How-to-Guide
Church Use of Reloadable Prepaid Cards
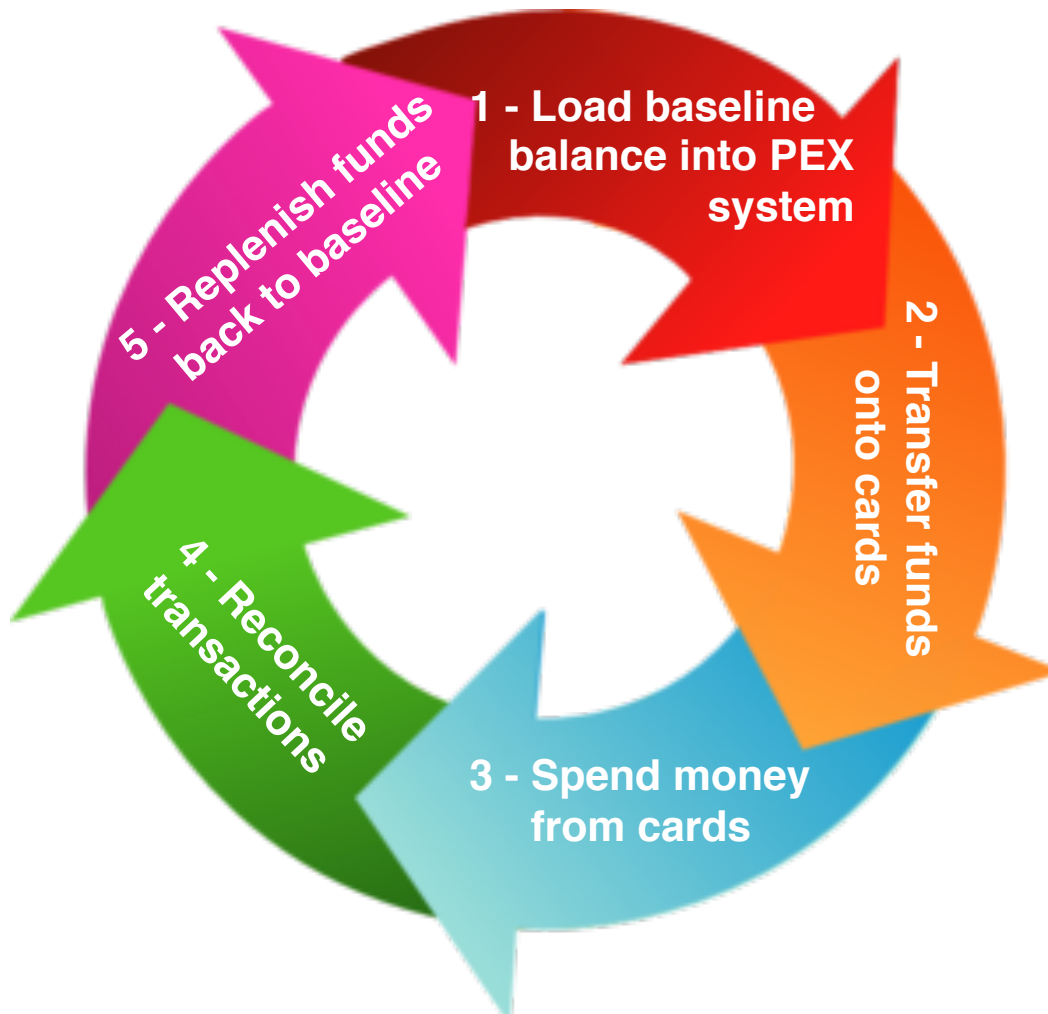
with **PEX**℠
Spend nimbly, spend wisely

The Foursquare Church

How to Guide: Church Use of Reloadable Prepaid Cards - PEX

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Note: *This guide presumes the use of QuickBooks as the church accounting software, however the steps illustrated may be adjusted to accommodate various software options.*

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Section 1 - Logging into PEX

In order to set up a PEX account enroll online through www.pexcard.com. Once login credentials have been supplied to the account administrator, you will need to access the console to link the church checking account. This will require the bank account and routing number. It may take up to 2-3 business days to verify the account before you can transact business with this account.

At this time you may also order an initial set of reloadable prepaid cards for your authorized cardholders.

Login using the credentials provided on the secure account admin page: https://admin/pexcard.com

Welcome PEX Administrator

Admin username   [   ]

Password   [   ]

Login

First time login?

Forgotten your username or password?

Once you have entered the site it will take you to a home screen with tabs to access the account dashboard, cards on file, account information, transfers, reports and assign administrator privileges.

ABC Foursquare Church $50.00

| Dashboard | Cards | Account | Transfers | Reports |

Business summary   **Business profile**

Business summary

PEX Account balance	$50.00
Current card balance	$1,401.77
Current total available funds	$1,451.77

Section 2 - Authorizing cardholders and guidelines for card use

Overview:

Foursquare churches may issue cards to staff members with approval of the church council. The list of approved cardholders should be reviewed annually at a church council meeting. Spending limits should be restricted to the amount determined by the Sr. Pastor and church council based upon the annual operating budget.

