



Hillsong East Coast Financial Governance Policy

Purpose

The purpose of this Hillsong East Coast Finance Governing Policies document is to collect and organize the core financial governing policies of Hillsong NYC LLC, Hillsong Boston LLC, Hillsong NJ LLC collectively, and any related entities (hereinafter referred to as “Hillsong East Coast” or the “Church”) so that such policies may be uniformly and equitably applied across Hillsong East Coast.

Core Definitions

- a) **Hillsong East Coast**
Hillsong NYC LLC, Hillsong Boston LLC, Hillsong CT LLC and Hillsong NJ LLC collectively, and all their related entities.
- b) **Hillsong-Related People**
Includes any person who participates in a Hillsong Church service, program, activity, or event, including employees.
- c) **Lead Pastor**
The Lead Pastor or other appointed Manager of Hillsong East Coast.
- d) **COO**
The Chief Operating Officer of Hillsong East Coast, or the individual appointed with an equivalent role with respect to Hillsong East Coast.
- e) **CFO**
The Chief Financial Officer of Hillsong East Coast, or the individual appointed with an equivalent role with respect to Hillsong East Coast.
- f) **Workers**
Individuals that directly perform work for Hillsong East Coast, including all employees and paid contractors, but not unpaid volunteers.
- g) **Volunteers**
Individuals that have volunteered to serve the local church of Hillsong East Coast.

Amendments and Oversight

This policy and the sub-policies contained herein may be amended by a majority vote of the collective officers of the member entity of Hillsong East Coast. The Lead Pastor of Hillsong East Coast is responsible for the oversight of, and compliance with, these policies.

Financial Governance Policy

Purpose

The purpose of this Financial Governance Policy is to ensure Church finances are managed in a manner consistent with Hillsong East Coast's charitable purposes, thoroughly satisfying biblical, ethical, and legal standards. The policy provides a framework for the Church to effectively steward resources with appropriate safeguards and oversight.

Scope

This policy, together with the accompanying Financial Controls and Procedures, applies to all individuals responsible for governing and managing Church finances as a part of Hillsong East Coast, including the Hillsong Global Board, Lead Pastors, Managers, executive team, employees, and volunteers.

Section Definitions

Private Benefit

Any non-incident benefit for the purpose of serving or promoting a private interest. An incidental benefit is where a benefit might be a by-product of the charitable purpose, but of de minimis value.

Serious Concerns

Any appearance or actual use of funds in a manner that is inconsistent with the Church's charitable purpose, provides a Private Benefit to an individual or group of individuals, or where funds have been misappropriated through fraud or theft.

Policy Statement

As a Christ-centered, Bible-based Church, Hillsong East Coast is committed to fulfilling its charitable purpose in a manner that ensures responsible stewardship of financial resources.

Use of Church Funds

Church funds are to be managed and used:

- With due care, diligence, integrity, and exclusively for charitable purposes;
- In a manner which does not misuse a position of authority or the information a person gains through their position;
- In a manner that optimizes church assets while assessing and limiting the risks to those assets; and,
- With a high level of accountability and transparency, while ensuring strong financial controls are in place as detailed in the Financial Controls and Procedures Policy.

Accountability and Transparency

Accountability is demonstrated through:

- Strong demonstrable financial controls;
- The preparation of an annual budget, broken down by month, approved by the Lead pastor, and submitted to the Hillsong Global Board or its delegated representatives to provide the assurance of sound financial management;

- The preparation of accurate and timely management reports which compare actual performance to the monthly and year to date budgets;
- Systems which segregate the inputting and approving of expenditure and require more than one individual to authorize payments;
- Open and transparent communication with the Lead pastor, executive team, and with the Hillsong Global Board or its representatives, including disclosure of Serious Concerns or breaches of this policy; and,
- The annual independent audit of financial accounts.

Protection of Assets

Proactive and sufficient internal controls are to be applied to safeguard assets including:

- Real property
- Intangible assets such as intellectual property
- Cash reserves
- Investments

Conflict of Interest

Any conflict of interest must be handled and resolved according to the Conflict of Interest Policy.

Public Benefit

All funds must be used in a manner that is consistent with the Church's charitable and religious purposes and for public benefit. Funds may never inure to the benefit of private individuals, as provided for under the Internal Revenue Code.

Complaints

Complaints or Serious Concerns of the use of funds can be made through either the procedures in the Grievance Policy, or the Whistle-blower Policy.

