

International Baptist Convention

FINANCIAL GUIDELINES

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Latest revisions:

- Updated wording in Financial Aid Guidelines.
- Removed language about the taxable status of PRF funds.
- Added a statement concerning churches leaving the IBC and PRF funds.
- Included limits to the number of Type 2 and 3 Endowment Fund grants received in a 12-month period.

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FINANCIAL GUIDELINES

Financial Support Guidelines

October 2019

These guidelines are for churches of the International Baptist Convention (IBC) applying for any type of financial support. Financial support includes:

- Financial Aid
- Pastor Procurement Funds
- Pastor Furlough Funds
- Pastor's Child Education Funds
- Loans
- IBC Endowment Fund Grants

Pastor Relocation Funds are also covered as they relate to Pastor Procurement Funds. Pastor Furlough Funds are for the pastor, referred to as senior pastor in some churches. Pastor's Child Education Funds are assumed to be for the senior pastor. If a church wishes to have Pastor's Child Education Funds for a pastor other than the senior pastor, the church can request these funds. A decision will be made by the Council of Trustees Finance Team on a case-by-case basis. Other additional financial requirements are found in appropriate sections of these guidelines.

The work of the Convention is supported financially by its member churches. The help that we are able to give is a result of the generous, cooperative giving of our churches. Any IBC church which currently contributes or will start immediately contributing at least 2% of their total general receipts to the IBC Cooperative Program may apply for Financial Aid. The IBC recommends that churches seeking Financial Aid will increase their percentage of giving over the next three years to 7%.

Any IBC church which is currently contributing a minimum of 2% but less than 7% may apply for reduced financial support through Pastor Procurement Funds, Pastor Furlough Funds, and Pastor's Child Education Funds.

Any IBC church which is currently contributing a minimum of 7% may also apply for loans and the IBC Endowment Fund grants.

All requests for financial support should be based on demonstrable need.

It is impossible to cover every conceivable point related to financial support. Churches and pastors should contact the IBC Office about any subjects not specified in these guidelines. The IBC Office will then connect you with the appropriate person to answer your questions.

Administration of Funds:

Financial Aid: Strengthening Churches Team

Emergency Funds: General Secretary (in consultation with relevant leadership)

Procurement, Furlough, Pastor's Child Education, Loans, and Endowment Fund grants (Categories 2-4):

Finance Team

All application forms are found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

Financial Aid Guidelines

1. General

The intent of Financial Aid is to help financially weak churches become self-supporting. Those churches who are seeking Financial Aid should be striving toward being self-supporting by:

- a. Revitalizing programs in evangelism and discipleship, outreach, training, and stewardship.
- b. Deleting nonessential activities.
- c. Consolidating programs to reduce operating expenses.
- d. Seeking assistance from the general personnel and training resources of the IBC.

The Strengthening Churches Team and the IBC Office stand ready to help churches in these activities. Churches seeking Financial Aid will be asked to develop a specific plan to help them move toward self-support.

Purposes for use of Financial Aid funds include to supplement the pastor's salary and/or to assist in the payment of bills.

Financial Aid is always temporary. Normal period of aid ~~in monthly increments~~ is six months. Aid can be continued after consultation between local church and Strengthening Churches Team.

2. How to apply for Financial Aid (form attached to this document):

- a. Secure church approval in a business meeting making sure this action is recorded in official minutes.
- b. Submit the Application for Financial Aid Form to the IBC Office. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.
- c. Work with the Strengthening Churches Team to develop a specific plan of action to move the church to self-support.
- d. Agree to complete the obligations listed in item 3.
- e. All distributions of aid will go through the local church upon the completion of the requirements as agreed with the Strengthening Churches Team.

