



GEORGIA DISTRICT UPC

THE NEXT TOWN

CHURCH PLANTER RESOURCE GUIDE

H G H
E R E A
L E T O R
P A H R V
C E G E
U H I S
S A T

TARGET CITIES:

Section 1

Darien ; St. Simons

Section 5

Roswell ; Sandy Springs

Section 2

Manchester ; Peach Tree City

Section 6

Cairo ; Thomasville

Section 3

Hephzibah ; Washington

Section 7

Perry ; Swainsboro

Section 4

Adairsville ; Cartersville

Section 8

Duluth ; Tucker

The Next Town Testimonies: “Claiming Your Promise”

By Pastor Jeremy Mills, Promise Church – Grovetown, GA

In the Fall of 2016, my wife and I launched a NAM work in Harlem, GA. We started with my wife and I, and our four young children – Promise Church was born. We were blessed to have the full support of Pastor Mark Maddox (also our GA District NAM Director), and other local pastors in the GA District as well. We were so overwhelmed with immediate donations of equipment. Service after service, people volunteered to help us with music and praise singing with their pastor’s permission. Even with all of the physical support, it was still a big step of faith.

We decided to rent a school auditorium while we searched for a more permanent place, thinking this would only take two or three months. The rent was expensive for a startup congregation. We didn’t have this extra money personally, but the Lord always came through and supplied our need. Each week I would drive through the city of Harlem, and each time, as I would drive away, the Lord would say to me, “I haven’t shown you the building yet.”

In December, a minister friend and I stopped to look at an abandoned church right outside the city on a major highway. This was the place, I felt it in my spirit. We all know that faith without works is dead, so on January 25, 2017, my wife and I met with her parents and a few saints from our church. I made up a wood stake and wrote on it, “Promise Church, Acts 2:38 and Ephesians 4:5.” We anointed that stake with oil and prayed over it. I drove it into the ground, as an act of faith and trust in the Lord. Twenty days later, on February 14th, Valentine’s Day, the property, and building was ours. Oh, how He loves us! We bought that property and existing building for one dollar! Thank You, Jesus! Since then, we have seen God do amazing things spiritually and also with the building. We had drywall donated to us and AC units given to us at cost. God has always provided.

Fall of 2021 Promise Church celebrated our 5th Anniversary. We have a beautiful facility and are debt free. To God be the glory! We have plans to build an educational wing in our near future. I would like to encourage each one of you to live in the Promises of God! God has called you; He will provide for you! Be encouraged, God has not forgotten you. Keep teaching Bible Studies, keep praying, keep fasting, love God, love people, and go **CLAIM YOUR PROMISE!**

The Next Town Testimonies: “Tear Down the Walls”

By Pastor Michael McCormack, LifePoint UPC – Snellville, GA

In July 2014, the Georgia District Board of the UPCI approved my family’s application to start a church in Snellville. Elated by the news, we immediately began to canvass the city through door-knocking and social media and held our first weekly Bible studies at a local Wendy’s restaurant.

By September, we had attracted a small group and began to sub-lease a gymnasium from a local church on Sundays. We remained there for two years. Though affordable, the gymnasium was simply too big for our small but growing congregation.

Armed with prayer and determination, we searched every potential site in Snellville for just the right venue. In the end, only one location was available to us – a tiny, unsightly storefront. We moved in April 2016. The space wasn’t finished and was barely presentable, but something phenomenal happened at our very first service. During that fateful Sunday in our new space, my wife heard a word from the Lord. She hesitantly asked permission to repeat what she felt the Lord was saying to the church, and I agreed. To my amazement, she said the Lord wanted us to tear down the walls. Since we had just moved into the facility, I assumed God was speaking metaphorically.

I was wrong. One year later, the landlord asked if we wanted to lease the space next door. I asked how that would work, and he said, “Just tear down the wall.” I immediately remembered what God had spoken through my wife only a year earlier. We obeyed the word of the Lord, tore down the wall, and enlarged the sanctuary. I was thrilled with the expansion, but God wasn’t finished.

Only weeks later, a one-time guest at a Sunday service told us God would give us a third space the following year. I was incredulous – particularly since I didn’t see the need at the time. Well, you can probably guess what happened. One year later, the landlord asked again if we wanted the space next door. I’ll be honest; I was scared. How on earth would we afford three spaces? But I decided to trust God and took the third space; it quickly became our youth room and fellowship hall.

Saints, God has not failed us. Despite the pandemic and fluctuating church attendance, we have made regular, timely payments on all three spaces. To God be the Glory!

The Next Town Testimonies: “The Time is Now”

By Pastor Jason McGarr, The Christ Point – Milledgeville, GA

God began prompting me in July of 2020; I felt Him tugging at my mind, “The time is now, get ready”. There was an urging and urgency that I felt in my spirit to act and not wait, to prepare for the vision that God had been drafting in our hearts over the last four years. So, we solidified the vision and launched a capital campaign for our future ministry endeavors. This was the Sunday before our anniversary services and God was about to confirm His Word in a big way.

That week I discovered that a property and church building was still on the market from years prior. After inquiring with our realtor, we took further counsel, presented it to our congregation, and held an emergency board meeting all within the same week of our anniversary services. We knew it was a big undertaking and a giant leap of faith, especially for what it was listed at; we would need financing to complete the purchase. After a couple of dead-ends, we reached out to the UPC Loan Fund and right away they started working overtime on our behalf.

We came out of the following weekend reassured and inspired, but in just one week of launching our 3rd building program, and four days after kicking off the campaign at that first anniversary service, we raised \$17,000 cash-in-hand. From there, we would market and launch our campaign publicly using social media. The news spread like wildfire; each and every week donations arrived. We needed a 20% down payment, closing costs and a cash reserve to the tune of \$66K; we had nothing in savings up to that point.

Since our launch in 2016 the price went from \$375K to \$295K; setting out to negotiate and with much prayer, they countered by listing it at \$250K. We continued campaigning and thanks to the partnership of many churches and pastors, friends, and family, and a \$25K “Move the Mission” property grant, we exceeded our goal and raised over \$70,000 in just four months! After finally reaching an agreement, on November 24, 2020, we closed a week early on a 6,000-sf church building, on eight acres of land; assessed at \$510K and appraised for \$451K, we bought a beautiful facility and acreage for future development at the main intersection in the heart of our city for \$200K, and our payment is \$367 less per month than what we were paying to rent a facility!

We owe a great debt to the body of Christ, UPCI, North American Missions, Ladies Ministries, Youth Ministries, the GA District, and the amazing saints of Christ Point for all of the prayers and support over the last 5 years. Additionally, thanks to the UPC Loan Fund, we are able to accomplish all much-needed renovations and completely update the facility. The blessings keep flowing, as we continue to receive numerous donations of labor, material, resources, and even a sponsorship to cover our mortgage note for the first 12 months! The fields are ready, God is ready, THE TIME IS NOW!



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2. ADMIN & LEGAL COMPLIANCE
3. SAMPLE CHURCH & CORP. POLICIES
4. SAMPLE FORMS & TEMPLATES
5. BOOKKEEPING & FISCAL CONTROLS

The content given herein is intended for informational purposes only. In no way is the GA District UPC or North American Missions department providing legal or financial advice; please see a licensed attorney or certified professional for such service needs.

SOURCE RECOGNITION

www.startchurch.com
www.churchplanting.net
www.churchcpa.com/church-finances-101
www.ministrycentral.com/launching-legally
www.launchachurch.faith/resources
www.upciministers.com/resources

1.

GETTING STARTED IN GEORGIA

IN THIS SECTION:

- Ministerial License Application Process Information
- Georgia District Sectional Map
- North American Missions Status Application
- UPCI Application for Church Affiliation
- UPCI Church Status Form
- Georgia NAM Preaching Point Application
- Georgia Missionary Benefits Package
- UPCI NAM Church Planter Resources and Assistance

Application Process Information

(The following is the procedure for any minister that desires to meet the board for a ministerial license or upgrade)

The district board will meet applicants two times during the year.

Board Meetings for Applicants: February – District Conference

July – Camp Meeting

*Applications, study questions, reading requirements, confidential pastor's report and other information can be obtained from the district office by calling (912) 449-3004 or you may email requests to cjury.gadistrict@gmail.com.

The procedure for making application shall be as follows:

Completed applications must be submitted to the sectional presbyter at least 60 days prior to the Board meeting. ***December 1 and June 1 prior to District Conference or Camp Meeting.**

The presbyter will review the application to insure that all questions are correctly answered and that the following materials are attached:

- Two photos of the applicant and their spouse (if applicable)
- Pastor's confidential report (in a sealed envelope when presented to the presbyter)
- Journal of preaching time for 6 months (this can be brought when you meet the board).
*Applies to ministers that are **not** pastors or evangelists.
- Online training certificate(s) *(training is available at ministrycentral.com)
 - Completed Insurance Form

The presbyter will then forward the application with all necessary papers to the district secretary no later than 30 days prior to the board meeting.

The district secretary will notify each applicant about their time to take the **test** and their **appointment time** to meet the District Board. Appointments will be an approximate time since the amount of time to interview each applicant can vary. This will eliminate an applicant having to stay on the grounds all day expecting to be called.

Fees are payable at the time the applicant meets the board. Fees are as follows:

- \$25 application fee to UPCI Headquarters
- \$50 District application fee
- First quarter budget fee for new ministers (upgrades are billed the next quarter)

National Budget Fee: *Georgia District Budget Fee:*

Local License \$93.50 Local License \$135.00

General License \$96.50 General License \$195.00

Ordination \$99.50 Ordination \$255.00

****Total amount due:** Local **\$303.50**

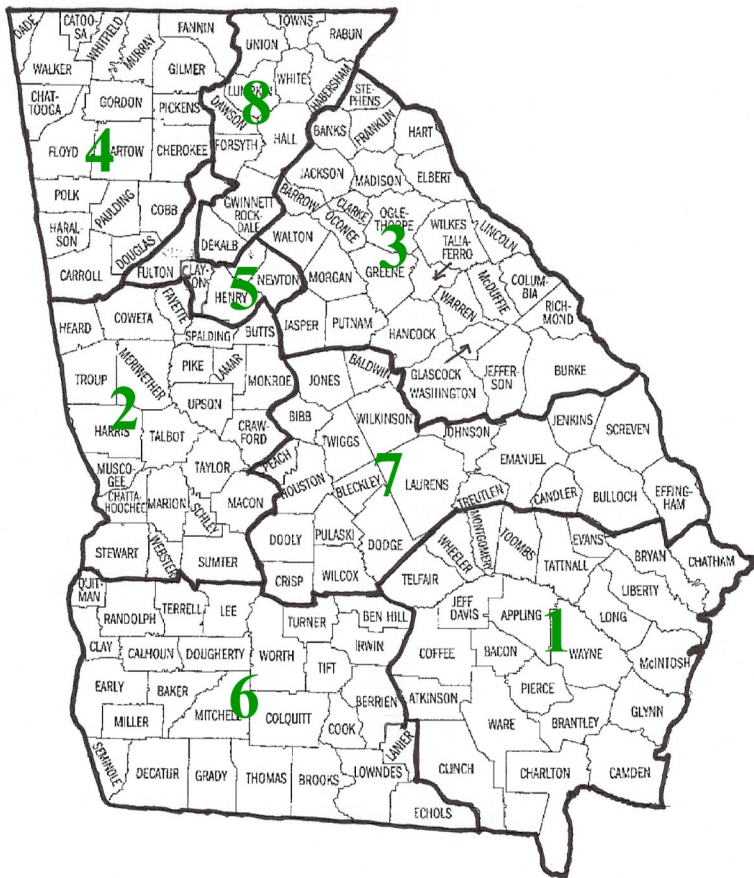
General **\$366.50**

Ordination **\$429.50**

****All upgrades: \$75.00**

Please feel free to contact your presbyter or the district secretary for any additional information.

Georgia District Sectional Map





APPLICATION FOR HOME MISSIONS STATUS

I. PERSONAL INFORMATION

Name: _____ Birthdate: _____

Address: _____ City _____ State _____ Zip _____

Phone: _____ Business Phone: _____

Spouse's Name: _____ Birthdate: _____

Children's first names & birthdates: _____

II. MINISTERIAL INFORMATION

1. What type of credentials do you hold with the United Pentecostal Church International? _____

2. How long have you been in the ministry? _____

3. Do you teach Home Bible Studies? _____

4. Have you considered the difficulties of pioneer pastoring? _____ How? _____

5. Are you willing to cooperate with the Georgia District By-Laws and Home Mission

Policy? _____

III. *THE CITY*

1. In what city and county are you interested? _____

2. Why are you interested in this city? _____

3. What is the economic condition of the new city?

Income: low / medium / high

Prices: low / medium / high

Rent: low / medium / high

4. What is the population of the city? _____

5. How did you arrive at the feeling that this is the city for you? _____

6. What is the main industry of the town? _____

7. Is this a growing area? Explain. _____

8. When will you be able to move to this city if you are not on site already? _____

9. What is the name of the nearest United Pentecostal Church to your new Home Mission project?

a. Name of Church: _____

City: _____ Pastor's Name: _____

Distance from you: _____

b. Name of Church: _____

City: _____ Pastor's Name: _____

Distance from you: _____

10. If you are already on site, how many families are in your church? _____
11. How many adults are filled with the Holy Ghost? _____
12. How many services do you have each week? _____
13. Where are you conducting services at present? _____
14. Are you buying, renting, leasing, or building? _____
15. What plans do you have to acquire a building or property? _____

IV. PREVIOUS EXPERIENCE

1. What is your present (or previous if you have already moved) field of labor? _____

2. Describe your position(s). (e.g. Pastor, Assistant Pastor, Youth Ministry, etc.) _____

3. Who are your former pastors? _____

V. PROJECTION OF PLANS

1. What are your plans for starting a new church? _____
2. What do you expect from Georgia District Home Missions? _____
3. If applicable, have you discussed your plans with your Pastor? Yes No
4. Does he approve of your plans as stated in this application? Yes No Unsure

Please give the names and complete mailing addresses with zip codes of the people who are qualified to give further information about you.

Present or Former Pastor

District Superintendent

District Secretary

Sectional Presbyter

Employer

Businessman

VI. AFFIRMATION

I, _____, do hereby certify that I have carefully read the foregoing Home Missionary policy, also the District By-Laws, and that I am wholeheartedly in favor of the principles and policy of the United Pentecostal Church, as set forth in the Constitution and By-Laws of the organization and district.

I further certify that by the grace of God, I shall do my best to live up to the high standard as set forth in the By-Laws and the Constitution of the United Pentecostal Church: Further, that I will preach and teach only those doctrines which the organization endorses.

I shall work in peace and harmony with all ministers and cooperate with all efforts of the organization.

Inasmuch as our Lord and Savior, Jesus Christ, suffered, bled and died for our sins, I am willing to suffer for His Name and shall consider it a privilege to endure hardship and self-denial, for His sake and a lost world, whenever the call of service demands it.

I shall live dependent on God, receiving thankfully such support, as the Home Missions Department is able to supply, knowing that the Lord shall supply all our needs.

I am going to the field with one supreme purpose, to glorify Christ, to win souls for Him and to hasten His coming.

Husband's Signature

Wife's Signature

Date

Date

APPROVED:

Home Missions Director

Date

APPLICATION FOR CHURCH AFFILIATION
United Pentecostal Church International
8855 Dunn Road / Hazelwood, Missouri 63042-2299

Name of Church _____ ID# _____
Physical Address _____

Check either Box 1 or Box 2 below.

1. At a business session of the church held on (date) _____ a resolution was passed to adopt the Articles of Faith and by-laws of the United Pentecostal Church International. We now desire to work in cooperation with them and be under their protection.
2. This church was established by a minister of the United Pentecostal Church International and was set in order by a member of the District Board on (date) _____

We have adopted the suggested form of Local Church Government as in the current issue of the *Manual* and as it shall be amended from time to time. Yes No

If you did not adopt the suggested form of Local Church Government, please submit a copy of your by-laws with this application.

This application must be endorsed by at least three officers of the church and by a majority of the District Board, including the District Superintendent.

Please submit a \$5.00 fee with application.

_____ Pastor	_____ Secretary
_____ Board Member	_____ Trustee

DISTRICT BOARD

Place of meeting _____ Date _____

Number of members present _____ Number of votes to accept _____ To reject _____

District Superintendent _____

or

District Secretary _____

Church Status Form

United Pentecostal Church
International

Please Print or Type

Church Status Reporting: *(select one)*

Existing church joining the UPCI *(complete sections 1 & 3)*

Newly Formed Church *(complete sections 1 & 3)*

New Daughter Work *(complete sections 1, 2, & 3)*

Daughter Work becoming Autonomous *(complete sections 1, 2, & 3)*

SECTION 1:

Church or Daughter Work Information:

Name of Church or Daughter Work: _____

ID# _____ *(if applicable – example: Daughter Work going autonomous)*

Date Established: _____ *(Month/Day/Year)*

Physical Address:

Street: _____ City/State or Prov/Zip: _____ Telephone: _____

For Directory Listing, show city as: _____

Section of District in which church is located: _____

Mailing Address:

Street or P O Box: _____ City/State or Province/Zip : _____

_____ Email Address: _____ Website: _____

Pastor: _____ ID#: _____

SECTION 2:

Mother Church Information:

Mother Church: _____ ID#: _____

Mother Church Address: _____

Mother Church Pastor: _____ ID#: _____

Listing Options for Directory: *(select one)*

- List the name of the pastor of the Mother Church only
- List the name of the pastor of the Daughter Work only
 - Must be licensed with the UPCI to be listed in directory

List both the name of the pastor of the Mother Church & Daughter Work

SECTION 3:

District Information:

Approved by: _____ District Board on: _____

Name of District Date

Official's Signature: _____

District Superintendent or District Secretary

Please mail or email to:

United Pentecostal Church
International Church Administration
8855 Dunn Road
Hazelwood, MO
63042
apulliam@upci.org

Please Note: This form is not to be used for Preaching Points. A separate form is provided for that purpose.

Georgia District



Preaching Point Application

Name of Pastor Making Application: _____

Phone Number: _____

City of Proposed Preaching Point: _____

Population: _____

County: _____ Population: _____

Distance from Mother Church: _____

Nearest Churches to Preaching Point:

Have you contacted these pastors? ___YES ___NO

What is their feeling? (*continue on back if needed*): _____

I understand there will be no financial funds available from the district or the UPCI as long as the church remains in Preaching Point status.

Applicant's Signature: _____ Date: _____

N.A.M. Signature: _____

District Superintendent Signature: _____

District Secretary Signature: _____

Date Approved: ___/___/___



Georgia Missionary Benefits Package

- Provide \$500.00 revival assistance (one time a year).
- Emergency fund. We may approve up to \$2500 for emergencies.
- Give monthly (in 6 month allocations) church assistance where warranted.
- Pay registration fees to Mentor-ship Conference each year for all NAM pastors.
- Pay registration for NAM Pastors children at the summer camps.
- NAM Missionary Wives fees paid for ladies retreat.
- H.O.M.E. Program.
- District dues are decreased by 50%.
- \$200 per year Sunday School literature.
- Birthday cards with a \$25 per gift card to every NAM missionary and their children.
- Mentorship registration is covered for Missionary and spouse.



Church Planter Resources and Assistance

All applications for assistance can be found at www.northamericanmissions.faith/apps.

Apostolic Conference – Free Apostolic Conference attendance is sponsored by Parkway Church. Apostolic Conference is held in August in Madison, MS. There are no travel expenses or other costs for you or your family. Registration information will be emailed to you at the appropriate time.

Because of the Times (BOTT) – Free registration is provided for NAM missionaries and their families to attend BOTT. Registration information will be emailed to you at the appropriate time.

Christmas for Christ (CFC) Property and Personal Grants – Provides support of up to \$2,000 per month or up to a \$15,000 property grant for three of the five years while on NAM status. Funding can be personal, for property lease assistance, or a property grant. To qualify, a church must be affiliated and have NAM status. The pastor must have attended Launch training. Applications open on October 15 of each year and are due by January 15.

Church in a Day (CIAD) Funding – Provides interest free loans up to \$50,000 as well as skilled personnel to build a church in only twenty-four hours. The church must have already purchased the land. These applications are considered by the North American Missions Administrative Committee (NAMAC) in March and October. CIAD Loans for projects needing more than \$50,000 are available through the UPCI Stewardship Department. NAM also has a program with the [UPCI Stewardship Group](#) to guarantee 15% of the down payment for a loan. This means the church planter may be able to receive financing with as little as a 5% down payment.

Discounted Materials for Church Planters – Discounted material is designed to assist young self-governing churches. To place an order, please call 866-819-7667 or email customerservice@pentecostalpublishing.com.

- **50% Off God's Word for Life** – God's Word for Life is a new spiritual growth program partnering the home and church to create a culture of daily discipleship. The program is whole church aligned and provides resources for all ages.
- **40% Off Elements** – Retain and develop new believers with Elements Discipleship Course.
 - Church starter bundle that includes all four Leader Guides plus five Participant Guides for each level. Also includes video testimonials for each lesson.
 - Special pricing of \$144.99 — 40% off retail price
- **40% Off Exploring God's Word** – Originally developed by NAM, Exploring God's Word has long been the Bible study of choice for many dedicated Bible study teachers. Resources include: teacher's manuals, physical and digital lesson charts, and student handouts.
- **Discipleship Now** – Discipleship Now offers a special price of \$34.99/month to NAM-status churches. This includes an account for each family in your church. To register, please contact Jason Avant at javant@upci.org.

Friends of American Missions (FAM) Scholarships – North American Missions offers FAM scholarships in the amount of \$2,000 to children of NAM church planters, to attend a UPCI endorsed Bible/Christian College or Graduate School. Applicants must be under twenty-five years of age before the deadline to qualify. Applications are open from November 1 to February 1 of each year.

Keys to Church Planting – This is a checklist for starting a new church and includes resources, policies, bylaws, forms, and miscellaneous documents—many are editable. It is separated into three phases: Preparation, Organization, and Operation.

Ladies Ministry Emergency Funding – Emergency assistance is available and can be used for vehicle repairs, appliance replacement, repairs, and medical emergencies.

Metro Daughter Work Grants – The pastor of an existing church can apply for up to \$4,000 per month to plant a daughter work in an approved metro area of at least 750,000 in the MSA (Metropolitan Statistical Area). The mother church must supply 25% of the budget. This grant is given for one year at a time for up to three years.

Move the Mission Property Grants and Emergency Grants – Each year Youth Ministries allocates up to \$25,000 to church plants. Grants are available to churches within their first ten years. Emergency grants up to \$2,500 may be awarded but do deduct from the \$25,000 total allowable amount. These funds can only be used for the purchase of real property or to remodel an existing church building already owned. Move the Mission applications are open from June 1 to August 15 of each year.

North American Youth Congress (NAYC) – Youth Ministries provides complimentary registration for children of current NAM missionaries to attend NAYC. Registration information will be emailed to you at the appropriate time.

Prayer Support – The NAM office staff prays regularly for our church planters and sends a weekly email to NAM leadership across North America with prayer requests. If you have a special need for us to pray about, please email nam@upci.org or call 636-229-7905.

Project Equip Scholarships – NAM-status church planters receive a 40% tuition discount for Project Equip. This 18-month online certificate program consists of eight courses (24 credit hours) covering topics such as Missiology, Biblical Leadership, Cultural Analysis, and more. For more information or to apply, please visit projectequip.faith.

2.

ADMIN & LEGAL COMPLIANCE

IN THIS SECTION:

- Nine Steps to Launching Your Church Legally
- The Church and the Law, Excerpt
- Church Finances, Excerpt
- Organizing a Church Legally Notes / Meeting Minutes
- UPCI Local Church Government (Bylaws)
- Compensation for Pastors, Excerpt
- Planning for Retirement, Excerpt
- Ministers Retirement Fund (MRF) , UPF, & UPC Loan Fund

Nine Steps to Launching Your Church Legally

Step 1 – Select a Church Name

Start with a great name. Before an organization can incorporate and become tax exempt, it must first select a name. Your church's name identifies your church and what it stands for.

Utilize your state's search engine, or your Secretary of State can perform the search for a small fee to make sure your name isn't already taken. If your name is already taken, make a slight variance to your name such as adding a distinguishing factor and/or the name of your city: **(First) United Pentecostal Church of (Name of city).**

Step 2 – Establish a Post Office Box or Address

It is suggested to obtain a PO Box. A church name is all you need to get a box. Some local mail shops offer boxes with an actual address rather than a box number. A P.O. Box is especially helpful if starting in a temporary rented facility. If you move to another facility, you will continue getting your mail to the box without interruption.

Step 3 – Articles of Incorporation

(Articles of Incorporation are like the legal birth certificate for your church)

A common question is “Should I incorporate? If so, why?”

- A. Church is people – not a building. A Church, Ecclesia, is a meeting or assembly of God's called-out ones. So, why incorporate? It is an act of stewardship of the church's assets. Incorporating is the legal step of the church in forming a corporation that is a legal entity, to manage and protect its assets.
- B. It gives you limited liability, also known as the Corporate Veil. In essence, this means if there was a lawsuit against the church, and the church board was operating properly, the lawsuit would come against the organization and NOT the people within it. No one knows one's future or what could possibly happen, but this single act protects the church and the people that God has given you to lead.
- C. In the case of a lawsuit, wherein a church has not incorporated as a legal corporation, the wrongful conduct of the church can be impugned upon all the known members of the church, including you. However, books that are in order, and having corporate status in place, function as a shield for the pastor(s), board, and congregants and will alleviate the risk of personal liability.

So, how do I incorporate?

1. Incorporating is accomplished through your state Corporation Commission or office of the Secretary of State. Consider consulting a non-profit attorney who can provide you with professional advice regarding unique laws or requirements within your

state. In most states, an application for incorporation can be downloaded online. The application template generally includes the required non-profit wording.

- The [UPCI Manual](#) (“Resources for Local Churches,” pages 240-283) provides information on *Organizing a Church Legally* in the [United States](#). These resources are thorough and can be a tremendous help with the incorporation process.
- **Board of Directors:** Most likely, you will be required to identify the initial Board of Directors or Elders. In Step 5 (*Develop Bylaws*), further clarification is provided of how Directors are selected and what their responsibilities are. Consider your plan for Directors before submitting your Articles of Incorporation.
- **Non-Profit Wording:** Specific non-profit wording is required for non-profits. This wording covers specific items such as instructions on how assets will be disbursed if the organization shuts down. Get this wording correct.

2. Submit Articles of Incorporation and pay the fee.

Step 4 – Obtain a FEIN: Federal Employer Identification (Tax ID) Number

(This is like the social security number of the church)

For U.S. churches, the process of obtaining a Federal Tax Number is quite simple and it’s FREE. Apply online via the IRS website. Be careful to obtain a FEIN for a ‘Church’ not a ‘Ministry’ (this matters in the area of tax reporting). A Ministry Non-Profit is required to file a Form 990 each year to the IRS and report their income, whereas filing for a ‘Church’ is exempt from submitting form 990.

Step 5 – Develop Bylaws

(A Protective Shield for the church/corporation)

Bylaws define your beliefs, the operating procedures, and guidelines for the administration of your church (ecclesiastical authority). It should cover membership requirements and discipline, membership privacy, positions, responsibilities, how decisions are made, and requirements for official meetings, voting power, and record keeping.

Solid Bylaws are a key factor in preventing disunity and confusion in the future. A church can be held legally responsible for failing to follow their bylaws. So, define procedures clearly and follow them consistently. Have a locally licensed attorney review and approve your Bylaws before putting them into effect. A sample form of local church bylaws can be found in the [UPCI Manual](#) (“Local Church Government,” pages 122-127).

Selecting a Board of Directors is also a key step in organizing the local governance of your church and should be done with prayerful consideration.

- Choose individuals who will share and uphold the mission/vision of the church and pastor. They should be spiritual as well as business and/or administratively minded.

- If you do not have those you can rely on, trust, or who meet the criteria, then you can ask others outside of your church to assist with filling these roles until your congregation grows, such as Sectional/District officials or other pastors/ministers you know and trust.
- Your Board of Directors MUST be “balanced.”
 1. Consist of at least three members and maintain an odd number of Directors.
 2. Include the offices of President, Secretary, and Treasurer (Secretary and treasurer can be the same person, but the office of treasurer cannot be held by the president).
 3. Must be a majority unrelated by blood or marriage, and a majority uncompensated.

Your Bylaws should include the manner of appointment, qualifications, responsibilities, term of office, and the process for dismissal of your Board of Directors.

Step 6 – Affiliation and/or Obtain 501(c)(3) Recognition

Affiliation is the act of a church agreeing with the Articles of Faith of the United Pentecostal Church and officially (legally) connecting or associating with the organization. This is accomplished on a motion duly made and seconded, and passed by the church Board. You must fill out an Application for Affiliation with the UPCI. Explanation: The primary benefit of affiliation is to provide procedural safeguards in times of transition or dispute.

These procedures are designed to ensure adequate notice of business meetings, a fair and orderly deliberation process with proper oversight, an opportunity to hear opposing views, and respect for proponents of opposing viewpoints. The church is protected against a leader who falls into grave sin or false doctrine and protects against a disgruntled member who seeks to undermine the pastor or Board.

Affiliation does not make a local congregation liable for the actions, responsibilities, or debts of the District or the Global Organization. An affiliated church is still a distinct legal entity that is responsible only for its own actions. A church, at any time, can vote to disaffiliate. (Adapted from [Explanation of Affiliation](#)). Affiliation legally connects you to the Central Organization: UPCI. This is important when it comes to 501(c)3 status with the IRS.

A. Church Exemption Through a Central/Parent Organization

The IRS states, “A church with a parent organization may wish to contact the parent to see if it has a *group ruling* [which the UPCI does]. If the parent holds a group ruling, then the IRS may already recognize the church as tax exempt. Under the [group exemption process](#), the parent organization becomes the holder of a group ruling that identifies other **affiliated churches** or other affiliated organizations. A church is recognized as tax exempt if it is included in a list provided by the parent organization. If the church or other affiliated organization is included on the list, **it doesn’t need to take further action to obtain recognition of tax-exempt status.**”

Therefore, in the United States, affiliated churches are covered by the UPCI's group exemption number. An Application for Affiliation can be found under the Resource tab at upciministers.com. Submit the completed UPCI Application for Affiliation to your District Secretary with a \$5.00 application fee. To document an affiliated church's federal tax exemption status [501(c)(3)], a pastor may obtain a copy of the group exemption letter of determination for the IRS in the name of his or her church at upciministers.com.

- North American Missions requires church plants to be affiliated with the United Pentecostal Church prior to applying for any funding.
- A church Board of an affiliated church may still choose to file for their own 501(c)(3) status independently of the UPCI group status.
- Churches who are not covered by the UPCI's group exemption number must apply for their own 501(c)(3) status.

B. Why should I obtain 501(c)(3) status?

Congress passed acts of grace that allows a church to be tax exempt. However, to protect from fraud, Congress passed a set of criteria that an organization needs to meet in order to qualify for that exemption. That list of requirements is in 501(c)(3) of the IRS Tax Code. No church is exempt from adhering to the rules and requirements of 501(c)(3) of the IRS Tax Code and yet claim tax deduction. You must complete the IRS 1023 application form; or you can hire a third-party company to file for you. The IRS site also has separate detailed [instructions](#) for completing the form on your own. The 501(c)(3) application is by far the most tedious and time demanding step in the organizational process. Many choose professional help with this application process.

Also, apply for State Tax Exemption, which is available in about half of the states in the U.S. Call your state to find out if you qualify for this exemption. This allows the church exemption from state sales tax. Churches that own property will also need to file for exemption from state and local property taxes.

Step 7 – Pastoral Compensation Agreement

A Pastoral Compensation Agreement is required for a church to operate within IRS compliance. Fines are very stiff for the lack of or an improper compensation agreement. Thankfully, there are only three keys to Pastoral Compensation Compliance:

1. Section 4958 allows the pastor to fully participate in the discussion about the compensation package. However, the pastor cannot set or vote on the salary decision. If audited, Section 4958 levies a 25% tax on a pastor-set salary.
2. The offer must be in writing (Contract or Pastoral Compensation Agreement).
3. The contract or agreement must be signed by the Board or the Treasurer.

- a. Have the agreement discussed on,
- b. Have the agreement voted on, and
- c. Have the agreement signed and recorded in board meeting minutes.

Minister's compensation should include the following five components.¹ Consider the tax implications of each component as you design the compensation package. The way you allocate these components can have a significant impact on the taxes.

A. Salary

The salary is the basic amount paid to the minister, not including housing, allowances, benefits, or reimbursable expenses. Depending on the minister's individual tax and housing situation, some or all of the salary may be subject to federal income tax and self-employment tax. Ministers are considered employees for income tax purposes and self-employed for Social Security purposes. A minister's salary can be subject to federal, state, and local income taxes.

