

## **Common Budget Covenant of The American Baptist Churches in the U.S.A. and Its Related Corporations and Regions**

### **Operating Guidelines Manual**

These Operating Guidelines are designed to provide the details of mission fund collection, distributions and reporting on a coordinated basis among all the mission partners. As such, the Guidelines will be mutually agreed upon, and flexible at all points possible while maintaining a similarity that guarantees integrity and transparency within our mission system. Donors are honored, and their wishes valued within the context of the ethical and legal constraints placed on the denomination. These values will serve as the context for the operational agreements.

#### **I. Accountability**

While final responsibility for receiving, recording and disbursing American Baptist Mission Support (ABMS)\* funds resides with American Baptist Churches in the U.S.A. (ABCUSA), reception and distribution of funds requires a cooperative effort among all Covenanting Partners.

#### **II. Reception Unit Status**

Upon Board of General Ministries approval, Regions may function as Receiving Units for American Baptist Churches in the U.S.A. Regions accepting Receiving Unit status agree to receive, record and distribute ABMS funds generated in the Region, according to the guidelines established by the “Common Budget Covenant and the Operating Guidelines of the American Baptist Churches in the U.S.A. and Its Related Corporations and Regions.” Board of General Ministries approval is predicated on the following criteria:

- A. The Region demonstrates sufficient personnel and adequate internal control procedures to function in a fiduciary capacity for ABCUSA.
- B. The Region maintains a separate ABCUSA Mission Bank Account for all ABMS funds. In addition to regional signatories, the Treasurer and Assistant Treasurer of American Baptist Churches in the U.S.A. will be listed as signatories on the account.
- C. The Region agrees to perform an annual independent audit (of the Mission Fund Account), which includes substantive testing of Mission Fund Activity, as well as an explicit statement in the body of the audit report that the Region functions in a Receiving Unit capacity for ABCUSA.

- D. The Region agrees to cooperate with ABCUSA internal audit procedures of the Mission Fund account activity, providing any requested information in a timely fashion.
- E. The Treasurer of ABCUSA shall provide an annual report to the Board of General Ministries outlining adherence to the above criteria. The Board of General Ministries retains the right to rescind Receiving Unit approval as deemed appropriate.

### **III. Procedures for Receiving Funds**

Whether the reception of funds is performed by ABCUSA (formerly Office of the General Secretary) or the Region, the following guidelines will apply:

- A. The American Baptist Churches Information Systems (ABCIS) will be the software used to record local church and donor giving through the ABMS system.
- B. Receiving Units will provide guidance to churches in completing ABCIS remittance forms provided by the Treasurer's Office of ABCUSA, the Receiving Unit or generated through the ABCIS system.
- C. Records will be processed in a timely manner.
- D. Remittance forms will be retained in electronic or hard copy for a period of two years.
- E. All churches and donors will receive a receipt reflecting the allocation and classification of the contributions received.
- F. Reception of funds will be closed at least monthly for reporting and distribution. All monthly receipts will be processed in the system no later than the 8<sup>th</sup> day of the subsequent month (or the next business day if the 8<sup>th</sup> falls on a weekend or holiday).
- G. Gifts marked by the donor for expediting will be processed within five working days of the receipt of the funds subject to the funds being made available through appropriate financial institutions.
- H. Direct gifts to Valley Forge, including funds electronically transferred by churches or donors, will be reported back and credited to the Region within five days of receipt.

### **IV. Distribution Procedures**

Whether reception of funds is administered by ABCUSA or by the Region, the following distribution procedures are mutually agreed upon:

- A. Regions that function as a Receiving Unit must remit all funds designated to the national ABCUSA office no later than 24 hours following the system close by choosing one of the following methods:
  - 1. Participate in the Auto Debit Program of American Baptist Churches in the U.S.A. Under this program, the total amount owed to the National

Office will be automatically deducted from the Region account after the amounts are verified and closed at the National Office. The National Office initiates the transaction and notifies the Region of date and dollar amount.

