

## **BUSINESS AND FINANCIAL PLAN OF THE MISSOURI BAPTIST CONVENTION**

### **1. Cooperative Program and Special Offerings**

- A. The Cooperative Program (“CP”) is Southern Baptists’ unified plan of giving, through which cooperating Southern Baptist churches give a percentage of their undesignated receipts in support of their respective state convention and the Southern Baptist Convention’s (“SBC”) missions and ministries. The Missouri Baptist Convention (“MBC”) is committed to the CP as the primary method for supporting missions and ministry through the MBC and its Entities, and the SBC and its Entities.
- B. The MBC also promotes four Special Offerings: (1) the Lottie Moon Christmas Offering for International Missions, (2) the Annie Armstrong Easter Offering for North American Missions, (3) the Rheubin L. South Missouri Missions Offering, and (4) the SBC World Hunger Offering.

### **2. Budgets**

- A. Each Entity of the MBC submits to the Executive Board a copy of its annual budget as adopted by its board showing an itemized estimate of receipts and expenditures for the next fiscal year.
- B. The Executive Board develops and submits for MBC approval the goal and the budgets as follows:
  1. A CP Budget Goal showing the total amount of funds expected to be received through the MBC for the Cooperative Program in the fiscal year.
  2. An MBC CP Allocations Budget showing:
    - (a) Percent of available funds allocated to the SBC causes;
    - (b) Percent of available funds allocated to MBC Entities;
    - (c) Percent of available funds allocated to the ministries of the MBC and its ministry partners.
  3. An Executive Board Budget displaying
    - (a) Expected receipts from all sources for the MBC and the Executive Board.
    - (b) Proposed disbursements for the MBC and Executive Board ministries.
- C. The CP Budget Goal and the proposed CP Budget Goal, the MBC CP Allocations Budget, and the Executive Board Budget are printed and distributed to the Messengers via the *Book of Reports*.
- D. At its Annual Meeting, the MBC approves the CP Budget Goal, the MBC CP Allocations Budget, and the Executive Board Budget.

### **3. Distribution of Funds**

- A. The Executive Board is the disbursing Entity of the MBC.
- B. The SBC portion of the CP Budget Goal received is remitted monthly within ten (10) workdays after close of each month.
- C. The MBC CP Allocations Budget receipts are distributed according to the allocations approved by the MBC. Distribution is made monthly on a percentage basis proportionate to the amounts allocated until the approved budgets are met. All designated funds received for SBC causes are distributed monthly.

### **4. Handling of Funds**

- A. All persons who transfer or safeguard funds or securities of the MBC or any Entity of the MBC must be bonded in the amount sufficient to protect against the loss of the funds or securities involved. Such bonds may be reviewed and approved by the Executive Board.
- B. The financial records of the MBC or any Entity of the MBC are open for inspection by MBC Officers, Trustees, and members of any affiliated Baptist church upon reasonable written request. A written request may be directed to the appropriate board or Entity. A reply may be expected within ninety (90) days.

### **5. Contracts**

- A. Construction contracts in excess of \$25,000 are only negotiated with contractors that are adequately bonded.

### **6. Reporting**

- A. The Executive Director reports to the Executive Board and to the Officers of the Entities of the MBC at each regularly scheduled Executive Board meeting concerning the following: (1) receipts of all monies, including the CP and designated and other Executive Board and general MBC incomes, and (2) disbursement of funds.
- B. The Executive Board reports to the churches at least annually the receipts from the churches and the distribution of these funds in accordance with the budgets approved by the MBC.
- C. Each Entity of the MBC reports to the Executive Board at least annually relative to its financial condition and operations.

### **7. Direct Solicitations**

- A. No appeals are to be made directly to churches by any Entity of the MBC or the SBC for financial needs without the approval of the MBC or the Executive Board.

## **8. Indebtedness**

- A. No MBC Entity or any of its Officers, committees, departments, or subsidiary corporations may create any indebtedness exceeding \$100,000 or 2% of the MBC Entity's annual operating budget, whichever is greater, except such as can be repaid out of anticipated receipts and/or other sources within a period of three (3) years without the formal approval in writing of the Executive Board. If the creation of indebtedness involves the erection of building(s) or the purchase of real estate, the Entity shall furnish the Executive Board, in writing, information relative to the source(s) of such receipts.
- B. Neither the Executive Board nor any of its Officers or subsidiary corporations may create any indebtedness, either directly or indirectly, exceeding \$100,000 or 2% of the Executive Board's annual operating budget, whichever is greater, except such as can be repaid out of anticipated receipts from the MBC (and other sources) within a period of three (3) years without the consent of the Messengers.

## **9. Trust Funds**

- A. Each Entity of the MBC must keep all trust funds and donor-designated funds separate and sacred to the trust or the cause for which they are designated. Commingling of trust funds with general funds is prohibited.

## **10. Investment of Funds**

- A. Each MBC Entity is encouraged, when appropriate, to use the Missouri Baptist Foundation or another qualified Baptist Foundation for investment of funds, permanent or temporary, functioning as endowment or escrow. Neither the MBC, nor its Entities, may use its funds in any way to purchase securities issued by the MBC or any other MBC Entity.

## **11. Cash Control**

- A. Each Entity of the MBC maintains appropriate internal control procedures in keeping with generally accepted accounting principles and sound fiscal accounting practices.
- B. On behalf of the MBC or the Executive Board, prior written approval of the Executive Director/Treasurer of the MBC is required for the establishment or modification of any depository bank account.
- C. The list of authorized signatures must include the Executive Director-Treasurer.
- D. Two (2) authorized signatures must be required for withdrawal of funds from any account.
- E. The bank must be instructed to send monthly statements to the office of Financial Services.