B. Housing / Parsonage Allowance

A second, major portion of a minister's compensation is housing, which is provided either in the form of the rent-free use of a church-owned house or a housing allowance. Section 107 of the Internal Revenue Code allows ordained, licensed, or commissioned ministers to exclude from federally taxed income some or all of the cost of providing their principal residence. The amount of total salary designated for housing must be established in advance by a vote of the church or official board and reported in writing to the minister before payment of a housing allowance begins. For example, a minister receiving a cash salary of \$50,000 might have \$20,000 of the cash amount designated as a housing or parsonage allowance. Only \$30,000 would be considered taxable for federal income taxes.

The allowance should cover the cost of maintaining and furnishing the primary home:

- Mortgage or rent payments, closing costs
- Property taxes
- Repairs and maintenance, cleaning supplies
- Insurance
- Furnishings and appliances
- Utilities

For federal income tax purposes, the excludable amount of the housing allowance is limited to the lesser of:

- a. The amount designated by the church, or

¹ Adapted from <https://www.clergyfinancial.com/guide-to-minister-compensation/>

- b. The actual amount spent on housing by the minister for the year, or
- c. The fair rental value of a furnished house, plus utilities such as gas, electricity, oil, telephone, and water.

The housing/parsonage allowance may be renegotiated as needed.

C. Social Security Allowance

While ministers are employees for federal income tax reporting purposes, they are self-employed for Social Security purposes. This “dual status” means they are not subject to withholding requirements for the employee’s share of Social Security and Medicare taxes. Instead, they pay a Self-Employment Contributions Act (SECA) tax. Churches are not permitted to pay the SECA tax for their ministers; however, most churches assist ministers by providing them with a Social Security Allowance of at least 50% of the SECA tax. This provides an equivalent of Social Security/Medicare (FICA) taxes that the church would pay on behalf of a non-clergy employee. However, note, the social security allowance must be reported as taxable income. Example:

Salary – \$30,000

Housing – \$20,000

Total – \$50,000 x .0765 = \$3,825.00

Social Security Allowance – \$3,825.00

D. Accountable Reimbursement Plan

The church should establish an Accountable Reimbursement Policy. Ministers are allowed to exclude all reimbursed expenses from their reportable income. The exchange of reimbursement without or not covered in an Accountable Reimbursement Plan becomes taxable income.

Reimbursable expenses are those costs, reimbursable to the minister, which are incurred in the performance of their duties. They are not part of the minister’s compensation. They are “business” expenses for which the congregation is responsible.

Here are 7 steps to create a Reimbursement Program:

1. Create a written policy that complies with Section 62a requirements.
2. Have the policy voted on and adopted by the Board of Directors.
3. Have the policy signed by the Treasurer.
4. Put the policy in your Ministry Corporate Records documents.
5. Create a reimbursement form and require it to be used for all reimbursements.
6. Present the filled-out form and the receipt to the church Treasurer.
7. Cut a check for the amount, keeping the filled-out form with the check number noted on it in your records for three years.

The church reimbursement policy should include the following, but not limited to:

- Office supplies
- Religious material
- Books, publications, subscriptions
- Meals
- Seminars
- Dues and memberships
- Continuing education
- Mileage
- Travel

E. Benefits package

A strong benefits plan includes [retirement plan contributions](#) and medical, life and disability coverage for ministers and other employees.

Benefit packages can also include:

- Paid holidays
- Vacation and sick accruals
- PTO
- Continuing education leave
- Sabbatical leave
- Parental leave
- Bereavement leave
- Personal leave
- Military leave
- Dental and vision care

Step 8: Keep Good Board Meeting Minutes

Documenting your Board meeting is business to be taken seriously. Federal law requires Minutes to be taken and preserved. In a court of law, you will live or die by your Board Meeting Minutes. You must document the Board's pertinent discussions. Without Minutes you have no legal bylaws, reimbursement policy, or housing allowance provision. In fact, if you do not have actual annual Board Meeting Minutes your church is operating illegally. Your Board Meeting Minutes show that you are running your church in compliance. A Secretary must keep accurate and secure Minutes of all Board meetings.

Step 9: Church, Money, and Risk Management

Opening a Bank Account(s) in the church's legal name is required to start transacting business. You do not want to hold on to cash or deposit the church's money in your personal account. This will be a business account, opened by one or more authorized Board or Trustee members of the church. In order to open a new business bank account, you will be required to present:

- An EIN/FEIN (Employer ID Number); Tax ID number (Social Security Number – SSN)
- Personal/Business information: Driver’s License, a DBA Certificate, or Meeting Minutes

Finances are one of the most important aspects of maintaining proper records for you organization. God expects us to be good stewards of not only the people he has entrusted us to shepherd and lead, but to implement and uphold accountable safeguards regarding best practices with bookkeeping, cash handling, and money management.

- Decide how offerings will be collected, money counted, and deposits made.
- Decide how daily operations will be managed, purchases made, and bills will be paid: authorized users/signers for checks, debit/credit cards, loans, and other instruments.
- Find a funds accounting software program (QuickBooks, Wave-apps, etc.) that works best for your needs, to accurately perform bookkeeping duties for recording/reporting.
- Keep track of employee payroll, contractor, and guest minister 1099’s; also, consult a CPA (Certified Public Accountant) for proper tax reporting and filing schedules.
- Create a reasonable/realistic annual Budget; perform annual or periodic audits.

Contribution, Membership and/or Attendance Tracking is another aspect of proper and required record keeping. You need to make sure you well document what donors and contributors give to support and sponsor your church: tithes, offerings, etc. (faithteams.com); not just for tax deductions, but for checks-and-balances. Each donor must receive an annual (or quarterly) Contribution Statement detailing their tax-deductible donations to your church, with a statement reading that “No goods or services were given in exchange for their donations.”

Corporate Policies and other Governing Documents are needed to provide a manageable structure for how your incorporated church will be operated – ethically and legally compliant.

- Articles of Incorporation, Bylaws, Membership Program, Statements of Faith, etc.
- Corporate Expenditures, Accountable Reimbursement, Volunteer Agreement, Media, Benevolence, Conflict of Interest, Cell Phone Use/Provision, Sexual Harassment, etc.

Risk Management

As you open your ministry’s doors and invite the community to enter your building, there’s an increased risk of injury, property damage, and legal action. These risks can weigh heavily on the minds of ministry staff and administrators, but proactive risk management frees your team to focus more fully on outreach. Look into insurance options (Consider purchasing the following):

- Property and liability coverage
- Commercial auto coverage for church-owned vehicles
- Workers’ compensation and employer’s liability coverage
- Umbrella/excess liability coverage (extra protection based on your organization’s needs)
- The Board of Trustees should evaluate risks annually and implement safety measures.

The Church and the Law

The purpose of this chapter is not to cover all aspects of the law but to inform ministers and churches of major legal concerns and to help them know when to seek professional advice. It provides general information only, not legal advice. For specific legal advice relative to a particular jurisdiction, an attorney should be consulted. Moreover, this chapter primarily addresses US law, although many principles of English common law apply in both the US and Canada. Sample bylaws, policies, procedures, job descriptions, and forms are available from various church resource publishers, websites, and insurance agents and in the New Life Church Manual, which can be ordered at newlifeupc.org. For church structure, see "Organizing a Church Legally," in my book *Growing a Church* and on upciministers.com.

Church and State

The First Amendment of the US Constitution begins with two important clauses to protect freedom of religion: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." The Establishment Clause prohibits the government from endorsing a religion. No governmental entity can promote or sponsor a particular religion. The Free Exercise Clause protects absolute freedom of belief and strongly protects religious actions. However, the government can prohibit some religious actions that are contrary to public policy such as human sacrifice, polygamy, inhumane treatment of animals, and use of illegal drugs. In such cases it must act in accordance with neutral principles that apply to everyone and not target religion. The free exercise of religion includes the right to share religious beliefs on public property. Local governments sometimes regulate activities such as street services, parades, passing out tracts or handbills, and door-to-door canvassing. They can adopt reasonable regulations for public health and safety, such as rules for permits, traffic, and loudspeakers. However, they must treat all groups equally, whether religious or secular, and they cannot completely prohibit religious activities in public.

Ministerial Privileges

Ministers traditionally have a few special privileges under the law.

1. *Exemption from Military Training.* This privilege is significant if there is a draft.

2. *Exemption from Jury Duty,* based on the law of the state (or other jurisdiction).

3. *Right to Perform Marriage Ceremonies,* as provided by state law. This privilege may come under scrutiny as marriage in the US now legally includes same-sex partnerships. Churches and ministers can protect themselves in this area by adopting a policy that they will perform marriages only for members in good standing or perhaps others who embrace the same faith as determined by the pastoral staff. (For a sample policy, see *upciministers.com*.) If they adopt such a policy, they should adhere to it carefully.

4. *Privileged Communications.* State laws typically protect the confidentiality of a private communication between a minister acting in a religious capacity and a person who seeks confidential spiritual guidance as part of "spiritual discipline." Generally this means that a minister cannot be compelled to divulge in legal proceedings the content of confidential counseling. The counselee can invoke this privilege or the minister can do so on the counselee's behalf. There are some exceptions and qualifications, however. For instance, the privilege is typically not available if a third party was part of the communication. If ministers are subpoenaed to give legal testimony about a confidential conversation, they should obtain legal advice for their jurisdiction.

Managing Potential Liabilities

1. *Incorporation.* The first step every local church should take to limit its liability is to incorporate (if the jurisdiction grants this privilege). Incorporation means that if a church becomes liable, only the corporate assets can be used to satisfy the liability. If a church isn't incorporated, potentially every member can be personally liable for the church's obligations. For example, if someone wins a lawsuit against an unincorporated church for negligence or breach of contract, that person can potentially collect the entire sum from one wealthy member or portions from many members.

2. *Insurance.* The second step every local church should take to limit liability is to purchase insurance. In some states such as Texas, if a nonprofit organization carries a specified amount of general liability insurance it won't be liable above that amount. The church should consider the following types of insurance: (a) *Property insurance* is necessary to cover property. Even if the

church doesn't own real property it should have renter's insurance primarily to acquire general liability coverage. (b) *General liability insurance* covers various accidents and usually comes with property and renter's insurance. (c) *Directors and officers insurance* is an inexpensive addition that covers church leaders when they act in their official capacity. Leaders can also limit their liability by receiving no compensation for service as members of the church board. (d) *Vehicle insurance* for all church vehicles. (e) *Health insurance and worker's compensation*: churches should consider providing this tax-free benefit for employees, although generally it isn't required. In construction projects, it's advisable for contractors to cover their workers. Insurance agents, especially those who offer church policies, can provide additional information.

3. *Negligence* means that someone did not perform due care, the ordinary care expected of a reasonable person. A church is liable for the negligence of its employees and volunteer workers while fulfilling church responsibilities. A classic example is a car accident caused by driver error. If the driver was on church business, the church will be responsible for the damages. For this reason the church should have general liability insurance as well as insurance on any vehicles it operates. The church should also institute policies and procedures to prevent negligence, such as making sure its drivers have a valid license and a good record; training drivers in the proper use of vans and buses; and checking, inspecting, and servicing its vehicles.

4. *Negligent Hiring*. One form of negligence is failure to properly screen employees and volunteers, especially those who work with minors. The church should have procedures such as the following: use a written application that asks for previous employer and church, check the references and record the result, conduct a background check, and require local church membership for a specified time.

5. *Negligent Supervision*. The church is also responsible to train and supervise workers, especially those who work with minors, including the following steps: (a) Establish policies and ensure that workers know them. (b) Establish procedures and verify that workers follow them. (c) Provide training as needed. Resources are available online and by video from insurance agents. (d) Ensure adequate supervision by trained leaders. (e) Log and review any injuries, illnesses, or other unusual occurrences. The primary goal is to prevent harm from occurring. If there is some type of accusation, a secondary goal is to demonstrate that it's probably false because of the church's due diligence. If some type of harm does occur, the

goal is to demonstrate that the church isn't at fault. However, when a church adopts a policy it must make sure to follow that policy. If it doesn't, it will be judged for failing to do what it knew was right. As an example of a policy, a church should adopt the two-worker rule. Namely, no worker should be alone with a child at any time; two responsible workers should always be present. This rule greatly reduces the potential for abuse, protects against false accusations, and demonstrates that the church is using reasonable care.

6. *Premises Liability*. Churches must correct or isolate anything on their property that could cause harm, such as open holes; uneven or severely cracked sidewalks; and snow, ice, or water on sidewalks or floors. They should periodically examine land and buildings to eliminate any hazards.

7. *Defamation and Invasion of Privacy*. Defamation means harming someone's reputation by false information or scandalous rumors, whether orally (slander) or in writing (libel). If a story is true then there is no defamation, but there could still be liability for invasion of privacy, which is a disclosure of harmful private information. Churches can discuss relevant information about qualifications and discipline of church members but only to those who need to know in order to make a decision, such as the church board. Once a member withdraws, however, the church has no further right to investigate or discuss private information. If there is a need to make a public statement about a problem, it's advisable to speak in general terms in a closed meeting. For example, the pastor could tell the leadership team, or perhaps a closed meeting of church members only, that a certain individual no longer meets the qualifications of church membership. Church leaders should never make a public accusation of criminal activity, adultery, fornication, or other personal action that could harm someone's reputation, business, or employment.

8. *Child Abuse* is a particularly sensitive area. Of course, the church should do its utmost to protect children. Failing to protect children can cause lasting harm to them as well as adverse publicity and great legal liability. Generally, ministers don't have a right to privileged communications when child abuse is involved. Many states require ministers, teachers, counselors, or the general public to report cases of suspected or confessed child abuse. There can be both criminal and civil liability for failure to do so. Of course, there is an even greater ethical obligation to prevent ongoing and future harm, which generally means the abuser must be held accountable by proper authorities. Church leaders should know the law of their state, including what to report and to whom they should report. In sensitive situations, one

way to fulfill this obligation could be to make an anonymous report in the presence of a reliable witness. Church policy should instruct workers to report problems to their superior, who will in turn ensure the fulfillment of legal and ethical obligations. The church must treat all allegations seriously and not dismiss them out of hand. The church should also show compassion and offer assistance to victims and their families, perhaps arranging for professional counseling. The worst thing it can do is to ignore, blame, or attack the victim. Most families of victims don't want to punish the church, but they want to be heard, believed, and valued. They want assistance, accountability, justice, and prevention of future occurrences. If the church ignores their legitimate concerns, it can push them into an adversarial legal position to the great detriment of the church.

9. *Contracts.* Like everyone else, a church is obligated to fulfill its contracts. A contract is typically created when two parties exchange promises of economic value, even if the agreement is oral or consists of an informal email discussion. The pastor and other church officers don't automatically have the right to enter into contracts on behalf of a church. For major transactions they need approval from the church membership or church board. If they make a contract without approval, they may be personally liable even though the church isn't. When making a contract for the church, they should make sure to sign only as an agent of the church and not in their personal capacity, unless they are serving as guarantors.

Church Organization

Contrary to many popular statements, the UPCI isn't merely a ministerial fellowship. As its name states, it is truly a church. The Internal Revenue Service (IRS) recognizes it as such and consequently recognizes its local churches as automatically tax exempt under the UPCI's group exemption. (A copy of the IRS's letter is available at upciministers.com and can be customized for each church.) The UPCI Constitution specifies that both credentialed ministers and members of affiliated local churches are members of the UPCI (Article II).

The UPCI's form of church government is basically congregational with some exceptions. The term *congregational* means the local church is self-governing. (Sometimes the term *autonomous* is used, but it can have the misleading connotation of independence, and thus the UPCI Constitution never uses it.) The local church controls its affairs, establishes its budget, owns its property, determines its membership, elects its pastor, and hires, supervises, and terminates its employees. Under this form of government,

the local church isn't liable for the actions of other affiliated churches, the district, or the general organization. Likewise, the district and the general organization are not liable for the actions of local churches and ministers, because the UPCI does not supervise or control their actions. An exception could occur, however, if an official intervenes directly in local matters. The district simply assists the local church in accordance with the local church's bylaws or as requested by the pastor, church board, or church membership. The UPCI issues credentials to ministers, establishes ministerial rules and obligations, and disciplines ministers according to its judicial procedure, but it can't control their work or specify their job responsibilities. As such, it's like a bar association that licenses, regulates, and disciplines lawyers but isn't liable for any misconduct because it has no control over their law practices.

Each local church should incorporate and adopt its own constitution or bylaws. (It can adopt the Local Church Government in the UPCI Manual.) It should keep its own records, minutes, resolutions, accounting books, and current membership roll. It should have resolutions of the church board or membership to authorize all major contracts.

It is also recommended that each local church officially affiliate with the UPCI. Affiliation isn't mandatory but is a procedural protection. It doesn't give the organization a right to control the church, nor does it open the church to liability. It simply means that if some leaders seek to change the doctrinal identity of the local church, there must be a business meeting in which the entire membership can discuss and vote on this decision. The UPCI has a right to be represented at this meeting, but the ultimate decision rests with the voting membership. Moreover, an affiliated church must have a UPCI pastor. In case of a pastoral vacancy, district officials will work with the church to find another UPCI pastor (as they should with all churches that seek a UPCI pastor). If a church isn't affiliated, it's still considered to be a UPCI church as long as its pastor holds credentials with the UPCI. If a church votes to disaffiliate, in essence it votes that in the future the pastor will be the only person who decides what relationship the church will have with the UPCI. If the pastor withdraws or is dropped from the UPCI, then the church will automatically cease being part of the UPCI with no further vote.

Governmental Regulations

1. *Labor Laws.* Small employers (fewer than fifty employees) are usually exempt from most labor laws, but some may apply, such as minimum wage laws. The federal government requires large employers to provide a certain type of health insurance. The state may have other requirements, possibly

including worker's compensation insurance.

2. *Securities Laws*. State and federal laws may apply if a church markets investment opportunities or sets up a plan for financing other than a bank loan.

3. *Copyright Laws*. Writings, music, art, and professional photos are usually protected by copyright. When a church duplicates, projects, posts, or broadcasts material under copyright, it may owe a fee to the copyright holder. It's possible to pay an annual fee to CCLI, a licensing company, for permission to use most current Christian songs. Copyright law has an exception for "fair use"; namely, a relatively small portion of a copyrighted work can be quoted for discussion, study, and review. The author should be credited and not misrepresented. Some occasional copying is allowed for instructional purposes.

4. *Tax Laws*. See chapter 23 and appendix A.

5. *Zoning, Building Codes, and Nuisances*. Local governments regulate the use of real property and the construction of buildings. Schools and daycares are subject to special regulations. Cities sometimes use zoning to discriminate against churches, in which case legal advice should be obtained.

Property Law

A church should consult its own attorney before buying or selling real estate, entering into a lease, borrowing a significant sum of money, or starting a construction project. It shouldn't start construction, not even site work, before securing a permanent loan (if needed) and executing proper legal documents. When purchasing property, a church needs to obtain title insurance and a warranty deed (rather than a contract for deed). If a church borrows money for the purchase, the lender will require a mortgage or deed of trust. The church must ascertain whether there are liens on the property due to prior borrowing, construction, or lawsuits. The process of construction should be set up in consultation with the church's attorney and lender to make sure suppliers and subcontractors execute lien waivers as they get paid.

Conclusion

In short, familiarize yourself with important matters of church organization and potential legal liability. Ideally you will have a volunteer professional, staff member, or leadership team member who stays informed in this area. For important matters, consult a qualified professional as

appropriate, such as an accountant, insurer, lender, or attorney. Careful attention to legal and financial matters will protect, preserve, and perpetuate your work.

23

Church Finances

“Providing honorable things, not only in the sight of the Lord, but also in the sight of men” (II Corinthians 8:21).

Like chapter 22, the purpose of this chapter is not to cover all aspects of accounting but to inform ministers and churches of major financial concerns and to help them know when to seek professional advice. It provides general information only. For specific accounting or legal advice, a certified public accountant (CPA) or lawyer should be consulted.

When Paul wrote to the Corinthian church about collecting an offering, he stated two important principles about church finances. First, we must do what is right in God’s sight, which means we must act with honesty and integrity. Second, we must do what is right in people’s sight, which includes obedience to the laws of the land. Some leaders say they report only to the Lord, but we are also accountable to the people we serve. Not only must we do right, we must appear to do right. We are to conduct our business in an open, transparent manner. We want to protect against failures and against false accusations, for they can be equally devastating.

Financial Structure of the Local Church

1. *Delegated Authority.* From a legal perspective, the officers of the church have authority as delegated by the body, and in turn the pastor delegates authority to those who work under his or her oversight. No one has absolute, unrestricted authority. Leaders are to administer finances in accordance with what the church has authorized.

2. *Congregation and Church Board.* The church’s legal structure is established by its articles of incorporation and bylaws. The bylaws typically include general instructions for the financial operations of the church. As a matter of theology and congregational church government, the UPCI holds that ultimate decision-making authority in business matters rests with the church members. They adopt and amend the bylaws, and they elect the pastor. Typically they must approve major decisions such as the purchase or sale of property, the construction of a new building, and the assumption

of major debt. There is also a practical reason for this form of government: the people assume the long-term responsibility and provide the financial support for these decisions. The church board has authority to execute the decisions of the church body, adopt policies and procedures, and make other important financial decisions, such as approving the pastor's compensation and adopting an expense reimbursement policy. The pastor, as the chief executive officer, sets direction for the church and oversees daily operations. The church board does not typically initiate action but advises the pastor and considers matters at the pastor's request.

3. *Pastor*. Scripturally, the pastor is the overseer of all aspects of the church including finances. Even so, pastors don't exercise unbridled discretion. If they do, they can easily get into legal trouble. For example, if they treat the church bank account as their personal account, they can become guilty of fraud or tax evasion. If there is a tithing account over which they have sole discretion, the IRS will deem all its deposits to be the pastor's personal income unless proven otherwise. In short, all receipts and expenditures of church funds should take place in accordance with the law, accepted accounting practices, the bylaws, and the standard policies and procedures of the church.

4. *Treasurer*. The treasurer works under the pastor and is the financial officer. He or she is in charge of the receipt, care, and disbursement of money; financial records and books of account; and financial statements. A bookkeeper can assist in these matters.

5. *Accountant*. It's desirable for the church to have an outside accountant to set up the financial books, give advice as needed, update the church on new laws and regulations, prepare financial statements, and arrange for an annual review or audit (often required by a lender).

The Pastor and Church Finances

The pastor oversees the finances of the church and ensures the proper management of church funds, including the following.

1. *Example in Giving*. Pastors are typically among the top financial supporters of the church. People need to know that they give, that they support what they promote.

2. *Contribution Statements*. Each contributor should receive an annual contribution statement. For contributors to claim a tax deduction, the church must provide them with a statement after the conclusion of the year but before they file their income tax return. It's best to provide contribution statements on a quarterly basis. First, this is a good way to verify church

records, investigate any problems, and correct any errors in a timely manner. Second, this helps people to evaluate their stewardship and stay current in their giving.

3. *Monitoring of Contributions.* The pastor should monitor contributions, especially tithing, for both spiritual and financial reasons. When someone doesn't pay tithes or stops paying tithes, often this indicates a spiritual issue. Of course, pastors should be cautious and diplomatic in dealing with these situations. They should minister to everyone in the same way, but they need to consider this information when evaluating qualifications for leadership. The pastor also needs to know about any significant changes in contributions that could affect the budget, such as a definite trend or a key contributor who stops giving. As pastor, I reviewed total contributions weekly and individual contributions quarterly.

4. *Monitoring of Expenditures.* Regular bills can be set up for regular payment, but the pastor should become personally acquainted with all the financial obligations of the church. He or she should monitor the cash flow to ensure that enough money is coming in to pay the bills and that the bills are proper, reasonable, and expected. The treasurer or bookkeeper makes deposits and pays bills under the pastor's supervision. In times of financial difficulty, the pastor sets priorities, negotiates terms for deferring bills, and raises the funds to meet obligations.

5. *Reporting to Church Board.* The pastor should keep the church board informed of the financial condition of the church, such as by a quarterly report.

6. *Annual Business Meeting.* The pastor should schedule an annual business meeting, typically in the first part of the year, to review the previous year. At this meeting the treasurer should present financial statements in simplified form for church approval.

Financial Management

1. *Bookkeeping.* The church must have an accounting system in place. The treasurer or bookkeeper should record all receipts and expenditures on a weekly basis.

2. *Cash Control.* Some important elements are as follows: (a) Implement a system of checks and balances, or separation of duties. The purpose is to prevent fraud or suspicion of fraud. The key point is to have more than one person handling and verifying funds. More than one person should count the offering. One person should prepare deposits while another person makes them. One person should authorize the payment of bills while another

person pays them. Online banking makes it easy for someone other than the bookkeeper to verify all receipts and expenditures. (b) Monitor cash flow on a weekly basis. (c) Use deposit forms and itemize each contribution. (d) Use requisition forms to approve expenditures in advance. The expenditure should be approved by a department head, another designated leader, or the pastor, based on the amount. (e) Pay bills by check, credit card, or electronic transfer rather than cash. (f) Have invoices and receipts to document all expenditures.

If the church has a separate bank account for tithes, which isn't recommended, this account must be subject to the same policies, procedures, and controls. All its receipts and expenditures should be included in the budget and financial reports. No one should have sole control of the account. The church board may specify that tithes are to be used for certain purposes, such as ministerial compensation, ministerial expenses, and special needs, but all disbursements need to be processed by someone other than the pastor. Moreover, it's best for pastors not to regularly sign checks on any church account. If they do, then in a tax audit the IRS can review both personal and church records.

3. *Budgeting.* As chapter 14 discusses, it's important to have an annual budget to establish priorities, plan for the future, and monitor financial performance. It's good to establish a budget for each department, ministry, and major event, which can then be incorporated into the overall budget. I recommend that the pastor and leadership team prepare an annual budget for approval by the church board. I also recommend that the pastor personally review budget-to-actual performance on a monthly basis and report this information to the church board on a quarterly basis. If income is lower than projected or if expenses are higher than projected, adjustments should be made as soon as possible. The budget is a helpful tool to identify unusual or unexpected activities that must be addressed, including errors, misjudgments, or fraud. By comparing performance to the budget and by comparing performance from month to month and year to year, the pastor can obtain a good understanding of financial performance in order to make adjustments and plan for the future.

4. *Reporting.* Financial reporting is needed for several purposes: (a) monthly reports for internal management, (b) quarterly and annual payroll tax reports to the government, (c) annual financial statements to the church, and (d) financial statements as required by lenders. For internal management, detailed reports are helpful and can be generated by accounting software. The annual financial statements to the church can

be simpler. Many income and expense categories can be grouped together. Individual salaries and contributions shouldn't be disclosed. When applying for a loan it's advisable to obtain professional assistance. Many churches experience difficulty in getting a loan because of disorganized, inaccurate, or nonstandard statements.

The Church and Taxes in the US

1. *Tax Exemption.* Under US law, a church is automatically tax exempt, even without applying for an exemption, as long as it truly operates as a church. If someone asks for verification, pastors can obtain a letter verifying the tax-exempt status of their church at upciministers.com under the group exemption for the UPCI. Churches can also apply individually for recognition of this status, but this isn't necessary if they are listed in the UPCI directory and especially if they are officially affiliated with the UPCI.

2. *Payroll Taxes.* The church must comply with state and federal tax laws and meet any payroll tax obligations. Failure to do so can result in civil and even criminal penalties for officers and board members. As a nonprofit organization, a church cannot distribute assets for the benefit of an individual. It can pay employees, but only "reasonable compensation," and it can provide charitable assistance to people in need. Certain rules apply to the compensation of ministers. (See appendix A.) A church can elect not to withhold or match Social Security and Medicare taxes for employees, but in that case the individual employees must pay taxes like a self-employed person, essentially paying both the employer and the employee contribution. In fairness, if a church makes this election it needs to ensure that employees understand this requirement and are adequately compensated. Churches must also report compensation to nonemployees, such as guest speakers, on Form 1099 if it exceeds an annual threshold of \$600 (as of 2015). Expense reimbursements shouldn't be included.

3. *Unrelated Business Income.* If a church operates a regular business it may be subject to unrelated business income tax. This tax typically doesn't apply to occasional fundraisers, but it may apply if a church borrows money to invest in a business activity.

4. *Tax-Deductible Contributions.* Cash contributions to churches are deductible if the donor has a timely receipt or contribution statement from the church which states that no goods or services were provided in exchange for the contribution. The contribution cannot be designated for the benefit of an individual, and it must be given directly to the church.

5. *Accountable Expense Reimbursement Policy.* The church should adopt an accountable expense reimbursement policy so that it can pay for business expenses incurred by the pastor and other employees. Each month employees can submit a statement of expenses to be reimbursed or can charge these expenses on a church credit card, but they must keep receipts and make note of the business purpose. (For a sample policy, see "Organizing a Church Legally," in *Growing a Church* and on *upciministers.com*.)

6. *State and Local Taxes.* States may have income and other payroll taxes. If the church operates a bookstore or a retail business, it may be subject to state sales and use taxes. Churches are exempt from property taxes but must apply for this exemption. They may be taxed on unused land or on property used to generate rental or business income. Another entity may be able to share the use of church property by simply paying for a portion of actual costs, especially if it is also nonprofit. Otherwise, if this arrangement is deemed a profit-making business venture, there could be property tax or federal income tax.

Special Offerings

The UPCI depends upon local churches to support many worthwhile endeavors including Partners in Missions (Global Missions), Christmas for Christ (North American Missions), Mother's Memorial (Ladies Ministries), Apostolic Man, Sheaves for Christ (Youth), Save Our Children (Sunday School), various multicultural ministries, and various endorsed ministries. The church should budget for offerings and fundraisers to support these projects. As pastor, I appealed once a year for everyone to make a monthly pledge to world missions (in addition to tithes). We placed this money in a world missions fund and used the fund for monthly partners, annual offerings, and special needs. In this way people could support every special appeal through their monthly budget, and the church could plan its major contributions within its annual budget.

In addition, several church departments such as children, youth, and women conducted fundraisers for their annual offerings. Often, I told departments that the missions fund would match their fundraising or at least would supplement it by a certain amount. At the designated time I announced each annual offering to the church. I explained that those who gave monthly to world missions were already supporting the offering, but they were welcome to give extra if they desired. Those who did not give monthly were encouraged to give one-time offerings. People could also

designate monthly contributions to specific needs such as Partners in Missions, Compassion Services International, Tupelo Children's Mansion, Lighthouse Ranch for Boys, New Beginnings (adoption agency), Urshan College, and Urshan Graduate School of Theology. At certain times such as Thanksgiving and Christmas, I appealed for contributions to help needy individuals and charitable agencies in our city. I taught stewardship, monthly giving, and giving to special needs as God impressed, but I did not make a heavy push for funds. This plan removed pressure from individuals and the church as a whole, while enabling the church to cooperate with every district and general project.

When purchasing property or constructing a building, it may be necessary to conduct a capital campaign. Typically this consists of an appeal for one-time contributions and monthly or annual pledges over a three-year period. The UPCI Stewardship Group can assist with resources for capital campaigns, church loans, and church construction.

Jesus said the children of this world are sometimes more shrewd in their business dealings than the children of the light (Luke 16:8). As children of the light, let's be wise in taking care of the church's business. If we aren't, we can hinder or damage the work of God. Even though our mission is first and foremost spiritual, we must attend to legal and financial matters so that God can bless our work.

ORGANIZING A CHURCH LEGALLY

INTRODUCTION

In the US, churches are automatically exempt from federal income taxes. Churches listed in the UPCI Directory, especially affiliated churches, are covered by the UPCI's group exemption number, which is 1411. To document a church's federal tax exemption, which is called 501(c)(3) status, a pastor may obtain a copy of the group exemption letter of determination from the IRS in the name of his or her church at upciministers.com. 501(c)(3) status also means that donations to your church are tax deductible by the donor. It is not necessary for a local church to file separately for 501(c)(3) status. However, each church must file for its own employer identification number (EIN), which is needed to open a bank account, to take out a loan, and to pay employees. The EIN can be obtained online at irs.gov by completing Form SS-4. A local church should NOT use the UPCI's EIN number, for the UPCI is a separate legal entity. (The UPCI does not own local church properties, and local church employees are not employees of the UPCI.) In some states, churches will need to file for exemption from state income tax. Churches that own property will also need to file for exemption from state and local property taxes.

When a new church is planted, it is important for it to be organized legally. The following are a sample of what should be done. The underlined wording of initial meeting minutes will vary depending on the individual situation. Bracketed wording is optional and may also vary with the situation.

Please note that these minutes included are only a sample. They contain general information, but not every provision may apply in every state or province or to every situation. They are not intended to provide legal advice. In all cases, an attorney in your state or province should be consulted for final advice in preparing organizational documents and initial meeting minutes. Moreover, these minutes do not contain everything that is necessary.