Additionally, use of reloadable prepaid cards should adhere to the same basic guidelines as Foursquare's electronic cards policy for local churches (see section 17 of the Foursquare Handbook of Operations). These provisions include:

Authorization:

1. All financial transactions are exclusively for church business purposes. Personal charges of any kind are expressly not permitted, even in cases where the cardholder intends to reimburse the church for personal charges.
2. The authorized cardholder will serve as a personal guarantor for the charges incurred and will be responsible for any charges not substantiated by receipt.
3. Fraud protection capabilities will be available, and all prepaid cards must be connected only to a church bank account that is FDIC, NCUA (or equivalent) insured.
4. The daily and monthly spending limits for each cardholder must be approved by the church council who should review and document approval of spending limits in the church council meeting minutes annually.
5. The senior pastor and treasurer must be an authorized account managers for the merchant service/institution used to manage the prepaid cards (examples include: PayPal, PEX, Western Union, Etc).

Disbursement:

1. Cards may only be used for online or point of sale transactions. ATM transactions or other cash withdrawals are not permitted.
2. All transactions must include a receipt and be documented with the following:
    a. Date of transaction
    b. Amount of transaction
    c. A written description of the business purpose
3. All receipts must be submitted to the church bookkeeper and reconciled to the remaining balance before funds may be reloaded onto the prepaid card(s).
4. Receipts must be matched to the transaction history and submitted to the church treasurer for verification and signature (signature #2, bylaw 1.4) before funds may be reloaded onto the prepaid card(s).

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Custody & Review:

1. All electronic charges must be substantiated with receipts and reconciled to the transaction history log, which must indicate the remaining balance available for each card or account.
2. Reconciliations should be conducted and/or reviewed by the church treasurer who shall sign and date the reconciled statement listing all individual charges made during the reconciliation cycle (signature #2, bylaw 1.4).
3. Council members will have viewing access to online accounts. Upon request, supporting documentation for prepaid card reconciliations will be available for review for any proper purpose relating to the council's duties.

Section 3 - Creating card orders to add authorized cardholders to your account

Order a card: Click on the Cards menu option to see a list of the active and/or inactive cards, current cardholders and remaining balances for each card. At the bottom of the screen, click on the green button to "create a new card order."

Each PEX account provides an option for up to 30 cards.

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Step 1 - Enter cardholder information

What would you like the cardholder billing address for these cards to be?

All of the cards in this order will be given this billing address.

Street address	Church Office Address	⊞ **Use office address**
	Suite #	
City	City Name	
State	⇕	
ZIP	10018	

Step 2 - Set spending limits and other accountability preferences by clicking "create new ruleset."

Dashboard　　**Cards**　　**Account**　　**Transfers**　　**Reports**

Card list　**Search**　**Create a new card order**　**Card order history**　**Spending rulesets**　**Batch ad**

Spending rulesets

Create a set of spend rules that you can apply to one or many cardholders. Once you create a ruleset, you can select it when creating a new card, or use it to update an existing cardholder.

For example, you can create one ruleset for your "Sales Team" and another for your "Delivery Drivers".

Name	Cardholders	Daily spend limit	International	Card not present	Merchant restrictions
No rulesets have been defined yet.					

Create new ruleset

Section 4 - Overview of security preferences, card spending limits and accountability features

Creating rulesets: You can create rules for a variety of options including setting daily limits, restricting cards from being used internationally or from being used for online purchases.

Rulesets can be created for each individual or for categories of individuals and assigned to more than one card. Spending rules should be discussed with the church council and established based on the specific needs dictated by the cardholder's role. In general, all cards should be restricted to use within the United States. International use should only be enabled for brief periods to facilitate ministry spending associated with foreign missions.

Ruleset name

Daily spend limit

Maximum cumulative purchases per day. "Per day" means midnight to midnight, Eastern Time.

$ [   ]   ☑ No daily limit

International use

☐ Cardholder can use the card for international transactions

If the cardholder is not an international traveler, we recommend leaving this box unchecked for greater fraud protection.

Card-not-present use

☐ Cardholder can use the card for internet, phone or mail-order transactions

If the cardholder only makes purchases in person, we recommend leaving this box unchecked for greater fraud protection.

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Set restrictions for merchant categories: Rulesets may also be created to restrict cards from being used by certain types of vendors. Churches should enable only the merchant categories that correlate to the budgeted expense categories that are being facilitated by prepaid cards and that comply to other Foursquare policies.

Example: Reimbursements for use of a personal automobile must be processed per IRS guidelines using an accountable plan for business mileage. Church team members should *not* use prepaid cards to <u>pay directly for gas</u> to a personal vehicle, However, paying directly for fuel charges for a church owned van or rental car during business travel is acceptable.

Merchant categories

Cardholders can use their cards at the following merchant categories.

☐

☐ Associations & organizations
   Post Office, local and federal government services, religious organizations.

☐ Automotive dealers
   Vehicle dealerships (car, RV, motorcycle, boat, recreational).