Compliance

The Church must remain legally compliant with all relevant accounting standards, charity regulations, and statutory reporting obligations that arise.

Oversight

The Lead pastor shall be responsible for oversight of this policy. The CFO will provide direct monthly management reports to the Lead Pastor and the Hillsong Global General Manager and Global CFO. Such reports will disclose any potential concerns, suspected or actual conflicts of interest, or compliance issues that are being addressed to ensure accurate implementation of this policy.

Financial Recordkeeping and Controls

The Hillsong Global Board ("Board") will have final authority over the financial affairs of the Church, as stipulated by the Bylaws. This authority includes the adoption of a budget, adopting financial policies which guide its leadership, and the application and interpretation of those policies. In furtherance of the exempt purposes of the Church, the Board may assign various responsibilities to employees or volunteers. However, the Board will always retain final authority for all financial affairs.

Handling of Funds.

The basis for ethical financial principles includes honesty, integrity, fairness, respect, trust, and responsibility. Employees are expected to uphold these principles in every aspect of their duties, including relations with other staff, the public, the business community, partners, and government authorities. Beyond these general principles, all employees and volunteers handling funds are required to adhere to the following controls:

Article I. All cash, checks, and other offerings must be handled by at least two unrelated individuals as they are removed from the collection point and taken to be deposited in the Church's account. Other than funds set aside for a designated petty cash fund, all Church funds should be deposited as promptly as possible in approved depository accounts.

Article II. All cash, checks, and other offerings must be handled by at least two unrelated individuals whenever the funds are being counted. Upon conclusion of the count, both individuals counting should independently sign, date, and note the final amount of the counted funds in a basic ledger kept with the Church's other books and records. Should any updates or other changes be required for a given offering, such updates should again be made in the ledger by two unrelated individuals with a signature, date, and reason for the change.

Article III. Staff may be asked to assist with counting and depositing funds, or may be given authority to disperse funds under specific circumstances, but no staff member or volunteer should ever possess both custodial and disbursement authority over Church funds.

Article IV. Unless otherwise required, staff should make all authorized disbursements of funds via check or electronic payment from the Church's preferred bank account. Petty cash disbursements should be avoided, unless necessary for a documented and approved purpose. Disbursements of Church funds should never be made from unrecorded funds.

Article V. Staff should clearly understand their level of authority to commit to any expenditure, whether it be purchases, engagement for services or entering into contracts.

Article VI. If an employee or volunteer observes any deviance from these policies, they are required to promptly report the incident to their supervisor or the highest-ranking employee that is uninvolved.

Failure to follow this policy may result in disciplinary action up to and including termination of employment.

Financial Record Keeping.

Employees must maintain accurate and complete records that fully and fairly reflect all assets, liabilities, income, costs, expenses, and transactions. Employees whose responsibilities include such record keeping must promptly and accurately enter all transactions in the Church's books according to generally accepted accounting practices and principles. Prohibited activities include the following:

- Making false or misleading entries in the books, records, or financial statements;
- Using or having knowledge of undisclosed or unrecorded funds or accounts for any purpose; or,

- Making expenditures with the intention or understanding that any part of the expenditure was or may be used for any purpose other than that described by the supporting documentation.

Financial Controls and Procedures

Introduction

Effective internal controls and procedures support the financial management of Hillsong Church and help to support good stewardship and prevention of funds being misused. Such controls ensure assets are protected, risks are identified and managed, legal and compliance obligations are met, and regular informative financial reporting is provided. These controls and procedures are foundational to the culture and values of Hillsong Church, where we place a high value on effective governance and the prudent management of financial affairs. Hillsong Church encourages a culture of openness to receive questions from employees, volunteers, and the congregation regarding financial practices. Given these commitments, each Hillsong East Coast location will operate with the following internal controls and procedures.

General Controls & Procedures

It is the responsibility of the Lead Pastor to ensure the Church has sufficient resources to operate effectively and to meet its financial obligations. This responsibility can be delegated.

Responsibilities within the Hillsong Global Governing Principles should be considered when managing Church finances.

The key financial tools to assist with this responsibility are:

- Annual Budgets, broken down by month;
- Management Reports, that include budget variances for the month and year to date;
- Cash Balances Report, including current cash balances and forecasted future balances; and,
- A Funding Report, for capital projects and other significant long-term commitments.

Budgets

Budgets are the primary tool for ensuring the Church has sufficient funds to achieve its vision and meet its financial obligations. Budgets should include:

- A detailed monthly breakdown of income and expenditures;
- A conservative reliance on income growth; and,
- Confirmation that any debt obligations can be met within the proposed budget.