In particular, the articles of incorporation, the bylaws, and the application for affiliation with the UPCI all need to be prepared as separate documents.

Each congregation seeking to incorporate should, with the advice of local legal counsel, put in place articles of incorporation, bylaws, and minutes of its first organizational meetings.

These three steps will be treated in order, below.

For further discussion of legal, compensation, and tax issues, see the current edition of the following resources.

1. Hammar, Richard. *Pastor, Church and Law*, Matthews, NC: Christian Ministry Resources.
2. Hammar, Richard. *Church & Clergy Tax Guide*. Carol Stream, Ill.: Christianity Today International.
3. Cobble, James F., Jr., and Richard R. Hammar. *Compensation Handbook for Church Staff*. Matthews, NC: Christian Ministry Resources.

INCORPORATION OF THE CONGREGATION IN THE UNITED STATES

Note: New churches in Canada may follow a similar procedure, but Canadian churches should seek local counsel.

Each state will have its own particular procedure for the establishment of a nonprofit corporation for church purposes. Therefore, legal counsel should be consulted at the early stages of adopting articles of incorporation by which the church is formed. The articles of corporation should carefully state the religious, educational and charitable purposes of the corporation in order to fully comply with Internal Revenue Service requirements under Section 501(c)(3) of the Internal Revenue Code. In addition, in most states, the articles of incorporation may state an initial board of directors (usually at least three individuals). Also, in most states, the articles of incorporation should state that the corporation shall have members. Finally, Internal Revenue Service regulations

require certain provisions against private benefit and the distribution of assets upon dissolution to be included in the articles of incorporation. Attached as Exhibit A are these suggested provisions. However, legal counsel should be consulted for final approval of all provisions of the articles of incorporation.

A congregation may be incorporated by simply filing the articles of incorporation with the state, usually its office of the Secretary of State. These may be signed by “incorporators”. The incorporators may be a small number of the organizing members of the church, typically including the pastor, but may also include the attorney for the congregation.

ORGANIZATIONAL MEETING OF FIRST BOARD OF DIRECTORS

The first organizational meeting of the congregation as a corporation may be held by those who are the initial board of directors named in the articles of incorporation, but those who are also interested as organizing members of the church may also attend this meeting. However, for legal purposes, separate minutes of the initial meeting of the board of directors of the corporation should be kept from the minutes of the first meeting of the members, described below.

The central elements of the meeting of the first board of directors, those appointed in the articles of incorporation as filed with the state, may include any or all of the provisions detailed in the sample minutes included in this document. However, the following four items should specifically be addressed and adopted by the initial board of directors as they are essential to identifying properly the officers and pastor of the corporation,.

1. The officers should be appointed, including confirming the pastor of the congregation.
2. The bylaws of the corporation should be adopted.
3. The pastor should confirm in the minutes of the board meeting the other board members and officers of the corporation.
4. Other provisions that may be included in the organizational meeting of the first board of directors follow in sample minutes of the meeting.

Minutes of Organizational Meeting of Board of Directors

First Pentecostal Church of Anytown, Inc.

January XX, 20XX

1. Call and Notice of Meeting

These are the minutes of the organizational meeting of the board of directors of First

Pentecostal Church of Anytown, Inc. (referred to as the “church”), a Texas nonprofit corporation. This meeting was held at 100 Main Street, Anytown, Texas, on January xx, 20xx, at 7:30 PM. This meeting was called by Pastor, the incorporator named in the articles of incorporation. Notice of the time and place of this meeting was communicated by telephone and mailed on December xx, 20xx, to each church board member named in the articles of incorporation.

2. Attendance and Quorum

Pastor and Presbyter and other board members named in the articles of incorporation were present at this meeting. These persons are named as board members (directors) of the church in the articles of incorporation, and their attendance constituted a quorum. District North American Missions Director, the only other board member of the church, attended the meeting by speaker telephone.

3. Chair and Secretary

On a motion duly made and seconded, [by unanimous vote,] Presbyter was elected to act as chair of the meeting and Other Person was elected to act as secretary of the meeting. Both persons accepted the election and acted in their respective capacities.

4. Bylaws

A member of the board of directors moved that the church adopt as its bylaws the Local Church Government in the current *Manual* of the United Pentecostal Church International, as it may be amended from time to time.

[*Alternate*: A document of seven pages entitled “Bylaws of First Pentecostal Church of Anytown, Inc.” was presented. After discussion, on a motion duly made and seconded, by a unanimous vote, the church board:

Resolved, that the church adopt as its bylaws the Local Church Government in the current *Manual* of the United Pentecostal Church International, as it may be amended from time to time

[*Alternate*: A document of seven pages entitled “Bylaws of First Pentecostal Church of Anytown, Inc.” was presented. After discussion, on a motion duly made and seconded, by a unanimous vote, the church board: *Resolved* that the bylaws so presented to and considered at this meeting be adopted as the Bylaws of First Pentecostal Church of Anytown, Inc. The secretary is directed to certify a copy of the bylaws and insert them in the minute book of the church. The secretary is directed to certify another copy of the bylaws and maintain them in the principal office of the church.]

5. Affiliation

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that the church affiliate with the United Pentecostal Church International, headquartered in Weldon Spring, Missouri.

6. Officers

Pursuant to the bylaws, the church board [unanimously] chose Pastor as the founding pastor.

The pastor then appointed the following individuals to serve as members of the church board for a term of one year: Pastor, Presbyter, and District North American Missions Director.

The pastor then appointed Other Person as secretary-treasurer for a term of one year.

7. Bank Account

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that the church establish in its name one or more accounts with First Bank in Anytown, Texas, and adopt the resolutions required by the bank, which are stated on its signature card. The pastor and treasurer are authorized to establish accounts for the church. The pastor and treasurer are authorized to withdraw funds of the church from the church’s accounts by signing checks or other instruments, provided that both signatures shall be required on any check in the amount of \$ _____ or greater or any check paid to the order of the pastor or the

treasurer. First Bank is authorized to honor and pay any and all checks and other instruments so signed, including those drawn to the individual order of any officer or other person authorized to sign the check or other instrument.

8. Organizational Expenses

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that the treasurer be directed to pay the expenses of incorporation and organization of the church.

9. Compensation of Pastor

(See Exhibit B for additional notes on the Pastor's compensation, benefits and expenses)

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that the following goal be set for the pastor's total annual compensation (salary, housing, insurance, retirement): \$XX,000.00, plus or minus \$X,000.00. It is understood that the church will not be able to pay this amount at present, but the pastor's compensation will be increased gradually to meet this goal as the budget permits. In the meantime, the compensation may be set below or within this range by mutual agreement of the pastor and treasurer. However, any increase must be included within the annual budget that is approved by the church board.

The pastor shall retain the intellectual property rights on all books, papers, and other works that he or she creates, and he/she shall have full rights to all royalties from the sale of his or her books, papers, and other such works.

10. Housing Allowance for Pastor

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that of the pastor's compensation, \$XX,000 is hereby designated to be a housing allowance pursuant to section 107 of the Internal Revenue Code. This designation shall apply to calendar year 20XX and all future years unless otherwise provided.

11. Nontaxable Benefits for Pastor and Other Full-time Employees

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that in addition to the foregoing compensation, the church will provide the following nontaxable fringe benefits to full-time employees, when the pastor and treasurer jointly determine that such action is desirable and financially feasible and when the necessary funds are included in the annual budget approved by the church board. For the purpose of these benefits, the pastor is deemed to be a full-time employee, even if he or she has other sources of income. When the church is ready to add a full-time employee other than the pastor, the church board will review this policy and seek professional advice to ensure that the church provides and administers these benefits in a nontaxable way.

a. *Medical insurance.* Payment of medical insurance premiums on behalf of the employee and his/her family, to the extent allowed by federal and state law, for a policy or policies to be approved by the pastor and treasurer. If the employee is covered by other medical insurance (such as through a retirement plan, other employment, or a spouse), then he/she can sign a statement waiving participation in this plan.

b. *Medical cost reimbursement plan.* Reimbursement of medical costs incurred by the employee and his/her family that are not covered by insurance, to the extent allowed by federal and state law. Such reimbursement is to be administered in accordance with IRS regulations, and it shall be for the type of medical expenses that a medical insurance policy would ordinarily cover except for rules regarding deductibles, co-payments, and cost caps. The reimbursement may cover doctor's bills, hospital bills, prescriptions, vision care, and dental care for the employee and his/her dependents. The maximum reimbursement allowed each year shall be \$X,000.00. After the church has been in existence for X years, for an employee to qualify he/she must have been employed full time for X consecutive years. It is the employee's responsibility to submit medical expenses to the church for reimbursement.

c. *Retirement Payments.* Payments to a tax-deferred, qualified retirement plan, up to ten percent of salary.

d. *Group term life insurance.* The purchase of up to \$50,000 of group term life insurance, or the maximum allowed as nontaxable by the Internal Revenue Service.

12. Accountable Expense Reimbursement Policy

On a motion duly made and seconded, [by a unanimous vote,] the church board adopted the following accountable expense reimbursement policy:

Resolved, that First Pentecostal Church of Anytown, Inc. hereby adopt a reimbursement policy pursuant to applicable federal income tax regulations upon the following terms and conditions:

a. Any ministerial employee of the church will be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the church, if the following conditions are satisfied: (a) the expenses are reasonable in amount; (b) the minister documents the amount, time, place, business purpose, and business relationship of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the minister's federal income tax return; and (c) the minister documents such expenses by providing the church treasurer with an accounting of such expenses, no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by a minister.

b. The church will not include in a minister's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraph, and the minister should not report the amount of any such reimbursement as income on his/her Form 1040.

c. Any church reimbursement that exceeds the amount of business or professional expenses properly accounted for by a minister pursuant to this reimbursement policy must be

returned to the church within 120 days after the associated expenses are paid or incurred by the minister, and shall not be retained by the minister.

d. If, for any reason, the church's reimbursements are less than the amount of business and professional expenses properly substantiated by a minister, the church will report no part of the reimbursements on the minister's W-2 form, and the minister may deduct the unreimbursed expenses as allowed by law.

e. Under no circumstances will the church reimburse a minister for business or professional expenses incurred on behalf of the church that are not properly substantiated according to this policy. Church and staff understand this requirement is necessary to prevent the reimbursement plan from being classified as a "nonaccountable" plan.

f. The minister shall retain all receipts and other documentary evidence to substantiate the business nature and amount of his/her business and professional expenses incurred on behalf of the church and shall provide to the church copies of such receipts and evidence.

g. The church will reimburse business use of a car at the standard mileage rate currently allowed by the Internal Revenue Service.

h. This accountable expense reimbursement plan extends to nonministerial employees and volunteer workers whom the pastor designates. Their expenditures are subject to advance approval by the pastor.

13. No Compensation for Board Members

On a motion duly made and seconded, [by a unanimous vote,] the church board:

Resolved, that no church board member, including the pastor, has received or shall receive any compensation for his or her duties as a church board member.

14. Adjournment

On a motion duly made and seconded, [by a unanimous vote,] the church board voted to adjourn the meeting.

ORGANIZATIONAL MEETING OF FIRST MEMBERS

Minutes of First Meeting of the Members

First Pentecostal Church of Anytown, Inc.

January XX, 20XX

1. Call and Notice of Meeting

These are the minutes of the organizational meeting of the Members of First Pentecostal Church of Anytown, Inc. (referred to as the “church”), a Texas nonprofit corporation. This meeting was held at 100 Main Street, Anytown, Texas, on January XX, 20XX, at 7:30 PM. This meeting was called by Pastor and initial board of directors named in the articles of incorporation. Notice of the time and place of this meeting was communicated by telephone and mailed on December XX, 20XX, to each person who has expressed an interest in being admitted into membership of the church

2. Attendance and Quorum

Pastor and Presbyter were present at this meeting in person. These persons and others are named as the initial board members (directors) of the church in the articles of incorporation, and their attendance constituted a quorum. Also present at the meeting were Other Persons. The foregoing persons represent their desire to constitute the initial membership of the church.

3. Chair and Secretary

On a motion duly made and seconded, [by unanimous vote,] Presbyter was elected to act as chair of the meeting and Other Person was elected to act as secretary of the meeting. Both persons accepted the election and acted in their respective capacities.

4. Articles of Incorporation

A document of five pages entitled “Articles of Incorporation of First Pentecostal Church of Anytown, Inc.” was presented. After discussion, on a motion duly made and seconded, [by a unanimous vote,] the church membership:

Resolved, that the articles of incorporation presented to and considered at this meeting be adopted as the Articles of Incorporation of First Pentecostal Church of Anytown, Inc.

5. Bylaws

Resolved, that the church adopt as its bylaws the Local Church Government in the current *Manual* of the United Pentecostal Church International, as it may be amended from time to time.

[*Alternate*: A document of seven pages entitled “Bylaws of First Pentecostal Church of Anytown, Inc.” was presented. After discussion, on a motion duly made and seconded, by a unanimous vote, the church board and membership:

Resolved, that the bylaws presented to and considered at this meeting be adopted as the Bylaws of First Pentecostal Church of Anytown, Inc. The secretary is directed to certify a copy of the bylaws and insert them in the minute book of the church. The secretary is directed to certify another copy of the bylaws and maintain them in the principal office of the church.]

6. Affiliation

On a motion duly made and seconded, [by a unanimous vote,] the church and membership:

Resolved, that the church affiliate with the United Pentecostal Church International, headquartered in Weldon Spring, Missouri.

7. Officers

Pursuant to the bylaws, the church board [unanimously] chose Pastor as the founding pastor. The church membership [unanimously] endorsed this choice.

The pastor then appointed the following individuals to serve as members of the church board for a term of one year: Pastor, Presbyter, and District North American Missions Director.

The church membership [unanimously] endorsed each appointment.

The pastor then appointed Other Person as secretary-treasurer for a term of one year. The church membership [unanimously] endorsed this appointment.

8. No Compensation for Board Members

On a motion duly made and seconded, [by a unanimous vote,] the church members:

Resolved, that no church board member, including the pastor, has received or shall receive any compensation for his or her duties as a church board member.

9. Adjournment

On a motion duly made and seconded, [by a unanimous vote,] the church membership voted to adjourn the meeting.

Other Person, Secretary

Approved by: _____

Presbyter, Chair

EXHIBIT A

Corporation's Purposes

The purposes for which the Corporation is organized are as follows:

(A) The Corporation is organized exclusively to carry out and fulfill religious, charitable, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any corresponding provision of any future federal tax law (the "Code"). In furtherance, but not in limitation of such purposes, and subject to the limitations and restrictions set forth in subparagraph below, the Corporation may:

1. _____
2. _____
3. Solicit and receive gifts, contributions, bequests, devises and grants of property, whether real or personal, whether outright or in trust, from individuals, foundations, partnerships, associations, organizations, corporations, legal entities and governmental agencies and units.
4. Hold, invest, and distribute the Corporation's assets for the benefit and use of (i) any organization or entity to which contributions are deductible under Section 170(c)(1) of the Code, (ii) any organization or entity (a) which is exempt from federal income taxation under Section 501(c)(3) of the Code and (b) to which contributions are deductible under Section 170(b)(2) of the Code or (iii) any other organization or individual, provided that such contribution (a) will constitute a direct charitable act or (b) will be used exclusively for charitable purposes described in Section 170(c)(2)(B) of the Code and will be made in full compliance with all requirements imposed upon the Corporation by the Code and the Treasury Regulations thereunder.

5. Do everything necessary in the proper management and administration of the affairs of the Corporation, including, but not by way of limitation, the holding, purchase, lease, sale, exchange and receipt of property, real and personal, in the manner and subject to the restrictions set forth in these Articles of Incorporation and in the Bylaws of the Corporation.

(B) Notwithstanding anything herein to the contrary:

1. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

2. The Corporation shall not carry on any activities not permitted to be carried on by (a) a corporation exempt from Federal income tax under Section 501(c)(3) of the Code or (b) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

3. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its Directors, Officers, or other private persons except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article VII.

(C) Subject to the foregoing, the Corporation may engage in any lawful, charitable activity for which corporations may be organized under the [TITLE OF STATE NONPROFIT CORPORATION LAW].

EXHIBIT B

Notes on the Pastor's Compensation, Benefits, and Expenses

Church contributions are used to fund the pastor's salary, benefits, and ministerial expenses. Compensation should not be stated a percentage of tithes or contributions, but should be stated as a flat salary to avoid the appearance of private sharing of the church's income, which is prohibited for nonprofit organizations. The church board or a special committee can research the typical compensation given to ministers in the United States and recommend a salary or salary range. (See *Compensation Handbook for Church Staff*.)

The amount designated as housing allowance does not increase the pastor's compensation. It simply reclassifies compensation in accordance with tax law to provide an additional benefit to the pastor at no extra cost to the church. Actual housing expenses may be less than the stated allowance (in which case the pastor can only exclude from income actual expenses). However, the housing allowance should be set high enough to cover the maximum housing expenses the pastor might incur in a given year, including down payment, mortgage payments (principal and interest), taxes, insurance, utilities, maintenance, furnishings, household supplies, and rent. The housing allowance is not subject to federal income tax to the extent it does not exceed any of the following three amounts: the actual amount designated by the church, the actual amount spent for housing, and the fair rental value (market costs that would be incurred by a renter for house, furnishings, utilities, and upkeep). The church board should pass the housing allowance before the end of the year for the upcoming year.

In addition to reimbursing the pastor for ministerial expenses, the church can also pay bills that he/she incurs on behalf of the church. The pastor can also charge ministerial expenses to a church credit card used solely for that purpose, and the church can pay the monthly bill. Here are examples of expenses the church can pay or reimburse: mileage at the IRS rate for church business

travel, books and periodicals for ministerial research, ministerial tithes and ministerial dues (which are required professional dues), entertainment of counselees and church guests, purchase of supplies for the church, expenses of attending church conferences and seminars, and long-distance telephone charges for church-related calls.

An automobile allowance not subject to an accountable expense reimbursement policy must be treated as salary. If the pastor operates an automobile owned by the church, then he/she must reimburse the church for personal mileage, which includes commuting from home to church.

LOCAL CHURCH GOVERNMENT

(The following is provided as a SAMPLE FORM for the local church government. It is necessary that each church have its own written set of bylaws which have been approved by the local congregation and signed by the local church officials. This is being offered as a guideline for the local church to use in establishing the documents as required by various governmental agencies. In the absence of a locally adopted constitution and bylaws, this sample form becomes the working bylaws for the local church.)

PREAMBLE

In order to establish our work on a more efficient and permanent basis, we, the members of (Name of Church) in (City, State or Province), affirm our belief that church should be scrupulously set in order, and that God's people should be organized efficiently to carry on the gospel work successfully and handle their business affairs properly.

PURPOSE

A house divided against itself cannot stand (Mark 3:25). The main purpose of this constitution is to provide rules to govern the assembly, according to the Scriptures, so that we may advance in the will of God. See I Corinthians 12:28; Titus 1:5.)

ARTICLE I THE ASSEMBLY

Section 1. Name. This assembly shall be known as (Name of Church).

Section 2. Purpose.

1. To establish and maintain a place of worship.
2. To unite people of like faith in the bonds of brotherly love and fellowship (Hebrews 13:1).
3. To meet together to truly worship God in spirit and in truth and to receive spiritual teaching (John 4:24; Ephesians 4:11-15).
4. To point the lost to the way of life by publishing at home and abroad the Bible standard of full salvation as stated in the UPCI Fundamental Doctrine of the Articles of Faith listed below (Acts 1:8, 2:38-39).
5. To provide rules of Christian conduct, based upon the Word of God (Titus 2).

ARTICLE II MEMBERSHIP

Section 1. Eligibility.

Anyone who believes and obeys the Apostolic doctrine as set forth in the Articles of Faith of the UPCI, having received the experience of salvation as described in its Fundamental Doctrine, is eligible for membership. This Fundamental Doctrine is: The basic and fundamental doctrine of the General Organization shall be the Bible standard of full salvation, which is repentance, baptism in water by immersion in the name of the Lord Jesus Christ for the remission of sins, and the baptism of the Holy Ghost with the initial sign of speaking with other tongues as the Spirit gives utterance. We shall endeavor to keep the unity of the Spirit until we all come into the unity of the faith, at the

same time admonishing all brethren that they shall not contend for their different views to the disunity of the body.

Section 2. *Obligations.* Each member of the assembly must accept the following obligations:

1. To continue to believe and obey the Apostolic doctrine as set forth in the Articles of Faith.
2. To cleanse oneself from all filthiness of flesh and spirit, perfecting holiness in the fear of God (II Corinthians 7:1). This obligation includes adhering to and practicing the teachings in the section entitled Holiness in the Articles of Faith of the UPCI and the holiness teachings of this local assembly.
3. To conduct oneself everywhere in a manner becoming to a Christian.
4. To endeavor to manifest a spirit of brotherly love and fellowship toward all of God's people.
5. To attend worship services faithfully (Hebrews 10:25).
6. To support the work of the assembly with prayer, tithes, and offerings as God enables (Malachi 3:10; I Corinthians 16:2).
7. To maintain family and personal devotions.
8. To abide by the bylaws of this assembly (Hebrews 13:17).
9. In case of moving, to secure a letter of transfer and unite with another church of the same faith as soon as possible.

Section 3. *Admission.*

1. Anyone who is eligible and accepts the foregoing obligations shall become a member of the assembly by completing an application (if required by the church board), registering his or her name and address, and securing approval from the Pastor.
2. No member of another UPCI assembly shall be received as a member of this assembly without a letter or other communication of transfer from his or her church. If a transfer is requested but not given, this requirement is deemed to be met when the person would be entitled to a transfer under the following Paragraph 3.
3. No person who desires to withdraw their membership shall be refused a transfer unless proven guilty of misconduct by confession or by church board determination. When a person guilty of misconduct has made satisfactory restitution to the matter then he or she can be accepted as a member of another UPCI assembly.

Section 4. *Church Discipline.*

1. Any member who fails or refuses to keep the obligations of members may be suspended by action of the church or church board after first and second admonitions from the Pastor (II Thessalonians 3:6; Titus 3:10).
2. If any member is overtaken in a fault, he or she shall be dealt with according to Galatians 6:1, I John 5:16-17, and James 5:19-20.
3. Any grievance between two or more members shall be dealt with according to Matthew 18:15-18.
4. If a member is proven guilty of misconduct by confession or church board determination, he or she may be removed from the membership roll. If he or she truly repents his or her membership may be reinstated.

ARTICLE III OFFICERS

Section 1. *List of Officers.* The officers of the church shall be as follows:

1. Pastor, who serves as chairman of the church board.

2. Board Members, at least three (in addition to the Pastor) and not more than seven.
3. Secretary.
4. Treasurer. (One person may serve as Secretary-Treasurer.)

Section 2. Eligibility.

1. The Pastor must have a recommendation from the District Superintendent of the UPCI. The District Superintendent shall not withhold a recommendation if the minister holds a current UPCI fellowship card, unless there is a question concerning his or her conduct or qualifications. In such a case the District Superintendent shall notify both this assembly and the minister of the nature of his objection.
2. All officers, with the exception of the Pastor, must have been members in good standing for at least one year. However, during the first three years after the formation of this assembly, persons are eligible for office if they have been members in good standing of any UPCI assembly for at least one year.

Section 3. Pastor.

1. The Pastor shall be chosen by the church board, whose decision must be endorsed by the church. The church vote shall be by secret ballot. However, if less than three church board members are currently serving, the District Superintendent of the UPCI, or the district presbyter authorized by him, shall call for the election of a Pastor. In such case the method of election shall be the same as in Article IV, Section 6, Paragraphs 1 through 4 of the General Constitution of the UPCI.
2. In a case of alleged mishandling of the pastoral role, the reporting procedure shall be as follows: A member of the church board may report the matter in writing to the District Superintendent, by certified mail with return receipt requested, and send a copy to the Pastor by the same method. The District Superintendent, District Presbyter, and one other member of the District Board shall investigate the report and take any further action as they deem necessary, subject to the General Constitution and Judicial Procedure of the UPCI.
3. If the Pastor resigns, he or she shall give the church board thirty days' notice. If the church desires, this may be shortened. In either case, the church shall pay his or her stipulated income for the thirty days following his or her notice of resignation. Furthermore, the church is immediately at liberty to start negotiations for a new Pastor.
4. The following procedure shall govern the dismissal of the Pastor.
 - (a) Any member of the church board may request that the Pastor call a church board meeting to discuss the office of Pastor. He or she must make the request in writing, stating his or her reason, and send it to the Pastor, by certified mail with return receipt requested, with a copy to the District Superintendent by the same method.
 - (b) The Pastor shall call a church board meeting within thirty days to discuss the situation and if possible to resolve the matter.
 - (c) If this meeting does not resolve the stated problem or difference, then the Pastor or church board shall notify the District Superintendent.
 - (d) The District Superintendent shall then arrange a meeting with the Pastor and church board to assist in mediation.
 - (e) If the District Superintendent deems it necessary, the matter shall be brought to the church membership in a duly called meeting, presided over by the District Superintendent, in which a vote of confidence on the Pastor may be taken. The vote shall be by secret ballot.
 - (f) If the Pastor does not receive a majority vote, he or she shall be dismissed as Pastor with thirty days' notice. The provisions of the foregoing Paragraph 3 shall apply as if he or she had resigned.

- (g) If the Pastor receives a majority vote, he or she shall be retained as Pastor, and the members of the church board shall resign. The Pastor shall appoint a new church board, with the appointments subject to endorsement by the assembly.
5. The foregoing Paragraph 4 shall not apply in the case of the founding Pastor, who shall serve until his or her resignation or incapacitation.
 6. When the Pastor gives notice of resignation or the church gives notice of dismissal, there shall be no changes in the bylaws, membership roll, or officers until after the election of a new Pastor. When the procedure of the foregoing Paragraph 4 is implemented, there shall likewise be no such change until the matter is resolved.
 7. In case of the resignation or dismissal of the Pastor, the church board shall immediately notify the District Superintendent of the vacancy, and under his direction, call a business meeting to choose a Pastor or transact any other necessary business. The District Superintendent, District Secretary, or the district presbyter whom he may authorize, shall preside over the meeting.
 8. The financial remuneration of the Pastor shall be determined by agreement between him or her and the church board. (See Luke 10:7; I Corinthians 9:7-14.)
 9. The Pastor's authority and duties shall be as follows to:
 - (a) Preach and teach the Word as God gives him or her ability.
 - (b) Have the oversight and superintendence of all interests of the church and of all departments of its work, both spiritual and temporal, since he or she is responsible for the guardianship and watchful care of all who are committed to his or her trust. He or she is to feed the flock of God, serving as overseer, not by constraint but willingly, not greedy for money but eager to serve, not as lord over God's heritage, but as an example to the flock (I Peter 5:2-3).
 - (c) Be consulted regarding all business of any importance pertaining to the spiritual, moral, and material affairs of the church.
 - (d) Call for and preside over business and church board meetings and shall appoint committees.
 - (e) Be ready for every good work. (See I Thessalonians 5:14; II Timothy 4:1-2; Titus 3:1.)

Section 4. Church Board.

1. The members of the church board shall be appointed by the Pastor and endorsed by the church for a term of one year.
2. With the Pastor, they shall care for the business affairs of the assembly, submitting all major transactions to the assembly for its approval or disapproval, and if needed, serve as trustees, holding church property in trust.

Section 5. Secretary

1. The Secretary shall be appointed by the Pastor and endorsed by the church for a term of one year.
2. The duties of the Secretary shall be to take minutes and to preserve records of all business proceedings and all other papers belonging to the assembly.

Section 6. Treasurer

1. The Treasurer shall be appointed by the Pastor and endorsed by the church for a term of one year.
2. The duties of the Treasurer shall be to receive and care for funds of the assembly, make disbursements, and keep an accurate record of transactions.
3. The assembly may call for monthly, quarterly, or annual reports from the Treasurer and may call for an audit of the books.
4. The Pastor, or a member of the church board designated by him or her, shall approve of all disbursements before the Treasurer makes them, with the

exception of regular payments such as salaries, utilities, and ordinary expenses. All bills shall be paid by check, credit card, or online transfer.

Section 7. *Other Leaders.*

The Pastor may appoint ministerial staff as well as other leaders as he or she deems necessary to assist him or her and to serve at his or her discretion.

Section 8. *Dismissal of Officers and Leaders.*

Any officer or other leader may be removed from office for

- (a) manifesting a lack of interest and failing to fulfill his or her responsibilities for a reasonable amount of time,
- (b) failing to fulfill the obligations of membership, or
- (c) misconduct proven by confession or by church board determination.

ARTICLE IV PROPERTY

Section 1. *Purchase of Real Property.*

If at any time the assembly desires to purchase real property, the Pastor and church board shall investigate and consider the matter and present their views to the assembly. The assembly must approve of the purchase of real property at a duly called business meeting.

Section 2. *Title.*

Title to all church property shall be in the name of the assembly.

Section 3. *Dissolution.*

If the assembly ceases to function as a church, all its assets shall be assigned to another nonprofit religious organization within the UPCI. The district board of the UPCI must review and approve of the disposition of these assets.

ARTICLE V BUSINESS MEETINGS

Section 1. *Annual Meeting.*

A business meeting shall be held at least once a year. The Pastor and the Treasurer shall present reports at this meeting.

Section 2. *Notice.*

A business meeting of the church must be announced publicly in at least three regularly scheduled services, the first announcement being at least ten days before the meeting date.

Section 3. *Deciding Vote.*

A deciding vote shall be the majority vote of the members present and voting at a business meeting.

Section 4. *Voting Age.*

Only members who are sixteen years of age and older are entitled to vote.

ARTICLE VI Amendments

Section 1. *Two-Thirds Majority Vote.*

These bylaws may be amended by a two-thirds majority vote of the members present and voting at a business meeting.

Section 2. *District Approval.*

A copy of the amended bylaws should be sent to the district office. Amendments must be in harmony with the General Constitution of the UPCI and will not take effect if they are disapproved by the district board of the UPCI.

**ARTICLE VII
RECORD OF ADOPTION**

At a duly called business meeting on this day, the membership of (Name of Church) adopted the foregoing bylaws by the following vote: (number) for and (number) against.

(Date)

[Signed]

(Name of Pastor);

(Name of Secretary);

(Name of Church Board Member)

Appendix A

Compensation for Pastors

How should a pastor be compensated for his or her service, and how much is appropriate? Several considerations are important.

Theological Considerations

Preachers of the gospel are entitled to earn a living from their gospel work (Luke 10:7; I Corinthians 9:14). Churches should compensate pastors equitably, generously, and commensurate with their work responsibilities. (See I Timothy 5:17-18.)

Pastors are overseers of the local church, not hirelings. (See I Peter 5:1-4.) At the same time, they are accountable to the church, which includes financial matters. (See II Corinthians 8:20-21.) All the revenues and expenses of the church, including tithes, should come under the oversight of the senior pastor; and the church should follow the appropriate ethical, accounting, legal, and tax guidelines.

The New Testament does not introduce a new financial plan but assumes the continuation of tithing, which was a principle of faith even before the law of Moses. (See Genesis 14:20; 28:22; Matthew 23:23.) In the Old Testament, tithes supported the priests and Levites, which included administrators, musicians, and gatekeepers. Some tithes were used for religious celebrations, support of the needy, and apparently other expenses to operate God's house. (See Deuteronomy 12:17-19; 14:22-29; II Chronicles 31:4-21; Malachi 3:10.) By analogy, tithes today should first support the pastor adequately. After this goal has been accomplished, tithes can help support other church workers, activities, and needs according to the discretion of the pastor and church.

Ethical, Legal, and Practical Considerations

It's generally desirable for senior pastors to work full time for the church and to be compensated accordingly. Historically, the income of most Pentecostal churches was relatively small, so typically pastors received all the tithes, which often still did not equate to a true full-time salary.

Even today, most UPCI pastors in the US and Canada are bivocational. They rely at least in part on income from other ministerial activities, investments, personal businesses, secular employment of pastor or spouse, or secular retirement. Some pastors could receive full support from the church but, like Paul, choose not to do so, instead designating money for other important church needs.

Once a church is able to support its pastor full time, it should provide compensation similar to that of pastors of other churches and denominations. For information on the compensation of pastors throughout the US, see the current edition of the *Compensation Handbook for Church Staff* by Richard Hammar, an attorney and accountant affiliated with the Assemblies of God. It provides information based on factors such as attendance, budget, region, urban versus rural areas, and pastor's education and experience.

The income of full-time Pentecostal pastors can be somewhat higher than in many other denominations, for several reasons. (1) They often have greater authority and responsibility and provide a greater level of pastoral care. (2) Typically, they have sacrificed income and contributed heavily in order to grow the church. (3) Many Pentecostal churches have grown significantly in attendance and finances due primarily to the pastor's leadership. (4) The pastor's spouse is often deeply involved in the church's ministry without separate compensation.