2. Transfer funds electronically via ACH or wire.
3. Send check by overnight delivery.

B. Disbursements to all other ABMS recipients and any pass-throughs\* will be disbursed within three business days following the monthly close.

## **V. Plan Design**

### **United Stewardship Plan**

1. United Mission emphasis – Giving through the avenue of United Mission\* shall remain the priority as other new sources of funding are explored.
2. The Region portion of United Mission – Upon implementation of the Common Budget Covenant, any Region may begin retaining a maximum of 65% of Net United Mission\*. Any Region choosing to receive less than the maximum of 65% at the outset may increase up to 2% per year provided that the respective Region Board report its intent to American Baptist Churches USA (ABCUSA) [the Office of the General Secretary] nine months ahead of a new fiscal year.
3. Designated Giving\* – Receiving Units may receive designated gifts throughout the year. Monies received will be forwarded through regular distribution channels to the appropriate agency as directed by the gift and will become budget relieving for the recipient.
4. Specific Giving\* – Receiving Units may receive specific gifts throughout the year. Monies received will be forwarded to the appropriate agency as directed by the gift.
5. Directed Giving – National Partners and Regions may promote directed gifts at any time during the year but are encouraged to avoid directed giving appeals during the Offering window of other Covenanting Partners. Monies may be received throughout the year and will be credited toward the intended cause as directed by the gift.
6. Targeted Giving – Appeals for targeted gifts may be made throughout the year. All appeals, however, shall indicate that such gifts are intended to be over and above United Mission and the Annual Offerings. In the spirit of cooperation and mutual support all parties are encouraged to notify one another about the purpose of all targeted giving strategies in a timely manner.

C. Mission Initiative Fund\* – The distribution of this fund shall be determined by the Finance Committee of the ABCUSA.

### **D. Offerings**

1. America For Christ

- a. To give structure and schedule to our shared fundraising efforts, recognizing the need for communication among all partners the promotional window for this offering shall be during the months of February – March.
  - b. Receiving Units may receive contributions to this offering throughout the year.
  - c. Promotional costs for the America for Christ Offering shall not exceed 12% of the gross receipts from the offering.
  - d. After promotional costs have been deducted, monies received from the offering shall be distributed 1/3<sup>rd</sup> among the respective Region, and 2/3rds to the American Baptist Home Mission Societies.
2. One Great Hour of Sharing
  - a. To give structure and schedule to our shared fundraising efforts, recognizing the need for communication among all partners the promotional window for this offering shall be during the months of May - June. In the case of national or international disasters relief information may be communicated to the churches and individuals outside the window.
  - b. Receiving Units may receive contributions to this offering throughout the year.
  - c. After promotional costs, not to exceed 8%, have been deducted, monies received from this offering shall be distributed by the World Relief Committee.
3. World Mission Offering
  - a. To give structure and schedule to our shared fundraising efforts, recognizing the need for communication among all partners the promotional window for this offering shall be during the months of September - October.
  - b. Receiving Units may receive contributions to this offering throughout the year.
  - c. After promotional costs not to exceed 8% have been deducted, monies received from this offering shall be used at the discretion of the Board of International Ministries. Promotional costs will be paid by the Board of International Ministries.
4. Retired Ministers and Missionaries Offering
  - a. To give structure and schedule to our shared fundraising efforts, recognizing the need for communication among all partners the promotional window for this offering shall be during the months of November - December.
  - b. Receiving Units may receive contributions to this offering throughout the year.
  - c. The offering is used by MMBB to provide assistance for retired ministers and missionaries. Promotional costs, not to exceed 8%, will be paid by MMBB.
5. Region Offerings

- a. To give structure and schedule to our shared fundraising efforts, recognizing the need for communication among all partners, Regions choosing to receive a Region offering shall promote this offering during any two-month window that does not conflict with the promotional periods for AFC and WMO.
- b. Receiving Units may receive contributions to this offering throughout the year.
- c. Monies received from this offering shall be used at the discretion of the respective Region. Promotional costs will be paid by the respective Region at a rate not to exceed 8% of the offering. The promotional cost limit becomes effective after the establishment of the offering (a period not to exceed five years).

