

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 collecting, recording and disbursing American Baptist Mission Support (ABMS)* funds resides with American Baptist Churches in the U.S.A. (ABCUSA), collection and distribution of funds requires a cooperative effort among all Covenanting Partners.

II. Collecting Agency Status

Upon General Board approval, Regions may function as Collecting Agents for American Baptist Churches in the U.S.A. Regions accepting Collecting Agency status agree to collect, 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.” General Board 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 an agency 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 General Board outlining adherence to the above criteria. The General Board retains the right to rescind Collecting Agency approval as deemed appropriate.

III. Collection Procedures

Whether the collection process is performed by the 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. Collecting Agents will provide guidance to churches in completing ABCIS remittance forms provided by the Treasurer's Office of ABCUSA, the Collecting Agent 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. Collection will be closed at least monthly for reporting and distribution. All monthly receipts will be processed in the system no later than the 8th day of the subsequent month (or the next business day if the 8th 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 collection is administered by ABCUSA or by the Region, the following distribution procedures are mutually agreed upon:

- A. Regions that function as a Collecting Agency 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

A. 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 the Office of the General Secretary nine months ahead of a new fiscal year.
3. Designated Giving* – Collecting Agents 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* – Collecting Agents 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 Boards and Regions may promote directed gifts only during the promotional window for their respective offerings. 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. Additionally, to ensure that the appeals do not interfere with the needs and interests of local congregations within a particular Region and to maximize region support, Regions are to be notified as to the purpose of all targeted giving strategies at least one month ahead of the appeal. For appeals to individuals, regions will be notified in advance of the appeal. Promotional timelines may need to be negotiated between Regions and the Program Boards in the event of potential conflicts.

B. Flexible Stewardship Plan

1. Contributions to United Mission – Any monies received for United Mission shall be distributed according to the mutually agreed upon percentages as outlined in the Common Budget Covenant for the United Stewardship Plan.

2. Churches will report their mission giving on Mission Remittance forms produced by the respective Region, indicating the amounts they wish allocated to American Baptist Mission partners by using the following categories:
 - a. Respective American Baptist Region (listed by name)
 - b. American Baptist Educational Ministries
 - c. American Baptist International Ministries
 - d. American Baptist National Ministries
 - e. American Baptist United Mission
 - f. Love Gift
 - g. Annual Offerings
 - i. America for Christ
 - ii. One Great Hour of Sharing
 - iii. World Mission Offering
 - iv. Retired Ministers and Missionaries
 - v. Region Offering (listed by name of the respective Region)
 - h.* American Baptist commissioned missionaries, projects, institutions and Nationally and Regionally Validated Ministries (including AROs)
 3. A Region using the Flexible Stewardship Plan will report mission giving by churches to the ABCUSA using the same ABCIS project codes as Regions using the United Stewardship Plan.
 4. Costs for administration, Representative Process and other agreed upon services will be paid by the Regions choosing the Flexible Stewardship Plan and the Program Boards raising funds in those regions by paying a fee to OGS. The fee will be allocated to reflect the percentage of United Mission each received previously. This fee will be offset by any future total United Mission dollars (including Love Gift and Designations) raised in those regions, credited to each of the partners proportionately as in the United Stewardship Plan.
 5. Because the Flexible Stewardship Plan allows multiple partners to conduct fund raising within a given Region, written protocols outlining mutual understandings (as described in the Covenant, I, A, 2, a) must be in place prior to the implementation of the Flexible Stewardship Plan.
- C. Switching Stewardship Plans
 While every Region shall initially choose either the United Stewardship Plan or the Flexible Stewardship Plan, a Region may switch its decision provided that the respective Region Board report its intent to the Office of the General Secretary nine months ahead of a new fiscal year. A Region must operate under one of the Stewardship Plans for a minimum of two years, prior to stating its intent to switch plans.
- D. Mission Initiative Fund* – The distribution of this fund shall be determined by the Budget Review Committee.
- E. 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. Collecting Agents may receive contributions to this offering throughout the year.
 - c. Promotional costs for the America for Christ Offering shall not exceed 8% of the gross receipts from the offering.
 - d. After promotional costs have been deducted, monies received from the offering shall be distributed equally among the respective Region, National Ministries and Educational Ministries.
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. Collecting Agents 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. Collecting Agents 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. Collecting Agents 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. Collecting Agents 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).

F. 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 GEC.

VI. Protocols For Mutual Accountability

A. Information Flow

1. Information flow under the United Stewardship Plan or the Flexible Stewardship Plan is critical for partners to undergird each other's ministries and missions. Advance knowledge of actions planned by ABC mission partners within a Region is critical if the executives of the Regions are to answer questions accurately, support the intended stewardship event and ensure that the Region's constituents view the proposed action in a positive light and the Region's leadership as knowledgeable partners to the wider ministries of the denomination.
2. Toward this end, National Boards and AROs will regularly inquire what partners need to know when plans for fund raising are being developed. They shall take steps to inform all affected parties as a regular feature of the implementation plan.
3. Similarly, when perceptions become public that affect, or could potentially affect the ability of a National Board or ARO to raise mission support effectively within the Region, the Executive Minister will inform the National Board.

B. Communication

1. As a general rule, correspondence from any Covenanting Partner with local churches will be copied to each Region's Executive Minister or designee.
2. With ABC local congregations, communication about all Covenanting Partners and ABC related institutions will be positive and mutually supportive. Efforts will be explicit to support the ministry of the entire denomination.
3. Among Covenanting Partners, communication will be direct, seeking to resolve tensions and disagreements that 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 colleague as an observer should be chosen mutually to aid communication.
4. Strategic planning for fund raising by National partners will include a specific plan for how the initiative will be communicated to all partners. Evaluation of each fund-raising initiative will include an assessment of the communication among the partners, and partner feedback will be regularly solicited.