Some pastors of large churches accept only an average salary because the church is investing greatly in building programs, missions, daughter works, and growth. Other churches don't have many expenses of this nature and can afford to pay a very large salary. Pastors of these churches should still consider carefully the principles of good stewardship, however. (See Luke 16:10-14; I Timothy 6:6-19.)

Since pastors are committed to a life of ministry and since churches operate on a nonprofit basis, pastors should expect to make less than executives and professionals in secular and for-profit fields. Moreover, they should realize that God has blessed the North American church so that it can be a blessing and can fulfill His mission to win the lost. For example, the difference between providing \$100,000 and \$200,000 in annual compensation could enable the local church to be a leading contributor to world missions as well as to expand its own base of ministry. Consequently, the pastors of growing churches often make considerably less than those of well-established, stable churches. There is a tremendous need and opportunity for strong churches and pastors to fulfill a greater vision of investing in God's kingdom.

Legally, pastors are church employees, and the church or church board must independently approve their compensation plan. There can be serious legal consequences for not having an approved plan or not following it carefully. For example, if the pastor exercises unilateral control over a church account, such as a tithing fund, then the IRS could classify all the money in that fund as the pastor's taxable income.

Since churches are tax exempt, they cannot share profits but must provide compensation that is reasonable in a nonprofit context. As of 2015, the IRS deemed a person receiving total compensation of \$120,000 or more, including benefits, to be "highly compensated." If a pastor's compensation is greater, the church board should review the available comparable data and document special qualifications and responsibilities to support the high level. A "highly compensated" pastor should receive a fixed salary rather than a percentage, lest the arrangement appear to be a type of profit sharing. The same is true of a pastor who receives substantially all the church's unrestricted income.

When I started a church in Austin, Texas, I began with an external board until we could develop qualified board members within the congregation. The initial board approved a salary (including housing) of 75 percent of tithes, with the remaining 25 percent being available for ministerial benefits and expenses. At first tithing was minimal, and I supported my family through other employment. As the church grew, I progressively asked for my compensation to be reduced until it was 10 percent of the tithes, and eventually I asked for a fixed salary within an approved range. We were in growth mode and needed to support our building and missions programs. For the first ten years, my contributions to the church were greater than my income from the church. For the next four years I received a partial salary, and in the final four years I received a full salary for our size. We were greatly blessed, and we were able to bless the kingdom of God.

In short, the local church should structure the pastor's compensation to be equitable and generous, to meet legal requirements, and to minimize taxes. Significant issues are expense reimbursement, housing allowance, insurance benefits, retirement benefits, and cost-of-living adjustments.

For US ministers a helpful resource is the current edition of Richard Hammar's *Church & Clergy Tax Guide*. This book discusses another important issue, which is how to report compensation properly. For summary information, see "Organizing a Church Legally" (in my book *Growing a Church* and on upciministers.com). Both this resource and this appendix provide general information only. For specific legal, accounting, or tax

advice in individual cases, contact a qualified professional such as a CPA who is familiar with church and ministerial finances.

Expense Reimbursement

The local church should have an accountable expense reimbursement plan to reimburse the pastor for any ministry and church expenses. (For a sample policy, see "Organizing a Church Legally.") Examples are travel expenses for church conferences, ministerial dues, entertainment of church guests, ministerial books, and mileage for church business (but not commuting from home to church). While many churches use tithes for this purpose, these reimbursements should not be considered part of the pastor's compensation. Pastors can use a church credit card for such expenses if they document the business use and don't use the card for personal expenses.

Housing Allowance

For US tax purposes, the church should designate a portion of the minister's salary as a housing allowance, or it may provide a parsonage. For the church budget, salary and housing are treated the same; together they constitute base pay. The church does not provide an extra benefit but simply labels part of the minister's paycheck. The designation makes no difference to the church but provides a tax advantage to the minister. Ministers don't pay income tax on the housing allowance, although they do pay self-employment tax. They can exclude the housing allowance from taxable income only to the extent that the amount is actually designated by the church, does not exceed fair market rental value (including expenses of operation), and is actually used to provide housing. It can include rent, down payment, mortgage payment (principal and interest), property taxes, property insurance, utilities, furnishings, and maintenance.

The housing allowance must be established in advance by a written resolution of the church or church board. It should be set somewhat higher than what the minister will probably need, to make sure it will cover any unexpected expenses. Regardless of the amount designated, the minister's paycheck remains the same. At the end of the year, based on actual housing expenses the minister and the treasurer can calculate how much taxable income the church needs to report on Form W-2. Alternatively, the church can report the minister's income net of the full housing allowance, in which case the minister is responsible to report any unused portion as taxable income.

Insurance Benefits

Medical insurance is an important benefit that many employers provide, and the UPCI does so for its employees including missionaries. For this benefit to be nontaxable in the US, however, it must meet certain conditions of federal healthcare law. Many churches have provided basic health insurance with a relatively high deductible and a reimbursement plan for out-of-pocket medical expenses. This has been a cost-effective solution for both pastor and church. Federal healthcare laws and regulations, however, have subjected such plans to taxes and penalties. Thus the church may wish to calculate the value of this benefit plus taxes and add it to base salary instead. If the pastor is the only employee, the church may be able to purchase tax-free health insurance. Otherwise, it may wish to adopt a group health insurance plan.

Other benefits to consider, which may be important for both minister and church, are life insurance and disability insurance. If a local church provides them, however, they typically will be taxable.

Retirement Benefits

It's important for the church to provide a retirement plan for the pastor. An excellent vehicle is the Ministers Retirement Fund established by the UPCI. It has special advantages over general plans, such as the ability to designate a ministerial housing allowance. For more information, see appendix B and go to *mrf.upci.org*. For headquarters employees, the UPCI contributes up to 5 percent of base salary (including housing) to match an employee's contribution, so that an employee can save a total of 10 percent. Missionaries raise a budget that includes a retirement contribution of 10 percent.

Adjustment and Review

There should be a means to provide for annual cost-of-living adjustments (COLA). The UPCI obtains regional COLA information and typically makes an annual adjustment for its employees if the budget permits. As pastor, I handled this matter by asking the church board to approve a salary range. The exact salary was established within this range in consultation with the church treasurer. This mechanism provided some confidentiality and some flexibility to make adjustments based on changes in budget conditions and cost of living.

The pastor's compensation package should be reviewed every five years or as requested by the pastor. An annual review requires unnecessary work and can unnecessarily connect raises to temporary issues.

Appendix B

Planning for Retirement

Ministers typically don't think of retiring from ministry. Yet they should plan for a time when they don't have to depend on employment to support self and spouse. At some point in the senior years they will want freedom from daily ministerial responsibilities and the need for a regular paycheck. Age or declining health may force this time upon them, but if not, at some point they will desire the flexibility to minister, spend time with family, travel, and relax on their own schedule without needing to earn a living. Planning financially for their senior years is their responsibility.

Traditionally, many pastors have relied upon their churches to make monthly payments to them after they retire. While such income is deserved, this plan isn't preferred for several reasons. First, it makes the minister and spouse dependent upon the local church for the indefinite future, and circumstances can change. Second, a retirement agreement can be difficult to enforce, and attempting to enforce one can severely damage relationships and the church. Third, such a plan can distort the search for a successor, as the retiring pastor may feel the need to choose someone who will guarantee the retirement plan even if that person may not be the most qualified or the first choice of the church. Fourth, it can limit the church's future ability to secure a new pastor or assistant pastor, launch a building program, and make other important financial decisions. The church's growth and the new pastor's leadership may be hindered. In some cases, a church has to support two former pastors or widows in addition to the current pastor. The future of the church may be held in check by its past.

Typically, whatever plan a church adopts at a minister's retirement, the church can later decide to cancel it without recourse. And unfortunately such a decision isn't uncommon due to the passage of time, change of financial circumstances, change of leadership, or new needs and opportunities. The typical life span of such an arrangement in the UPCI is only thirty months. As presbyter, then as district superintendent, and even as general superintendent I had to mediate in situations where a church wanted to

modify or terminate retirement payments to a former pastor or pastor's spouse.

It's difficult to write a binding contract in this situation, because a contract requires a true exchange. Each party must contribute something of present value. If a church simply agrees to pay for past services, it receives nothing new in return, and so it probably cannot be legally required to maintain monthly payments indefinitely. Moreover, since churches are nonprofit organizations, they are not supposed to distribute their assets for the benefit of private individuals. It can be difficult to justify why a church continues to make monthly payments when no service is being rendered, unless they are classified as charity and so are completely discretionary. To ensure fulfillment, then, a retirement plan needs to be in place as part of the pastor's compensation long before retirement.

If no retirement plan is already in place, an option is for the church to make a lump-sum retirement payment, even if it has to borrow money to do so. The retiring minister can then set up his own plan. This arrangement provides certainty for both minister and church, although it may still limit the church's future options. If the minister plans to remain part of the local congregation, another option is for the new pastor to hire him or her as a pastoral advisor or assistant, in which case the former pastor can continue to receive employee compensation.

In sum, the best practice is for a church to include retirement payments in the pastor's compensation package while the pastor is actively employed. Some pastors may prefer to make their own arrangements through individual retirement accounts (IRAs) or annuities. In this case, both pastor and church board should understand that the pastor's compensation includes funds for retirement.

One objection is that the church cannot afford to make retirement contributions. If this is true, then it's unreasonable to expect the church to make payments in the future while also compensating a new pastor. In this situation a new pastor will have to fund a retirement plan that the previous pastor didn't. While a retired pastor is certainly worthy of support, the church needs to provide this support while the pastor is still active, as part of fair compensation for services the pastor is currently rendering. If the church plans to make retirement payments in the future without funding them in the present, it isn't compensating the pastor fully for present services but is deferring part of its present obligations to the future.

US churches can set up a retirement plan for ministers and other employees through the UPCI Ministers Retirement Fund, which has several

advantages over individual and secular plans. (Go to mrf.upci.org.) There is no administrative cost to the church. The minister immediately becomes owner of the money and controls how it's invested. The primary advantage of this plan over secular plans is that a minister can invest money tax-free, grow the money tax-free, and then withdraw it free of income tax to the extent that it can be classified as a housing allowance.

If ministers have a significant lump sum to invest for retirement, they may wish to consider placing money in the United Pentecostal Foundation or the United Pentecostal Church Loan Fund. (Contact UPCI Stewardship Department.) A charitable gift annuity (CGA) can be established through the foundation. The donor makes a tax-deductible contribution and receives a specified monthly income for life. When the beneficiary of the annuity passes away, a designated ministry receives the principal. Individual Retirement Accounts (IRAs) can be established through the loan fund.

A bivocational pastor or a pastor whose spouse is employed may be able to establish an adequate retirement plan through other employment. Social Security alone will probably not be sufficient, however. In any case, it is our Christian responsibility to provide for ourselves and our families. (See II Thessalonians 3:10; I Timothy 5:8.) This responsibility extends to the senior years for both pastor and spouse.

Ministers Retirement Fund (MRF)

The Ministers Retirement Fund is a separate corporation governed by its own board. The assets invested in the MRI are not owned, controlled, or accessible by the UPCI. Each participant is fully vested and owns his or her investment. The MRF currently has over \$40 million in assets. The size of the fund enables it to operate at a low cost and provides the necessary economies of scale to use institutional investments, otherwise unavailable to the individual investor. The MRF is administered by two third-party administrators: a professional registered investment advisor, Moneta Group Investment Advisors LLC,¹ and Retirement Plan Services LLC (RPS), the recordkeeping administrator. Both Moneta Group and RPS receive a flat, asset-based fee that is not affected by the investment choices of participants. Therefore, they do not work on commission and have no financial incentive to influence those choices. The UPCI utilizes the MRF as the retirement plan for its employees and contributes on behalf of its headquarters employees and missionaries; however, the UPCI does not receive any financial benefit from the MRF.

Participants have three basic avenues of investment within the MRF: (1) The board-managed fund in which the primary goal is preservation of capital and the secondary goal is to earn a reasonable rate of return. (2) Ten risk-based model portfolios available to individuals on two platforms, faith-based and standard, with five portfolios on each (conservative, moderate conservative, moderate, moderate aggressive, and aggressive). The faith-based portfolios have an additional screen to avoid investment in companies that are inconsistent with Christian values. (3) A self-designed portfolio with the ability to choose from a variety of funds available on the MRF platform. Participants can spread their investment among these choices. They can manage their account online, checking their balance, updating information, and changing their investment choices at any time. For urgent needs, they can borrow up to the lesser of \$50,000 or 50% of their account balance.

Upon reaching the age of retirement, participants have benefits that may not be available from individual or secular plans. First, subject to applicable law they can take distributions as a nontaxable housing allowance and the distribution will be free of federal and state income taxes. Therefore, contributions can be made on a pre-tax basis, reducing taxable income for the individual. The money will grow tax deferred (not taxed on an annual basis) while it is in the retirement fund; then to the extent that this money can be withdrawn as a housing allowance, it can avoid federal and state tax altogether. Second, if they are still active in ministry participants are eligible to postpone the Required Minimum Distribution (RMD) that is otherwise required by law when an individual attains age 70½.

If you are interested in learning more about the MRF or want to start the process of having your church adopt the MRF, please contact the dedicated MRF Service Team:

Ministers Retirement Fund Service Team

Local: (314) 446-7523

Toll Free: (855) MRF-UPCI (855) 673-8724

Email: MRFquestions@rpsbenefits.com

¹The information contained herein is general in nature and subject to change without notice. Moneta Group Investment Advisors, LLC ("Moneta") is not affiliated with your employer. Moneta is an SEC-registered investment advisor. Moneta does not give legal or tax advice. Applicable laws and regulations are complex and subject to change. For legal or tax advice concerning your individual situation, please consult your legal counsel or professional tax advisor.

United Pentecostal Foundation (UPF)

The United Pentecostal Foundation (UPF) is a separate corporation from the UPCI governed by its own board. Several options in the UPF can be used as a vehicle for ministers retirement planning.

The most common is a Charitable Gift Annuity (CGA). A CGA can be purchased by a minister or a church to provide the minister and spouse a guaranteed stream of income for the rest of their lives. The CGA also creates a permanent endowment that will provide an annual gift for a local assembly or other ministry after both annuitants are gone, giving perpetual gifts until the Lord returns. A church can establish an annuity as a way to help the minister and spouse, and after they have both passed away the church will typically receive back 50 percent or more of the funds it originally gave.

There are two types of annuities, immediate and deferred. An immediate annuity provides a stream of income for the minister immediately. The immediate annuity is not practical until the youngest annuitant is at least 60. The deferred annuity can start at any age with a predetermined start date that again is at least 60. The older the annuitants are when they start receiving the income, the higher the rate of return.

CGAs in the UPF use the payout rates established by the American Council of Gift Annuities, to ensure at least 50% of the annuity is left for the final gift back to the church or other UPCI ministry. The UPF Board has established investment policies, and a third party has been engaged to hire the money managers to meet the benchmarks as established. Since the beginning of the foundation and even including down years, the total portfolio has been and is now able to give much more than 50 percent of the original investment back to the ministry of choice. Neither the minister nor spouse ever has to worry about the investment of the money; the foundation board takes that responsibility. A tax deduction benefit is given for the year the CGA is established, and the income from the annuity is typically tax free for several years.

A minister or church board can request a free CGA proposal from the Foundation by contacting Steve Drury at smdrury@upci.org or 314-837-7304 ext 309 with the names of annuitants and dates of birth.

United Pentecostal Church Loan Fund (UPCLF)

Individual retirement accounts (IRAs) are also available through the United Pentecostal Church Loan Fund (UPCLF). The UPCLF offers both traditional and Roth IRAs. In 2014 the maximum contributions limit is \$5,500; those who are age 50½ or older can add another \$1,000 for a maximum contribution of \$6,500. A minister and spouse together can add a total of \$11,000 per year to their IRAs or \$13,000 if over age 50½. UPCLF uses GoldStar Trust as the administrator of the IRAs. The investments are made into the UPCLF and receive a guaranteed fixed rate of return. Investors can open a new IRA or transfer or roll over present IRAs into the UPCLF. This can be accomplished by going to www.upcloanfund.org and filling out forms provided under Investment Opportunities or contacting Steve Drury at smdrury@upci.org or 3314-837-7304 ext 309.

3.

SAMPLE CHURCH & CORP. POLICIES

IN THIS SECTION:

- Statement of Faith
- Accountable Reimbursement
- Anti-Terrorism
- Benevolence
- Corporate Expenditures
- Conflict-of-Interest
- Donated Property
- Indemnification
- Cell Phone Use
- Cell Phone Provision
- Volunteer Agreement
- Confidentiality
- Sexual Harassment
- Document Retention
- Facilities Use
- Daughter Work

Statement of Faith

(ENTER CHURCH NAME HERE)

(ENTER CHURCH NAME HERE) embraces the following statements concerning the Truth. The Bible is our all-sufficient rule for faith and practice. This statement of fundamental truths is intended as a basis of fellowship among us [i.e., that we all speak the same thing (I Corinthians 1:10; Acts 2:42)]. No claim is made that it contains all Biblical truths, only that it covers our need as to these fundamental doctrines.

About the Bible

The Bible is the inspired, infallible, and authoritative written Word of God for salvation and Christian living. (See II Timothy 3:15-17; Ephesians 3:5; II Peter 3:2)

About God

There is one God, who has revealed Himself as our Father (Creator), as Son Jesus Christ (Savior), and as the Holy Ghost (Indwelling Spirit). Jesus Christ is God manifested in flesh. He is both God and man. Jesus is the only saving name. (See Deuteronomy 6:4; Ephesians 4:4-6; Colossians 2:9; I Timothy 3:16; Acts 4:12)

About Sin and Salvation

Everyone has sinned and needs salvation. Salvation comes by grace through faith based on the atoning sacrifice of Jesus Christ. (See Romans 3:23-25; 6:23; Ephesians 2:8-9)

About the Gospel

The saving gospel is the good news that Jesus died for our sins, was buried, and rose again. We obey the gospel (II Thessalonians 1:8; I Peter 4:17) by repentance (death to sin), water baptism by immersion in the name of Jesus Christ (burial), and the infilling of the Holy Ghost with the evidence of speaking in tongues as the Spirit gives the utterance (resurrection). (See I Corinthians 15:1-4; Acts 2:4, 37-39; Romans 6:3-4)

About Christian Living

As Christians we are to love God and others. We should live a holy life inwardly and outwardly, and worship God joyfully. The supernatural gifts of the Spirit, including healing, are for the church today. (See Mark 12:28-31; II Corinthians 7:1; Hebrews 12:14; I Corinthians 12:8-10.)

About the Future

Jesus Christ is coming again to catch away His church. In the end will be the final resurrection and the final judgment. The righteous will inherit eternal life (heaven), and the unrighteous eternal death (Hell). (See I Thessalonians 4:16-17; Revelation 20:11-15.)

Corporate Policies

(Enter Church Name Here)

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Accountable Reimbursement Policy

WHEREAS, Treasury Regulations 1.162-17 and 1.274-5(e) provide that an employee "need not report on his tax return" expenses paid or incurred by him/her solely for the benefit of his/her employer for which he/she is required to account and does account to the employer and which are charged directly or indirectly to the employer; and

WHEREAS, Treasury Regulation 1.274-5(e) further provides that "an adequate accounting means the submission to the employer of a reimbursement form (statement of expense) or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to the 'adequate records' requirements" set forth in the regulation; and

WHEREAS, this organization desires to establish a reimbursement policy pursuant to Treasury Regulations 1.162-17 and 1.274-5(e); therefore, be it Resolved, that This organization hereby adopts a reimbursement policy pursuant to IRC Section. 62(c), IRC Section 274 and Treasury Regulations 1.162-17 and 1.274-5(e), upon the following terms and conditions:

The President, or any person now or hereafter employed by this organization shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the organization, if the following conditions are satisfied:

1. The expenses are reasonable in amount.
2. The person incurring the expense documents the amount, time and place, business purpose, and business relationship of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the person's federal income tax return.
3. The person documents such expenses by providing the organization treasurer with an accounting of such expenses no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than sixty (60) days after the expense is paid or incurred by a pastor, associate in ministry or employee.

The organization shall not include on a President's or other employee's Form W2 the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraph, and these persons should not report the amount of and such reimbursement on his or her Form 1040.

Any organization reimbursement that exceeds the amount of business or professional expenses properly accounted for pursuant to this reimbursement policy must be returned to the organization within 120 days after the associated expenses are paid or incurred and shall not be retained by the President, associate, or employee.

If, for any reason, the organization's reimbursements are less than the amount of business and professional expenses properly substantiated by a President or other employee, the organization will report no part of the reimbursements on the employee's W2, and the President or employee may deduct the unreimbursed expenses as allowed by law.

Under no circumstances will the organization reimburse a President or other employee for business or professional expenses incurred on behalf of the organization that are not properly substantiated according to this policy. Organization and staff understand that this requirement is necessary to prevent our reimbursement plan from being classified as a "non-accountable" plan. All receipts and other documentary evidence used by a President or other employee to substantiate the business nature and amount of business expenses incurred on behalf of the organization shall be retained by the organization. The President or employee may, at his or her election, make copies of such evidence.

The organization reserves the right to deny a reimbursement request for the following reasons:

1. The individual requesting the reimbursement incurred an unauthorized expenditure.
2. The individual does not submit the request within 60 days of incurring the expenditure.
3. The organization's budget cannot support the reimbursement.

In the case where the organization denies a reimbursement request, a written explanation shall be given to the individual stating one of the three items described above.

Anti-Terrorism Policy

WHEREAS, exempt organizations under section 501(c) of the internal revenue code may engage in activities overseas and give money and support to foreign organizations that have not qualified for tax-exempt status in the United States, Revenue Ruling 68-489, 1968-2 C.B. 210 clearly indicates that " An organization will not jeopardize its exemption under section 501(c)(3) of the Code, even though it distributes funds to nonexempt organizations, provided it retains control and discretion over use of the funds for section 501(c)(3) purposes so long as it meets certain requirements."

1. All foreign activities and support of foreign organizations shall be to further the purposes of this organization as stated in the articles of incorporation.
2. The exempt organization will be required to ensure that use of the funds for section 501(c)(3) purposes will be limited to specific projects that are in furtherance of this organization's exempt purposes.
3. This organization shall retain control and discretion as to the use of the funds and;
4. Maintain records establishing that the funds were used for section 501(c)(3) purposes.

WHEREAS, Executive Order 12947, and its annex 13099, issued by President Bill Clinton and Executive Order 13224, issued by President George W. Bush, blocking certain transactions between U.S. citizens, including corporations and persons who commit, threaten to commit, or support terrorism.

Be it RESOLVED, this organization adopt an International Activities and Terrorism Policy effective immediately and unless rescinded or amended shall remain in effect perpetually. This policy is based on the voluntary best practices guidelines issued by the U.S. Treasury Department. The organization shall take all reasonable steps to stay up to date with the latest list of countries considered state sponsors of terrorism and are subject to special sanctions under 31 CFR Part 596. This organization shall regularly check and rely upon the data provided by the U.S. Department of State as found in the "Specially Designated Nationals and Blocked Persons List" and "List of Sanctioned Countries".

Furthermore, this organization shall ensure that all transactions between this organization and any foreign entity or individual will be for the furtherance of our exempt purposes, and that the following information be gathered:

1. The foreign organization's name in English, in its native language, and any other identifying information.
2. The places where the foreign organization maintains a physical presence.
3. Copies of the organization's formation documents as approved by the proper authorities.

4. The addresses and telephone numbers for the organization's offices.
5. The organization's principal purpose.
6. The full names, addresses and other identifying information of the individuals in charge of the organization.
7. The names of financial institutions where funds will be deposited.
8. The names and addresses of its employees, contractors, and subcontractors.
9. A written agreement describing how the funds will be used, and how it will further our exempt purposes.

Benevolence Policy

This church, in exercise of its religious and charitable purposes, has the ability to establish a benevolence fund to assist persons who are truly in need.

Title 26 CF 1.170A-4A(D) defines a truly in need person as: A person who lacks the necessities of life, involving physical, mental, or emotional well-being, as a result of poverty or temporary distress. Examples of needy persons include a person who is financially impoverished as a result of low income and lack of financial resources, a person who temporarily lacks food or shelter (and the means to provide for it), a person who is the victim of a natural disaster (such as fire or flood), a person who is the victim of a civil disaster (such as a civil disturbance), a person who is temporarily not self-sufficient as a result of a sudden and severe personal or family crisis (such as a person who is the victim of a crime of violence or who has been physically abused), a person who is a refugee or immigrant and who is experiencing language, cultural, or financial difficulties, a minor child who is not self-sufficient and who is not cared for by a parent or guardian, and a person who is not self-sufficient as a result of previous institutionalization (such as a former prisoner or a former patient in a mental institution).

This church would further need to refrain from the giving of benevolence to any persons that would be considered disqualified, as defined in section IRC § 4946. Disqualified persons are any individual who is:

1. A substantial contributor to you.
2. An officer, director, trustee, or any other individual who has similar powers or responsibilities.
3. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor to you.
4. An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor to you.
5. An individual who owns more than 20% of the beneficial interest of a trust or estate that is a substantial contributor to you.
6. A member of the family of any individual described in 1, 2, 3, 4, or 5 above.
7. A corporation in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the total combined voting power.
8. A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the beneficial interests.
9. A partnership in which any individuals described 1, 2, 3, 4, 5, or 6 above hold more than 35% of the profits interest.

The administration of the benevolence fund, including all disbursements made to fully qualified individuals, is subject to the exclusive control and the discretion of the Board of Directors or other designated body of this church.

Corporate Expenditures Policy

Any form of withdrawal at or more than **(ENTER \$ AMOUNT)** shall require the signatures of two officers who are also authorized signees on the bank account, one which must be the Treasurer.

(ENTER CHURCH NAME HERE), with the approval of the Board of Directors, has the ability to obtain debit cards for the general checking account or credit cards in the name of the organization for organizational use. Access to these cards will be at the discretion of the Board of Directors. Spending on any debit/credit card must be reported to the Treasurer or the Board of Directors along with a receipt of the spending.

- Debit/credit cards will be used only for business purposes. Personal purchases of any type are not allowed.
- No one other than the approved card holder can authorize the use of any issued card.
- Lost or stolen cards must be reported immediately.
- Each card holder will sign a copy of this policy at the time the card is issued.

The organization may annually approve an official operating budget. The Board of Directors should create an effective process for estimating the next years cash flow necessary to create a reasonable budget. The budget should be prepared and approved by the voting body no later than before the close of the calendar year. The budget shall be approved in a manner prescribed within the Bylaws.

Conflict of Interest Policy

Article I Purpose

The purpose of the Conflict-of-Interest Policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Définitions

Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement.
2. Compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement.
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
4. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
5. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

Determining Whether a Conflict of Interest Exists:

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Procedures for Addressing the Conflict of Interest:

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the governing board or committee shall determine whether the organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

Violations of the Conflicts of Interest Policy

If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV Records of Proceedings

The minutes of the governing Board and all committees with Board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing Board's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any

alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V Compensation

A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI Annual Statements

Each Director, principal Officer, and member of a committee with governing Board delegated powers shall sign a statement each appointed term which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Donated Property Policy

In the event that the church receives a donation of personal property that does not have a useful church function, the Board of Directors will meet at a regularly called board meeting and decide how to put the property to use or dispose thereof. The church will follow the procedures outlined below:

1. We will first attempt to find an applicable use of the property.
2. The property will be evaluated, and an estimated value will be established that is as close to the fair market value of that item. An attempt to sell the property at that price will be made. The monies raised from the sale of the item shall be used solely for church purposes.
3. If efforts to sell the property fail, then it shall be auctioned off on the church property to the highest bidder. At all times the funds from the sale of the item shall be used solely for church purposes.

The organization may accept gifts of real estate, including houses, condominiums, commercial properties, farmland, rental property, and undeveloped land, after a thorough review of the following factors:

1. The usefulness of the property for church purposes
2. The marketability of the property
3. The existence of restrictions, reservations, easements, and/or other limitations
4. The existence of encumbrances, such as mortgages and mechanics liens
5. Carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses, and
6. Fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with IRS standards

Prior to the acceptance of any parcel of real property, an assessment of the potential environmental risks may be conducted. This assessment may include the following:

1. An inquiry of the present owner regarding his, her or its knowledge of the history of the property
2. A title search to determine who the prior owners might have been
3. A consultation with federal, state, and local environmental agencies to find out whether the property has any history of hazardous waste contamination: and
4. A visual inspection of the property for any evidence of environmental hazards

An environmental audit conducted by a professional service also may be required. The decision to accept gifts of real estate requires approval by the Board of Directors.

The organization reserves the right to require that the donor or the donor's personal representative pay the cost, including professional fees, of any review or investigation described above as a condition of considering acceptance of the property in question.

Indemnification Policy

The corporation shall, to the extent legally permissible, indemnify each person who may serve or who has served at any time as an officer, director, or employee of the corporation against all expenses and liabilities, including, without limitation, counsel fees, judgments, fines, excise taxes, penalties and settlement payments, reasonably incurred by or imposed upon such person in connection with any threatened, pending or completed action, suit or proceeding in which he or she may become involved by reason of his or her service in such capacity; provided that no indemnification shall be provided for any such person with respect to any matter as to which he or she shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that such action was in the best interests of the corporation; and further provided that any compromise or settlement payment shall be approved by a majority vote of a quorum of directors who are not at that time parties to the proceeding.

Cell Phone Use Policy

This policy provides direction for the use of a “wireless telecommunications device” for any reason while performing a function of (ENTER CHURCH NAME HERE) either directly or indirectly.

All employees, volunteers, or other personnel of (ENTER CHURCH NAME HERE) performing a function of the church either directly or indirectly are included in this policy. There are no excluded individuals, groups, or departments to this policy.

The term “wireless telecommunications device” shall include a cellular telephone, a text messaging device, a personal digital assistant, a stand-alone computer, or any other substantially similar wireless device that is used to initiate or receive a wireless communication with another person.

The Senior Pastor of the church is responsible for the management of this policy. The Senior Pastor of the church provides practical administration of this policy. The Board of Directors of the church is authorized to make changes to the scope and details of this policy in accordance with the Bylaws of (ENTER CHURCH NAME HERE).

Use of any wireless telecommunications device for any reason while performing a function of (ENTER CHURCH NAME HERE) either directly or indirectly is governed by the following provisions:

1. Use of a wireless telecommunications device to make or receive calls while operating a motor vehicle is prohibited unless:
 - a. The individual uses a handsfree device.
 - b. The individual is reporting a traffic accident, medical emergency, fire, serious road hazard, or a situation in which the individual reasonably believes a person's health or safety is in immediate jeopardy.
 - c. The individual is reporting the perpetration or potential perpetration of a crime.
 - d. The vehicle is lawfully parked.
2. Use of a wireless telecommunications device to write, send, or read any text-based communication, including but not limited to a text message, instant message, e-mail, or internet data while operating a motor vehicle is prohibited unless:
 - a. The vehicle is lawfully parked.

3. Use of a wireless telecommunications device in a manner that is inconsistent with any federal, state, or local ordinance is prohibited.

Cell Phone Provision Policy

This policy provides direction for the provision of “wireless telecommunications devices” for church purposes and the proper use thereof.

All employees of (ENTER CHURCH NAME HERE) who require the use of a cell phone for the conduct of church business are included in this policy. There are no excluded individuals, groups, or departments to this policy.

The term “wireless telecommunications device” shall include a cellular telephone, a text messaging device, a personal digital assistant, a stand-alone computer, or any other substantially similar wireless device that is used to initiate or receive a wireless communication with another person.

The Senior Pastor of the church is responsible for the management of this policy. The Senior Pastor of the church provides practical administration of this policy. The Board of Directors of the church is authorized to make changes to the scope and detail of this policy in accordance with the Bylaws of (ENTER CHURCH NAME HERE)

The possession and use of a wireless telecommunications device by certain designated employees of (ENTER CHURCH NAME HERE) is a requirement and is needed for the proper performance of church functions. The costs associated with the purchase and use of a wireless telecommunications device by designated employees of (ENTER CHURCH NAME HERE) will either be paid directly by the church to the service provider or reimbursed to the employee at the discretion of (ENTER CHURCH NAME HERE)

All wireless telecommunications devices used by designated employees of (ENTER CHURCH NAME HERE) are provided and/or reimbursed for the convenience of the church. Inasmuch as wireless telecommunications devices are required for certain designated employees of the church to properly perform their responsibilities, they are provided for the following substantial non-compensatory church reasons in accordance with Section 280F of the Internal Revenue Code:

1. Immediate accessibility to the employee in the event of an emergency; or
2. The employee’s office telephone is inadequate, as they are away from the church office frequently during office hours.