## **12. Executive Board Designated Funds (Net Assets)**

- A. Executive Board Designated Net Assets are in the form of cash or investments (liquid assets). In order to maintain control of these assets, all non-budgeted use of funds is evaluated as follows:
1. The initial request for non-budgeted use of funds is submitted to the Executive Director/Treasurer.
  2. The Executive Director/Treasurer and the Financial Services staff analyze possible sources of available funds and the impact on net assets.
  3. The Executive Director or his designate presents the recommendation to the Administrative Committee of the Executive Board that may recommend the proposal to the Executive Board for action.
  4. A permanent file of Executive Board actions approving non-budgeted use of funds is maintained in the Financial Services office.
  5. Designated funds are maintained in separate accounts.

## **13. New Enterprises and Expansions involving MBC Contingent Liability**

- A. As used in this section, the following terms have the meanings set forth:
1. "Contingent liability" or "contingently liable" means any new debt of an Entity for which the MBC must sign as a debtor or guarantor; or any debt of an Entity for a plan of expansion which will not be fully collateralized according to customary banking practices; or any plan of expansion which would impair the ability of the Entity to pay its current or future debts.
  2. "Plan of expansion" includes but is not limited to construction of new plant facilities, remodeling of existing plant facilities, additional degree programs at educational Entities, or additional care facilities at benevolent Entities.
- B. No new Entity involving the expenditure of funds of the MBC or the contingent liability of the MBC is authorized except upon favorable action by the Messengers at an MBC meeting.
- C. Any plan for expansion by any Entity beyond any commitment previously approved by the Messengers for which the MBC is contingently liable must be submitted to the Entity Relations Committee for review, report, and recommendation as to approval or disapproval by the Executive Board. The Executive Board responds to the report and recommendation of the Entity Relations Committee. If the Executive Board approves the plan for expansion by a vote of three-fourths (3/4) of those Trustees present and voting, the plan may then be implemented. No such plan may be implemented without the prior approval of the Executive Board as herein set forth; provided, however, that any plan of expansion disapproved by the

Executive Board may be implemented upon the approval of the Messengers at the next Annual Meeting following disapproval by the Executive Board.

- D. Written notice of intention to submit a plan for expansion as provided for in paragraph (C) of this section is given to the Chairman of the Entity Relations Committee, the President of the MBC, and the Executive Director within thirty (30) days after an Entity has submitted such a plan for expansion to its board of Trustees and received authorization to proceed with work regarding research and preparation of a formal proposal. The notice of intention to submit a plan for expansion contains all information available at the time of submission as to the nature of the project, total approximate cost, and extent of MBC liability or financial participation.
- E. The Executive Board may from its own funds employ personnel to study and review proposed plans of expansion.

#### **14. Purchasing**

- A. The Executive Board establishes purchasing protocols for the Executive Board staff, which should recognize appropriate internal control procedures.

#### **15. Charters**

- A. The Charter of the MBC or any of the Entities of the MBC may only be amended at the Annual Meeting by a two-thirds (2/3) vote. All proposed charters or amendments to charters of the Entities of the MBC must be submitted to the Annual Meeting, after prior review and report by the Executive Board. This provision also applies to subsidiary or auxiliary corporations of all Entities. Copies of all charters and amendments to charters are delivered to the Executive Director within thirty (30) days of filing with the state.

#### **16. Contingent Reserve Fund**

- A. It is desired that the Executive Board raise and maintain a Contingent Reserve Fund equal to at least three (3) months of its operational budget. This fund is maintained by applying unused funds at the year's end and/or by budgeting an annual amount. The Executive Board determines and provides for the adequacy of such fund.
- B. Each Entity of the MBC has a protocol for holding a reserve for contingencies.

#### **17. Audits**

- A. The Executive Board, upon recommendation from its Audit Committee, employs an independent certified public accounting firm to conduct an annual audit of the financial condition and operations of the MBC. The accounting firm submits a

report of the audit through the Audit Committee. The Executive Board submits a report of the audit to the MBC.

- B. Each Entity employs an independent certified public accounting firm to conduct an annual audit of its financial condition and operations. The accounting firm submits a report of the audit to the board of the Entity.
- C. Copies of all audit reports of the financial condition and operations of the MBC and of its Entities are filed in the office of the Executive Director.
- D. A copy of any audit report of the MBC or any Entity of the MBC is open for inspection by MBC Officers, Trustees, and members of any affiliated Baptist church upon reasonable written request. A written request may be directed to the appropriate board or Entity. A response is expected within ninety (90) days.
- E. A general statement relative to the financial condition and operations of each Entity is printed in the *Book of Reports* and the *MBC Annual: Reports & Statistics*.

#### **18. Legal Counsel**

- A. The Executive Board is responsible to retain legal counsel for the MBC. The relationship is reviewed at least every three (3) years.

#### **19. Limitation on Activities**

- A. Subject to the declaration of religious liberty contained in MBC's charter, the MBC and Executive Board do not carry on any activities not permitted to be carried on:
  - (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or
  - (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Upon the dissolution or winding-up of the corporation, assets shall be distributed for one or more exempt purposes as provided in the corporate articles, and within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

#### **20. Amendments**

- A. The Business and Financial Plan is published in the *Book of Reports* following the MBC Charter, Constitution and Bylaws. All motions related to amending the Business and Financial Plan are referred to the Executive Board. The Executive Board may make recommendations for amendment to the MBC Business and Financial Plan at the Annual Meeting. Amendments require a two-thirds (2/3) majority vote by Messengers. Before MBC action, the proposed amendment(s) are published, or posted on the official website of the MBC, at least thirty (30) days prior to the Annual Meeting.