#### E. Evaluation Process

- 1. The initial evaluation of this Common Budget Covenant shall commence following the second year of its implementation. Subsequent evaluations shall be conducted every four years.
- 2. All evaluations shall include the following components:
  - a. Establishment of desired outcomes prior to data collection, to include:
    - i. The raising of new dollars.
    - ii. The effectiveness of the plan in helping churches capture and support the ABC mission and vision.
    - iii. The strengthening of relationships among local churches, Region, National and General staff.
  - b. Summative and formative evaluation components that include clear and objective measures and analysis.
  - c. Feedback from local congregations that will be used to improve the effectiveness of both stewardship plans.
  - d. Assessment of compliance to the plan by the Covenanting Partners.
  - e. Reporting of results to the National Leadership Council (NLC).

### VI. Protocols for Effective Partnerships

#### A. Information Flow

- 1. Information flow is very important in order for partners to be able to undergird each other's ministries and missions. Advance knowledge of actions planned by ABC mission partners is necessary if NLC members are to answer questions accurately, support the indented fundraising effort and ensure constituents view the proposed action in a positive light. It is important that NLC leaders be knowledgeable and are able to interpret the wider ministries of the denomination.
- 2. Toward this end, NLC members will regularly inquire what partners need to know when plans for fund raising are being developed. They shall take steps to inform all partners as a regular feature of the implementation plan.
- 3. Similarly, when perceptions become public that affect, or could potentially affect the ability of a NLC member to raise mission support effectively,

those with such knowledge will inform the affected or potentially affected partner.

B. Communication

1. With ABC local congregations, communication about all NLC members will be positive and mutually supportive. Efforts will be explicit to support the ministry of the entire denomination.
2. Among NLC members, communication will be direct, seeking to resolve any tensions and disagreements that may arise among the immediately affected parties. Conflict is a natural part of relationships and is an opportunity for growth and learning. Among colleagues, the conflict should be discussed directly for clarification of issues with the hope of understanding, not necessarily resolution. If the colleagues need further help, a third party colleague as an observer should be chosen mutually to aid communication.
3. Strategic planning for fund raising by NLC members will include a specific plan for how the initiative will be communicated to all partners. Partner feedback will be regularly solicited to assess if communication flow is effective.

C. Collaboration

1. NLC members will seek opportunities to involve other partners in sponsored events including worship, celebration, education and equipping opportunities.
2. NLC member networking and resourcing is encouraged to enhance our common mission and increase the leadership pool available.
3. Recognizing that the goal of the Common Budget Covenant is to “financially support our work as partners in Christ’s mission; NLC members will work in partnership to strengthen the health of local congregations. Regardless of Region location, local congregations will have equitable access to resources and programs offered by the national organizations.

D. Individual Donors

The sharing of donor names is encouraged. Partners to the Budget Covenant and others in the denomination involved in fund raising for mission will come together periodically to discuss potential donors, the discipline of cultivating contacts, how to best enhance relationships and how to coordinate fund raising efforts.

E. Role of Mission Resource Development Office or its successor (reserved).

F. Associated Ministry Organizations (AMOS) whether they receive United Mission funds or not, are not parties to the Common Budget Covenant. They may raise funds as necessary and are encouraged to communicate their plans and efforts with NLC members.

An Associated Ministry Organization (AMO) must be a national or sectional American Baptist or other religious organization that indicates its willingness to support the statement of purpose in the Bylaws of the ABCUSA, to cooperate whole-heartedly in such relationships and programs

at all levels of denominational life which seen advisable, and to be identified as an organization related to and participating in the life of ABCUSA by use of name and/or logo. The Standing Rules shall set forth such other provisions as the Board of General Ministries may deem appropriate for AMO status.