Once budgets have been approved by the Lead Pastor, these are to be submitted to the local governing Board for further approval (where applicable) and to the Global General Manager and Global Chief Financial Officer for review. Budgets will be provided to the Hillsong Global Board to provide assurance that the Church has the financial means to operate effectively, while meeting its legal and compliance obligations.

Accounting Records

Accurate, up-to-date accounting records must be kept within a well-recognized accounting system. Regular monthly reconciliations of bank accounts and purchasing cards should

always occur.

The individual performing the bank reconciliation must be different from the person who approves the payments. Where this is not possible, the list of payments being made should be reviewed by someone independent.

Financial Reporting

Timely and accurate financial reporting allows ministry decisions to be made in the context of the financial performance and resources of the Church. It also ensures appropriate accountability is in place for those responsible for church resources.

Financial reporting should include:

Monthly Reporting

- Management Reports, which show what money has been received or spent, both for the month and year to date along with budget variances for each line.
- A Balance Sheet, summarizing assets and liabilities. This should indicate whether there are sufficient funds to meet the Church's short-term financial commitments by comparing the current assets (made up of cash and short-term receivables) and current liabilities (financial commitments which are due in the short term); and,
- A Cash Balance Report, which indicates current cash balances and a forecast of cash balances going out a minimum of 3 months.

Quarterly Reporting

- Management Reports, which show what money has been received or spent, both for the quarter and year to date along with budget variances for each line; and,
- A Balance Sheet, summarizing overall assets and liabilities.

Annual Reporting

- Annual Financial Statements prepared to facilitate an External Audit; and,
- An Annual Report or similar document should be produced for easy access by congregational members.

Long-Term Planning

When considering significant financial commitments, such as acquiring property, renovating a facility, or entering into a lease, the window for financial planning is likely to extend beyond a 12-month budget cycle. Funding for these commitments may also include debt funding where the lender requires specific financial benchmarks and other conditions be met each year.

In these scenarios, a 3-to-5-year high level financial forecast will be required to consider the long-term impact of the decision. This should include:

- Forecasted revenue and any potential surpluses available;
- Forecasted funding available from the Hillsong Foundation or equivalent program;
- Debt funding and subsequent loan commitments; and,
- Confirmation that debt obligations can be met throughout the term of the loan.

Forecasted results should rely on conservative income projections and include contingencies

in the event of an unexpected downturn in revenue. Financial commitments should be avoided if it is likely to place undue strain on church finances. Such financial commitments can be detrimental to the health of the Church as it diverts leadership attention from being visionary and focused on growth, to consolidation and cost reductions. Should a decision be made to purchase real estate assets, make capital improvements, or obtain debt, plans should be submitted to the Global General Manager for review and the Hillsong Global Board for their approval.

These forecasts should be reviewed and updated on a quarterly basis as a minimum.

External Audit

Auditors from a reputable audit firm should be engaged to perform a Financial Statements audit annually, whose scope should include:

- Consideration of the adequacy of internal controls relied upon in the financial statements;
- Material deviation from spending policy for Lead Pastors; and,
- Recommendation of improvements to processes or controls that are observed during the audit process

The audit report, along with recommendations, shall be provided to the Lead Pastor along with the Global General Manager and Global Chief Financial Officer. Unless otherwise authorized by the Hillsong Global Chief Financial Officer, Hillsong East Coast Financial Statements should be prepared in accordance with Generally Accepted Accounting Principles.

Draft audited financial reports will be provided to the Global Chief Financial Officer prior to completion to allow, where possible, congruent financial disclosures across each Hillsong Church location globally.

Segregation of Duties

No single individual should have the sole responsibility for any single transaction from input to authorization to payment/completion. Having different people involved in each process reduces the risk of fraud or error and protects those involved from being falsely accused of financial impropriety. This requirement of segregation of duties applies to supplier payments, payroll, receivables, and bank reconciliations. Where a Hillsong location staff is too small to allow for appropriate segregation, an independent person should be required to review the transactions before they are approved for payment or finalized.

Other General Controls and Procedures

- No representatives of the Church will receive or pay a bribe.
- No representative of the Church will receive a gift if it is an inducement or presents as a conflict of interest.
- If a representative of the Church receives a gift, it is to be declared as personal income where applicable.
- The Lead pastor is to be notified if a representative is offered a gift with a value more than \$500.. Where possible, they should do so before the gift is received.
- Internal controls should be reviewed periodically to ensure they are effective and

improved upon if required.