Use of a wireless telecommunications device provided by (ENTER CHURCH NAME HERE) is governed by the following provisions:

1. The device will be returned to the church when employment is terminated.
2. Devices are not to be “shared” by more than one employee.

3. Employees should report the loss of a device to the church office immediately so that service to the device can be terminated and a replacement procured.
4. Service charges in excess of that deemed reasonable and proper for the conduct of church business will not be eligible for reimbursement to the employee or direct payment by the church subject to the following stipulations:
 - a. Limited reimbursement/direct pay: reimbursement or direct pay will be limited to the monthly rate plus fees as contracted with the service provider. All charges incurred in excess of the monthly usage limit will be reimbursed or paid at the discretion of the church but will be reported as taxable income to the employee.
 - b. Church use reimbursement/direct pay: reimbursement or direct pay will be made at the discretion of the church but must be properly substantiated as being a church requirement.
5. The use of wireless telecommunications devices provided by the church shall not violate any provision of the Cell Phone Use Policy of (ENTER CHURCH NAME HERE).

Record of Adoption

Certificate of the Secretary

I, _____, do hereby certify that I am the duly elected and qualified Secretary of the Board of Directors and the custodian of all general business records of (ENTER CHURCH NAME HERE) a not for profit corporation organized and existing under the laws of the State of Georgia and that the foregoing is a true and accurate copy of the Corporate Policies of this church duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the Bylaws of said church, and the laws of the State of Georgia, on the _____ Day of _____, 2021.

These Corporate Policies, signed and certified, are now in full force and effect.

Witness and Attest

IN WITNESS WHEREOF, I have affixed my name as stated elected official hereunder of (ENTER CHURCH NAME HERE) and have signed this document hereunto this _____ Day of _____, 2021.

Corporate Seal

Senior Pastor / President of the Board of Directors

Secretary / Treasurer of the Board of Directors

Official Member of the Board of Directors

Volunteer Agreement Policy
(ENTER CHURCH NAME HERE)

Volunteer Agreement Policy

This policy is an annex of what has already been established in the Membership Program of (ENTER CHURCH NAME HERE), its purpose is to expound upon, clarify, and solidify the components and precepts thereof. Any question(s) regarding the following addendum or anything not already covered in this policy, or the aforementioned Program should be directed to (and decided by) the Senior Pastor/President of (ENTER CHURCH NAME HERE)

Core Values of Participation

Maintain and demonstrate Christian conduct and a positive attitude at all times; ministry is not the performance of a moment, but the outflow of a life. Integrity, character, modesty, and professionalism are key when volunteering; volunteers are to remember they are not only representing (ENTER CHURCH NAME HERE) but are a witness and example of Jesus Christ. Godly discretion is to be used in all aspects of participation when volunteering; volunteers should use wisdom during any/all outreach, and remember safety is priority (Staying in groups or with a partner when possible and appropriate).

Expectations for Volunteers

1. Communicate continually.
(When in doubt, ask; when a problem arises, inform immediately)
2. Smile, show God's love, and exceed expectations.
(Be approachable and respond appropriately)
3. Seek growth and strive for excellence.
(Be prepared; put your best foot forward)
4. Receive instruction, direction, and correction.
(Demonstrate humility; don't take things personally)
5. Have a servant's heart and be hospitable.
(Be willing and available; anticipate needs)
6. Accept responsibility.
(Take ownership of your actions; If need be, make things right)
7. Protect the unity and integrity of the church.
(This includes while on any social media platforms)
8. Avoid gossip and speak life.
(Encourage and lift others up; dismiss negativity)
9. Dress decently and with dignity.
(Remember modest apparel draws attention to the countenance)
10. Show respect and express honor.
(Treat others the way you would like to be treated)
11. Support the mission and vision of the Church.
(Be a team player; remain loyal to church leadership)

External / Outside Aid

Any/all individuals coming from other institutions, organizations, or churches, outside the “umbrella” of (ENTER CHURCH NAME HERE), shall be brought in to volunteer/minister at the Senior Pastors discretion. Any/all individuals wishing to lend aid/volunteer on behalf of (CHURCH NAME) must be preapproved to do so by the institution, organization, and/or church from which they came/represent (specifically the individual’s lead/senior pastor).

All individuals, from outside of (CHURCH NAME) must understand that they not only represent their respective party, but represent (CHURCH NAME), its team and leadership, while volunteering/serving on its behalf. All volunteers must uphold all applicable policies and procedures of (CHURCH NAME) while operating on its behalf and carry themselves accordingly for the entirety/duration of their voluntary service.

All minors that may accompany an outside/third party are the sole responsibility of the party of which they accompany; it is fully understood by (CHURCH NAME), its representatives, and leadership that those present, that are considered under legal adult age, have the backing and permission of their legal parent/guardian to travel and participate in such voluntary service(s) associated with any/all events they may wish to assist, serve, and/or volunteer for on behalf of (CHURCH NAME).

Common Interest

The behavior of anyone in fellowship with this church is of common interest to the Board of Directors and membership. This church requires every Board and congregational member to adhere to a lifestyle that is consistent with the principles/doctrine as taught in the Holy Scriptures. Therefore, this church reserves the right to refuse service to any individual, whether member or not, that is not submitting their lifestyle to this Scriptural mode of conduct. This refusal would include services, benefits, and any use of church assets. If a volunteer fails to comply with or meet the expectations of the leadership of (CHURCH NAME), then they may be subject to dismissal from their area of voluntary service.

Risk of Participation

All individuals who wish extend and provide voluntary service(s) to (CHURCH NAME) must agree to the expectations above. All volunteers may be required to sign a liability release form to perform and carry out certain job duties or functions and may also be subject to a background check and/or drug test, if applicable or deemed necessary for their involvement, in accordance with the Corporations Membership Program. No member, attendee, or volunteer should expect to be compensated for their voluntary service or time.

(CHURCH NAME) will not be held liable for any incident, accident, or injury that a volunteer may incur, including the loss or theft of personal items, while volunteering for and/or on its behalf; all minors are under the care and sole responsibility of their parent and/or guardian. This agreement does not automatically give any member/volunteer permission to act on behalf of (CHURCH). Additionally, by attending our services and/or events all individuals are aware that we may take and use photos/media of them and/or their family; however, we use discretion and will endeavor to respect an individual’s privacy/wishes.

Record of Adoption

Certificate of the Secretary

I, _____, do hereby certify that I am the duly elected and qualified Secretary of the Board of Directors and the custodian of all general business records of (ENTER CHURCH NAME HERE) a not for profit corporation organized and existing under the laws of the State of Georgia, and that the aforementioned is a true and accurate copy of the Volunteer Agreement Policy of this church duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the Bylaws of said church, and the laws of the State of Georgia, on the _____ Day of _____, 2019.

This Volunteer Agreement Policy, signed and certified, is now in full force and effect.

Witness and Attest

IN WITNESS WHEREOF, I have affixed my name as stated elected official hereunder of (ENTER CHURCH NAME HERE) and have signed this document hereunto this _____ Day of _____, 2019.

Corporate Seal

Senior Pastor / President of the Board of Directors

Secretary of the Board of Directors

Treasurer of the Board of Directors

***Please note:** This policy is offered as a sample only. Each church should secure legal and financial counsel as appropriate to determine what policies/resolutions should be adopted and to ensure any that are adopted are in compliance with all applicable federal, state/provincial, and local laws and regulations.*

CONFIDENTIALITY POLICY

Confidentiality is a basic element of the operation of this corporation. To protect the confidentiality of fellow employees, donors, and the organization, no information concerning employees, donors, receivers of benevolence, or organizational business is to be discussed with anyone except when authorized as necessary for the purpose of conducting corporate and organizational business.

All organizational information shall be kept strictly confidential. Only authorized personnel directly responsible for services to the members or for Church business shall discuss or have access to this information. Care must be exercised to be certain that unauthorized individuals do not overhear discussion nor have access to confidential information.

Employees, officers, and directors of this organization understand and agree that during their employment and/or service they may obtain information and documents which are confidential and/or privileged and proprietary in nature and which must be kept confidential both during and after their term of employment or service.

As such, all employees, officers, and directors are required to return any such documents containing privileged or confidential information whenever requested or at the time of termination of employment or expiration of service. This would include but not be limited to and financial statements or reports, donor records, corporate records such as by-laws, resolutions, article of incorporation, etc., and any banking information. In addition, all keys, passwords, or other information allowing access to this organization's data shall be returned when leaving employment or position.

Any such employee or director that divulges confidential or privileged information, whether during or after his term of employment or service, is subject to appropriate discipline, including dismissal, or other civil or criminal sanctions as allowed by law. Employees, officers, and directors recognize that the employer has a proprietary interest in any such information and/or documents and irreparable damage could be caused as a result of any disclosure or dissemination thereof.

Breaches of confidential information are subject to full disciplinary action as allowed by this organization or according to the laws of the State in which this corporation is

incorporated. This action may be up to and including immediate termination and/or removal, including legal sanctions as necessary, such as civil or criminal penalties or charges.

Approved this _____ day of _____, 20____

President _____

Corporate Secretary _____

Board Members:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(NOTE: The Organization maintains this approved policy as a permanent part of their records.)

CONFIDENTIALITY POLICY/ AGREEMENT

for employees, officers, directors, and volunteers

Confidentiality is a basic element of the operation of this corporation. To protect the confidentiality of fellow employees, donors, and the organization, no information concerning employees, donors, receivers of benevolence, or organizational business is to be discussed with anyone except when authorized as necessary for the purpose of conducting corporate and organizational business.

All organizational information shall be kept strictly confidential. Only authorized personnel directly responsible for services to the members or for Church business shall discuss or have access to this information. Care must be exercised to be certain that unauthorized individuals do not overhear discussion nor have access to confidential information.

Employees, officers, and directors of this organization understand and agree that during their employment and/or service they may obtain information and documents that are confidential and/or privileged and proprietary in nature and be kept confidential both during and after their term of employment or service.

As such, all employees, officers, and directors are required to return any such documents containing privileged or confidential information whenever requested or at the time of termination of employment or expiration of service. This would include but not be limited to and financial statements or reports, donor records, corporate records such as by-laws, resolutions, article of incorporation, etc., and any banking information. In addition, all keys, passwords, or other information allowing access to this organization's data shall be returned when leaving employment or position.

Any such employee or director who divulges confidential or privileged information, whether during or after his or her term of employment or service, is subject to appropriate discipline, including dismissal, or other civil or criminal sanctions as allowed by law. Employees, officers, and directors recognize that the employer has a proprietary interest in any such information and/or documents and irreparable damage could be caused as a result of any disclosure or dissemination thereof.

Breaches of confidential information are subject to full disciplinary action as allowed by this organization or according to the laws of the State in which this corporation is incorporated. This action may be up to and including immediate termination and/or removal, including legal sanctions as necessary, such as civil or criminal penalties or charges.

Note: This page is to be given to the employee, officer, director, or volunteer for their personal file.

CONFIDENTIALITY AGREEMENT

I, as an employee, officer, director, or volunteer of this organization do verify that I have been provided with a copy of and have read the Confidentiality Policy and fully understand its contents. I agree to abide by this policy as written and provided to me.

Signature (Employee, officer, directors, volunteer)

(Print Name)

Date

Witnesses:

_____ Date: _____

_____ Date: _____

CONFLICT OF INTEREST POLICY

[Insert Church's Legal Name Here] is committed to fulfilling its mission and responsibilities in a manner that reflects the highest degree of Christian ethical, honest and impartial behavior. See I Thessalonians 5:22; I Peter 2:12. All business transactions and activities of [Insert Church's Legal Name Here] shall be carried out in a manner that serves the best interests of [Insert Church's Legal Name Here].

An individual serving as an officer, board member, staff person, employee, paid consultant, or uncompensated person having decision-making authority relating to the business affairs of [Insert Church's Legal Name Here] shall not engage in any activity determined by the Board of [Insert Church's Legal Name Here] to be a conflict of interest that is detrimental to the interests of [Insert Church's Legal Name Here].

Conflicts of interest of an individual that may be detrimental to the interests of [Insert Church's Legal Name Here] include the following:

- Board membership, ownership, or employment by, the individual, or a relative of the individual in any business engaged in providing goods or services to [Insert Church's Legal Name Here].
- The use of information acquired by the individual in the course of carrying out duties for [Insert Church's Legal Name Here] to advance the individual's business interests or employment other than for [Insert Church's Legal Name Here].
- The receipt of gifts, honoraria, or payments in excess of \$100, by the individual from any individual or entity providing goods or services to [Insert Church's Legal Name Here].

Conflicts of interest or potential conflicts of interest of the pastor or of an officer or board member shall be reported to the Chairman of the Board of [Insert Church's Legal Name Here] or to another member of the same board if the potential conflict involves the chairman of said board.

Conflicts of interest or potential conflicts of interest of all other individuals shall be reported to the [Insert Title of the Administrative Church Officer or the Pastor Having Supervisory Authority Over the Individual] and the officer or the pastor shall report the conflict of interest or potential conflict of interest to the Chairman of the Board of [Insert Church's Legal Name Here].

The Board of [Insert Church's Legal Name Here] upon receipt of a report of a conflict of interest or potential conflict of interest, shall determine, by vote of those who are not involved in it, whether it is detrimental to the interests of [Insert Church's Legal Name Here]. Individuals involved in the conflict of interest or potential conflict of interest shall not be present during the Board's deliberations or actions taken in response to the reported conflict of interest or potential conflict of interest. If the Board determines the conflict of interest or potential conflict of interest is not detrimental to the interests of [Insert Church's Legal Name Here], the activity or transaction constituting the conflict of interest or potential conflict of interest may continue or be entered into. If the Board votes the conflict of interest or potential conflict of interest is detrimental to the interests of [Insert Church's Legal Name Here], the conflict of interest or potential conflict of interest shall cease or be prevented by the method, action or means decided upon by the Board's vote.

Individuals to whom this Policy applies shall sign a copy of this Policy upon entering their service to [Insert Church's Legal Name Here] and annually thereafter.

The failure of any individual to whom this Policy applies to comply with it, shall be subject to removal from the position of service to [Insert Church's Legal Name Here] held by that individual.

SIGNATURE DATE: _____

PRINT NAME: _____

SIGNATURE: _____

Please note: This policy is offered as a sample only. Each church should secure legal and financial counsel as appropriate to determine what policies/resolutions should be adopted and to ensure any that are adopted are in compliance with all applicable federal, state/provincial, and local laws and regulations.

Indemnity of Directors/Officers/Agents

At a duly called and assembled meeting of the Board of Directors of the undersigned corporation, the following resolution was passed:

- I. The corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or complete action, suit, or proceeding, whether civil, administrative, criminal, arbitral, or investigative (including an action or suit by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that he or she is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or in any other capacity, against judgments, fines, amounts paid in settlement, and expenses, including attorney's fees, actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal actions or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was not unlawful.
- II. No indemnification shall be made in any action as to which such person shall have been adjudged grossly negligent or in willful misconduct in the performance of any duty.
- III. The determination of any fact or issue concerning indemnification shall be determined by the Board of Directors of the corporation and in so determining they may rely upon advice of independent legal counsel.
- IV. The corporation may obtain and maintain any insurance policy that it deems appropriate for any liability assumed by it under this resolution.
- V. Indemnification hereunder shall not be exclusive of any other rights or policies of insurance that any individual may have independent of this resolution. In the event of reimbursement from other sources, indemnification hereunder shall be abated.

Approved this _____ day of _____, 20____

President _____

Corporate Secretary _____

Board Members:

Please note: This policy is offered as a sample only. Each church should secure legal and financial counsel as appropriate to determine what policies/resolutions should be adopted and to ensure any that are adopted are in compliance with all applicable federal, state/provincial, and local laws and regulations.

Document Retention and Destruction Policy

I. Purpose

In accordance with the need to maintain certain documents for verification and future usage, this policy provides for the systematic review, retention, and destruction of documents received or created by this organization in connection with the transaction of organizational business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept, and details how records should be destroyed. The policy is designed to eliminate accidental or innocent destruction of records and to facilitate the organization's operations by promoting efficiency and freeing up valuable storage space. Nothing in this policy shall negate any legal requirements regarding the retention of documents or records pertaining to any matter under investigation by civil authorities.

II. Document Retention

This organization follows the document retention procedures outlined below. Documents that are not listed but that are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

Corporate Records:

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Annual Meeting Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	15 years after disposal of item
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Non-Profit Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years
Email Messages (general)	3 years

Accounting and Corporate Tax Records:

Annual Audits and Financial Statements	Permanent
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Depreciation Schedules	15 years after disposal of item
General Ledgers	8 years
IRS Tax Returns	8 years
Business Expense Records	5 years
IRS Forms 1099's	5 years
Journal Entries	5 years
Purchase/sales Invoices	5 years
Sales Records (book sales, concessions, gift shop)	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts/invoices	3 years

Bank Records:

Check Registers	7 years
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	5 years

Payroll and Employment Tax Records:

Payroll Registers	7 years
State Unemployment Tax Records	7 years
Earnings Records	7 years
Garnishment Records	5 years
Payroll Tax returns	7 years
W-2 Statements	7 years

Employee Records:

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion, or Discharge	5 years after termination
Accident Reports and Worker's Compensation Records	6 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms & W-4 Forms	3 years after termination
Time Cards	4 years

Contribution Records:

Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	6 years after completion
Offering Envelopes	3 years

Legal, Insurance, and Safety Records:

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	7 years after cancellation
Real Estate Documents	Permanent
Stock and Bond Records	Permanent

Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years
General Contracts	3 years after termination
Correspondence regarding legal matters	6 years

III. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic file, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis. It is recommended that donor records be printed and preserved in addition to having the information stored electronically.

IV. Emergency Planning

The organization's records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping the organization operating in an emergency will be duplicated or backed up at least every week and maintained off site. All computerized accounting records, payroll records, personnel records, tax records, contribution records, and any other vital records used on a regular basis shall be backed up at least weekly and kept off premises. A standard procedure for backup shall be implemented and maintained by the chief financial officer.

V. Document Destruction

The organization's chief financial officer is responsible for the ongoing process of identifying its records that have met the required retention period and for overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation or when the lawsuit is settled or dismissed, and all applicable appeal windows have passed.

VI. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the organization and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair or Board of Directors will periodically review these procedures with legal counsel or the organization's public accountant to ensure that they are in compliance with new or revised regulations.

SEXUAL OR OTHER HARASSMENT POLICY

The sexual harassment of our employees is wrong and damaging to both morale and productivity. It is [*Insert Church's Legal Name Here*]'s policy to prohibit sexual harassment absolutely and totally. Any employees or supervisors who engage in such conduct violate their responsibilities to [*Insert Church's Legal Name Here*] and run the risk of adversely affecting their future opportunities and possibly losing their jobs. Because sexual harassment interferes with work performance; creates an intimidating, hostile, or offensive work environment; influences or tends to affect the career, salary, working conditions, responsibilities, duties, or other aspects of career development of an employee or prospective employee; or creates an explicit or implicit term or condition of an individual's employment, it will not be tolerated.

While it is not easy to define sexual harassment precisely, the term clearly includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: (1) submission to such conduct is explicitly or implicitly made a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of interfering with an individual's work performance or creating an offensive or hostile work environment.

Sexual advances by supervisors toward the people who work for them are especially troublesome, because of the power that [*Insert Church's Legal Name Here*] has placed in the supervisor's hand over the careers of subordinates. For this reason, [*Insert Church's Legal Name Here*] considers all proposals or advances of a sexual nature to subordinates to be harassment and contrary to its policy.

[*Insert Church's Legal Name Here*] has established a procedure for dealing with sexual harassment swiftly and effectively. Any employee who feels that he or she has been sexually harassed should report the matter immediately to their immediate supervisor or to the pastor. A complaint against the pastor should be reported to a member of the church board. The employee must make a written statement of the complaint. The matter will be fully investigated and the identity of the complaining party will be kept in strictest confidence to the extent possible. If the charges have merit, appropriate corrective action, ranging from reprimand to discharge, will be imposed. Employees are earnestly encouraged to utilize this procedure whenever they feel they might have a sexual harassment problem so that management can properly protect the workplace for everyone. No employee will be retaliated against for reporting an unlawful harassment matter or complaint, or for participating in [*Insert Church's Legal Name Here*]'s investigation of any such complaint.

*Special Note: This policy also applies to employees who feel they are the victims of harassment based on race, ancestry, national origin, age, or disability.

Recently, some jurisdictions have redefined marriage to include same-sex relationships and have classified these legal unions as a civil right. On the basis of religious freedom, United Pentecostal ministers and churches should be exempt from any obligation to participate in same-sex weddings. To document our religious convictions, we can cite the official UPCI doctrinal position, which is expressed in a position paper in the UPCI Manual entitled “The Biblical Ideal of Marriage and Family.” Some would like a local church policy in order to provide additional support and a standard response to inquiries. The following is a sample policy. For specific legal advice, churches should contact an attorney in their jurisdiction. Moreover, if such a policy is adopted it should be followed carefully and consistently.

FACILITIES USE POLICY AND STATEMENT OF PRINCIPLES

The congregation of [Church Name] exists to glorify God through its worship, lifestyle, doctrinal adherence, and outreach. Weddings and other special events conducted on the premises therefore should adhere to the doctrines and teachings of [Church Name].

Marriage. God has ordained marriage. This church defines “marriage” as the exclusive covenantal union of one man and one woman who commit to each other for a lifetime. A civil government’s sanction of a union will be recognized as a legitimate marriage by the church only to the extent it is consistent with marriage as defined by the church.

Human Sexuality. God established the genders and sexuality in creation (Genesis 2:21-24) and creates each person as either male or female at birth. Scripture teaches that sexual relations are to be exercised solely within marriage (Matthew 19:4-9, Ephesians 5:22-28, Hebrews 13:4). In accordance with Scripture, [Church Name] views illicit sexual relations to include adultery, premarital sex or cohabitation, homosexuality, polygamy, prostitution, pedophilia, bestiality, lascivious conduct, gender-alteration, and the viewing of pornography. While each person, regardless of belief and lifestyle, is welcome to worship and attend functions in this assembly, [Church Name] limits membership to those who hold to its Articles of Faith and this Statement of Principles and who conduct themselves in a manner consistent therewith.

Church Weddings. Since marriage is a divine institution emblematic of Christ’s love for His church, [Church Name] adopts the following statement of principles regarding weddings conducted on the premises of [Church Name]:

1. Clergy.
 - a. Only the pastoral staff of [Church Name] or approved and duly ordained clergy who hold to the doctrinal teachings of this assembly shall officiate wedding ceremonies on the premises of [Church Name].
 - b. Clergy employed by the church shall be subject to dismissal for officiating at a wedding ceremony or similar function, whether or not on the premises of [Church Name], that violates either this Statement of Principles or the Articles of Faith.

2. Couple seeking to be married.
 - a. Shall be a man and a woman, each with no prior marriage or who have a biblical reason for remarriage.
 - b. Shall each affirm their agreement with the Articles of Faith of this assembly and with this Statement of Principles and shall conduct themselves in a manner consistent therewith.
 - c. Shall each have followed the premarital counseling program of [Church Name] or gained specific exemption therefrom by the pastoral staff of [Church Name].
3. Premises.
 - a. Any marriage performed on the campus of [Church Name] requires prior permission from the pastoral staff and must be performed by approved clergy, as stated in section 1(a) above.
 - b. The pastoral staff shall have the sole responsibility for implementing and enforcing this Statement of Principles and other policies of [Church Name]. The pastoral staff may, in their sole discretion, decline to make the facilities of [Church Name] available and/or decline to officiate at a ceremony.

Other Special Functions. [Church Name] may, at the sole discretion of the pastoral staff, open the premises for other purposes, including, but not limited to, community service or outreach events. It is acknowledged that individuals attending such events may not subscribe to [Church Name's] Statement of Principles or Articles of Faith. However, under no circumstances shall [Church Name] permit any events or functions which, in the sole discretion of the pastoral staff, demonstrate or exhibit lifestyles and/or practices that are contrary to the definition of marriage as provided by this Statement of Principles and/or the Articles of Faith.

SAMPLE DAUGHTER WORK POLICY

1. *Ministry.* Joe Doe will serve as the pastor for the approved daughter work of First UPC (the mother church). The daughter work pastor's primary responsibility will be to evangelize and disciple people in the designated area.
2. *Church Membership.* The daughter work pastor and family, along with all team members and their families will be members of the mother church, and they are encouraged to participate in the main services and activities. They will attend at least one service per week at the mother church.
3. *Accountability.* The daughter work pastor will report directly to the senior pastor and is also encouraged to consult the associate pastor for assistance and advice. In the organizational structure of the mother church, the daughter work pastor is considered a pastoral assistant.
4. *Ministerial Responsibilities.* The daughter work pastor's responsibilities are as follows:
 - a. Conduct all daughter work services and activities, coordinating with the senior pastor. Special services and guest speakers should be approved by the senior pastor.
 - b. Maintain contact records on all visitors and regular attendees (name, address, telephone, email), follow up all visitors and absentees, and conduct outreach activities, including home Bible studies.
 - c. Provide pastoral guidance and care to daughter work attendees.
 - d. Organize and administrate the daughter work congregation.
 - e. Meet regularly with the senior pastor (once a week or as designated), inform the senior pastor of all important developments, and submit a weekly attendance report.
 - f. Serve the whole church as a minister and attend the ministers' meetings. As applicable, the daughter work pastor's wife is urged to attend meetings of the ministers' wives.
5. *Participants.*
 - a. By mutual agreement between the senior pastor and the daughter work pastor, members of the mother church may participate in activities of the daughter work.
 - b. A few members may be transferred to the daughter work, in which case they will look to the daughter work pastor for their primary pastoral care and pay tithes to the daughter work.
 - c. Some members may be assigned to assist in certain roles for a designated time of six months to one year, subject to mutual review after that time. They will continue to look to the senior pastor for primary pastoral leadership and care, and they will pay tithes to the mother church. The daughter work pastor will keep the senior pastor fully informed of any issues or developments regarding them.
6. *Service Schedule.* Daughter work services will be at the times and locations agreed upon by the senior pastor and the daughter work pastor.
7. *Building.* Initially the mother church will provide the building, insurance, utilities, equipment, and supplies for daughter work services. As the daughter work grows and its budget permits, it will assume these financial responsibilities. If the daughter work shares the use of the mother church's building, it will be responsible to clean all areas after use.
8. *Vehicles.* A church van may be available to transport people for services and special trips. Its use must be scheduled according to church policy. The driver must be at least 25 years of age, with a valid driver's license and a good driving record. The group using the van is responsible to purchase gas and oil. (Oil should be checked weekly or on each out-of-town trip.) For vehicle maintenance, contact the designated coordinator.

9. *Finances.*
 - a. All income will be deposited every week with the mother church under the oversight of its treasurer, will be used for the benefit of the daughter work, and will be accounted for by a separate fund in the general ledger.
 - b. The mother church will keep financial records for the daughter work and generate financial statements as needed. The mother church's treasurer or bookkeeper will give a weekly offering report and a monthly financial report to the daughter work pastor and the senior pastor and will provide individual tithing reports upon request.
 - c. The treasurer or bookkeeper will pay bills and reimbursements according to the church's policies and a budget approved by the senior pastor. After the first year of operation, the daughter work pastor will submit an annual budget for approval by the senior pastor and is accountable to operate according to that budget.
 - d. As income increases, the spending priorities shall be determined jointly by the senior pastor and daughter work pastor. Priority will be given to: (i) facilities expenses, with the goal of acquiring land and building; and (ii) support for the daughter work pastor, with the goal of full-time employment.
 - e. When there is sufficient tithing income, the daughter work pastor will receive a monthly housing allowance and/or salary as approved by the senior pastor.
10. *Expenses.* The daughter work pastor will be entitled to reimbursement of all ministerial and church-related expenses in accordance with the mother church's accountable expense reimbursement policy, up to a maximum of \$100 per month or the money available in the daughter work fund. Specific types of reimbursable expenses include mileage, gas and oil for the church van, business entertainment, supplies, research, and ministerial dues. Any expenses over \$100 should be approved in advance by the senior pastor.
11. *Policies.* Unless otherwise specified, all policies of the mother church shall be in effect for the daughter work, including the guidelines for leadership and public ministry.
12. *Other Ministry and Trips.* The daughter work pastor is expected to have some outside speaking engagements and trips. The schedule should be coordinated with the senior pastor.
13. *Self-Governing Church Status.*
 - a. The daughter work is a ministry of the mother church, and as such it functions under the incorporation, bylaws, tax-exempt status, and affiliation of the mother church.
 - b. The long-term goal is for the daughter work to become an established congregation and to acquire its own affiliated church status with the United Pentecostal Church International. It must first demonstrate its ability to be self-supporting, self-propagating, and self-governing. The mother church intends to support this effort with prayer, guidance, finances, and volunteer assistance to the extent possible.
 - c. When the senior pastor and the daughter work pastor agree that the time is right, the daughter work will apply to the district to become a self-governing, affiliated church.
 - d. When the daughter work receives approval as a self-governing church, it will be set in order with its own incorporation, bylaws, policies, and insurance.
 - e. The assets designated for the daughter church's exclusive use will be transferred to the new legal entity, along with any related liabilities. If the mother church has invested any funds in land or building for the daughter work, it may ask the daughter work to execute a lien in favor of the mother church for the amount invested. This lien must be paid if the daughter work ever sells its property or disaffiliates from the UPCI.

- f. If the new church continues to use facilities of the mother church, it will pay a monthly use fee for utilities, maintenance, and wear and tear.
 - g. If the mother church continues to pay a loan on land and/or building of the new church, then title shall remain in the name of the mother church, and the new church shall make payments to the mother church. When the daughter church pays off the loan or secures financing in its own name, then title shall be transferred to the new church, along with the associated equity.
14. Either the senior pastor or the daughter work pastor may terminate the employment of the daughter work pastor by giving thirty days' notice. The time of notice may be shortened by mutual consent.
 15. These arrangements may be modified by mutual consent.
 16. This policy is not intended to be a legally binding contract but simply a mutual understanding of the working relationship. If any misunderstandings or disagreements arise and the two ministers cannot resolve them, they will ask the district superintendent or the sectional presbyter to help them with mediation or arbitration.

4.

SAMPLE FORMS & TEMPLATES

IN THIS SECTION:

- Housing Allowance Worksheet
- Conflict-of-Interest Affirmation
- Corp. Expenditures Affirmation
- Expense Reimbursement
- Travel Reimbursement
- Advance Expense Request
- Benevolence Request
- Background Check Approval
- Volunteer Affirmation
- Ministry Dress Covenant
- Membership Enrollment
- Job Descriptions
- Transportation Release
- Baptism Permission
- Offering Count Sheet
- Internal & Fin. Audit

Housing Allowance Statement and Board Meeting Minutes

What it is:

- An exclusion from income tax of the total cost of maintaining a pastor's home.
- A benefit to pastors approved **annually** by the board of directors.
- **Salary!** Click the link for more information!

What it *isn't*:

- A *separate* amount paid to the pastor to cover housing expenses.
- **Retroactive!** Click the link for more information!

The StartCHURCH Housing Allowance Statement for ministers is a tool that will allow you to correctly document the Housing Allowance. Please follow the instructions below to properly complete these documents:

Don't trouble yourself with doing the math, **this form will do the calculating for you!**

Actual Expenses:

- When does it need to be calculated?: January of **each year**
- What do I do?: Look back at _____ and enter amounts for each category provided. *Some categories won't apply to you - that's ok! Simply enter zero*
- Things to Remember: It is always a good idea to maintain accurate records to substantiate your expenses.

Estimated:

- When does it need to be calculated?: January of **each year**
- What do I do?: Estimate your expenses for _____. Enter amounts for each category provided. *Some categories won't apply to you - that's ok! Simply enter zero*
- Things to Remember: Consider changes to your cost of living. Some categories (such as structural maintenance & repairs) may not have applied to you last year, but might this year.

Fair Market Rental Value:

- When does it need to be calculated?: January of **each year**
- What do I do?: You've already done the work! With the values you already added, the form will be able to calculate the Fair Market Rental Value for you!
- Things to Remember: The form did the math for you. Here's an example of how it was calculated:

Estimated Mortgage/Rent amount for _____	=	\$10,000.00
Cost of rent including furnishings = 50% of mortgage/rent =		\$5,000.00
Fair market rental value is the sum of both numbers =		\$15,000.00

You'll notice the **lesser of all three** amounts has been automatically entered as the total qualifying housing allowance.

Congrats, you've successfully complete the Housing Allowance worksheet!