3. Obligation of funds:

- a. Churches that are receiving non-emergency Financial Aid will need to develop and implement strategies to improve the health and strength of the church. Within the first 3 months of receipt of IBC Financial Aid, the church will need to have made contact with the Strengthening Churches Team to discuss initiation of the ReFresh (or similar vision-casting) process. The church will need to begin ReFresh (or the agreed-upon process) within 6 months and have completed it within 12 months of receipt of Financial Aid.
- b. The church will submit a Financial Aid Monthly Status Report to the Strengthening Churches CSD or designated representative. The report will be due the first week of each month for the period of assistance. The form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.
- c. The pastor (or in the absence of a pastor, a designated leader) of the church will join a follow-up online meeting with the Strengthening Churches Team monthly for the period of assistance. These meetings will normally take place during the week of the 15th of each month. During this session there will be feedback and encouragement to the church based on the monthly report. This meeting ensures accountability but also provides an opportunity for the church and Strengthening Churches Team to work together towards stated goals and solutions.
- d. The Strengthening Churches Team and General Secretary may recommend consultants to help in specific areas where needed. The church should show a willingness to consider these recommendations.
- e. If not already giving 7% of general giving to the IBC Cooperative Program, the church should commit to increase the percentage of giving over the next three years to 7%.
- f. Non-emergency Financial Aid will be distributed in installments agreed with the church. Prior to each distribution, the General Secretary and Strengthening Churches Core Strategy Director

will assess the receiving church's progress in meeting the above obligations and will make a decision concerning continued Financial Aid payments.

4. Emergency Funds

In an emergency, a church may request support via email or phone through the IBC Office or General Secretary. After consulting with appropriate leadership in the Convention, the General Secretary or Strengthening Churches Director can release the money.

Pastoral Procurement Guidelines

1. General

The IBC is a member of and supports the Baptist World Alliance and the European Baptist Federation. The granting of IBC funds to bring new pastors for IBC churches supports the philosophy of cooperative Baptist work. Therefore, an IBC church should seek a pastor who will support the philosophy of cooperative Baptist work, who accepts the current IBC Summary of Basic Beliefs, and who will support the IBC Cooperative Program and mission emphases.

An IBC church also has the responsibility to make a new pastor aware of the situation he is entering as well as it can. "Acquainting the Candidate/Prospective Pastor with the Church" in the IBC's A Guide for Pastoral Transitions gives a complete list of information that the church should give to a prospective pastor. The church should make sure the candidate is especially aware of any visa requirements or other legal issues that pertain to the local situation in the host country.

Churches who are giving at least 7% can qualify for full reimbursement. Churches giving between 2-7% can qualify for ½ of the reimbursement.

2. Eligibility Requirements

- a. At least one (1) meeting with an IBC representative designated by General Secretary is required. Procurement Funds will not be granted for pastors who have been called to the church prior to the meeting between Pastor Search Team and IBC Representative.
- b. Establishing a period of service agreement for at least 24 months. Except for medical or physical disability, a pastor who voluntarily quits before completion of agreed period will reimburse the IBC the pro rata share of convention funds associated with pastor's procurement unless the church agrees to pay it. If the church dismisses the pastor prior to completion of the agreed period, the church will reimburse the IBC the pro rata share.

The reimbursement formula is:

The amount furnished divided by numbers of months agreed upon, times the number of months of uncompleted service, equals pro rata share to be reimbursed.

Example:

3,000€ is provided to the pastor for travel, based on need. Pastor stays for 18 months. Thus 3,000€ divided by 24 months equals 125€ times 6 months equals 750€ the pro rata share paid back to the IBC.

- c. Ensuring medical insurance for the pastor and his family is provided. Medical insurance policies should fully comply with the laws of the host country.
- d. Strongly considering paying monthly into the IBC Pastor Relocation Fund (suggested amount is 200€ or equivalent per month) (see Pastor Relocation Fund section) for at least the initial 24-month term.

3. Application for procurement funds (~~form attached to this document~~):

- a. Secure church approval in a business meeting making sure this action is recorded in official minutes.
- b. Submit the Application for Procurement Funds to the IBC Office. This includes the statement signed by the prospective pastor and an estimated cost for travel. The estimate should be for the most economical, direct air fare from point of origin to nearest international airport for pastor and his family. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.
- c. As part of the approval process, the Finance Team will set a limit for the costs of the tickets. If at the time of purchase, the tickets are more than the limit, the church must seek a second approval before purchase. Tickets purchased above the limit may not be fully reimbursed. An additional 500€ will be granted for moving personal items and for incidental travel expenses. Churches should see that the pastor receives these funds. Churches should submit receipts to the IBC Office for reimbursement. Payments will be made to the church's bank account.

4. Movements of Pastors within IBC

IBC funds normally are not granted when a church calls an IBC pastor who has not served his minimum period. Special circumstances such as the unexpected closing of a church are exceptions.