AMO's as of the effective date of these Bylaws are: American Baptist Assembly; American Baptist Computer Center, American Baptist Men; American Baptist Women's Ministries; Interim Ministries – ABC; the Ministers Council of the American Baptist Churches in the USA; and the three American Baptist Centers for Ministry.

G. Institutional Support Process

Institutions that are part of ISP may raise funds as necessary. Institutions are encouraged to share plans about special campaigns with NLC members.

**VI. Reports**

- A. In accordance with the ABCUSA Bylaws, all National Corporations, all AMO's receiving ABMS support and all Regions must prepare financial reports in such form as the Board of General Ministries may request.
- B. Financial reports must be prepared according to GAAP (Generally Accepted Accounting Procedures).
- C. All Covenanting Partners excepting those which serve as Receiving Units will provide an end-of-year financial statement annually to the Finance Committee of the Board of General Ministries on behalf of the Board of General Ministries. As stated previously, those entities serving as Receiving Units must also submit an audited financial statement of the Mission Fund Account.
- D. The Finance Committee of the Board of General Ministries upon recommendation of the Treasurer's Council will appoint the external accountants (auditors) for the ABCUSA. The appointment will be ratified by any existing independent Board.

**VII. Special and Capital Funds Campaigns**

Special campaigns are those which do not contribute to the annual operating revenue for the organization, but are integral to the long-term financial health of Regions, related National Partners and ABCUSA. Increasingly, traditional capital funds campaigns, limited to a specific period of time that seldom exceeds 3-5 years in which the full pledge amount is realized, are supplemented with deferred giving campaigns. This style is known as an integrated campaign.

This guideline covers all special campaigns, traditional capital and integrated campaigns.

A. Special ABCUSA Denomination-wide Campaigns

- 1. If ABCUSA is contemplating a special campaign, the request will originate with the Associate General Secretary for Mission Resource Development. The initial notification shall clearly state the objectives of



the campaign, and ask the Board of General Ministries for authorization to conduct a feasibility study.

2. The results of the feasibility study shall then come back to the Associate General Secretary for Mission Resource Development. The Associate General Secretary for Mission Resource Development may work with the appropriate committee or staff to modify as necessary the objectives, financial goal, the cost of the campaign and the timeframe in which the campaign shall be held. The campaign, modified as necessary and accompanied by the report from the feasibility study, shall be forwarded to the Finance Committee of ABCUSA for information and to the Board of General Ministries for action.
3. The approval of the Board of General Ministries constitutes a recommendation to the related Covenanting Partners. Covenanting Partners will act within six months of the notice from the Board of General Ministries of the proposed campaign. Upon the affirmative vote of 2/3 of the Covenanting Partners, the national campaign shall be approved to go forward and become a campaign of ABCUSA.

#### B. Regional Campaigns

1. These campaign plans will be submitted to the Associate General Secretary for Mission Resource Development. Information to be shared will include: campaign objectives, financial goal, proposed cost of campaign, timeframe for campaign, type of campaign and name of fund-raising firm serving as consult on the preliminary feasibility/directional study.
2. The Associate General Secretary for Mission Resource Development shall notify the NLC for the purpose of sharing information. Similarly the Finance Committee of ABCUSA and the Board of General Ministries will be notified of regional initiatives. This is a matter of advice, not of consent.

#### C. National Partner Campaigns

1. These campaign plans will be submitted to the Associate General Secretary for Mission Resource Development. Information to be shared will include: campaign objectives, financial goal, proposed cost of campaign, timeframe for campaign, type of campaign and name of fund-raising firm serving as consult on the preliminary feasibility/directional study.
2. The Associate General Secretary for Mission Resource Development shall notify the NLC for the purpose of sharing information. Similarly, the Finance Committee and the Board of General Ministries will be of National Partner initiatives. This is a matter of advice, not of consent.

#### D. Institutional Campaigns

1. These campaign plans will be submitted to the Associate General Secretary for Mission Resource Development. Information to be shared will include: campaign objectives, financial goal, proposed cost of campaign, timeframe for

campaign, type of campaign and name of fund-raising firm serving as consult on the preliminary feasibility/directional study.