☐ Educational services
   Schools, training programs.

☐ Entertainment
   Movies, bowling, golf, sports clubs.

☐ Fuel pumps
   "Pay at the pump" at gas stations.

☐ Gas stations & convenience stores
   Gas station stores and other convenience stores.

☐ Grocery stores
   Food, bakeries, candy.

Email notifications

☑

☐ Daily PEX Account Balance

☐ PEX Account Funding

☐ Cardholder Declines

☐ Cardholder Funding Failures

☐ Cardholder Purchases

☑ Negative Balance

Set up email notifications: The church treasurer should set up email notifications for to ensure that any unusual or unexpected activity such as a declined transaction, unauthorized funding or funding failure could be detected right away.
Churches with few staff members may also set up council members to receive these notifications as an alternative form of account security.

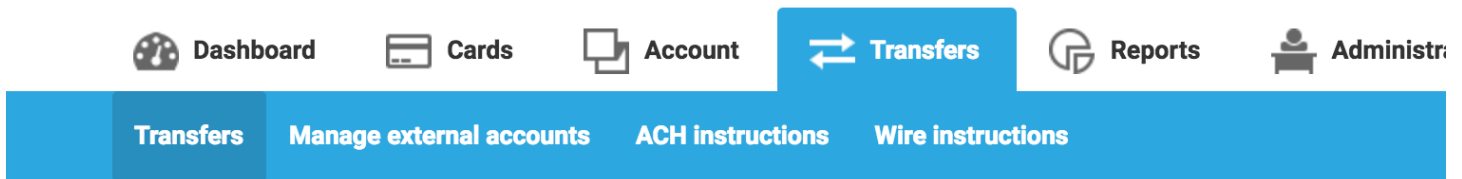## Section 5 - Loading Funds into the PEX system

Before funds can be loaded onto individual cards, they must first be transferred from the church checking account into the PEX system. The PEX system is essentially a cloud-based account or escrow system that is similar to a PayPal account. Once funds have been loaded into the system, an authorized account administrator may transfer funds instantly from any card to/from the available funds pool.

The PEX system will allow you to link up to two external checking accounts to the PEX system as funding sources for your PEX cards.

Step 1 - Transfer money from checking into the PEX System

Click on the Transfers tab and select one of three options to draw money from your checking account:
- **Basic Transfer** - takes approximately (4) business days and generally does not have a fee. This can be initiated directly from PEX using the green button "New one-time transfer"
- **ACH Transfer** - takes approximately (2) business days and may result in a small fee from your bank or credit union. To initiate an ACH transfer, download or print written instructions.
- **Wire Transfer** - takes approximately (1) business day and will result in a fee (typically $25) from your bank or credit union and will require account verification measures such as a signed request followed by a phone verification. To initiate a wire transfer, download or print written instructions.

Dashboard	Cards	Account	⇄ Transfers	Reports	Administr

Transfers	Manage external accounts	ACH instructions	Wire instructions

Transfers

Transfers initiated through this page will take approximately four (4) business days to process.
If you need to fund your account more quickly, you should consider using an **ACH** or **Wire** transfer.

[New one-time transfer]

Pending transfers

Requested	Administrator	Bank	Account	Amount	Status
07/14/2016	Church Admin	Christian Community Credit Union	xxxxx0024	$1,000.00	Pending

Once the transfer has been completed, you will see that amount indicated in the available funds pool at the top of your screen:

The balance of any remaining funds on the individual prepaid cards will appear on the right side of the screen next to the cardholder name.

Step 2 - Log the transfer into QuickBooks

Transferring money from your checking account to the PEX system affects the church's ledger and therefore must be logged as a transfer of funds between asset accounts. Begin by logging into QuickBooks and find the banking menu.

Under the banking menu, there is an option to log a funds transfer:

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Using the funds transfer window, select the source account (general checking) and destination account (PEX prepaid card system).

Once the transfer is logged you can see the amount transferred represented on the church's balance sheet as funds available in the PEX account. Note that the checking account balance decreased by the same amount. You do not record this transaction as an "expense" since the funds are still available in a different account. You will record the expense transactions to the appropriate budget category as you get receipts back from the cardholders.

Balance Sheet
As of July 19, 2016

	Jul 19, 16
ASSETS	
Current Assets	
Checking/Savings	
1001003 · PEX Prepaid Card System	1,000.00
1001001 · Checking	312,784.72
1001810 · Emergency Savings (7037072)	73,492.39
1001811 · Property Savings (7037080)	123,773.80
1001812 · Other Savings (7044837)	693.93
1001813 · Church Planting Savings (706115	52,244.88

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Step 3 - Transfer money from the funds pool onto individual cards using quick fund

Under the cards menu in the PEX control panel you can see the cardholder name and balance on each card. Next to the balance is a field called "quick fund." You may transfer funds to and from the available funds pool to each card using this field. Use a minus sign (-) to transfer funds from the card back to the available funds pool at the top of your screen.