You will need to sign and date the Housing Allowance Statement in the space provided at the bottom of the second page and submit the completed Statement to the board of directors at your next board meeting. Once approved, the treasurer should sign and date the minutes of the board meeting

Minister's Housing Allowance Worksheet

Submitted by:		Calendar Year	
Submitted to:			

	Actual Annual Expenses	Estimated Annual Expenses
Mortgage/Rent Payment		
Home/Condo Owners' Association		
Taxes		
Real Estate Taxes		
Personal Property Taxes		
Insurance		
Fire		
Homeowner/Renter Insurance		
Other:		
Structural Maintenance & Repairs		
Roof (Replacement or Repairs)		
Additions (garage, carport, fencing, etc.)		
Driveway, Paving, Sealing		
Repairs to Appliances		
Plumbing		
Landscaping, Lawn Mower, Lawn Equipment		
Other:		

	Actual Annual Expenses	Estimated Annual Expenses
Utilities		
Gas		
Electricity		
Internet		
Water & Sewer		
Satellite or Cable TV		
Garbage Removal		
Other:		
Decorative & Household Items		
Curtains, Blinds		
Throw Rugs		
Wallpaper, Paint, Molding, Shelving,		
Paintings, Pictures, Other decorative items		
Other:		
Miscellaneous		
Home Cleaning Supplies		
Broom, Mops, Sweepers, etc.		
Home Supplies (light bulbs, filters, etc.)		
Other:		
Column Totals		

DO NOT INCLUDE: The cost of labor for lawn maintenance or maid services, vehicle payments, vehicle insurance, vehicle maintenance or repair costs, cell phones, groceries, personal toiletries or paper products, personal clothing, toys, computer/video games or gaming consoles, or DVD/Blu-Ray movies.

Fair Market Rental Value

Mortgage/Rent	
Cost of Rent of home including furnishings	
Utilities	
Structural Maintenance & Repairs	
Total Fair Market Rental Value	

Please accept this as my request for a housing/parsonage allowance in the amount of _____ for the calendar year _____. This request is made pursuant to Internal Revenue Code Section 107, and I represent that I am qualified, pursuant to said section and the regulations thereunder, to receive the same.

I certify that, to the best of my knowledge, the information provided above is both accurate and truthful, and I submit it as the basis for a housing/parsonage allowance, which will be excluded from my taxable salary.

 President _____
 Date

 Treasurer _____
 Date

Conflict-of-Interest Policy Affirmation (ENTER CHURCH NAME HERE)

WHEREAS, Article VI of the Conflict of Interest Policy of (ENTER CHURCH NAME HERE) states that “Each director, principle officer and member of a committee with governing board delegated powers shall annually sign an affirmation statement.”

Be it therefore RESOLVED, in accordance with Article VI of the Conflict-of-Interest Policy of the aforementioned Church, that I, _____, do hereby affirm and certify that I:

1. Have received a copy of the Conflict-of-Interest Policy,
2. Have read and understand the policy,
3. Have agreed to comply with the policy, and
4. Understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and furthermore
5. Understand any information obtained, gathered, or discussed by the Board of Directors pertaining to any board, committee, party, or individual associated with (ENTER CHURCH NAME HERE) in regard to any and all matter(s) of the Church, its members, and/or affiliates, must be held in strict confidence during and after serving any term(s) of office as to protect the reputation, wellbeing, and standing of the Church.

Printed Name

Signature

Date

Corporate Expenditures Policy Affirmation (ENTER CHURCH NAME HERE)

Any form of withdrawal at or more than (ENTER \$ AMOUNT HERE) shall require the signatures of two officers who are also authorized signees on the bank account, one which must be the Treasurer.

(ENTER CHURCH NAME HERE) with the approval of the Board of Directors, has the ability to obtain debit cards for the general checking account or credit cards in the name of the Organization for organizational use. Access to these cards will be at the discretion of the Board of Directors. Spending on any debit/credit card must be reported to the Treasurer or the Board of Directors along with a receipt of the spending.

- Debit/credit cards will be used only for business purposes. Personal purchases of any type are not allowed.
- No one other than the approved card holder can use any issued card.
- Lost or stolen cards must be reported immediately.
- Each card holder will sign a copy of this policy at the time the card is issued.

The Organization will annually approve an official operating budget. The Board of Directors will create an effective process for estimating the next years cash flow necessary to create a reasonable budget. The budget shall be prepared and approved by the voting body no later than thirty (30) days before the close of the calendar. The budget shall be approved in manner prescribed within the Bylaws.

I do hereby certify that I have read and understand the provisions set forth herein.

Printed Name

Signature

Date

Expense Reimbursement

(ENTER CHURCH NAME HERE)

Please complete the following information and attach all receipts to the request form for reimbursement.

Miscellaneous

Date	Department	Purpose	Amount
Total Reimbursement Requested:			\$

(Reimbursement for any business expense(s) incurred is at the sole discretion of church administration.)

***I hereby certify that these charges are for (ENTER CHURCH NAME HERE) related business expenses, and that all totals are true and accurate.**

Name _____ **Signature** _____ **Date** _____

OFFICE USE

Approved By: _____ **Date:** _____

Total Disbursement: _____ **Date Disbursed:** _____

RFCU - CHECK #: _____ **Signature:** _____

Travel Reimbursement

(ENTER CHURCH NAME HERE)

Please complete the following information and attach all receipts to the request form for reimbursement.

Name: _____ Department: _____

Type of Vehicle Used: _____

Date(s) Traveled	Purpose of Trip	Beginning Mileage	Ending Mileage	Total Miles

Total mileage: _____ (@ \$0._____ per mile = \$_____)

Parking Fees: (Please attach receipts) \$ _____

Total Reimbursement Requested: \$ _____

(Reimbursement for any related business travel is at the sole discretion of church administration.)

***I hereby certify that these charges are for (ENTER CHURCH NAME HERE) related business travel expenses, and that all totals are true and accurate.**

Signature

Date

OFFICE USE

Approved By: _____ Date: _____

Total Disbursement: _____ Date Disbursed: _____

RFCU - CHECK #:

X _____.

Advance Expense Request

(ENTER CHURCH NAME HERE)

Please complete the following information: submitting all associated expense receipts upon return.

I, _____, request an advance of (\$) _____
(Print Amount) _____, to be used by me to pay for the
following _____ expenses, which I expect to accrue
while performing official church business for the period of _____ (to) _____
while associated with such church related business.

I understand that the advance shall not bear interest, and I agree, covenant, and certify that:

1. The advance shall be used only to pay for related expenses which arise in connection with my authorized business and for no other purpose(s).
2. If the amount of the advance exceeds the related expense(s) I agree and covenant to refund any excess of the advance within 120 days after the expense is accrued.

(Advancement for any related business expense(s) is at the sole discretion of church administration.)

I hereby certify that these charges are for (ENTER CHURCH NAME HERE) related business expenses, and that all totals are true and accurate.

Signature Date

OFFICE USE

Approved By: _____ Date: _____

Total Disbursement: _____ Date Disbursed: _____

RFCU – CHECK #: _____ Signature: _____

Benevolence Request

(ENTER CHURCH NAME HERE)

Please complete for consideration, and provide the following information requested below.

Name: _____ Affiliation: _____

Email: _____ Phone #: _____

Address: _____ Received Prior Assistance: Yes or No

Employer: _____ Contact: _____

Scope	Purpose	Payee / Account #	Amount
Total Benevolence Assistance Requested:			\$

(Issuance of assistance for any Benevolence request is at the sole discretion of church administration. NO cash will be dispersed to any requestee directly, and all receipts MUST be presented upon payment.)

***I hereby certify that all information herein is true and accurate and that my request is for a genuine need. I will not advertise the assistance given to me. I acknowledge my record of request will be saved and archived for the benevolence history and bookkeeping requirements of (ENTER CHURCH NAME HERE), according to the IRS.**

Signature

Date

OFFICE USE

Approved By: _____ Date: _____

Total Disbursement: _____ Date Disbursed: _____

RFCU – CHECK #:

Signature: _____

Volunteer Agreement (Affirmation)

(ENTER CHURCH NAME HERE)

Thank you for your interest in volunteering! (Please read, sign and date at the bottom.)

Due to the nature of certain duties and areas of service, it is in best interest of all parties to make our volunteers aware of the risk(s) involved with these activities. Our primary objective is that all wishing to utilize their time for voluntary service do so in a manner that protects their safety and wellbeing.

The following (but not limited to these) activities may bring additional and unforeseen risk(s):

1. **Outreach** (Community impact; canvassing, door to door, visitation, etc.)
2. **Cooking & Preparing Food** (Handling kitchen equipment, sharp utensils, etc.)
3. **General Labor** (Using yard equipment; lifting, bending, crawling, climbing, etc.)
4. **Light Maintenance** (Using power/hand tools; installing, fixing, repairing, etc.)
5. **Business Travel** (Driving; chauffeuring, running designated errands, etc.)

Volunteer Affirmation:

The behavior of anyone in fellowship with this church is of common interest to the Board of Directors and membership. This church reserves the right to refuse service to any individual, whether member or not; this refusal would include services, benefits, use of church assets, and participating in any capacities of voluntary service and/or attending any and all church related events.

By signing below, I acknowledge that all of my questions have been answered and I agree to the expectations above and presented within the Volunteer Agreement Policy; also, that I may be subject to a background check and/or drug test, if applicable or deemed necessary for my involvement, in accordance with the Membership Program. I understand I will not be compensated for my voluntary service or time. I also understand that if I fail to comply with or meet the expectations of the leadership of (ENTER CHURCH NAME HERE), then I may be subject to dismissal from my area of voluntary service. Furthermore, I understand that (ENTER CHURCH NAME HERE) will not be held liable for any incident, accident, or injury that I may incur, including the loss or theft of personal items, while volunteering for and/or on its behalf. All minors are under the care and sole responsibility of their parent and/or guardian; underage children require written permission from, if not accompanied by, a parent or guardian, as well as approval from (ENTER CHURCH NAME HERE) leadership, in order to participate in specific activities. Signing this agreement does not automatically give the signatory permission to act on behalf of (ENTER CHURCH NAME HERE). Additionally, by attending our services and/or events you are aware that we may take and use photos/media of you and/or your family; however, we use discretion and will endeavor to respect your privacy/wishes.

Volunteer's Name

Signature

Date

*If the above is a minor, signed by:

Parent or Legal Guardian's Name

Signature

Date

Background Check Approval

(ENTER CHURCH NAME HERE)

(This form authorizes the following person to obtain a background check, by permission of the aforementioned church, from the GCSU Department of Public Safety, for purposes of employment and/or voluntary service. The stated authorized individual may also be reimbursed for the associated and approved expenses incurred as to obtain such background check.)

Applicant Information

Print Name: _____
(First) (Middle) (Last)

Current Address: _____
(Street) (City/State) (Zip Code)

Social Security Number: _____ - _____ - _____ DOB: _____

Driver's License Number / State: _____

The information contained in this application is correct to the best of my knowledge. I hereby authorize the church to conduct or obtain a comprehensive review of my background, causing a consumer report and/or an investigative consumer report to be generated for employment and/or volunteer purposes. I understand that the scope of the consumer report/investigative consumer report may include but is not limited to the following areas: verification of social security number, credit reports, current and previous residences, employment history, education background, character references, drug testing, civil and criminal history records from any criminal justice agency in any or all federal, state, and county jurisdictions; driving records, birth records, and any other public records.

I further authorize any individual, company, firm, corporation, or public agency to divulge any and all information, verbal or written, pertaining to me, to the church or its agents. I further authorize the complete release of any records or data pertaining to me which the individual, company, firm, corporation, or public agency may have, to include information or data received from other sources. The church and its designated agents/representatives shall maintain all information received from this authorization in a confidential manner in order to protect the applicant's/volunteer's personal information, including, but not limited to addresses, SSN, date of birth, driver's license number, etc.

Volunteer's Name Signature Date

Senior Pastor's Name Signature Date

Ministry Dress Covenant

(ENTER CHURCH NAME HERE)

The people who minister on our platform, in leadership, or in public service roles are the most visible representatives of our church and should mirror the spirit and standards we teach. Our devotion to God must be the foundation of what we project publicly. *(Less formal attire may be worn for special services, productions, and outdoor events; however, such attire must meet basic modesty guidelines and is at the Pastor's discretion.)*

MEN

Clothing:

- 1. A sleeved, collared dress shirt (tucked in) is to be worn; a necktie and suitcoat are recommended.**
(Wearing a tie and coat may be excused for Children's Ministry, Sound/Media, Parking Team, etc.)
- 2. Clothing is not to be tight-fitting or otherwise immodest; no "short pants" are to be worn.**
- 3. Jewelry is limited to wedding bands; no birth stone, class rings or other jewelry is to be worn.**
(Be modest with other non-jewelry items, such as clothing accessories)

Grooming:

- 1. Hair is not to reach over the collar or the ears and is not to hang down into the eyes.**
(Outlandish hair styles are to be avoided)
- 2. Natural hair color is not to be altered by coloring, bleaching, or any other methods.**
- 3. Ministers, Leadership, and those serving on the platform are to be clean shaven; sideburns are not to reach lower than the middle of the ear.** (All other positions/volunteers must remain well groomed)
- 4. No makeup or cosmetics of any color are to be worn.**

LADIES

Clothing:

- 1. Clothing is not to be tight-fitting or otherwise immodest; no slacks are to be worn.**
- 2. Necklines are to be modest, not wide, or low cut.** (Use the "V" in the collar bone as a guideline)
- 3. Hem length is to allow the knees to be completely covered whether standing or sitting.**
- 4. Splits in skirts and dresses are to end below the knee whether standing or sitting.**
- 5. Dress attire with modest sleeve length is to be worn, not exposing the underarms even when raising your hands.** (No capped sleeves or tank tops; use the elbow as a guideline)
- 6. Sheer fabrics are to be lined or altered to accommodate sleeve, neckline, and hem guidelines.**
- 7. If hosiery is worn, moderation should be used in style choices, not drawing attention to the legs.**
- 8. Jewelry is limited to wedding sets; no birth stone, class rings or other jewelry is to be worn.**
(Be modest with other non-jewelry items, such as hair and clothing accessories)

Grooming:

- 1. Hair must not be cut or trimmed; if you have cut your hair in the past, and have been restored to ministry, it must be fixed to look uncut.** (Outlandish hair styles are to be avoided)
- 2. Your natural hair color should not be altered by coloring, bleaching or any other methods.**
- 3. Hair may be worn up or down; it should have a clean, well-groomed appearance.**
- 4. No makeup or cosmetics of any color are to be worn; no decorative nails or polish of any color is to be worn on fingernails or toenails.**

Ministry Team / Leadership Affirmation:

I, _____, understand that the above guidelines are essential to my involvement in public ministry, and I agree to adhere to them as presented. If I choose to disregard these guidelines, I will remove myself from my position(s) of ministry/voluntary service within this local assembly.

Signature: _____ Date: _____

Member Ministry Enrollment

(ENTER CHURCH NAME HERE)

Thank you for your interest in being actively involved in the life and ministry of (ENTER CHURCH NAME HERE). By submitting this form, you are expressing your desire to further invest in the kingdom of God specifically through this local assembly, and receiving all the rights and privileges, if any, of such enrolled membership.

Member Information (Please fill in ALL applicable spaces)

Last Name: _____ First Name: _____

Date of Birth: _____ Duration of Attendance: _____

Spouse's Last Name: _____ Spouse's First Name: _____

Date of Birth: _____ Duration of Attendance: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone - Work: _____ Home: _____ Cell: _____

Date of Wedding Anniversary: _____ Email Address: _____

Dependent(s) Information (Living in Your Home)

1. First Name: _____ Last Name: _____

Date of Birth: _____ Current Age: _____ Male or Female: _____

2. First Name: _____ Last Name: _____

Date of Birth: _____ Current Age: _____ Male or Female: _____

3. First Name: _____ Last Name: _____

Date of Birth: _____ Current Age: _____ Male or Female: _____

4. First Name: _____ Last Name: _____

Date of Birth: _____ Current Age: _____ Male or Female: _____

5. First Name: _____ Last Name: _____

Date of Birth: _____ Current Age: _____ Male or Female: _____

(Official membership may be restricted and involvement limited for all those under the age of eighteen; we recognize and honor parental rights, which may inhibit someone from full participation within this assembly.)

**The following are requirements for active enrolled membership with (ENTER CHURCH NAME HERE). Please answer the following questions and sign off on the following affirmations. Once your completed membership enrollment form has been submitted it will be reviewed for approval by the Senior Pastor.*

Please confirm by initialing each criterion of membership that you have experienced / completed.

- ✓ I confirm that I have: Repented of my sins (Striving to turn away from sin daily). _____ / _____
- ✓ I confirm that I have: Been Baptized (By immersion, in the name of Jesus Christ). _____ / _____
- ✓ I confirm that I have: Received the Holy Ghost (Evidenced by speaking in tongues). _____ / _____
- ✓ I confirm that I have: Attended all applicable Member Orientations or Classes. _____ / _____
- ✓ I confirm that I have: Signed the Volunteer Agreement (Affirmation). _____ / _____
- ✓ I confirm that I have: Signed the Ministry Dress Covenant (Teams/Leaders). _____ / _____

GENERAL MEMBERSHIP ENROLLMENT AFFIRMATION

I hereby confirm that I have been presented with and understand the positions and procedures concerning the Bylaws, Written Doctrines, Membership Program, and all Corporate Policies of (ENTER CHURCH NAME HERE); I certify that I affirm, will abide by, and uphold the provisions set forth therein, including any/all amendments or addendums/additions, as required for active enrolled membership with this local assembly.

I hereby affirm that membership in this church is voluntary, and my actions, whether in church or outside of church, are of mutual concern and interest to this church and its members. I agree to live a lifestyle that is consistent with our doctrines, ecclesiastical order, and sincerely held beliefs. I also agree to work in harmony with the members, the leadership of this church, and the Pastor who is the highest ecclesiastical authority.

Signature 1: _____ Date: _____

Signature 2: _____ Date: _____

(Please provide all necessary documentation to accompany this form; if you have any questions or concerns, please feel free to contact the appropriate church administration for further assistance.)

ADMISSION TO ACTIVE ENROLLED MEMBERSHIP – PASTORAL APPROVAL:

Senior Pastor's Name

Signature

Date

Job Description: Children's Ministry Director

(ENTER CHURCH NAME HERE)

Purpose

To create a ministry program that reflects the attributes of Christ and an atmosphere that is conducive to the spiritual development of children. Involvement with this ministry should be a fun, memorable, and biblically educational experience, with the primary purpose of seeing children come to Christ for salvation.

Eligibility

1. Must have a burden for ministry, specifically to see children saved and grow in the Lord.
2. Must have adequate knowledge and understanding of the Bible and Truth of Scripture.
3. Must be an active enrolled member, in good standing, of (ENTER CHURCH NAME HERE).
4. Must affirm and abide by the Bylaws, Membership Program, Written Doctrines, and all Policies.
5. Must sign and abide by the Volunteer Agreement.
6. Must sign and abide by the Ministry Dress Covenant.
7. Must be faithful in attendance and giving of financial support to the Church (Tithe and Offerings).
8. Must possess the necessary qualifications/skill set to effectively carry out the duties of the position.
9. Must work in cooperation with all other departments, ministry leaders, and the Senior Pastor.
10. Must attend all applicable staff meetings and leadership training as set forth by the Senior Pastor.

Responsibilities

- Work diligently to help grow the church and further establish the Children's Ministry Department.
- Maintain a teaching schedule, lesson plans/curriculum; be prepared in case of a teacher's absence.
- Arrive to church/functions early enough to setup/prepare for services, events, or appointed tasks.
- Be present to welcome kids and parents as they come to their designated area(s).
- Maintain efforts to contact and follow-up with children/parents regarding service/event attendance.
- Work with the Senior Pastor to discuss the appointment/evaluation of all department volunteers.
- Properly Handle any concerns that volunteers may bring to you and/or any "in house" disputes.
- Stay in continual communication with department volunteers regarding designated responsibilities.
- Organize outreach endeavors to bring children, and their families, into the church.
- Organize children's services, outings, and special events to encourage children within the church.
- Oversee changing periodic class themes and the redecorating of Sunday-School classrooms.
- Organize the annual "Save our Children" campaign fundraiser.
- Be ready to give an update to the Senior Pastor on the condition of the Children's Ministry.

Expectations

- Be prayerful for the Children's Ministry and for wisdom how to effectively lead the Department.
- Work closely with other departments to keep harmony, creating a path for discipleship.
- Pray for children who come to the altar; be ready to direct children who show interest in baptism.
- Maintain morale and a positive influence; be cognizant of the leadership role you play in the Church.

I understand that all departments/ministries of this Church are a direct extension of the vision of the Senior Pastor and that I have been asked not just to serve a position, but the Pastor and the Members of the Church. I understand that I have full support to take ownership of my respective position, but do not own such position, and that all positions are subject to periodic performance evaluations, as needed, by the Senior Pastor.

Volunteer's Name

10/2021

Signature

Date

Job Description: Children's Ministry Director | Page 1 of 1

Job Description: Associate Pastor of Evangelism (ENTER CHURCH NAME HERE)

Purpose

To create a ministry program that reflects the attributes of Christ and an atmosphere that is conducive to the spiritual development of individuals/families. Involvement with this ministry should be to lead, engage, connect, aid, serve, and train others, with the primary purpose of seeing people come to Christ for salvation.

Eligibility

1. Must have a burden for ministry, specifically to see souls saved and grow in the Lord.
2. Must have adequate knowledge and understanding of the Bible and Truth of Scripture.
3. Must be an active enrolled member, in good standing, of (ENTER CHURCH NAME HERE).
4. Must affirm and abide by the Bylaws, Membership Program, and Written Doctrines of the Church.
5. Must sign and abide by the Volunteer Agreement.
6. Must sign and abide by the Ministry Dress Covenant.
7. Must be faithful in attendance and giving of financial support to the Church.
8. Must possess the necessary qualifications/skill set to effectively carry out the duties of the position.
9. Must work in cooperation with all other departments, ministry leaders, and the Senior Pastor.
10. Must attend all applicable staff meetings and leadership training as set forth by the Senior Pastor.

Responsibilities

- Work diligently to help grow the church and further establish the Evangelism Ministry Department.
- Oversee and manage the Outreach Ministry and Discipleship Ministry departments.
- Oversee and assist the Outreach Ministry department with public relations in the community.
- Oversee and manage the development of convert classes, curriculum, and assimilation processes.
- Oversee and manage the implementation of strategies to maintain guest retention.
- Maintain efforts to contact and follow-up with guests regarding service/event attendance.
- Work with the Senior Pastor to discuss the appointment/evaluation of all department volunteers.
- Arrive to church/functions early enough to setup and prepare for classes, events, or appointed tasks.
- Properly handle any problems that volunteers may bring to you and/or any "in house" disputes.
- Stay in continual communication with department volunteers regarding designated responsibilities.
- Be ready to assist the Senior Pastor with preaching, teaching, or filling in when/wherever needed.
- Assist the Senior Pastor with ministry leadership/volunteer training and development.
- Be ready to give an update to the Senior Pastor on the condition of the Evangelism Ministry.

Expectations

- Be prayerful for the Evangelism Ministry and for wisdom how to effectively lead the Department.
- Work closely with other departments to keep harmony, creating a path for discipleship.
- Pray for people who come to the altar; be ready to direct those who show interest in baptism.
- Maintain morale and a positive influence; be cognizant of the leadership role you play in the Church.

I understand that all departments/ministries of this Church are a direct extension of the vision of the Senior Pastor and that I have been asked not just to serve a position, but the Pastor and the Members of the Church. I understand that I have full support to take ownership of my respective position, but do not own such position, and that all positions are subject to periodic performance evaluations, as needed, by the Senior Pastor.

Volunteer's Name

Signature

Date

Job Description: Hospitality Director

(ENTER CHURCH NAME HERE)

Purpose

To create a ministry program that reflects the attributes of Christ and an atmosphere that is conducive to the spiritual edification of individuals/families. Involvement with this ministry should be to engage, connect with, give aid, and serve others, with the primary purpose of making people feel welcome and comfortable.

Eligibility

1. Must have a burden for ministry, specifically to see souls saved and grow in the Lord.
2. Must have adequate knowledge and understanding of the Bible and Truth of Scripture.
3. Must be an active enrolled member, in good standing, of (ENTER CHURCH NAME HERE).
4. Must affirm and abide by the Bylaws, Membership Program, Written Doctrines, and all Policies.
5. Must sign and abide by the Volunteer Agreement.
6. Must sign and abide by the Ministry Dress Covenant.
7. Must be faithful in attendance and giving of financial support to the Church (Tithe and Offerings).
8. Must possess the necessary qualifications/skill set to effectively carry out the duties of the position.
9. Must work in cooperation with all other departments, ministry leaders, and the Senior Pastor.
10. Must attend all applicable staff meetings and leadership training as set forth by the Senior Pastor.

Responsibilities

- Lead the guest services/greeting team and maintain a scheduled rotation for all services/events.
- Arrive to church/functions early enough to setup/prepare for services, events, or appointed tasks.
- Keep restocked all literature, tithing envelopes, connection cards, mints, and new visitor packets.
- Make sure the services team is present to welcome guests as they arrive to their designated area(s).
- Make sure guests know where to go/how to navigate the building: classes, restrooms, nursery, etc.
- Work with the Senior Pastor to discuss the appointment/evaluation of all department volunteers.
- Properly handle any concerns that volunteers may bring to you and/or any "in house" disputes.
- Stay in continual communication with department volunteers regarding designated responsibilities.
- Maintain a weekly/monthly cleaning schedule; spot check/clean main areas before each service.
- Manage all dinners/fellowship meals; plan all aspects of the menu, prep, serving, and cleanup.
- Keep all areas adequately stocked/inventoried: toilet paper, paper towels, soap, air fresheners, etc.
- Gain favor/achieve open dialogue with guests to evaluate their openness to connect and/or return.
- Be ready to give an update to the Senior Pastor on the condition of the Hospitality Department.

Expectations

- Be prayerful for the Hospitality Ministry and for wisdom how to effectively serve the Department.
- Work closely with other departments to keep harmony, creating a path for discipleship.
- Be ready to assist with any needs; direct all who express interest in knowing more about the Church.
- Maintain morale and a positive influence; be cognizant of the leadership role you play in the Church.

I understand that all departments/ministries of this Church are a direct extension of the vision of the Senior Pastor and that I have been asked not just to serve a position, but the Pastor and the Members of the Church. I understand that I have full support to take ownership of my respective position, but do not own such position, and that all positions are subject to periodic performance evaluations, as needed, by the Senior Pastor.

Volunteer's Name

Signature

Date

Job Description: Safety & Security Director (ENTER CHURCH NAME HERE)

Purpose

To create a ministry program that reflects the attributes of Christ and an atmosphere that is conducive to the physical/spiritual well-being of individuals/families. Involvement with this ministry should be to give aid, protect, and serve others, with the primary purpose of making people feel safe at (ENTER CHURCH NAME).

Eligibility

1. Must have a burden for ministry, specifically to see souls saved and grow in the Lord.
2. Must have adequate knowledge and understanding of the Bible and Truth of Scripture.
3. Must be an active enrolled member, in good standing, of (ENTER CHURCH NAME HERE).
4. Must affirm and abide by the Bylaws, Membership Program, and Written Doctrines of the Church.
5. Must sign and abide by the Volunteer Agreement (Liability Release).
6. Must sign and abide by the Ministry Dress Covenant.
7. Must be faithful in attendance and giving of financial support to the Church.
8. Must possess the necessary qualifications/skill set to effectively carry out the duties of the position.
9. Must work in cooperation with all other departments, ministry leaders, and the Senior Pastor.
10. Must attend all applicable staff meetings and leadership training as set forth by the Senior Pastor.

Responsibilities

- Lead the Security/Ushering team and maintain a scheduled rotation for all services and events.
- Arrive to church/functions early enough to setup/prepare for services, events, or appointed tasks.
- When applicable, lead parking team in directing/navigating traffic for special events or otherwise.
- Check and confirm all necessary entry/exit doors are unlocked/locked before and after each service.
- Be alert and aware of how all guests are navigating the building: classes, restrooms, nursery, etc.
- Work with the Senior Pastor to discuss the appointment/evaluation of all department volunteers.
- Handle any concerns/problems that volunteers may bring you and/or any "in house" disputes.
- Stay in continual communication with department volunteers regarding designated responsibilities.
- Make sure the ushers are prepared to take up the offering and aware of all handling procedures.
- Take/deposit all collections into the pastoral office safe; a two-party system must be maintained.
- Maintain safety/security on the premises & throughout the building, making everyone feel at ease.
- Gain favor and achieve open dialogue with guests; be prepared to handle concerns and disruptions.
- Be ready to give an update to the Senior Pastor on the condition of the Safety/Security Department.

Expectations

- Be prayerful for the Security Ministry and for wisdom how to effectively serve the Department.
- Work closely with other departments to keep harmony, creating a path for discipleship.
- Be ready to assist with any needs; direct all who express interest in knowing more about the Church.
- Maintain morale and a positive influence; be cognizant of the leadership role you play in the Church.

I understand that all departments/ministries of this Church are a direct extension of the vision of the Senior Pastor and that I have been asked not just to serve a position, but the Pastor and the Members of the Church. I understand that I have full support to take ownership of my respective position, but do not own such position, and that all positions are subject to periodic performance evaluations, as needed, by the Senior Pastor.

Volunteer's Name

Signature

Date

ENTER CHURCH NAME HERE: Transportation / Participation Release

*Minors under the age of 5, unaccompanied by a parent/guardian, will NOT be granted permission to ride a Church designated vehicle; all passengers MUST be properly seated and safely secured according to applicable state laws.

Parent(s)/Guardian(s) Name(s): _____

Address/Apt. #: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Cell Phone: _____

Emergency Contact: _____ Cell Phone: _____

(Please list those in your entire household who have permission to attend services/events with this church.)

CHILD'S / OTHER'S NAME	RELATIONSHIP TO YOU	AGE	BIRTH DATE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Do any of the above have known allergies and/or reactions to any medications or foods? **Yes** _____ **No** _____

If so, please list the name(s) and any medication(s) / food(s) to which they are allergic and/or other conditions:

I hereby give my permission for all those listed above to ride the vehicle provided by (ENTER CHURCH NAME HERE), and/or to participate in activities and go to services/events until expressed in writing otherwise. I understand that my dependent(s) will be under supervision at all times. I further understand that, by signing this permission slip, I release and hold harmless (ENTER CHURCH NAME HERE) and any volunteer(s) from any/all liability, past, present, or future, fully, and completely. I authorize (ENTER CHURCH NAME HERE) staff or designated medical professionals to administer emergency medical assistance if I cannot be reached. I acknowledge that photos/media may be taken and used of me and/or my family (however, discretion is used, and we will endeavor to respect your privacy/wishes).

SIGNATURE OF PARENT / LEGAL GUARDIAN: _____ DATE: _____

SIGNATURE OF PARENT / LEGAL GUARDIAN: _____ DATE: _____

ENTER CHURCH NAME HERE: Baptism Permission Form

* Involvement may be limited or restricted in certain aspects for all minors and/or those considered special care; we recognize & honor parental/guardian rights, which may inhibit some from full participation within this local assembly.

Parent(s)/Guardian(s) Name(s): _____

Address/Apt. #: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Cell Phone: _____

Emergency Contact: _____ Cell Phone: _____

(Please list those in your entire household who have permission to be baptized, overseen by ENTER CHURCH.)

CHILD'S / OTHER'S NAME	RELATIONSHIP TO YOU	AGE	BIRTH DATE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Do any of the above have specific medical concerns or needs we should be aware of? Yes _____ No _____

If so, please list the name(s) and the particular concern(s) so that we may best accommodate your dependent:

I hereby give my permission for all those listed above to be Baptized (the sacred function and public ceremony by emersion of water in Jesus' name for the remission of sins). I affirm this expression of faith an individual and free-will decision. I understand that my dependent(s) will be under supervision at all times. I further understand that, by signing this permission slip, I release and hold harmless (ENTER CHURCH NAME HERE) and any volunteer(s) from any/all liability, past, present, or future, fully, and completely. I authorize (ENTER CHURCH NAME HERE) staff or designated medical professionals to administer emergency medical assistance if I cannot be reached. I acknowledge that photos/media may be taken and used of me and/or my family (however, discretion is used, and we will endeavor to respect your privacy/wishes).

