

BUSINESS AND FINANCIAL PLAN of the Southern Baptist Convention

The Business and Financial Plan highlights important corporate practices and clarifies expectations among the Southern Baptist Convention, the Executive Committee of the Southern Baptist Convention, and Convention entities. This plan describes selected policies but depends on Convention-elected boards of trustees to assure prudent and responsible operations, consistent with their governing documents, policies, and procedures. (SBC Constitution Article XII)

1. The Cooperative Program

- A. *Priority.* The financial health of the Convention is predicated on generous giving by churches through the Cooperative Program, and the Convention appeals to churches to prioritize giving through the Cooperative Program.
- B. *Promotion.* The Executive Committee and Convention entities will promote the Cooperative Program and appeal to churches to prioritize giving through the Cooperative Program. The Executive Committee and each Convention entity will report annually on its promotion of the Cooperative Program in the *Book of Reports* and the *Convention Annual*. (SBC Bylaws 5, 6, 26)
- C. *Receiving and Disbursing.* All funds collected by state conventions for Convention causes should be forwarded at least monthly by each state convention to the Executive Committee, which is the disbursing agent for the Convention. The Executive Committee will remit all funds distributable to the Executive Committee and each Convention entity twice per month. The Executive Committee will publish monthly reports on receipts from state conventions and disbursement to Convention entities. (SBC Bylaw 18)

2. Accountability and Responsibility

- A. *Convention Accountability.* The Executive Committee and each Convention entity's respective board of trustees will approve and submit an annual Accountability Letter to the Convention's Recording Secretary by June 1 for inclusion in the *Convention Annual*, signed by the Chairperson of the Board and the entity President, certifying their entity's compliance with the Business and Financial Plan in the preceding fiscal year. (SBC Bylaw 5) As a courtesy, the Executive Committee will provide an annual, updated sample Accountability Letter for each Convention entity, which will include the pertinent aspects of the Business and Financial Plan which require a written response.
- B. *Trustee Responsibility.*
 - 1) The business and financial integrity of the Executive Committee and each Convention entity is the responsibility of their respective board of trustees, elected by the Convention and entrusted with oversight of the entity on behalf of the Convention. (SBC Constitution Article VI and VII, SBC Bylaw 15 and 18)
 - 2) The Executive Committee and each Convention entity's board of trustees will provide the necessary oversight to ensure their respective organization complies with applicable state and federal laws, their charter and bylaws, the Convention's constitution and bylaws, and implements operational policies and practices consistent with biblical stewardship and Christian ethics. (SBC Constitution Article XII and SBC Bylaw 32)

3. Audits and Related Issues

- A. *Independent Audits.* (SBC Constitution, Article VII)

- 1) The Executive Committee and each Convention entity will maintain their respective financial records in conformity with Generally Accepted Accounting Principles and have their financial records audited annually by an independent Certified Public Accountant in accordance with Generally Accepted Auditing Standards. (SBC Bylaw 28)
 - 2) The Executive Committee for itself, and the board of trustees of each Convention entity will appoint an audit committee which will operate independently of the organization's management and should include at least one member who is competent by training and experience in financial matters.
 - 3) The audit committee for each respective organization will ensure the annual audit, auditor's opinion, and all communications from the auditors are communicated with their board of trustees.
 - 4) Convention entities will forward the following to the Executive Committee after the completion of their audit:
 - a. Audited Financial Statements. If the auditor's opinion includes anything other than an unmodified opinion, the entity's president will submit a written response to the modification of the auditor's opinion to its board of trustees and to the Executive Committee to be published as part of the entity's audit report in the *Convention Annual*.
 - b. Significant Deficiency or Material Weakness. If a Significant Deficiency or Material Weakness in internal controls is reported by the auditor, those matters along with the entity's response will be reported to the Executive Committee and published as part of the entity's audit report in the *Convention Annual*.
 - c. The Executive Committee and Convention entities will make their annual audited financial statements, including the audit opinion, publicly available. The report(s) will be published with the Convention entities' ministry reports and in the *Convention Annual*. (SBC Bylaws 6, 26)
- B. *Consolidated Financial Statement*. Based on each Convention entity's audited financial statements, the Executive Committee will publish in the *Book of Reports* and *Convention Annual* a consolidated financial statement of the Convention and its entities showing total assets, liabilities, net assets, revenue, and expenses. (SBC Bylaw 18)
- C. *Restricted Funds*. The Executive Committee and Convention entities will properly account for all of their respective restricted funds (trust funds, designated funds, restricted funds, etc.) separately from unrestricted funds. These funds may not be used for any purpose other than the one specified. (SBC Constitution, Article X)
- D. *Indebtedness and Liabilities*. The Executive Committee and each Convention entity must obtain the approval of its respective board of trustees for all debt and liabilities that have a maturity date more than 5 years from inception of the debt or liability. Each Convention entity will report annually to the Executive Committee on debt or liabilities meeting this criterion during the preceding fiscal year. (SBC Bylaws 18)
- E. *Inter-entity Cooperation*. The Executive Committee and Convention entities may utilize applicable services from each other or share resources with each other when consistent with sound business practices.
- F. *New Entities*. No new entity involving expenditure of money will be authorized by the Convention except upon favorable action by the Convention in two (2) succeeding annual meetings. (SBC Bylaw 25)
- G. *Conflicts of Interest*.
- 1) The Executive Committee and Convention entities will not make any loan from funds of the entity to any employee without having first obtained the approval of its respective board of trustees.
 - 2) Employees and/or trustees of the Executive Committee or any Convention entity will not appropriate any entity's corporate property or business opportunities for personal use.