2. The Associate General Secretary for Mission Resource Development shall notify the NLC for the purpose of sharing information. Similarly Finance Committee of ABCUSA and the Board of General Ministries will be notified of institutional initiatives. This is a matter of advice, not of consent.

### **VIII. Financial Accountability, Debt and Reporting**

The document “Autonomy and Interdependence” describes the relationships among Covenanting Partners of American Baptist Churches in the U.S.A. Each covenanting organization is responsible as a corporate entity for its own obligations and commitments. At the same time, interdependence as a denomination means that situations developing in one Region, National Board, or in the ABCUSA at large may have either a positive or negative impact on other partners to the Covenant. Actions of one partner may affect the goodwill of other units. Therefore, Covenanting Partners agree to the following guidelines regarding incurring long-term or extraordinary debts:

- A. Each Covenanting Partner affirms the need for due diligence as it makes decisions regarding long-term or extraordinary debt. A financial projection, including the total debt to be financed, length of time for repayment, the source of funds for repayment, and the effect on the operating health of the organization will be prepared to inform the governing board as it considers an obligation.
- B. All debts will be duly disclosed on the organization’s financial statements.
- C. Each loan or long-term financial commitment must be approved by the organization’s governing board, after examination and recommendation by its finance committee and duly recorded in the organization’s minutes.
- D. A written opinion shall be obtained from the organization’s legal counsel regarding such plans or agreements.
- E. No ABC-related corporation or organization is responsible for the debt incurred by any other related ABC corporation or organization.

### **IX. Gift Annuity Agreements**

- A. The American Baptist Foundation provides guidelines on gift annuity agreements. In many instances, the American Baptist Foundation is the service provider for the related Board’s gift annuity program.
- B. Any self-funded or self-administered gift annuity program of a related Board will conform to the applicable state laws, or, if none exist, with the New York State Insurance Laws.
- C. The American Baptist Foundation should review the gift annuity agreement to ensure that it complies with the published standards of the Committee on Gift Annuities (CGA). The American Baptist Foundation should state its opinion in writing for review by the corporation or organization.

- D. The American Baptist Foundation shall provide guidance on standard gift annuity agreements.

## **X. Exceptions to the Common Budget Covenant**

- A. In extraordinary cases, a partner to the Common Budget Covenant may seek a temporary exception to an area of the Common Budget Covenant. Such requests must be presented to the NLC 60 days in advance of its next meeting. Upon a 75% approval of the NLC, the exception will be forwarded to the Finance Committee of ABCUSA for consideration. Upon approval of the Finance Committee, the request for exception will be forwarded to the Board of General Ministries for approval.

When an exception is granted all partners will share in the loss. Further, the partner receiving the exception will submit a plan to the NLC for restoration of funding.

- B. Iglesias Bautistas de Puerto Rico, in recognition of its unique position due to geography, culture, history and language, will directly with ABCUSA [the Office of the General Secretary] to determine its fair share assessment, which will be reported to the NLC.

## **XI. Amendments and Revisions**

The Operating Guidelines Manual may be amended by a 75% vote of the NLC.

## **XII. Resolving Differences**

- A. Individuals shall seek clarity and understanding from one another as an initial attempt to resolve differences that arise.
- B. A NLC committee will be appointed with the responsibility to meet regularly to review concerns that arise as we live out this Covenant. The committee shall include one (1) representative each from ABCUSA, American Baptist Home Mission Societies, International Ministries and three (3) representatives from the Regional Executive Ministers Council (with staggered terms). Unresolved issues will be sent to the NLC for consideration.
- C. Matters referred to the NLC will be considered using a consensus model of negotiation.
- D. Should the consensus model involving all covenanting parties fail to resolve the differences to the satisfaction of the conflicted parties, the established procedure of adjudication for resolving differences under Covenant provisions will be employed.

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