Pastor Relocation Fund Guidelines

1. When IBC Procurement Funds are furnished, the IBC strongly urges the church to contribute to the Pastor Relocation Fund for their pastor. These funds when paid out will enable the pastor to relocate and transition into a new position or retirement. An agreement will be made between the church, pastor, and IBC that the church will pay a specified amount monthly (200€ or equivalent is recommended) into the IBC Pastor Relocation Fund (PRF). A sample agreement is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.
2. Churches who do not use procurement funds may also wish to contribute to a pastor relocation fund. In this case, the pastor and church can agree on the amount that will be contributed.
3. The PRF will be kept on deposit with the IBC in the name of the church in trust for the pastor of the contributing church. Interest, if accrued by the account, will be added annually. This money belongs to the pastor upon his departure*. In the event of the pastor's death, the funds will go to his wife to assist in her transition back home. In the event of the death of both the pastor and his wife, the funds will be returned to the church with the recommendation that the funds be used to assist family members in funeral details and repatriation of the bodies, if necessary.

*After living in a country for a while, a pastor and his family may find that "home" is now where they are. They no longer wish to return to their "home" country on a permanent basis because they wish to establish a new home where they are. In cases such as this, a pastor, with written acknowledgement from the church, may withdraw their PRF money early for the purchase of property for their home. Pastors are encouraged to seek advice from a tax advisor concerning the withdrawal of this money.

4. The funds will be held in Euro or U.S. dollars depending on how the church makes payment. Payments made in U.S. dollars will be held as U.S. dollars. Payments made in Euro or any currency other than U.S. dollars will be held in Euro.
5. If a pastor completes his assignment and moves to another IBC church, the PRF contributions of his previous church follow him.
6. Upon the pastor's resignation from service in the IBC, he receives the total amount in the PRF contributed by the church(es) including all accumulated interest. Should a church resign their membership in the IBC, any PRF contributions will be transferred to the pastor. Pastors should seek advice from a tax advisor concerning the payment of this money. The pastor will discuss with the IBC Finance Office how and when the money shall be disbursed.
7. A church should never miss monthly payments into PRF during the pastor's initial contract. After the initial period, continued donations are optional, based on the agreement between the church and the pastor.

Pastor Furlough Funds Guidelines

1. After a pastor has served for three (3) years within the IBC, the pastor (referred to as senior pastor in some churches) will become eligible for furlough funds. These funds provide for the pastor, spouse, and dependent children 50% of transportation costs to country of origin. The pastor must be in agreement with his church about this furlough and must be willing to serve an additional two (2) years within the IBC.

Churches who are giving at least 7% can qualify for full 50% reimbursement. Churches giving between 2-7% can qualify for ½ of the reimbursement (25% of transportation costs).

2. After the initial three (3)-year period, a pastor is eligible for furlough funds every two (2) years of completed service within the IBC.
3. Except for medical reasons, a pastor who departs before completing a 24-month cycle will reimburse the IBC the pro rata amount of furlough expenses.

The reimbursement formula is:

Amount furnished divided by 24 months, times the number of months of uncompleted service, equals pro rata share to be reimbursed.

4. Furlough funds are not cumulative.
5. Furlough funds may be considered a taxable benefit. It is the pastor's responsibility to pay taxes as required.
6. Pastors should apply for furlough funds as soon as possible since assistance is limited. The IBC cannot guarantee that funds will always be available since giving determines the availability of funds. The Pastor Furlough Funds Request Form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

As part of the approval process, pastors may submit an estimated amount (with sample flight itineraries). The Finance Team will set a limit for the costs of the tickets. If at the time of purchase, the tickets are more than the limit, the pastor and church must seek a second approval before purchase. Tickets purchased above the limit may not be fully reimbursed. Churches should submit receipts to the IBC Office for reimbursement.

7. Furlough funds will be paid to the church and the church will forward these funds to the pastor promptly upon receipt.

Child Education Funds Guidelines

1. Since costs for schooling children vary widely (Home Study, International, National, or U.S. Department of Defense Dependent Schools), the IBC may reimburse a partial amount as able. This amount will be up to $\frac{1}{2}$ of the cost not to exceed 1,000€ per year, per child. It is expected that the church will also assume responsibility where possible.

