan Christian copied to a lead executive pastor.

B) Second Offense. A card holder or user who commits another violation

of the credit card policy or who has continued to fail to timely submit their credit card report causing the first offense for more than thirty (30) days will be considered a second offense and will lose their card privileges for three (3) months.

C) Final Offense. A card holder or user who commits another violation of the credit card policy or who has continued to fail to timely submit their credit card report causing the first and second offense for more than sixty (60) days will be considered a final offense and will permanently lose their card privileges.

D) Appeal. Appeal may be made by e-mail to Darren DeLaune, Harry Bates, Ashley Meredith, Trip Leach and Bryan Christian, who then will offer the opportunity to meet and discuss the conduct that gave rise to the privilege loss and sustain the discipline subscribed or place the card holder on a performance improvement plan.

9) Good News - The roll-out of the new expense reporting and reimbursement software, "Tallie," will make compliance much easier and will include an accountability step to have expense reports approved prior to submission.

Also, a Team Member is not required to carry an NLC CC even if they qualify under the new policy. Possible alternatives to using an NLC CC is reimbursement of ministry related charges to a Team Member's personal account or using purchase orders more proficiently.

If you have any questions regarding the policy or wish to self-report a violation, please contact Christine Shrewsbury, Accounts Payable Manager, NLC Finance.

Acknowledgement and Statement of Integrity

I have read and understood New Life Church's policy regarding the use of the church credit card. I have completed the credit card policy and "Tallie" training with a member of the NLC Finance Team. I understand that failure to timely produce expense reports or any unapproved expenses that have been charged to the church credit card are ground for suspension or termination of credit card privileges, and those charges must be reimbursed immediately. I affirm that the use of the NLC CC in my possession will be above reproach in the eyes of God and man fully aware that I am accountable to my Executive Pastors, Staff and church members for the documentation, amount, Payee and purpose for every purchase made.

New Life Church Credit Card Holder

Print Name

Date: -----