SIGNATURE OF PARENT / LEGAL GUARDIAN: _____ DATE: _____

SIGNATURE OF PARENT / LEGAL GUARDIAN: _____ DATE: _____

OFFERING COUNT SHEET

Day of Week: _____ Ministry Event: _____ Date: _____

<u>Cash Received:</u>	<u>Bills</u>	<u>Qty.</u>	<u>Amount</u>	<u>Total</u>
	100.00	_____	_____	_____
	50.00	_____	_____	_____
	20.00	_____	_____	_____
	10.00	_____	_____	_____
	5.00	_____	_____	_____
	1.00	_____	_____	_____

Total Bills Received: \$ _____

Total Coin Received: \$ _____

Checks Received:

Check No.	Contributor / Designated Fund / Check Date	Amount

Total Checks: \$ _____

Total Pre-Batch Tally: \$ _____

Giving Envelopes Received (to be tallied): _____

COUNTED BY: 1. _____
2. _____

Internal & Financial Audit (Checklist)

(Insert Church Name Here)

2021 Fiscal Year

Rating *	Indicator	Met	Needs Work	N/A
E	1. The organization follows accounting practices which conform to accepted standards and has systems in place to provide the appropriate information needed to make sound financial decisions and to fulfill IRS requirements.			
R	2. The organization prepares timely financial statements each month, including the Balance Sheet (or statement of financial position) and Statement of Revenue and Expenses (or statement of financial activities) which are clearly and accurately presented.			
R	3. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.			
E	4. The organization develops an annual operating budget which includes costs for all management, programs, and all sources of funding. This budget is reviewed and approved by the Board of Directors.			
R	5. The organization forecasts year-end revenues and expenses to assist in making sound management decisions during the year.			
E	6. The organization reconciles all cash accounts monthly and updates their chart of accounts as needed.			
E	7. Payroll is prepared following appropriate State and Federal regulations and organizational policy.			
E	8. Persons employed on a contract or independent basis meet all Federal requirements for this form of employment. Disbursement records are kept so 1099's can be issued at year end.			
R	9. The organization has written fiscal policies and procedures in place and follows them.			
E	10. The organization has documented a set of internal controls, including the handling of cash/deposits, and approval for spending and disbursements.			

E	11. All expenses of the organization are approved by a designated person(s) before payment is made.			
E	12. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.			
E	13. All contributions are recorded, appropriate records kept, and annual contribution statements given to all donors in accordance with IRS regulations and organization policy.			
R	14. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.			
E	15. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverages are in place.			
E	16. The Organization keeps adequate accurate records of all bank statements, financial reports, purchase receipts, payments, and donations.			
E	17. The organization files all IRS form 990's on a timely basis within prescribed timelines.			X
E	18. The organization reviews income annually to determine and report unrelated business income to the IRS.			X
R	19. The organization has an annual audit of their corporate records, policies, and financial statements (including yearend), completed and/or overseen by the Treasurer of the Board of Directors.			
R	20. The Board of Directors, or an appropriate committee, reviews and approves the audit report and institutes any necessary changes.			
E	21. The audit and/or organization prepared annual report, which includes financial statements, is made available to approved service recipients, volunteers, contributors and members in accordance with organization policy.			
A	22. Training is made available for board members and appropriate staff on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.			
Indicator Ratings: E = essential; R = recommended; A = additional to strengthen organizational activities				

Record of Completion

Certificate of the Treasurer

I, _____, do hereby certify that I am the duly elected and qualified Treasurer of the Board of Directors and the custodian of all general financial records of (Insert Church Name Here) a not for profit corporation organized and existing under the laws of the State of Georgia, and that this annual Internal & Financial Audit was performed and completed, by me, in accordance with the bylaws and corporate policies of said church, on the _____ Day of _____, 2021.

This completed Internal & Financial Audit is to be accompanied by the financial statement(s) of the yearend for which the audit is being performed, to be presented to the Board of Directors for review, and to be held in record according to the aforementioned Organization's bylaws and corporate policies.

Treasurer of the Board of Directors

Record of Adoption

Certificate of the Secretary

I, _____, do hereby certify that I am the duly elected and qualified Secretary of the Board of Directors and the custodian of all general business records of (Insert Church Name Here), a not for profit corporation organized and existing under the laws of the State of Georgia, and that the aforementioned is a true and accurate copy of the annual Internal & Financial Audit of this Church, duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the bylaws of said Church, and the laws of the State of Georgia, on the _____ Day of _____, 2021.

Witness and Attest

IN WITNESS WHEREOF, I have affixed my name as stated elected official hereunder of (Insert Church Name Here) and have signed this document hereunto this _____ Day of _____, 2021.

Corporate Seal

Senior Pastor / President of the Board of Directors

Secretary of the Board of Directors

Treasurer of the Board of Directors

5.

BOOKKEEPING & FISCAL CONTROLS

IN THIS SECTION:

- Church Finances 101: Bookkeeping Basics
- Church Finances 101: Internal Controls
- Church Finances 101: IRS Reporting Requirements
- Church Finances 101: Organization and File Management
- Church Finances 101: Payroll Management
- Annual Operating Budget, Example
- Estimated vs. Actual Budget Report, Example

Church Finances 101

Bookkeeping Basics Course Handout

**Instructor: Belinda Whitfield, CPA
Whitfield & Associates LLC**

Legal Disclaimer:

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Bookkeeping Basics

As you manage your ministry finances, you will be required to track the balance in your bank accounts, and prepare reports to show how the ministry is performing and where it stands. To accomplish this in an accurate and efficient manner, we recommend that you use an accounting software program designed for business use.

With an accounting program you will use data entry screens to record deposits, print checks, prepare payroll checks, and reconcile your bank accounts. Preparing financial reports will be as simple as printing reports that are already built-in the accounting program. You can also customize these reports to your liking.

This course will help you understand the theory behind bookkeeping. In turn, you will understand how the entries that you record in your accounting program effects your financial statements. When it comes time to create new accounts in your system, you will be able to select the correct type of account so that the activity is properly reported on your financial statements.

Note: Throughout this course we may refer to your accounting program as your books.

You will learn about:

- Lesson 1:** Types of Accounts
- Lesson 2:** Financial Statements
- Lesson 3:** Recording Transactions
- Lesson 4:** Debits and Credits
- Lesson 5:** Journal Entries
- Lesson 6:** Journal Types - Part 1
- Lesson 7:** Journal Types - Part 2
- Lesson 8:** Special Transactions
- Lesson 9:** Capitalization and Closing the Books

Lesson 1

Introduction

- Bookkeeping is all about keeping track of all financial transactions within the ministry.
- We assign accounts to help keep track of financial activity.
- Many accounts are used in the ministry to track financial activity.
- Accounts are used to track financial transactions.
- Accounts provide totals and balances at any point in time.
- A Chart of Accounts is a list of all the accounts used for the tracking financial activity.

Note: The term “account” refers to arranging transactions in categories. It does not refer to a specific bank account.

Lesson 1

CHART OF ACCOUNTS

Account	Account Description	Account Type
10000	Regular Checking A/C	Assets
10100	Payroll Account	Assets
10200	Savings Account - Bldg Fund	Assets
11000	Accounts Receivable	Assets
11500	Allowance for Doubtful Account	Assets
12000	Inventory	Assets
14000	Prepaid Expenses	Assets
15000	Furniture and Fixtures	Assets
15100	Equipment	Assets
15200	Automobiles	Assets
15300	Other Depreciable Property	Assets
15400	Leasehold Improvements	Assets
15500	Building	Assets
15600	Building Improvements	Assets
15900	Accumulated Depreciation	Assets
16900	Land	Assets
20000	Accounts Payable	Liabilities
23000	Accrued Expenses	Liabilities
23100	Sales Taxes Payable	Liabilities
23400	Federal Taxes Payable	Liabilities
23600	State Payroll Taxes Payable	Liabilities
23800	Note Payable, ABC Bank	Liabilities
23900	Note Payable, ABC Bank	Liabilities
39000	Unrestricted Net Assets	Equity

Lesson 1

40000	Tithes & Offerings	Income
40001	Building Fund	Income
40100	Bookstore Sales	Income
40200	Ticket Sales	Income
40800	Tuition Revenue	Income
40900	Miscellaneous Income	Income
41000	Interest Income	Income
60000	Outreach Givings	Expenses
60100	Benevolence Assistance	Expenses
61110	Wages/Salaries	Expenses
61111	Employer Taxes	Expenses
61112	Staff Insurance	Expenses
61113	Housing Allowance	Expenses
61200	Repairs & Maintenance	Expenses
61201	Rubbish Removal	Expenses
61202	Pest Control	Expenses
61203	Utilities	Expenses
61205	Cleaning Supplies	Expenses
61208	Rent	Expenses
61210	Property & Casualty Insurance	Expenses
61301	Telephone	Expenses
61303	Office Supplies	Expenses
61307	Postage/Delivery	Expenses
61308	Bank Service Charges	Expenses
61312	Legal Fees	Expenses
61313	Accounting and Audit Fees	Expenses
61316	Vehicle Gas/Ins & Maintenance	Expenses
61317	Licenses, Fees, Etc.	Expenses
61400	Interest Expenses	Expenses
61503	Communion Supplies	Expenses
61504	Baptismal Supplies	Expenses
61505	Church Supplies	Expenses

Types of Accounts

There are 5 major classifications of accounts:

- **Assets**
- **Liabilities**
- **Equity**
- **Income**
- **Expenses**

Lesson 1

Assets – Things that you own.

- **Cash in bank accounts**
 - Savings Account
 - Checking Account
 - Payroll Account
- **Buildings & Building Improvements**
 - Note: Building Improvements are major upgrades to your property such as a new roof or an expansion.
- **Vehicles**
- **Furniture and Equipment**
- **Accounts Receivable** (money someone owes the ministry)

Liabilities - Monies that you owe.

- **Accounts Payable** – Total bills not paid as of a specific date.
 - *Bills such as rent, utilities, telephone, etc. that you pay on a regular basis are expenses, not liabilities. The total bills that have not been paid is called Accounts Payable.
- **Note Payable** – These are promissory notes or loans used to purchase furniture, equipment and vehicles.
- **Mortgage Payable** – This is a loan that was used to purchase a real estate (land and/or building).

Equity – Your Net Worth

Example: Equity in a Vehicle you purchase.

Vehicle Cost	\$20,000.
Note Payable (amount borrowed)	\$15,000
Your Equity (usually your down payment)	\$5,000

On a financial report:

Equity = Total Assets minus Total Liabilities.

Types of Accounts

Income – Tracks the sources of business earnings.

- Tithes and Offerings
- Building Fund Contributions
- Mission Fund Contributions
- Ticket Sales
- Sales Revenue

Note: Revenue is another term for income.

Expenses – Tracks costs incurred to operate the business.

- Rent Expense
- Insurance Expense
- Payroll Tax Expense
- Utilities
- Telephone Expense
- Office Supplies

Frequently Asked Questions

Question #1

What is the difference between the asset account, cash in the bank account and the income account, Tithes and Offerings? Since tithes and offerings go to the bank account, aren't they one in the same?

Answer

The asset account, cash in the bank tracks how much money you have in the bank. This account will reflect the tithes and offerings deposited and the checks paid out. Your reports will reflect how much money you have in the bank at a specific point in time.

An income account such as Tithes and Offerings track how much you've earned or collected over a period of time.

Example: If your ministry collects about \$5,000 in tithes and offerings every week, at the end of the month your financial report will reflect about \$20,000 in the Tithes and Offerings income account. However, that does not necessarily mean that you have \$20,000 in the bank at the end of the month.

Question #2

What is the difference between the Accounts Payable liability account and expense accounts such as rent and utilities expense? Since we will always have to pay rent and utilities, aren't these liabilities?

Answer

Liability accounts track what you owe as of a specific point in time.

An expense account such as rent expense tracks how much rent you've incurred (whether it has been paid or not) for a specific time frame.

Example: If your rent payments are \$2,000 per month, your total rent expense for the year would be \$24,000. However, that does not necessarily mean that you owe \$24,000 in liabilities. The accounts payable liability account will reflect the unpaid portion of the rent. If you skipped a few payments and as of December 31, XXXX you still owe two more payments, the accounts payable liability account will reflect \$4,000 for unpaid rent.

Lesson 1

The five major classifications of accounts may be broken down to sub-classifications. The standard sub-classifications are:

Assets

- **Current Assets** – Assets that will be held for less than a year. Example: cash in bank accounts, petty cash, and accounts receivable.
- **Fixed Assets** – Furniture, Equipment, Buildings, and Vehicles. These may be presented on the financial statements as Capital Assets; Plant, Property and Equipment; or Property and Equipment.
- **Other Assets** – Miscellaneous Assets to be held for more than a year. Example: Security Deposits, and Investments.

Liabilities

- **Current Liabilities** – Debts that will be paid off within a year.
- **Long Term Liabilities** – Debts that will be paid off in more than one year.

Equity *(Also referred to as Net Assets for Not-for-Profit organizations)*

- **Designated Net Assets** – The portion of your equity that has been set-aside for a specific purpose.
- **Restricted Net Assets** – The portion of your equity that a donor places a restriction on. *Example: Someone donates a building and indicates that you cannot sell the building until you've had it for 10 years.*
- **Unrestricted Net Assets** – The portion of your net assets that has no restrictions and has not been designated for a specific purpose.

Lesson 1

Income

- **Income** – This is your regular operating income from any type of normal business activity.
- **Other Income** – This is special income you receive from very unusual business activities such as recording a gain (profit) on the sale of a building or profit on the sale of stock.

Special events and selling merchandise may be considered unusual for your ministry, but from an accounting standpoint, these are considered regular operating income. Also, be careful not to classify Miscellaneous Income as Other Income.

Expenses

- **Cost of Sales (or Cost of Goods Sold)** – This account reflects the cost of any merchandise you sell (books, tapes, T-shirts, food).
- **Expenses** – These are regular costs incurred to operate your business.

Note: Making payments on a debt may be regular and ongoing, but only the interest on the debt is considered an expense.

- **Other Expenses** – These are special costs you incur from a very unusual business activity such as a loss on the sale of a building or a loss on the sale of stock.

Be careful not to classify your Miscellaneous Expense account as Other Expense.

Financial Statements

There are three types of financial statements:

Trial Balance – List of all accounts and their balances in a debit and credit format. We will discuss debits and credits in Lesson 4.

Balance Sheet – Shows where the ministry stands as of a specific date. It lists assets (what you have), liabilities (what you owe) and equity (your net worth). The date on the balance sheet is usually stated “As of” a certain date.

Income Statement – Shows how the ministry performed over a specific period of time (e.g. one month, several months or for the year). It lists the total income and expenses and indicates whether the ministry earned a profit or incurred a loss. The date on the income statement is usually stated “For the period ending xx/xx/xx.”

Lesson 2

**Church of Our Father In Heaven
Trial Balance
As of April 30, 2008**

Account ID	Account Description	Debit	Credit
10000	Covenant Bank, General Account	62,197.80	
10001	Covenant Bank, Payroll Account	9,878.18	
10002	Covenant Bank, Building Fund	135,782.28	
11000	Accounts Receivable	350.00	
15000	Furniture and Fixtures	15,764.32	
15100	Equipment	9,839.61	
15100	Vehicles	25,689.58	
15500	Buildings & Improvements	250,000.00	
15900	Accumulated Depreciation		39,845.65
16900	Land	35,000.00	
20000	Accounts Payable		2,200.37
23400	Federal Taxes Payable		1,563.25
23800	Mortgage Payable, Covenant Bank		162,348.77
39000	Unrestricted Net Assets		256,607.17
40000	Tithes & Offerings		119,163.22
40001	Building Fund Offerings		10,296.46
40002	Sunday School		859.10
40100	Bookstore Sales		2,517.34
50000	Cost of Goods Sold	1,394.48	
60000	Outreach Givings	13,622.77	
61110	Wages and Salaries	9,109.00	
61111	Payroll Tax Expenses	696.84	
61200	Repairs and Maintenance	1,594.40	
61201	Utilities	2,505.41	
61208	Rent	13,196.10	
61303	Office Supplies	1,312.97	
61507	Printing	659.81	
62000	Special Events	3,803.03	
62001	Ministry of Helps	3,004.75	
	Totals	595,401.33	595,401.33

Lesson 2

Church of Our Father In Heaven
Balance Sheet
As of April 30, 2008



Assets

Assets

Current Assets

Covenant Bank, General Account	\$62,197.80
Covenant Bank, Payroll Account	9,878.18
Covenant Bank, Building Fund	135,782.28
Accounts Receivable	350.00

Total Current Assets

208,208.26

Property and Equipment

Furniture and Fixtures	15,764.32
Equipment	9,839.61
Vehicles	25,689.58
Buildings & Improvements	250,000.00
Land	35,000.00
Accumulated Depreciation	(39,845.65)

Total Property and Equipment

296,447.86

Total Assets

\$504,656.12



Liabilities

Liabilities

Current Liabilities

Accounts Payable	2,200.37
Federal Taxes Payable	1,563.25

Total Current Liabilities

3,763.62

Long Term Liabilities

Mortgage Payable, Covenant Bank	162,348.77
---------------------------------	------------

Total Long Term Liabilities

162,348.77

Total Liabilities

166,112.39



Equity

Net Assets

Unrestricted Net Assets	256,607.17
Net Income	81,936.56

Total Net Assets

338,543.73

Total Assets and Liabilities

504,656.12

Lesson 2

**Church of Our Father In Heaven
Income Statement
For the period ending April 30, 2008**

Current Month Year-to-Date

Income

Revenues

Tithes & Offerings	\$	27,501.32	\$	119,163.22
Building Fund Offerings		2,376.29		10,296.46
Sunday School		198.27		859.10
Bookstore Sales		580.97		2,517.34
Total Revenues		30,656.85		132,836.12

Cost of Goods Sold

(348.62) (1,394.48)

Gross Profit

30,308.23 131,441.64

Expenses

Expenses

Outreach Contributions	3,097.00	13,622.77
Wages and Salaries	2,070.84	9,109.00
Payroll Tax Expenses	158.42	696.84
Repairs and Maintenance	362.47	1,594.40
Utilities	569.58	2,505.41
Rent	3,000.00	13,196.10
Office Supplies	298.49	1,312.97
Printing	150.00	659.81
Special Events	864.58	3,803.03
Ministry of Helps	683.10	3,004.75
Total Expenses	11,254.48	49,505.08

Profit or (Loss)

Net Income

\$ 19,053.75 \$ 81,936.56

The Accounting Cycle

The Accounting Cycle lasts one year.

Income and Expense account balances are reset to zero balances at the beginning of a new year. This is because we measure our performance (how much income we earned, how much we incurred in expenses, and whether we made a profit or loss) for one year at a time.

Assets, Liabilities and Equity account balances carry forward to the next year as beginning balances. This is because in reality, your assets (money in the bank, furniture, equipment and buildings) do not go away (or disappear) simply because of a new year.

Recording Transactions

The accounting system is based upon a double entry accounting system for recording transactions. This basically means that each financial transaction will affect two or more accounts.

As you record transactions in your accounting program, each transaction will affect two or more accounts. This is all done behind the scenes.

Recording Contributions

Bank Account
- Increases



Contributions Income Account
- Increases



Writing Checks

Bank Account

- Decreases



Expense Accounts

- Increases



Recording Unpaid Bills

Expenses
- Increases



Accounts Payable
- Increases



Building Purchase

Building Account
- Increases



Mortgage Payable
- Increases



Bank Account
- Decreases



Vehicle Purchase

Vehicle Account
- Increases



Note Payable
- Increases



Bank Account
- Decreases



Debit and Credit Rules

Assets - Debit Balances

Liabilities - Credit Balances

Equity - Credit Balances

Income - Credit Balances

Expense - Debit Balances

Assets
DEBIT BALANCES

Building Purchase

Building
- Increases (Debit)



Cash in the Bank
- Decrease (Credit)



Assets
DEBIT BALANCES

Cash Account

Bank Deposits
- Increases (Debit)



Withdrawals and
Checks
- Decrease (Credit)



Assets
DEBIT BALANCES

Cash Account

Bank Deposits

- Increases (Debit) \$20,000



Checks Paid Out

- Decrease (Credit) \$25,000



Net Activity

- Decrease (Credit) \$5,000



Assets
DEBIT BALANCES

Building Account

Purchase of Building
- Increases (Debit)



Sale of Building
- Decrease (Credit)



Liabilities
CREDIT BALANCES

Mortgage Payable

Loans from the Bank
- Increase (Credit)



Loan Payments
- Decrease (Debit)



Equity
CREDIT BALANCES

- Increase (Credit)



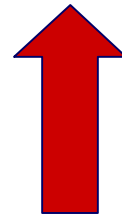
- Decrease (Debit)



Income
CREDIT BALANCES

Tithes & Offerings

Weekly Contributions
- Increase (Credit)



Contributions
Returned by Bank
- Decrease (Debit)



Expense
DEBIT BALANCES

Office Supplies

Purchases

- Increases (Debit)



Refunds

- Decrease (Credit)



Expense
DEBIT BALANCES

Office Supplies

Purchases

- Increases (Debit) \$300



Refunds

- Decrease (Credit) \$20



Net Activity

- Increase (Debit) \$280



Journal Entries

Financial transactions are recorded on the books in the form of Journal Entries.

At least one account will have a debit and at least one account will have a credit. The total debits must match the total credits.

When you record transactions on the data entry screen of your accounting program, the program automatically creates a journal entry behind the scenes. You will also have a screen where you may write your own journal entries for special transactions.

Recording Contributions

Bank Account - Debit
- Increases \$5,000



Contributions Income
Account - Credit
- Increases \$5,000



Journal Entry

Recording Contributions

	<u>Debit</u>	<u>Credit</u>
CASH IN BANK	\$5,000	
CONTRIBUTIONS INCOME		\$5,000

Writing Checks

Bank Account - Credit
- Decreases \$2,000



Expense Accounts -
Debit
- Increases \$2,000

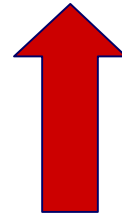


Journal Entry
Writing Checks

	<u>Debit</u>	<u>Credit</u>
RENT EXPENSE	\$2,000	
CASH IN BANK		\$2,000

Recording Unpaid Bills

Accounts Payable -
Credit
- Increases \$600



Expenses - Debit
- Increases \$600



Journal Entry

Recording Unpaid Bills

	<u>Debit</u>	<u>Credit</u>
RENT	\$200	
UTILITIES	300	
TELEPHONE	100	
ACCOUNTS PAYABLE		\$600

Building Purchase

Building Account -

Debit

- Increases - \$100,000



Mortgage Payable -

Credit

- Increases - \$95,000



Bank Account - Credit

- Decreases - \$5,000



Journal Entry
Building Purchase

	<u>Debit</u>	<u>Credit</u>
BUILDINGS	\$100,000	
MORTGAGE PAYABLE		\$95,000
CASH IN BANK		5,000

Vehicle Purchase

Vehicle Account - Debit
- Increases - \$20,000



Note Payable - Credit
- Increases - \$15,000



Bank Account - Credit
- Decreases - \$5,000



Journal Entry
Vehicle Purchase

	<u>Debit</u>	<u>Credit</u>
VEHICLES	\$20,000	
NOTE PAYABLE		\$15,000
CASH IN BANK		5,000

Journal Types

In an accounting system journal entries are grouped according to the type of journal entry. The following is a list of the types of journals:

Sales Journal – Tracks journal entries for invoices billed to customers.

Cash Receipts Journal – Tracks journal entries for customer receipts and miscellaneous bank deposits.

Purchase Journal – Tracks journal entries for invoices received from vendors.

Cash Disbursements Journal – Tracks journal entries for checks paid to vendors.

Payroll Journal – Tracks journal entries for payroll checks issued to employees.

General Journal – Tracks any manual journal entries.

Sales Journal

Date	Invoice	Account Description	Debit Amnt	Credit Amnt
6/1/00	101	Tuition Revenue Accounts Receivable	300.00	300.00
7/1/00	102	Tuition Revenue Accounts Receivable	300.00	300.00
8/1/00	103	Tuition Revenue Accounts Receivable	300.00	300.00
9/1/00	104	Tuition Revenue Accounts Receivable	300.00	300.00
	Total		<u>1,200.00</u>	<u>1,200.00</u>

Cash Receipts Journal

Date	Account Description	Debit Amnt	Credit Amnt
6/1/00	Tithes & Offerings		10,000.00
	Building Fund		875.00
	Bookstore Sales		580.00
	Sales Taxes Payable		41.00
	Regular Checking A/C	11,496.00	
6/8/00	Tithes & Offerings		8,000.00
	Regular Checking A/C	8,000.00	
6/15/00	Tithes & Offerings		9,500.00
	Building Fund		1,500.00
	Sunday School		195.00
	Regular Checking A/C	11,195.00	
		<u>30,691.00</u>	<u>30,691.00</u>

Purchase Journal

<u>Date</u>	<u>Account Description</u>	<u>Debit Amount</u>	<u>Credit Amount</u>
6/5/00	Cleaning Supplies Accounts Payable	230.00	230.00
6/16/00	Office Supplies Accounts Payable	176.25	176.25
6/18/00	Printing Accounts Payable	752.00	752.00
6/20/00	Telephone Accounts Payable	380.00	380.00
6/23/00	Utilities Accounts Payable	2,300.00	2,300.00
		<u>3,838.25</u>	<u>3,838.25</u>

Cash Disbursements Journal

Date	Account Description	Debit Amount	Credit Amount
6/12/00	Accounts Payable Regular Checking A/C	380.00	380.00
6/18/00	Accounts Payable Regular Checking A/C	2,000.00	2,000.00
6/23/00	Accounts Payable Regular Checking A/C	1,000.00	1,000.00
6/26/00	Accounts Payable Regular Checking A/C	176.25	176.25
6/29/00	Accounts Payable Regular Checking A/C	230.00	230.00
		<u>3,786.25</u>	<u>3,786.25</u>

Payroll Journal

<u>Date</u>	<u>GL Acct Description</u>	<u>Debit Amt</u>	<u>Credit Amt</u>
6/1/00	Wages/Salaries	1,770.84	
	Federal Taxes Payable		207.81
	State Payroll Taxes Payable		50.63
	Regular Checking A/C		1,512.40
6/15/00	Wages/Salaries	880.00	
	Federal Taxes Payable		97.94
	Federal Taxes Payable		67.32
	State Payroll Taxes Payable		23.90
	Federal Taxes Payable		67.32
	Employer Taxes	67.32	
	Regular Checking A/C		690.84
		<u>2,718.16</u>	<u>2,718.16</u>

General Journal

Date	Reference	Account Description	Debit Amt	Credit Amt
6/1/00		Payroll Account Regular Checking A/C	5,000.00	5,000.00
	Total		<u>5,000.00</u>	<u>5,000.00</u>

Bringing It All Together

The General Ledger

Sales Journal	Cash Receipts Journal
Purchase Journal	Cash Disbursements Journal
Payroll Journal	General Journal

General Ledger

Account Description	Trans Description	Debit Amt	Credit Amt	Balance
Regular Checking A/C	Beginning Balance			56,584.23
	Sunday Service	11,496.00		
	Transfer to Payroll Account		5,000.00	
	XYZ MOTORS		5,000.00	
	STANFORD & COMPANY		3,000.00	
	Office Max		200.00	
	Sunday Service	8,000.00		
	OFFICEMAX		380.00	
	Sunday Service	11,195.00		
	WWTO TV		2,000.00	
	OFFICEMAX		1,000.00	
	OFFICEMAX		176.25	
	OFFICEMAX		230.00	
	MY Printing Company		150.00	
	Department of Revenue		55.00	
	Fix-Up & Company		750.00	
	Midwest Office Warehouse		1,000.00	
	Youth Missions of America		375.00	
	American Insurance Co.		300.00	
	Comed		300.00	
		Current Period Change	30,691.00	19,916.25
	Ending Balance			67,358.98

Lesson 7

**Church of Our Father In Heaven
Income Statement
For the Month Ending June 30, 2000**

	Current Month
Revenues	
Tithes & Offerings	\$ 18,000.00
Building Fund	2,375.00
Sunday School	195.00
Bookstore Sales	3,483.00
Tuition Revenue	300.00
Day Care Income	9,357.00
School Tuition Fees	15,689.00
Rental Income	22,051.00
Total Revenues	71,460.00
Expenses	
Outreach Givings	376.00
Wages/Salaries - Church	2,960.84
Employer Taxes	87.32
Repairs & Maintenance	750.00
Utilities	<9,797.00>
Cleaning Supplies	230.00
Rent	3,000.00
Telephone	380.00
Office Supplies	2,676.25
Printing	902.00
Total Expenses	1,534.41
Net Income	\$ 69,915.69

General Ledger

Account Description	Trans Description	Debit Amt	Credit Amt	Balance
Utilities	Beginning Balance			
	COMED - Meter # 12350	4,750.00		
	COMED - Meter # 12057	153.00		
	Sunday Service - Tithes & Offerings		15,000.00	
	Comed - Electric Bill	300.00		
	Current Period Change	5,203.00	15,000.00	-9,797.00
	Ending Balance			-8,797.00

Special Transactions

The following are sample journal entries for various special transactions that may occur in the ministry.

Special Transactions

Sales & Sales Taxes

	<u>Debit</u>	<u>Credit</u>
Cash In Bank	10.70	
Sales Revenue		10.00
Sales Tax Payable		.70

Special Transactions

Loan Payments

	<u>Debit</u>	<u>Credit</u>
Mortgage Payable		\$2,030
Interest Expense		927
Cash in Bank	\$2,957	

Special Transactions

Petty Cash – Start-Up

	<u>Debit</u>	<u>Credit</u>
Petty Cash	\$200	
Cash in Bank		\$200

Special Transactions

Replenish Petty Cash Fund

	<u>Debit</u>	<u>Credit</u>
Office Supplies Exp.	\$27.25	
Meals & Refreshments Exp.	15.00	
Cleaning Supplies Exp.	5.00	
Gas – Church Van	12.00	
Church Supplies	2.50	
Sunday School Supplies	10.25	
Choir Supplies	3.25	
Children’s Ministry	9.75	
Teen’s Ministry	8.00	
Deacon Board	5.00	
Cash in Bank		\$98.00

Special Transactions

Payroll Checks

	<u>Debit</u>	<u>Credit</u>
Salary & Wages Expense	\$1,000	
Employer Tax Expense	76	
Federal Taxes Payable		\$252
State Taxes Payable		22
Cash in Bank (net pay)		802

Special Transactions

Payroll Tax Payments

	<u>Debit</u>	<u>Credit</u>
Federal Taxes Payable	\$252	
State Taxes Payable	22	
Cash in Bank		274

Special Transactions

Prepaid Expenses

7/1 Paid 12-Month Insurance Policy - \$2,400

As of 12/31/00 1/2 of Policy Has Been Used.

The remaining 1/2 is **PREPAID**.

	<u>Debit</u>	<u>Credit</u>
Prepaid Expenses	\$1,200	
Insurance Exp.		\$1,200

Special Transactions

Depreciation

Purchased New Computers	\$5,000
Divide By Useful Life	5 Years
Annual Depreciation	\$1,000

	<u>Debit</u>	<u>Credit</u>
Depreciation Exp.	\$1,000	
Accumulated Depr.		\$1,000

Capitalization Policy

When your ministry makes a major purchase and choose to code the transaction to a fixed assets account, such as furniture, equipment, vehicles and buildings, this is referred to as capitalizing those assets or capitalization.

You will want to establish a minimum value for capitalizing new assets.

Usually \$250 is a good place to start. This basically means that an item must have a value of \$250 or more in order to be coded to one of the fixed assets accounts on your accounting system. Smaller purchases will simply be coded to an expense account.

When you capitalize assets, this increases your assets on the balance sheet. As a result, the business financials look better. However, each asset that you capitalize must be depreciated over its useful life (refer to Lesson 8).

Although certain items may have a long useful life, it would not be practical to capitalize those items simply to increase your assets.

Example: A \$15 durable metal stapler may last at least 10 years. It is not customary to include this purchase in your office equipment asset account and depreciate it over 10 years at \$1.50 per year.

Smaller assets purchased in large quantities at the same time, may be grouped and capitalized as one major purchase.

Example: If a church purchases 1,000 chairs at \$25 each, this total purchase of \$25,000 could qualify as a major purchase and be coded to the Furniture and Fixtures account on the books.

Closing the Books

After you have gone through the year-end accounting process, you will need to close the books.

The procedure will vary from one accounting system to another. However, the end result is the same.

When the books are closed, the accounting system will automatically prepare a journal entry that will:

- Reset your Income and Expense Account balances to zero.
- Your net profit (Income minus Expenses) will be posted to the equity (Net Assets) account.

Tips for Reviewing Financials

- Print the General Ledger and make sure transactions have been posted to the correct account.
- Review account balances for reasonableness.
- Reconcile your bank accounts to the bank statements.
- Reconcile your liability accounts and credit card statements.
- Monitor vendor statements and follow-up on past due notices.

Church Finances 101

Internal Controls Course Handout

**Instructor: Belinda Whitfield, CPA
Whitfield & Associates LLC**

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Internal Controls

In this course we will discuss the internal controls you will need to put in place to protect your ministry.