Section 6 - Logging disbursement transactions from PEX cards into the QuickBooks ledger

Charges made on prepaid cards are expense transactions that may be recorded just like writing a check. The PEX card will have a single register where you can log all disbursements in the account (from all cardholders). Although you can reconcile the disbursement activity according to each card, combining the activity into a single "bank account register" allows you to reconcile all of the disbursement activity to the ending balance that is available in the PEX system (the sum of the remaining balance of each card and the available funds pool). The reconciliation process will be covered in the next section of this guide.

As cardholders submit receipts you can simply record each receipt using the "write checks" feature of QuickBooks, which provides all of the fields that you need to record the disbursement.

Example: A cardholder uses a PEX prepaid card to pay for a rental car used for ministry travel.
In this example the church would utilize all of the following fields to book this transaction:
- **Bank Account:** PEX prepaid card system
- **Pay to the Order of**: Budget Car Rental
- **Check Number:** "Debit"

For churches that utilize the advanced methodology (three phase) of QuickBooks accounting as illustrated in the tutorial videos available on the Foursquare Administrative Toolkit [http://4sq,ca/toolkit] the transaction would be recorded as follows:

- **Account:** Travel & lodging
- **Customer: Job**: Ministry Travel (or appropriate budget category)
- **Class:** General Fund

Section 7 - Reconciling cards at month end and reloading baseline balance

Each time the PEX system needs to be reloaded with more funds, it will be important to reconcile the disbursements made on all cards to the remaining balance available in the system. This ensures good accountability for the cardholders who will not be able to access more funds until it has been verified that all outstanding receipts have been turned in.

Step 1 - Obtain the ending balance: In order to begin the reconciliation process, access the cards menu in the control panel and obtain the sum balance of all remaining funds in the system:

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In the example above, the sum total of the residual balance from the cards issued, plus the remaining funds available in the fund pool is: ($165.52 + $280.98 + $1,000.00 = **$1,446.50**). This is the ending balance for your PEX account bank reconciliation.

Step 2 - Print out the card activity for each cardholder for the period being reconciled: By clicking on the name of each cardholder (blue font). You can quickly pull up a report of all of the card activity.

Cardholder A $165.52

| Profile | Transactions | Declines | Funding | Statements | Spend Rules | PIN |

For data older than 12 months, contact Client Services at 1-866-685-1898, option 3.

«   July 2016   **»**   ☐ Show all transactions that change the available balance

« Newer   **1**   Older »   1 - 12 of 12   Items per page: 10   **25**   50

Date	Description	Amount	Balance
07/19/2016 10:40 AM	Balance Adjustment Credit	$50.00	$165.52
07/18/2016 7:05 PM	STARBUCKS STORE 05279	-$6.65	$115.52
07/18/2016 3:05 PM	Balance Adjustment Debit	-$300.00	$122.17
07/13/2016 5:28 PM	STARBUCKS STORE 05249	-$1.95	$422.17
07/13/2016 2:57 PM	CARL'S JR 7106	-$6.83	$424.12
07/13/2016 12:23 PM	SAFEWAY STORE00009829	-$4.50	$430.95
07/12/2016 4:27 PM	Balance Adjustment Credit	$122.17	$435.45
07/12/2016 4:26 PM	Balance Adjustment Debit	-$122.17	$313.28
07/11/2016 5:41 PM	STARBUCKS STORE 05279	-$10.10	$435.45
07/11/2016 1:43 AM	STARBUCKS #06931 CAMPBELL	-$4.45	$445.55
07/08/2016 2:05 PM	Balance Adjustment Credit	$450.00	$450.00

Disbursements

Step 3 - Ensure that all purchases are recorded in the PEX account register in QuickBooks for each cardholder:

Important Note: You can ignore transfers to and from the funding pool (displayed as "balance adjustment") because this is taken into consideration when you add the total of all remaining funds in the system. Quickbooks only needs to track when funds are loaded into the PEX account system (bank transfers), and when funds are spent from the cards (expenses), all transfers between cards and the funding pool will cancel out.

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Step 4 - Reconcile the PEX account in QuickBooks to the ending balance calculated in step 1:

At the completion of step 3, you should now have verified that all of the purchases made on PEX cards have been logged in the QuickBooks register. Access the reconcile feature under the banking menu in QuickBooks, and select "PEX Prepaid Card System" as the bank account to be reconciled.

| Company | Customers | Vendors | Employees | Banking | Reports | Window | Help |

Banking menu:
- Write Checks   Ctrl+W
- Order Checks & Envelopes   ▶
- Enter Credit Card Charges
- Use Register   Ctrl+R
- Make Deposits
- Transfer Funds
- Reconcile
- Bank Feeds   ▶
- Loan Manager
- Other Names List