Churches who are giving at least 7% can qualify for full reimbursement. Churches giving between 2-7% can qualify for $\frac{1}{2}$ of the reimbursement ($\frac{1}{2}$ of the costs not to exceed 500€ per child).

2. Child Education Funds will be paid to the church, and the church will forward these funds to the pastor as soon as they are received.
3. Child Education Funds may be considered a taxable benefit. It is the pastor's responsibility to pay taxes as required.
4. Pastors should apply for Child Education Funds as soon as possible since assistance is limited. The IBC cannot guarantee that funds will always be available since giving determines the availability of funds. The Child Education Funds Request Form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

Loan Fund Guidelines

1. General

Loans may be secured for a number of purposes, including, but not limited to:

- a. Church construction, repairs, and improvements.
- b. Purchases of furniture for church or parsonage.
- c. Purchases of church equipment.
- d. Land and/or building purchase.

All contracts for loans are drawn by the Council of Trustees Finance Team and negotiated with the requesting church. Amounts loaned, interest rates, and repayment schedules are determined by the Finance Team. The interest rate may be changed periodically and will take effect on new loans offered after the rate change. All current loans will continue at the rate at which they were negotiated.

2. How to apply for a loan:

- a. Secure church approval in a business meeting and make sure this action is recorded in church minutes. The church must also agree that the contract signed is binding and is an agreement between the church and the IBC and as such any change in pastors or church leaders will not have any effect on the completion of the repayment of the loan to the IBC. This action must also be recorded in church minutes. A sample of this loan agreement is below.
- b. Submit the Application for Loan Funds to the IBC Office. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.
- c. Upon approval, the IBC Bookkeeper prepares a loan contract to be countersigned by authorized officials of requesting church.
- d. When the signed contract is returned to the IBC Office, the Finance Office can arrange to release the funds.

3. Method of Loan Repayment.

- a. Loans will be repaid in monthly installments divided, as evenly as possible, by the number of months covered in the loan contract.
- b. If the loan is in USD, the repayment must be in USD. If the loan is in EUR, the repayment will be in EUR.
- c. The first repayment is due 30 days after receipt of the loan.
- d. Repayment checks or bank transfers are payable to the IBC and designated for the loan fund.

[CHURCH NAME]
[Church Address]
[Postal Code, City, Country]
LOAN AGREEMENT

PURPOSE for LOAN: .

LOAN AGREEMENT:

The [church name] is loaned [amount]:

LOAN: [amount]
RATE: Fixed [rate]%
TIME: [number] months/payments
Min. PAYMENT: [amount]

Additional agreements:

1. Loan payments will begin no later than [date].
2. [Church] agrees to contribute at least 7% of general funds to the International Baptist Convention.
3. [Church] pays all bank transfer, exchange, and tax fees/funds.
4. Loan agreement requires at least three signatures from church leaders/members with longevity.
5. [Church] will set up an automatic monthly transfer with their bank.

Attachments:

1. Application for loan dated [date]
2. Loan Analysis

Signed,

[Name]

Finance Team Leader

[Name]

General Secretary

[Name]

Bookkeeper

Agreement by [church name]:

On behalf of [church name] the undersigned agree with the specifications listed above.

We also fully recognize that [church name] is bound to its loan agreement with the International Baptist Convention until repayment is completed. While our [board of trustees] have signed this loan agreement, we do so only as representatives of [church name]. We and our congregation (as documented in minutes from the church meeting of [date]) understand that this loan agreement is binding and is an agreement between our organization and yours. Because of this, any change of pastors or church leaders legally cannot and will not have any effect on the completion of our repayment to the International Baptist Convention.

While any new leadership could choose to discuss desired changes in the loan agreement with the Finance Team of the International Baptist Convention, we commit to fully adhere to the original loan agreement unless both parties agree to any changes.

We, the leadership of [church name] pledge that our church's giving to the International Baptist Convention will continue at a minimum of 7% of our church's annual budget throughout the period of time needed to repay the loan. This pledge binds present and any future leaders to this agreement.

(Please provide signature **and** printed name.)

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IBC Endowment Fund Grants Guidelines

Grants from the IBC Endowment Fund can be made in 4 categories:

1. Grants for New Property and Buildings
2. Grants for Major Renovation Projects (projects over \$50,000*)
3. Matching Grants for Minor Repairs or Renovations (projects under \$50,000)
4. Convention Priority Projects or Personnel Needs

Churches applying for any of these grants must be currently giving at least 7% of their total general receipts to the IBC Cooperative Program. Churches who receive the grants are expected to give to the Endowment Fund for 3 years after receiving the grant so that the fund can continue to grow and be available for other churches to receive. The amount given will be determined by the church.