Each entity will refrain from any business transaction with a trustee or employee or participate in a business enterprise in which a trustee or employee has an interest. Any exception to this policy must be approved by the respective entity's board of trustees.

- 3) The Executive Committee and each Convention entity will obtain annual conflict-of-interest statements completed by its respective members, trustees, and applicable employees.

4. Budgeting

- A. *Fiscal Year.* The fiscal year for the Convention, the Executive Committee, and Convention entities, except as noted below, will be October 1 through September 30. The fiscal year for the seminars will be August 1 through July 31. The fiscal year for GuideStone Financial Resources will be January 1 through December 31. (SBC Bylaw 28)
- B. *SBC Cooperative Program Allocation Budget.* The Executive Committee will recommend to the Convention a Cooperative Program allocation budget which distributes Cooperative Program funds for use by the Convention, the Executive Committee, and Convention entities. (SBC Bylaw 18)
- C. *SBC Comprehensive Budget.* The Executive Committee will publish in the Convention *Annual* a comprehensive budget summary for the Convention and its entities. (SBC Bylaw 18)
- D. *SBC Executive Committee and SBC Convention Operating Budget.* The Executive Committee will recommend to the Convention an SBC Executive Committee and SBC Operating Budget including all Convention operating expenses and Executive Committee operating expenses (SBC Bylaw 18)
- E. *Budget Approval.* The Executive Committee and each Convention entity will have their annual operating budget approved by their respective board of trustees.
- F. *Budgeting Principles.* The Executive Committee and Convention entities will develop their respective budgets in accordance with sound financial planning principles based on projected Cooperative Program allocations, estimates of forecasted receipts, and anticipated expenses which can be substantiated by previous experience and reasonable projections about future opportunities.

5. Compensation and Expenses

- A. *Compensation.*
 - 1) Presidential compensation will be set by the respective board of trustees for the Executive Committee and each Convention entity in accordance with entity bylaws and personnel policies and based on industry-comparable compensation information, industry-appropriate salary scales, and consideration of the president's performance, tenure, and experience. (SBC Constitution Article VI)
 - 2) Other employee compensation will be determined by the Executive Committee and each Convention entity based on their respective internal compensation processes and personnel practices which should include industry-comparable compensation information and industry-appropriate salary scales, along with consideration of the assignment, performance, tenure, and experience of each employee in relation to the Convention entity's mission.
 - 3) The Executive Committee and each Convention entity's board of trustees will affirm in the annual Accountability Letter the appropriateness of its compensation policies and procedures in accordance with the respective entity's bylaws and personnel policies.
- B. *Expenses.*

- 1) Presidential expenses will not be excessive and will be reasonable and prudent, in keeping with biblical stewardship, including every personal benefit of any kind (and specifically including housing, travel, automobile, and staffing). Presidential expenses will clearly accomplish each entity's respective mission, ministry assignments, and responsibilities assigned by the entity's board of trustees.
- 2) Presidential expense reporting will be reviewed annually by each entity's respective board of trustees, using their respective procedures, who will affirm the appropriateness of those expenses in the annual Accountability Letter.
- C. *Disclosure.* Compensation processes, personnel practices, and salary structures vary among Convention entities and will be described, upon written request to the respective entity's chief financial officer, to any member in good standing of a church in friendly cooperation with the Convention, in keeping with reasonable processes and procedures designed to ensure confidentiality, and consistent with applicable laws and regulations.

6. Fund-Raising

- A. *Financial Appeals to Churches.* The Executive Committee and Convention entities will not solicit direct financial support from a church in friendly cooperation with the Convention. The only exceptions are the Cooperative Program, Lottie Moon Christmas Offering, and the Annie Armstrong Easter Offering. The Executive Committee and each Convention entity will affirm meeting this requirement in the annual Accountability Letter.
- B. *Other Financial Contributions.* The Executive Committee and Convention entities may receive contributions from individuals, foundations, and other organizations. Contributions will not be solicited or received that compromise the mission or reputation of the Convention or any Convention entity.
- C. *Reporting.* The Executive Committee and Convention entities will report annually on the total amount of contribution revenue received in the preceding fiscal year, along with combined categorized information about the sources of that revenue.

7. Safeguarding Assets

- A. *Internal Controls.* The Executive Committee and each Convention entity will adopt internal controls for safeguarding assets which provide reasonable assurance regarding prevention or timely detection of unauthorized use, acquisition, or disposition of those assets.
- B. *Control of Funds.* The Executive Committee and each Convention entity will hold funds in a prudent manner, including appropriate internal controls and maintained with a reputable and qualified custodian.
- C. *Insurance and Bonding.* All persons who transfer or safeguard funds or securities of the Executive Committee or any Convention entity will be adequately insured and bonded.
- D. *Financial Liquidity.* The Executive Committee and each Convention entity will maintain a sufficient level of financial assets available to fund general expenses throughout the fiscal year. Financial liquidity is disclosed as a part of the annual audit. If any concerns about financial liquidity are cited in the annual audit, the entity should address those concerns as part of their response to the audit.

8. **Publication:** The Business and Financial Plan will be published annually in the *Convention Annual*, following the Bylaws of the Convention.

9. **Amendments:** The Business and Financial Plan may be amended by two-thirds of the messengers present and voting at any time except during the last session of the Annual Meeting of the Convention.