- No directors, managers or employees are permitted to provide personal guarantees for Church contracts.
- Auto-renewal or evergreen clauses are strongly discouraged in contracts unless there is a demonstrable benefit to Hillsong Church.
- Responses to media enquiries are to be handled by approved media spokespersons and not individual employees or volunteers.
- Pursuant to the Employee Handbook, employees will not borrow money from Hillsong Church or congregation members.

Revenue Controls & Procedures:

- Funds received are to be banked in their entirety as soon as possible without the deduction of expenses.
- Cash gifts should be receipted.
- Platforms which receive money, such as payment gateways, merchant facilities, websites and apps are not to be setup without the express authorization of the CFO.
- All online revenue is to settle to a Church owned bank account, not to personal accounts.
- Refunds for credit card transactions should, where possible, be refunded to the card from which the transaction occurred. This reduces the risk of a double refund through a claim also being made to the card provider by the person whose card was charged.

Offering Controls:

- Offerings should be counted before being securely stored away or deposited. A copy of the offering count sheet should be kept separate from the offering to support an insurance claim should a theft occur.
- Count room rosters should be established on a random rotating basis to minimize the risk of collusion.
- Married couples should not serve together when counting an offering.
- A minimum of 2 (but preferably 3) people should be present when counting or relocating an offering.
- Character references (preferably from a Pastor) are required when considering the suitability of a new count room member.
- Signed confidentiality agreements should be required from count room team members.

Management of Donated Funds

The following principles and controls are to be followed to ensure the proper handling of donations:

- If funds were raised for a specific purpose, they are to be considered restricted, and must be utilized for their intended purpose(s).
- Accounting procedures should report on the spending of restricted funds for their intended purpose.

- Restricted funds should be sufficiently segregated to ensure they are available for their intended purpose(s).
- Administrative or overhead costs may be allocated against restricted funds if they are justifiable and do not conflict with donor instructions or commitments made when the funds were donated.
- Costs incurred in fundraising should be proportionate to the funds raised and represent fair market value for services provided.
- Donors should be contacted and given the opportunity for their restricted donations to be refunded or re-directed if the purpose for which the funds were collected is no longer valid or the funds cannot be used in a timely manner.
- The privacy of donors must be maintained.
- All communications with donors should be respectful and non-coercive.
- All gifts must be in accordance with the Gift Acceptance Policy. A gift is not to be received if:
 - there is a concern that the donor will use their gift to influence the direction of Hillsong Church;
 - receiving the donation would compromise the objects or integrity of the Church;
 - there is concern the gift is being funded from illegal or unethical activities;
 - there is reasonable belief the donor is in vulnerable circumstances; or,
 - the cost of receiving the gift will be greater than the value of the donation.
- If the funds raised are handed on to a third-party, the Church has a duty of care to ensure these funds are used for the purposes they were intended and in a manner which meets the Church's ethical standards.

Staff Expenditure Controls and Procedures

General Principles

Hillsong East Coast uses an accountable expense plan intended to comply with the requirements set forth by the Internal Revenue Code. Such plan allows reimbursed expenses to be excluded from an employee's gross compensation. Employees of Hillsong East Coast may receive advances or reimbursement for expenses when all the following conditions are met:

- The employee obtains preapproval for estimated or expected expenses, when possible;
- The employee provides a bona fide business purpose for the expense that is related to the ministry of Hillsong East Coast, and the expense would otherwise qualify for a deduction for federal income tax purposes if the expense was not reimbursed;
- The employee provides appropriate substantiation of the ministry related expense within a reasonable time; and,
- The employee returns all excess reimbursement within a reasonable time.

Reasonable Time

For purposes of this policy, the employee complies with the policy within a reasonable time where:

- The employee requests an advance within 30 days of when the expense is expected to be paid or incurred;

- The employee substantiates the expense within 30 days after the expense was paid or incurred; or,
- The employee returns all unused reimbursement funds to the ministry within 30 days after the related expense was paid or incurred.

Substantiation

To appropriately substantiate a ministry expense, an employee must provide all the following:

- A stated purpose for the expense.
- The name of the individual or entity charging the expense.
- The total cost of the expense, including an itemized breakdown of any major component costs.
- The place the expense was incurred.
- In the case of ministry entertainment, the names of those who attended.

All lodging expenses should be substantiated, as well as all other non-lodging expenses greater than \$75.