The balance (current market value) of the Endowment Fund shall remain above \$1 million. This is in accordance with earlier Convention decisions to not spend the corpus until it reached that mark. The Finance Team and the ELT will evaluate the EF each year. For the first 3 years we anticipate more grants to be given as churches are currently involved with repairs and renovations.

Each category will have specific requirements, application processes, and award processes as described below.

1. Grants for New Property and Buildings

This category reflects the original purpose of the Endowment Fund. The fund was originally started in the late 1980s by John and Elizabeth Merritt (then general secretary of the Convention) in memory of their son Mark who was killed in a car accident. Named the "Missions Endowment Fund" shortly after that, the fund was designed to help churches escape the "rent trap" by helping them purchase property and/or buildings. The first grants were made in 2000.

Grants will be given to churches for the purchase of land or for the purchase or construction of a worship building, office/meeting space, or a house for their pastor.

Preference will be given to churches that reflect our IBC growth pattern for a viable future, including being located in a strategic city with a history of solid leadership and cooperative giving to the IBC.

Churches should be proceeding under a master plan for the project with members already involved in tithing, project pledges, and sacrificial giving. We prefer to wait until a congregation has already taken serious steps with money saved plus contact with a financial institution for permanent, long-term financing. We prefer making investments in the later stages of a master plan rather than helping a church start a project.

Grants for this category will be awarded once a year at the ACM. A grant will be for a maximum of \$50,000. Normally one grant per year will be awarded (consideration for a 2nd grant may be made by the team in unusual circumstances). A church may receive only 1 grant from this category for a particular project.

Should a church receiving a grant eventually disband, we ask that the building or money from the sale of the building be given to the IBC for the Endowment Fund.

Deadline for grant applications is 15 September. To apply:

- a. Secure church approval in a business meeting making sure this action is recorded in official minutes.
- b. Submit the Application for Endowment Funds (Category 1) to the IBC Office. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

* Amounts are shown in U.S. Dollars as that is the currency of the Endowment Fund. Grants will be made in the currency that the church chooses.

A 5-member team appointed by the Presidential Leadership Team will then consider the applications and make recommendation to the Annual Convention Meeting for approval.

2. Grants for Major Renovation Projects (projects over \$50,000)

Grants for this category will be for major renovation projects with a scope over \$50,000. The maximum amount of grants for this category is \$25,000. A church may receive only 1 grant from this category for a particular project.

Grants for the category will be considered and awarded by the Finance Team. Grants may be made throughout the year as the need for such arises. A church may receive only 3 Type 2 grant in a 12-month period. To apply:

- a. Secure church approval in a business meeting making sure this action is recorded in official minutes.
- b. Submit the Application for Endowment Funds (Category 2) to the IBC Office. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

3. Matching Grants for Minor Repairs or Renovations (projects under \$50,000)

Grants for this category will be for minor renovation projects with a scope under \$50,000. These grants are matching grants, meaning that the IBC will match funds raised or provided by the church, up to a maximum of \$25,000. Churches will need to determine a cut-off date for their fund-raising campaign. The IBC will match the amount raised as of that date. Application for the grant may be made prior to the cut-off date, but funds will not be released until after that date. It is the responsibility of the church to report the amount raised as of the cut-off date. A church may receive only 1 grant from this category for a particular project.

Grants for the category will be considered and awarded by the Finance Team. Grants may be made throughout the year as the need for such arises. A church may receive only 1 Type 3 grant in a 12-month period. To apply:

- a. Secure church approval in a business meeting making sure this action is recorded in official minutes.
- b. Submit the Application for Endowment Funds (Category 3) to the IBC Office. The application form is found on the IBC Resources page on the website: <https://ibc-churches.org/developing-resources/ibc-resources/>. Please contact the IBC Office if you need the password for this page.

4. Priority Projects or Personnel Needs

Priorities within the Convention change over time. This category will help to meet some of the strategic needs of the Convention. Proposals for grants for this category will be brought by the ELT to the ACM or a special meeting of the Convention for approval.