Enter Bills   Pay Bills

Page   Insights
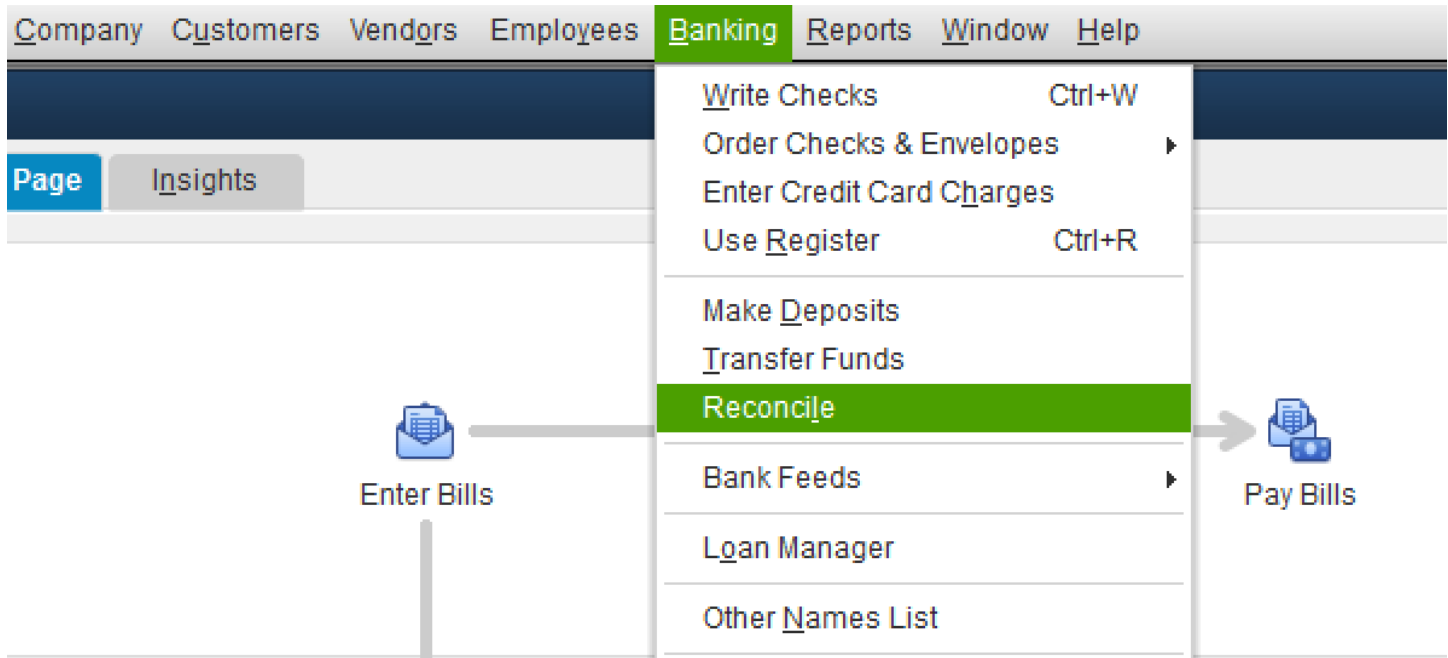
Reconcile - PEX Prepaid Cards

For period: 07/31/2016   ☐ Hide transactions after the statement's end date

Checks and Payments

✓	DATE ▲	CHK #	PAYEE	AMOUNT
✓	07/05/2016	Debit	Budget Rent-A...	354.00
✓	07/05/2016	Debit	costco	600.00
✓	07/11/2016	Debit	Chevron	79.57
✓	07/13/2016	Debit	Starbucks	1.95
✓	07/13/2016	Debit	Carl's Jr.	6.83
✓	07/13/2016	Debit	Safeway Inc.	4.50
✓	07/18/2016	Debit	Starbucks	6.65

Deposits and Other Credits

✓	DATE ▲	CHK #	MEMO	TYPE	AMOUNT
✓	07/01/2016		Funds Tra...	TRANSFR	2,500.00

☑ Highlight Marked   [Mark All] [Unmark All]   [Go To]   [Columns to Display...]

Beginning Balance	0.00		[Modify]	Service Charge	0.00
Items you have marked cleared				Interest Earned	0.00
1 Deposits and Other Credits	2,500.00			Ending Balance	1,446.50
7 Checks and Payments	1,053.50			Cleared Balance	1,446.50
				Difference	0.00

[Reconcile Now]   [Leave]

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Once you have completed the reconciliation, print out the reconciliation summary and detail report and keep in your files with the printouts of the PEX system balance and card activity. At this time you are ready to replenish the funds to your PEX account and bring the balance back to the baseline amount established by the church council.

The image below displays a sample form used to document the amount reconciled and replenished to the PEX system: A fillable version of this sample is available for download at - http://4sq.ca/toolkit

Prepaid Card - Expense Reconciliation

Incomplete information will cause processing to be delayed. Please see back for further info and instructions

Preparer name	Date	Initial Balance	Amount Spent	Total Ending Balance
Church Administrator	7/31/16	$ 2,500.00	$ 1,053.50	$ 1,446.50

Cardholders	Amount spent this period	Balance
Undisbursed Balance in Cloud Account	$ -	1,000.00
Cardholder A - Jim	34.48	165.52
Cardholder B - Jane	425.00	280.98
Cardholder ç - John	594.02	-
	Total spent this period	**Balnce**
Grand Total: $	1,053.50	1,446.50

Approved By *(Must be signe by two authorized signors)*	Finance Dept Use Only		
	Reconciled in QuickBooks By:		
	Amount Reloaded: $ 1,053.50	Date:	

Since loading funds into the PEX system can take approximately 4 days using the normal balance transfer, churches should consider reloading funds when the account balance reaches around 50% to avoid a delay in fund availability.