Credit and Prepaid Cards

Issuance

Hillsong East Coast periodically issues corporate credit or prepaid cards to specific employees to reduce administrative complexity and support the function of the ministry. Such issuance comes with the expectation that all corporate credit and prepaid cards will be used in accord with this policy.

General Usage

Employees who have been issued a corporate credit or prepaid card may generally use the card to:

- Incur travel related expenses while on Church business;
- Incur expenses of any nature while on Church business, subject to the additional corporate credit card policies outlined below; and,
- Make authorized purchases on behalf of Hillsong East Coast.

Substantiation

To be approved and paid, all expenses incurred on a corporate credit or prepaid card must be substantiated with receipts or other reasonable documentation supporting the appropriate usage of the card.

Reconciliation and Review

Credit or prepaid cards should be reconciled monthly, submitted, and reviewed. Any expenditure which is breach of spending policies or outside of budget should be challenged.

The Lead Pastor's card reconciliation is to be provided to the Global General Manager (or delegate) each month for review.

Specific Policies

Article VII. Personal charges on the corporate credit or prepaid card are prohibited, except in cases of emergency or with explicit permission from the employee's supervisor.

Article VIII. Employees must use their corporate credit or prepaid card for all approved expenses, except where the corporate credit or prepaid card is not accepted by the merchant.

Article IX. Employees may not use a personal credit card in lieu of their corporate credit card for approved expenses.

Article X. Cash advances on credit or prepaid cards are not permitted.

Article XI. Large purchases (over \$1,000) require supervisor preapproval.

Article XII. Cards which directly debit the church bank account for each transaction are prohibited.

Revocation

Hillsong East Coast reserves the right to permanently suspend any employee from using or possessing a corporate credit or prepaid card at any time. An employee violating these policies will be given a first-time warning. A second violation will result in the suspension of the employee's corporate credit or prepaid card access for a period of one to twelve months at the discretion of the employee's supervisor. Subsequent violations are valid cause for termination of employment.

Cash payments

- Cash payments are discouraged. It is preferable to make electronic or check payments so a clear record of the payment is generated.
- Cash required for expenses should be administered through a petty cash fund that is regularly reconciled and adequately substantiated through receipts.
- Cash required for expenses is not to be taken directly from offerings or any unrecorded funds.

Payroll

- The person entering the payroll (including regular pays, additions, terminations, or rate changes) should be different from the person who is authorizing the payments or changes.
- Minimum wages requirements and conditions must be followed.

Ethical sourcing

Hillsong East Coast shall hold itself to the highest standards regarding ethical sourcing from suppliers. As such, Hillsong Global's Supply Chain Code of Conduct shall be substantively applied to Hillsong East Coast purchases.

Additional Financial Policies

- Communications with suppliers should be respectful, proactive, and timely.
- The COO should be made aware of significant issues with suppliers which could have a significant financial impact or affect the reputation of Hillsong East Coast.
- Payments should be submitted by one individual and approved by a second individual

before being input for payment.

- The person entering new suppliers into the accounting system should be separate from the person who inputs the payments.
- All payment submissions and new suppliers should be verified by an independent person other than the submitter.
- Those entering adjustments to suppliers' balances should be separate from the person who is entering the invoice.
- Generally, all payments other than approved credit card usage require two people for authorization.
- Blank checks should never be signed.
- Volunteers are always unpaid and should never be compensated with gift cards or other non-cash payments.
- Significant purchases are to be tendered and should be assessed on merit, which shall include both price and ability to complete the purchase in a manner consistent with the Church's expectations.

Assets and Borrowing

Cash

The following controls are required to protect the church's cash assets:

- Cash is to be kept in a secure location that is lockable.
- Hillsong Church money should never be held in personal bank accounts.
- A minimum of 2 people should be present to transit cash.

Other Assets

- Hillsong Church assets are not to be used for material private benefit unless recognized as a part of an employee's compensation package and properly reported as taxable income.
- A material risk to an asset should be reported to the COO or CFO. In the event the material risk appears to be caused by, or contributed to, by the COO or CFO or they are conflicted in addressing the risk, it should be reported to the Hillsong Global CFO promptly.

Insurance

- Insurance that provides adequate coverage for all Church assets should be in place and reviewed regularly to ensure coverage amounts and scope.
- The policy should include cash on hand and in transit.

Concerns and Complaints

Hillsong encourages open and safe communication of concerns regarding financial management, and any concerns may be raised in accordance with the Grievance Policy or Whistle-blower policy.