C. Notification

1. When speakers or events planned by a National partner are scheduled in a Region according to established protocols, the sponsoring organization will seek regional input early in the planning process.
2. Fund-raising initiatives will be preceded by notice to the parties where the fund raising will occur. When the solicitation is in writing, partners will receive advance notice through copies to the Region.
3. Where the initiative is a visit or a verbal approach to individuals or groups, the Region will be notified at least one week ahead of the planned visit.

D. Collaboration

1. Regional partners will seek opportunities to involve National partners in Regionally sponsored events including worship, celebration, education and equipping opportunities.
2. Region to Region networking and resourcing is encouraged to enhance our common mission and increase the leadership pool available.
3. Recognizing that the goal of both stewardship plans is to, “financially support our work as partners in Christ’s mission,” (as defined in the Common Budget Covenant) Regions and national organizations will work in partnership to strengthen the health of local congregations regardless of which stewardship plan is in place. Regardless of Region location, local congregations will have equitable access to the resources and programs offered by the national organizations.

E. 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.

F. Role of National World Mission Support Office or its successor (reserved).

G. Administratively Related Organizations, whether they receive United Mission funds or not, are not parties to the Common Budget Covenant. They may raise funds as negotiated with individual partners to the Common Budget Covenant.

H. Institutional Support Process – Institutions that are part of ISP may raise funds from all ABC churches. Special campaigns should be negotiated with individual partners to the Common Budget Covenant.

VII. Reports

- A. In accordance with the ABCUSA Bylaws, all National Corporations, all AROs receiving ABMS support and all Regions must prepare financial reports in such form as the General Board may request.
- B. Financial reports must be prepared according to GAAP (Generally Accepted Accounting Procedures).
- C. All Covenanting Partners will provide an audited financial statement annually to the Budget Review Committee on behalf of the General Board.
- D. The Budget Review Committee, upon recommendation of the Treasurer's Council, will appoint the external accountants (auditors) for the ABCUSA and its National Program Boards. The appointment will be ratified by any existing independent Board of Directors acting on behalf of the National Program Boards.

VIII. 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 Boards and the Office of the General Secretary. 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 World Mission Support. The initial notification shall clearly state the objectives of the campaign, and ask the General Board for authorization to conduct a feasibility study.
2. The results of the feasibility study shall then come back to the Associate General Secretary for World Mission Support. The Associate General Secretary for World Mission Support 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 Budget Review Committee for information and to the General Board for action.
3. The approval of the General Board constitutes a recommendation to the related Covenanting Partners. Covenanting Partners will act within six months of the notice from the General Board 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 World Mission Support. Written requests will contain the campaign objectives, financial goal, proposed cost of campaign, timeframe for campaign, type of campaign and name of fund-raising firm to consult on the preliminary feasibility/directional study.
2. The Associate General Secretary for World Mission Support shall notify the GEC for information. Similarly, the Budget Review Committee and the General Board will be notified of these regional initiatives. This is a matter of advice, not of consent.

C. National Board Campaign

1. These campaign plans will be submitted to the Associate General Secretary for World Mission Support. Written requests will contain the campaign objectives, financial goal, proposed cost of campaign, timeframe for campaign, type of campaign and name of fund-raising firm to consult on the preliminary feasibility/directional study.
2. The National Board shall finance the feasibility study by an external consultant and the results will be returned to the National Program Board. At its decision to move forward based on the study results, the governing board of the national organization shall recommend to the General Board that a National Board campaign be conducted.
3. The approval of the General Board constitutes a recommendation to the other Covenanting Partners. Covenanting Partners will act within six months of the notice from the General Board on 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 throughout ABCUSA.

D. Institutional Campaigns

1. These campaign plans will be submitted to the Associate General Secretary for World Mission Support. Written requests will contain the campaign objectives, financial goal, proposed cost of campaign, timeframe for campaign, type of campaign and name of fund-raising firm to consult on the preliminary feasibility/directional study.
2. The Associate General Secretary for World Mission Support shall notify the GEC for information. Similarly, the Budget Review Committee and the General Board will be notified of these institutional initiatives.
3. Institutions will conduct campaigns as negotiated with Regions in which the campaigns take place.

IX. 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.

X. 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.

XI. Exceptions to the Common Budget Covenant

- A. Any Region receiving more than 65% of United Mission during the year prior to implementation of this document shall negotiate a plan with the Budget Commission to annually reduce their United Mission portion incrementally to

65% within five years of the date of implementation. During the five-year period that these Regions receive an exception to the 65% maximum, the United Mission portion to all other United Mission recipients shall be reduced proportionately in order to cover the difference between 65% and what is received by these Regions each year. Those Regions choosing the Flexible Stewardship Plan shall participate according the terms of the Common Budget Covenant – I, A, 2, e.

- B. 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 GEC 60 days in advance of its next meeting. Upon a 75% approval of the GEC, the exception will be forwarded to the Budget Commission* for consideration. Upon approval of the Budget Commission, the request for exception will be forwarded to the Budget Review Committee* and to the General Board 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 GEC for restoration of funding.

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

XII. Amendments and Revisions

The Operating Guidelines Manual may be amended by a 75% vote of the General Executive Council.

XIII. Resolving Differences

- A. Individuals shall seek clarity and understanding from one another as an initial attempt to resolve differences that arise.
- B. A GEC committee will be appointed with the responsibility to meet regularly to review concerns that arise as we live out this Covenant. Unresolved issues will be sent to the GEC for consideration.
- C. Matters referred to the GEC 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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