To replenish funds, repeat process in section 5 of this guide - "Loading Funds into the PEX system."

## Section 8 - Using PEX Tags and Receipt Capture

PEX Tags

You can request the Tags feature to be turned on and set up specific tags as needed. A cardholder will be able to add Tags via the PEX mobile app or desktop portal once they have completed their first-time login.

Step 1 - Navigate to the cardholder transaction list and click on the correct merchant transaction. Click the pencil icon/Edit tags next to the tags section in the transaction details.
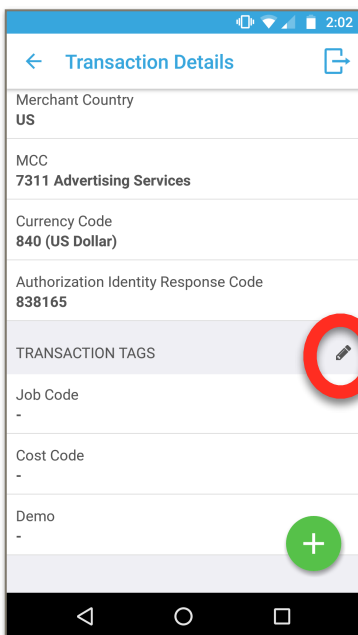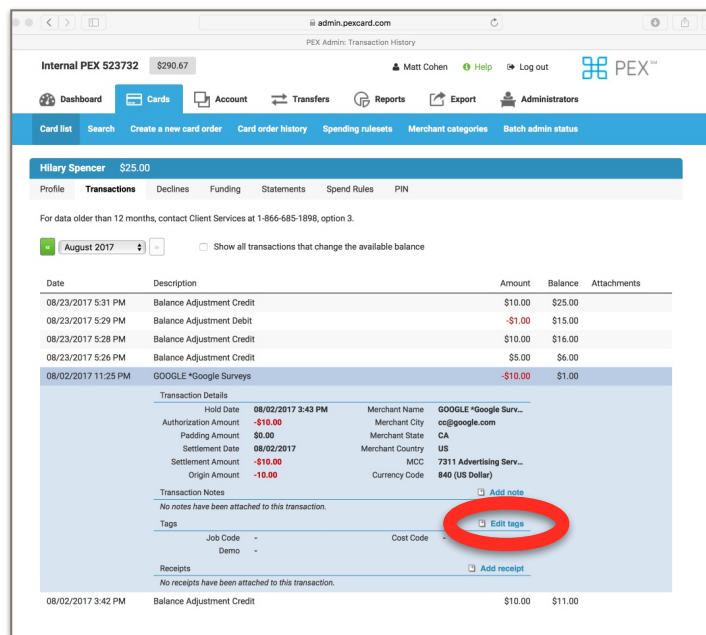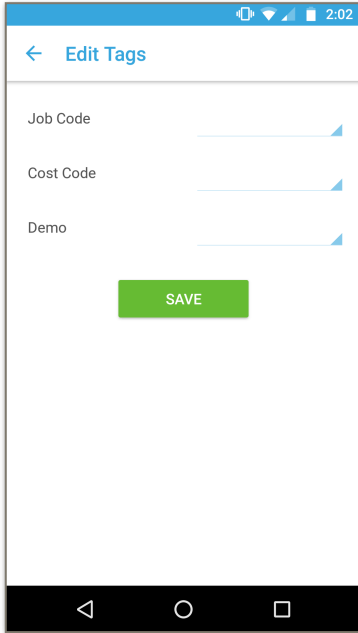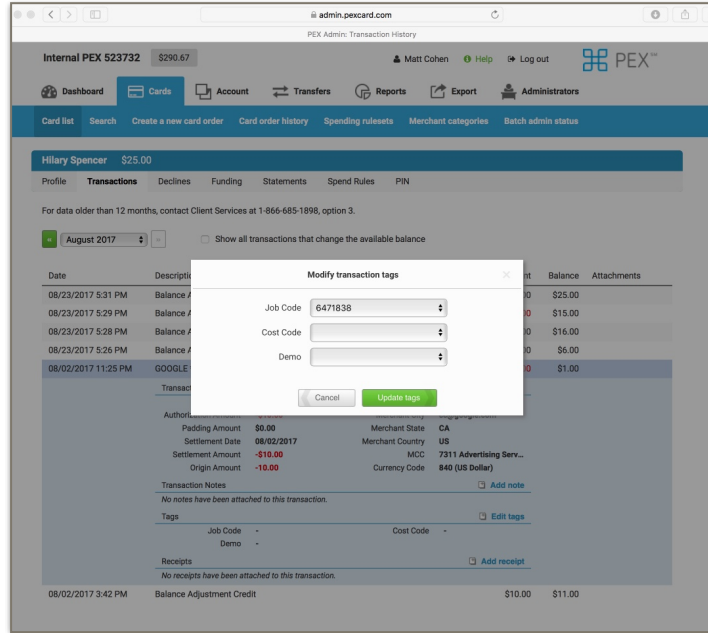

(mobile)

(desktop)

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Step 2 - Select your tag(s) and save/update

(mobile)

(desktop)

Receipt Capture

After a transaction is made, cardholders will have the ability to attach a photo of a receipt and capture important details, such as purchase date and purpose, all while on-the-go.

Step 1 - Navigate to the cardholder transaction list.
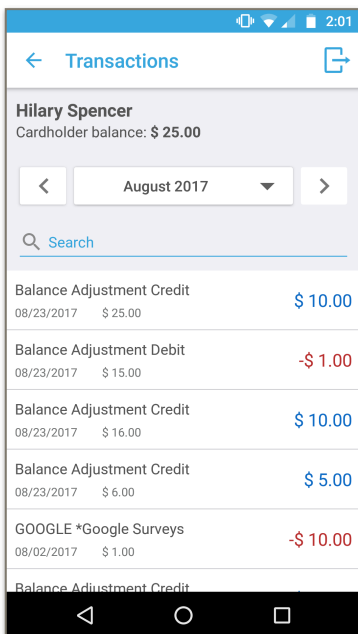
(mobile)
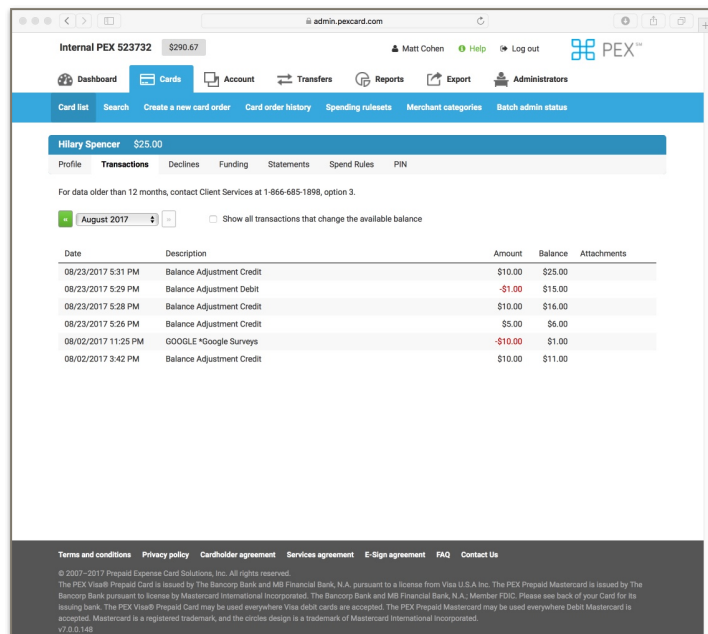
(desktop)

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Step 2 - Select the correct merchant transaction for the receipt. Click the add receipt button (Android: the green plus sign, IOS: the receipt icon)
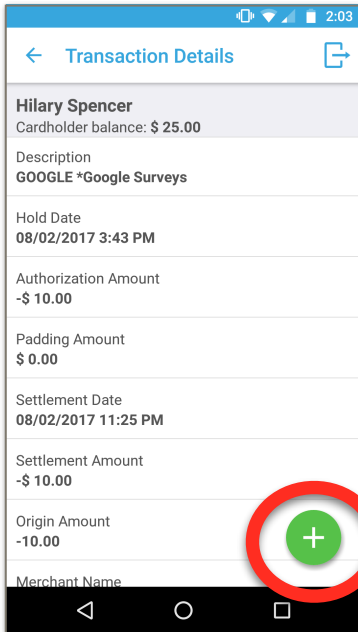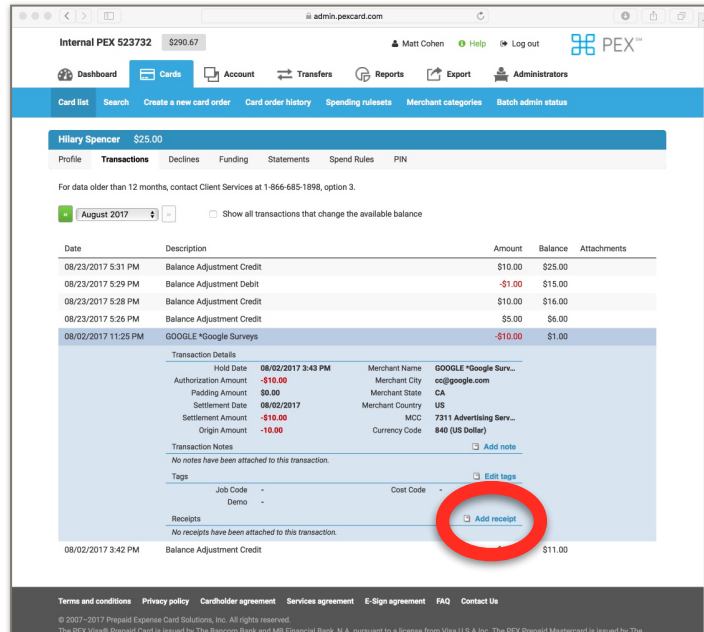
(mobile)   *(desktop)*

Step 3 - Choose how you want to attach the receipt, either take a photo (mobile only) or find an image in the gallery. You can also crop and rotate the image prior to uploading.
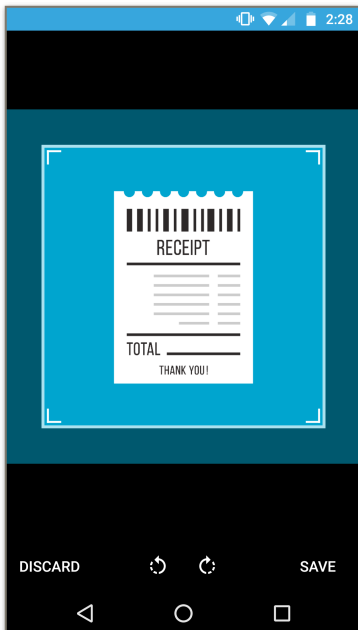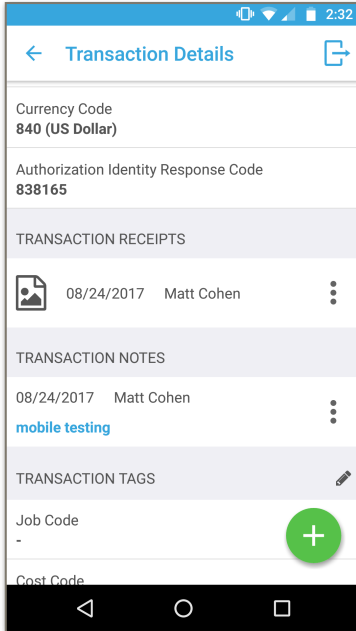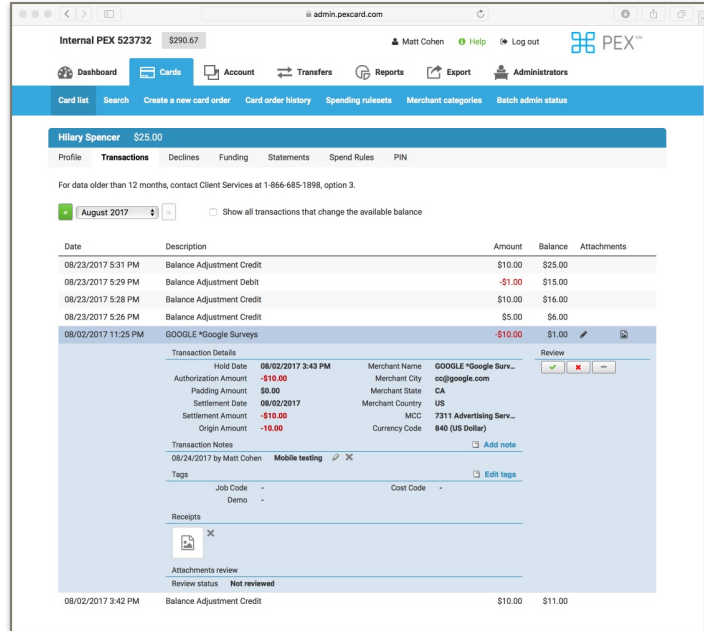

(mobile)   *(desktop)*
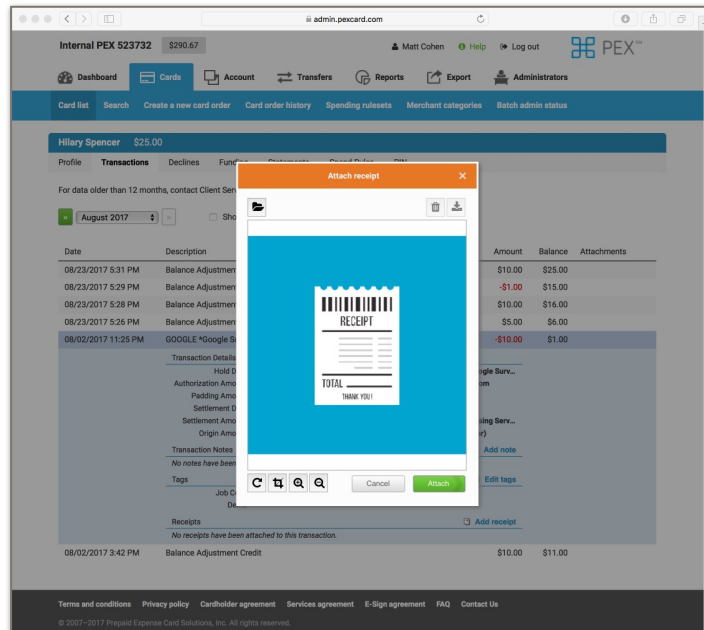
Step 4 - Review the added receipts and notes in the transaction details

(mobile)   *(desktop)*