Internal control is about safeguarding company assets. Good internal controls involve establishing:

- Segregation of Duties
- Checks and Balances
- Protecting the cash coming in and going out of your ministry
- Protecting your ministry's property

You will learn about:

Lesson 1: Controlling Contributions, Ushers, Money Placed at the Altar

Lesson 2: The Counting Committee/Team

Lesson 3: Reporting, Depositing and Balancing

Lesson 4: Controlling Checks and Credit Cards

Lesson 5: Handling Petty Cash and Expense Accounts

Lesson 6: Too Much Red Tape!

Lesson 7: Managing Funds

Lesson 8: Benevolence

Controlling Contributions

Segregation of Duties

The Ushers collect the offerings.

- A ministry should have two people retrieve the mail from the post office. There have been cases where an individual has opened a private account in the name of the ministry and embezzled funds.

The Counting Committee counts the offerings and prepares the bank deposit.

Deposit Team - at least two people should take the money to the bank.

The Data Entry Person records the contributions in the database.

The Bookkeeper records that contribution in the accounting program.

- There should always be two people with the money at all times. No single person should have custody or access to the money.
- In a new church or ministry, a person may serve in multiple roles. However, this should be gradually eliminated as new leaders are developed within the ministry.

Lesson 1

The Ushers

- The ushers should be rotated regularly
- The ushers should not tamper with the offering envelopes.
- The ushers should not open envelopes to make change.
- Establish a petty cash fund to make change during worship services.

- Two or more ushers should be with the money at all times.
- All money received at the altar is counted and deposited.
- No one walks away with a bag of money!

Sunday School Offerings should be locked and sent to the counting committee for deposit.

The Counting Committee

- There should be at least two to three people on the counting committee.
- Rotate counting team members on a regular basis.
- The counting should be performed in a limited access area with reasonable security measures.
- Purses, coats and other belongings should be stored in a separate area.
- All offerings should be deposited. Offerings should not be used for miscellaneous cash expenses.

Offering Envelopes

- Use an envelope system for tracking contributions.
- Make sure the following statement printed on the offering envelopes.
“We fully intend to use funds as designated, but we reserve the right to use where the needs of the ministry may most urgently require”
- Blank envelopes with cash = loose offerings.
- Blank envelopes with a check – the counting team member should complete the envelope.
- Group envelopes by batch.

The counting team member should:

- Verify the information on the envelope.
- Make sure the check number is included on the envelope.
- Discuss discrepancies in amounts with another team member before making corrections to the envelope.
- Verify the money in the envelope matches the amount stated on the envelope.
- Verify the money and envelopes by batch.

Tip: When batching the envelopes, consider grouping the special offerings batches separately. This could help speed up the counting process if your counting team reports total offerings by fund. And it could speed up the data entry process when all envelopes in the majority of batches are all assigned to tithes and offerings.

Lesson 2

Segregation of Duties in the Counting Process

The following is an example of how two team members can work together to process a batch of offering envelopes. This segregation of duties will eliminate a single person's control over a batch of envelopes and improves the checks and balances in the process. It could also improve the time required to complete the offering count.

Team Member #1

- Checks the envelope and verifies the contents

Team Member #2

- Confirms the contents and separates currency, coin and checks.

After all envelopes in the batch have been opened...

Team Member #1

- Prints a calculator tape of all checks for the batch and paperclips the calculator tape to the batch of checks; and labels the calculator tape with the batch number.
- Counts the totals per denomination of currency and total coin received for the batch.
- Calculates the total money for the batch.

Team Member #2

- Prints a calculator tape that calculates the totals reported on the envelope.
- Write the batch number on the calculator tape.

The totals per the envelopes should match the total money counted for the batch.

The money and envelopes should then be taken to the central location for where all monies are organized for deposit. Then, the next batch may be counted.

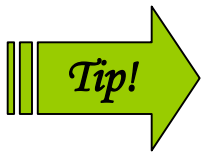
The loose offerings are counted by two team members and one offering envelope is prepared for the total loose offerings.

Lesson 3

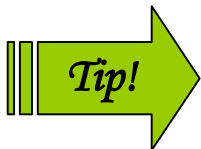
Reporting, Depositing and Balancing the Offerings

Preparing the Deposit

- At least two team members should count all the money after all batches and loose offerings have been counted.
- One person should print a calculator tape of all the totals on the batches of checks. This will be the grand total for the checks to be deposited.
- Endorse the checks. Keep the checks organized in batches with the matching calculator tape for the batch. Group all the checks, batch tapes and the grand total tape in a rubber band.
- Count and report currency and coin by denomination.
- All money should be deposited in the bank. Do not deduct cash for miscellaneous expenses, use a petty cash fund.
- Complete a two-ply bank deposit slip.
 - The carbon copy goes to the bookkeeper with the deposit report.
 - The original goes with the money for deposit.



When completing the bank deposit slip, you may enter the grand total for the checks. You do not need to list each check singly if you include calculator tapes. Discuss this process with your bank teller in advance.



The next time you order bank deposit slips, consider ordering this format. It includes a tally section on the slip. This will allow the teller to confirm your currency and coin count and easily identify calculation errors.

DEPOSIT TICKET
FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN
YOUR FINANCIAL INSTITUTION
CITY, STATE AND ZIP

DATE	AMOUNT	
	X 100	
	X 50	
	X 20	
	X 10	
	X 5	
	X 2	
	X 1	
	EVAL. CHECKS/COIN	
	TOTAL CASH	
	CHECKS (INCLUDE NET TALS)	
	1	
	2	
	3	
	4	
	5	
	6	
	7	
	8	
	9	
	TOTAL CHECKS	

YOUR BUSINESS NAME HERE
YOUR STREET ADDRESS
YOUR CITY, STATE AND ZIP

001001 000067894 12345678*

00-6789/0000

PLEASE BE SURE ALL ITEMS ARE PROPERLY ENDORSED
DEPOSITS MAY NOT BE AVAILABLE FOR BRANCH WITHDRAWAL

- Money should be placed in a secure Locked Bag

Lesson 3

The Deposit Report

The counting team will generally prepare a report of the total offerings.

The report should provide the following:

- Total Currency (by denomination), Coin (Optional: by denomination), and Checks.
- Total Deposit by Batch.
- Total General Offerings and Designated Offerings by Fund (Optional).
- Any Other Amounts or Items Collected.

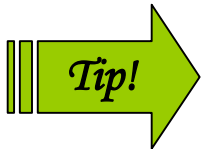
Distributing Reports – Who gets what?

- The Senior Pastor (copy of the report)
- The bookkeeper or finance administrator (copy of the report and bank deposit slip).
- The data entry person or data entry supervisor (copy of the report and all batches of envelopes)
- The treasurer (copy of the report).

Lesson 3

Data Entry Team

- The data entry person or team will enter the contributions by batch.
- The data entered should include the fund allocation, and whether the offering was cash or check, and the check number, if applicable.
- Loose offerings should also be entered. Create a member record for Loose Offerings and assign all weekly loose offerings to this member.
- A second person should print a batch report and confirm the report against the envelopes.
- After all batches have been entered, a report should be generated that summarizes the contributions entered by fund.
- The total per the data entry report should match the report issued by the counting team.
- A copy of the report should be submitted to the bookkeeper.
- The data entry supervisor should keep a control file per month containing all data entry summary reports matched against the counting team reports. This may be helpful in resolving discrepancies.



Offering envelopes may be stored in check storage boxes from the time they are batched by the counting team to the time they are stored after the data entry process.



The Bookkeeper

- Records the deposit in the accounting system.
- Verifies that the bank deposit report matches the bank deposit slip.
- Verifies that the bank deposit report matches the summary report generated from the membership database.
- Prepares a separate deposit for miscellaneous receipts such as:
 - NSF reimbursement checks from donors.
 - Vendor refunds.
 - Deposits from special events and ministry of helps.
 - Reimbursements of excess cash from advanced funds.

Offerings Report

Date: 7/6/2003

Service: 9:00am

Batch #	Initials	Checks	Currency	Coin	Total	Tithes & Offerings	Building Fund	Missions			Total
1	BW/KL	385.00	229.00	5.89	619.89	619.89					619.89
2	JN/AP	487.00	382.00	3.69	872.69	872.69					872.69
3	JN/AP	689.00	357.00	10.56	1,056.56	1,056.56					1,056.56
4	BW/KL	1,072.00	415.00	8.32	1,495.32	375.00	894.32	226.00			1,495.32
5					-						-
6					-						-
7					-						-
8					-						-
9					-						-
10					-						-
11					-						-
12					-						-
13					-						-
14					-						-
15					-						-
16					-						-
17					-						-
18					-						-
19					-						-
20					-						-
Totals	0.00	2,633.00	1,383.00	28.46	4,044.46	2,924.14	894.32	226.00	0.00	0.00	4,044.46

Currency

3	X 100's	300.00
2	X 50's	100.00
16	X 20's	320.00
31	X 10's	310.00
62	X 5's	310.00
1	X 2's	2.00
41	X 1's	41.00
Total		<u>1,383.00</u>

Coin

1	X 1.00	1.00
0	X .50	0.00
87	X .25	21.75
52	X .10	5.20
9	X .05	0.45
6	X .01	0.06
Total		<u>28.46</u>

Summary

Checks	2,633.00
Currency	1,383.00
Coin	28.46
Total	<u>4,044.46</u>

Lesson 4

Controlling Expenses, Checks and Credit Cards

ATM Cards

Cash Station/ATM cards should not be used for withdrawals and debits PERIOD. It is far too time consuming and difficult to track cash withdrawals, match them against receipts and account for the unused cash.

Controlling Checks

- Use pre-numbered checks.
- All checks should be accounted for.
- Don't release blank checks, especially signed blank checks.
- Never issue checks payable to "CASH"
- File voided checks in numerical sequence in a voided check file.
- Use dual signatures when practical (i.e. checks over \$500).
- Use checks sequentially by date.
- Pastors – Don't keep a stash of blank checks for emergencies. This causes:
 - Checks to skip sequence
 - Bank account overdrafts
 - Poor documentation

Lesson 4

Expenses and Company Credit Cards

Controlling Expenses

- All expenses should be for the tax-exempt purpose of the ministry.
- Use a budget to establish help control expenses.
- All expenses should be approved by the Senior Pastor, Program Director and/or other authorized person.
- Helps Ministry Expenses should be requested by the Helps Ministry Leader. Volunteer ministry workers should not submit requests for purchases unless approved by the helps ministry leader.
- No personal expenses should be paid by the ministry unless authorized by the board as part of the employee's compensation package.

Credit Card Transactions

- Credit card transactions should be documented with receipts and a purchase authorization.
- Undocumented and/or unapproved credit card purchases are considered personal expenses and should be deducted from the employee's paycheck.
- An employee's continual use of a company credit card for personal use is a form of embezzlement.
- Protect your ministry, your pastor and your employees.
 - Insist on receipts or take the card away!

Controlling Petty Cash and Expense Accounts

Petty Cash

One person should be in charge of the fund. Establish guidelines on how the petty cash fund will be used. Petty cash advances to staff and volunteers should be pre-approved on a request form.

Petty Cash Supplies

- Currency box with lock
- Petty Cash Book with two-part receipts
- Petty Cash Expense Form (with cash on hand tally section)
- 6”X9” Envelope to store receipts – Keep this in the petty cash box.

Handling Petty Cash Receipts

Disbursing Petty Cash

- Complete a petty cash slip for each transaction.
- Have the employee or volunteer sign the receipt.
- Give the original to the employee or volunteer with the money
- Include instructions to return the petty cash receipt, store receipt and change in an envelope within one or two business days.
- Keep the carbon copy in the book.

Receiving Change and Store Receipts

- Compare the receipts and change to make sure all cash has been accounted for.
- Strike through the amount on the original receipt to indicate the actual petty cash spent. (E.g. \$15.00)
- Note the amount returned on the receipt. (E.g. “Returned \$5.00 noted in the memo section”.
- Make a mark on the carbon copy to indicate that the receipts have been returned.
- Staple the store receipt to the back of the original petty cash receipt and place them in the petty cash envelope.

Lesson 5

Replenishing Petty Cash

- Complete a petty cash report listing the following:
- List each expense individually based on the actual amount spent.
- Calculate total expenses.
- Count and record the cash on hand.
 - Include a line item for any petty cash advances that have not been returned with receipts and change. Indicate the date and amount advanced. Treat this as part of your cash on hand until the receipts are returned.
- Calculate the cash over or short.
 - Example: If the petty cash fund is \$200.00 and your total expenses equal \$102.00, you should have \$98.00 in cash on hand and outstanding advances.
- Request sufficient funds to restore the petty cash fund to the original level.
- Complete a check request form and attach your petty cash report as documentation.
- Cash the check and add it to your petty cash.

Lesson 5

Expense Accounts

- Expense accounts are handled similar to petty cash.
- The individual is given a certain amount as an expense account.
- The individual must track all expenses and keep all receipts.
- The individual should submit an expense report at least once per month to document the cash spent and cash on hand.
- Calculate any cash overages or shortages. The individual is responsible for correcting any cash shortages.
- Replenish the expense account for the cash required to bring the account back to the fund level.

Extra documentation is required for meals and entertainment expenses.

Meals and entertainment expenses should include the names of the people attending the event, location of the event, and an explanation of the business purpose.



Gas expenses are not allowed for personal vehicles. The individual should be reimbursed for the personal use of their vehicle through the mileage reimbursement system.

Purchase/Payment Requisition Form

As your ministry grows, you will find that there will be many types of demands to make payments and purchases. This multi-purpose form will help document approvals such requests and assist the bookkeeper in identifying the type of supporting documentation that should be attached.

Note: We do not suggest that this form support every single check. Payments for recurring expenses such as utilities, telephone, rent and other monthly contract payments can be approved on the invoice or contract.

Your Ministry Name

Your Ministry Address

Your Ministry Phone # and Fax #

PURCHASE/PAYMENT REQUISITION

*Print clearly and attach any receipts
or documents to the back of the form.*

*Note: Vendors will receive an approved electronic Purchase Order by fax directly from Accounting.
Individuals may not order merchandise directly from vendors without prior authorization.*

Request for Funds (Check One, if applicable)		Merchandise Order	
Advance of Funds by Check _____	Other Check Request _____	On Account _____	
Reimbursement by Check (Receipts are Required) _____		COD: Cash _____ Check _____	
Benevolence/Donations by Check _____	Petty Cash Advance (Administrative Only) _____	Credit Card _____	
Vendor Information			
Vendor (Pay to):			
Address:			
City/State/Zip:			
Telephone:		Fax Number:	
Quantity	Description	Unit Price	Total
G/L Account #:			
Comments:		Sub-Total	
		Freight	
Route Check or Merchandise to:		Total	
<i>Checks will be automatically mailed to the payee unless indicated otherwise. Notification of merchandise delivery will be directed to your mailbox unless indicated otherwise.</i>			
Prepared by:		Date:	
Approved by:		Date:	
		Automated P.O.#:	

Purchase/Payment Requisition Form

How to Use this Form

The following explains how the Request for Funds and Merchandise Order sections are to be used.

Request For Funds

This section is used to request either cash or check.

Advance of Funds: The payee will receive a check that will be cashed to make purchases for the ministry. There will probably be no documentation attached to the back of the form at the time of request. The payee is responsible for returning excess cash and all receipts to the bookkeeper within a reasonable time frame. The bookkeeper will then attach the receipts and note of the cash returned on either the check stub or other designated location.

Reimbursement By Check: The payee will receive a reimbursement for expenses. All related receipts should be attached to the form. The bookkeeper should attach a calculator tape that verifies the total reimbursement.

Benevolence/Donations By Check: There is typically no receipts or other documentation to attach for donations to other not-for-profits. Love gift checks payable to outside ministers should be documented with a copy of a letter to the minister from the church/ministry explaining the purpose for the check.

Other Check Request: These payments should have some form of documentation (receipt, contract or invoice) attached.

Petty Cash Advance: There will probably be no documentation attached to the back of the form at the time of request. The payee is responsible for returning excess cash and all receipts to the bookkeeper within a reasonable time frame. The petty cashier will attach this form to the back of the petty cash receipt along with the store receipts when they are returned.

Merchandise Order

This section is used to order merchandise and to document the purchase of items via the ministry's credit card.

On Account: This item is checked when merchandise will be ordered and the vendor will charge the item to the company's account with the vendor. The bookkeeper will prepare a handwritten or computerized purchase order and fax it to the vendor.

COD Cash or Check: This item is checked an item will be ordered and shipped via COD where payment is due upon delivery. The bookkeeper will know whether to have cash or a check ready when the shipment arrives.

Credit Card: This item is checked when merchandise will be ordered and paid via the company credit card. This item is also checked when someone uses the company credit card to make a business purchase. The individual should complete the form, attach the store receipt and obtain an approval. The form should be routed to the bookkeeper that will match this paperwork to the monthly credit card statement.



Too Much Red Tape!

- Try not to overwhelm your ministry with too many forms. Try to come up with one or two multi-purpose primary forms. Use special forms or worksheets as supporting documentation.
- Don't hinder the anointing with a lot of red tape. Allow room for give and take under special circumstances. Follow-up with proper documentation as needed.
- Note: The IRS allows for undocumented transactions of up to \$75.00. Use this as a guide when giving someone a break in extreme circumstances when you know the cost was actually incurred.
 - Example: Sara, a ministry leader received an advance of \$200 to purchase food, refreshments and decorations for the women's prayer breakfast. She spent all the money, but she lost the \$50 receipt for the floral decorations. You were at the breakfast and you saw the decorations. So you know she spent the money. Have her prepare a memo documenting the date, description and approximate amount of purchase, and noting that the receipt was lost. Have her sign the memo and use it as a receipt.

Check Advances

When the ministry must issue a check to an individual for shopping or other purposes, this is called an advance. Check advances work very similar to releasing petty cash funds. The payment should be authorized in advance.

Disbursing Check Advances

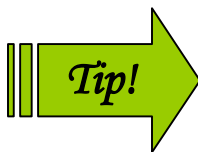
- Issue a check payable to the individual responsible for handling the money.
- Include instructions to return the check stub, store receipt and change in an envelope within three business days.




Print instructions on colored paper and staple the instructions on the check stub so that it stands out. You could get about thirty instruction slips on one sheet of paper.

Please return this check stub along with the store receipts and change within three business days.

- Keep your file copy of the check stub and payment authorization form in a file folder labeled “Advances Pending Receipt” until the receipt and change have been returned.



Use a rubber stamp  or mark on the file copy of the check stub for all advances. The mark will serve as a reminder not to file any advances in the paid bills file until the receipts have been attached.

Lesson 6

Receiving Change and Store Receipts

- Compare the receipts and change to make sure all cash has been accounted for.
- Note the amount returned on your file copy of the check stub. (E.g. “Returned \$5.00”.
- Staple the store receipt behind the payment authorization form.
- File the paperwork in your paid bills file.

Depositing the Change Returned

- Deposit the change with your miscellaneous deposits for the week. Do not mix this money with the petty cash fund.
- Code the deposit to the same expense account the check was coded to. Example: If the check was coded to the Sunday school expense account, code the deposit to the Sunday school expense account.
- Include the name of the individual returning the funds in the description for the transaction.

Managing Funds

Do you really need a bank account for each fund and Helps Ministry area?

Bank accounts

- Funds should be designated by the board.

- Separate Checking accounts should be used for key revenue producing business activities. Examples:
 - Bookstore Checking Account
 - Rental Property Checking Account
 - Day Care Center Checking Account
 - Day School Checking Account
 - Grants Checking or Savings Account

- You may also want a special account for:
 - General Checking Account
 - Payroll Checking Account
 - Benevolence Checking Account
 - Special Savings Account
 - Building Fund Savings Account

Lesson 7

Ministry and Auxiliary Accounts

- We do not recommend opening a bank account for helps ministries or auxiliaries. These ministries should not own or control their own bank accounts. Nor should they collect and hold cash to pay their own expenses. This creates an opportunity for embezzlement (whether its \$5 or \$5,000, stealing is stealing). All monies collected on behalf of the organization should be deposited and accounted for on the ministry's accounting system. All expenses should be accounted for on the ministry's system.
- Customize your accounting system to track and report revenues and expenses for helps ministries and auxiliaries.
- Use a special bank account, if necessary to reserve funds for cash collected from ticket sales for future special events expenditures.
- Establish a "use it or lose it" policy.
 - Unused monies is retained in the general fund or building fund.
 - Acknowledge and reward helps ministries and auxiliaries for coming in under budget and/or contributing excess funds to the building fund.
 - In special cases, carry the unused monies over to the next year.

Benevolence Payments

Churches and ministries may provide assistance to the needy in the form of benevolence.

Here are a few guidelines:

- There should be a legitimate need.
- Benevolence may be used for food, clothing, shelter (rent, mortgage, security deposit), medical expenses, funeral expenses, transportation for someone seeking employment.
- Benevolence should not be used to pay debts such as credit cards and loans.
- Establish a policy limiting the amount of benevolence a person or family may receive.
 - Avoid establishing an annual policy amount. Some people who learn about this policy will abuse it and show up at about the same time each year with a financial need.
- Establish a Benevolence Board to establish a screening process and to review requests for benevolence.
- Benevolence payments are not reported. Exceptions:
 - Benevolence payments for employees should be added to their W-2.
 - Benevolence payments for independent contractors should be reported on form 1099.
- Benevolence payments should not be issued to Benevolence Board members, company board members (i.e. the official board of directors), nor any of their family members.
 - Under extreme circumstances such payments should not be excessive and they should be approved by the other unrelated company board members.

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
General			
1. Is the church's organization clearly displayed in an organizational chart?			
2. Does the Church have a :			
a. Business Administrator? (Name _____)			
b. Bookkeeper responsible for recording financial information? (Name _____)			
c. Treasurer? (Name _____)			
d. Finance Committee?			
e. Budget Committee?			
f. Counting committee responsible for counting contributions collected?			
g. Offering/ushering committee responsible for collecting congregation contributions?			
h. Designated person responsible for the church purchasing function? (Name _____)			
3. Is there a separate auditing committee? (Briefly describe.) _____ _____ _____			
4. Is the church audited annually by an independent CPA firm?			
5. Does the church denomination publish and distribute a church financial and administration procedures manual or recommended guidelines prescribing the minimum requirements for:			
a. An accounting system (bookkeeping records)?			
b. Financial reporting formats?			
c. A budgetary system?			
d. Internal control procedures?			
e. Periodic audits by external CPAs?			
6. Is there an operations or procedures manual that lists precisely and completely the duties and responsibilities assigned to:			
a. Each committee?			
b. Each member within a committee?			
c. Individuals not on a committee?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
7. Does the manual describe internal review procedures to be performed to determine whether duties and responsibilities are being adequately accomplished?			
8. Are all employees in positions of trust bonded?			
9. Are known relatives employed in such a manner as to make collusion improbable?			
10. Does more than one designated person process a church financial transaction? (Example: One person approves expenditures and another disburses the money and records it in the financial records)			
Budgetary Controls			
11. Is a budget system used to control expenditures? (Briefly describe the system.) _____			
12. Is a copy of the church budget distributed to the membership?			
13. Is a stewardship pledge card system used in budget planning to determine the projected revenue receipts?			
Accounting System			
14. Is the accounting system a double-entry system?			
15. Does the accounting system use a numbered chart of accounts?			
16. Are required journal entries prepared by the bookkeeper and approved by another designated person before being recorded?			
17. Are entries made in the financial records supported by specific documentation?			
18. Are member contribution envelopes retained for at least a year?			
19. Is the content amount of each envelope marked on it at the time it is opened?			
20. Are purchase orders signed by designated persons and retained for at least a year?			
21. Are canceled checks retained for seven years?			
22. Is the general ledger kept current and balanced at least monthly?			
23. Procedures for monthly financial reporting:			
a. Is a monthly report prepared showing the church's financial status?			
b. Does the monthly financial report show the cumulative amounts?			
c. Are the annual budget amounts shown in the monthly financial report for comparative purposes?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
d. Is the monthly financial report distributed to the church membership?			
24. Is the mail opened by someone other than the bookkeeper?			
25. Does the person opening the mail prepare a record in triplicate of the amounts of cash and checks received?			
26. Does anyone in addition to the bookkeeper receive a record of receipts for independent verification of the amounts recorded?			
27. Are each day's mail receipts deposited by the end of the day?			
28. Is the person handling mail receipts responsible for the receipts from the time they are received in the office until they are deposited in the bank?			
29. Are the duties of the bookkeeper separate from all functions dealing with cash?			
30. Must the bookkeeper take an annual vacation?			
31. Does another person perform bookkeeping duties while the bookkeeper is on vacation?			
32. Procedures for processing collection receipts:			
a. Is the system adequate for safeguarding contributions from the time of collection until they are counted? (Briefly describe the system used.)			
b. Are all collections counted and deposited the same day? (If not, briefly describe the procedure.) _____			
c. Is a pre-numbered envelope system used by the church membership to submit their contributions?			
d. Is the receipt of currency insignificant relative to total collections?			
e. If loose offerings can be identified (i.e. checks), are envelopes prepared for posting to member accounts?			
f. Is more than one person present when collections are counted?			
g. Are the collections counted at the church?			
h. Is cash counted in a limited-access area?			
i. Are other security procedures utilized during the cash count? (e.g., armed guards, burglar alarm system, window curtains closed, etc.)			
j. Are members of the counting committee rotated or replaced periodically?			
k. If committee members are not rotated, are they required to take annual vacations?			
l. Is a record -of-collection report prepared by counting committee showing the :			
1) Amount of currency and coins counted?			
2) Amount of checks counted?			
3) Total amount of receipts?			
4) Subtotal of amounts specifically designated?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
5) Subtotal(s) of amounts not specifically designated?			
6) Subtotal of other amounts collected?			
m. Is the record-of-collection report prepared in triplicate?			
n. Does the bookkeeper receive a copy of the record-of-collection report and contribution envelopes directly from counting committee?			
o. Does the bookkeeper reconcile the envelope amounts to the membership envelope subtotal on the record-of-collection report before posting the amounts?			
p. Does the church business administrator or finance committee receive a copy of the record-of-collection report from the counting committee?			
33. Are all collections including mail receipts counted before being placed in a safe, vault or night depository for overnight security?			
34. Does two or more designated church members together make a deposit of money at the bank?			
35. Does two or more persons collect contributions from the various Sunday School classes?			
36. Are Sunday School class offerings placed in a bag and locked, or placed in envelopes and sealed, in the presence of class members?			
37. Do two or more persons control undeposited cash utilizing dual-access procedures?			
38. Does someone other than those in control of the cash maintain an independent record of undeposited cash?			
39. Are entries made to church member contribution records and designated fund accounts directly from the contribution envelopes?			
40. Is a computer used to record member contributions to church member contribution records?			
41. Are all contribution entries, including adjustments, made to church member contribution records?			
42. Are church member contribution records reconciled monthly to a member contributions control total?			
43. Do church members receive periodic notice of the amounts they have contributed?			
44. Does the statement of member contributions include each member's pledged amount for comparison purposes?			
45. Are members encouraged to notify a designated individual or committee when their statement of contributions is incorrect?			
46. Procedures for deposits:			
a. Are deposit slips prepared in triplicate?			
b. Does someone receive a duplicate deposit slip, authenticated by the bank, other than the individual making the deposit?			
c. Are authenticated deposit slips compared with the counting committee's cash receipts total?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
Cash Disbursements			
47. Procedures for check control:			
a. Are checks pre-numbered?			
b. Are all check numbers verified sequentially to ensure that no checks are missing?			
c. Are voided checks defaced and filed in the voided check file?			
d. Are blank checks under adequate control, inaccessible to everyone except the person responsible for preparing checks?			
e. If manual checks are prepared, is a check protector used?			
f. Is the amount for which a check can be written without additional approval limited?			
48. Procedures for check signature:			
a. Are authorized signatures limited to personnel who are not directly concerned with the handling of the following:			
1) Accounting records?			
2) Cash receipts?			
3) Petty cash funds?			
b. Is signing or counter-signing of checks in advance prohibited?			
c. Is the practice of writing checks to "CASH" prohibited?			
e. Are dual signatures of designated personnel required on all checks?			
f. Are names of individuals authorized to sign checks recorded in church business records?			
g. Does supporting data accompany checks submitted for signature?			
49. Are accounts payable maintained on a computerized system? (Briefly describe the system.)			

50. Are details of accounts payable regularly reconciled to general ledger control?			
51. Are vendor's statements regularly compared with recorded liabilities by persons other than the bookkeeper?			
52. Do all adjustments to recorded accounts payable require approval by a designated individual?			
Purchases and Expenses			
53. Is a purchase order system used? (If not, briefly describe the			

54. Are purchase order vouchers pre-numbered and controlled by a designated individual?			
55. Is the purchasing function separated from the accounting function?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
56. Is the purchasing function separated from person(s) authorized to sign checks?			
57. Are purchase order vouchers prepared for all purchases and expense items?			
58. Is the purchase order prepared in triplicate?			
59. Is a receiving report prepared in duplicate every time purchased goods are received?			
60. Are vendor's invoices approved for payment by a designated person separated from the :			
a. Purchasing function?			
b. Bookkeeping function?			
c. Person(s) authorized to sign the checks?			
61. Are prices and quantities on vendor's invoices compared to those listed on the related purchase orders?			
62. Are paid vendor invoices defaced to prevent duplicate payments?			
63. Are payments from vendor statements (i.e., without purchase orders) prohibited?			
Payroll Function			
64. Briefly describe the payroll system. _____			
65. Are payroll checks pre-numbered?			
66. Are all payroll check numbers verified sequentially to ensure no checks are missing?			
67. Are voided payroll checks defaced and filed in the voided check file?			
68. Are unused payroll checks kept in a locked container under the control of the person who prepares checks?			
69. Are payroll checks signed by individuals who do not participate in the:			
a. Preparation of the payroll?			
b. Custodianship of cash funds?			
c. Maintenance of accounting records?			
70. Are payroll disbursements made from a bank account restricted solely to payment of payroll?			
71. Are payroll reconciliations made by individuals whose duties are unrelated to the preparation and recording of the payroll?			
72. Procedures for cash payroll:			
a. Are signature receipts acknowledging the amount received obtained from employees?			
b. Is the person responsible for disbursing the cash payroll independent of the person preparing the payroll?			
c. Are cash payroll disbursements made from a bank account restricted solely to that purpose?			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
Cash In The Bank			
73. Are bank reconciliations prepared by someone who has nothing to do with cash procedures, including the signing of checks?			
74. Does the person reconciling the bank account(s) obtain statements and canceled checks in sealed envelopes from the bank?			
Cash On Hand			
75. Is the petty cash fund system used? (If not, describe the system used.) _____ _____ _____			
76. Is custodianship for each fund vested in only one person?			
77. Is petty cash custodian independent of individuals who handle contributions from members and other cash receipts?			
78. Are the accounting records inaccessible to the petty cash fund custodian?			
79. Does the petty cash fund custodian obtain supporting evidence of all disbursements made from the fund?			
80. Is evidence supporting reimbursements from petty cash fund:			
a. Executed in ink or in such a manner as to make alterations difficult?			
b. Prepared so that amounts are spelled as well as written in numerals?			
c. Approved by an authorized person?			
d. Canceled when reimbursement checks are signed to prevent reuse?			
81. Are petty cash funds audited by frequent and surprise counts by an independent designated individual?			
82. Is the use of petty cash funds for personal check cashing prohibited? (If not, describe related control procedures.) _____ _____ _____			
83. Has the church ever lost funds as a result of robbery or illegal entry of church property? (Briefly describe the circumstances.) _____ _____ _____			
84. Has the church ever lost funds as result of embezzlement or misappropriation of funds by members or employees? (Briefly describe the circumstances.) _____ _____ _____ _____			

Internal Control Questionnaire

QUESTIONS	Answer		Comments
	Yes	No	
85. Were current internal control procedures revised subsequent to the loss funds described in item 69 or 70 above? (If so, briefly describe.) _____ _____ _____ _____			
Miscellaneous			
86. Is church property insured for fire, casualty and liability?			
87. Are the policies reviewed annually to determine that the coverage is adequate?			
88. Is access to software applications limited to those who use them as part of their responsibilities?			
89. If passwords are used to control access to the networks and applications:			
a. Are procedures established to ensure that passwords are confidential and unique?			
b. Are passwords changed at regular intervals?			
c. Are passwords promptly canceled for terminated employees?			
90. Are procedures established to prevent unauthorized public access through dial up?			
91. Are regular back-up procedures established?			
92. Are the back-up procedures followed?			
93. Is off-premises storage provided for:			
a. Master files and transactions files sufficient to recreate the current master files?			
b. Systems, programs and related documentation?			
94. Have contingency plans been developed for alternative processing in the event of loss or interruption of the computer system?			
95. If contingency plans have been developed, have they been tested for adequacy in the event of a disaster?			

Church Finances 101

IRS Reporting Requirements

(Also Includes State Requirements)

Course Handout

Instructor: Belinda Whitfield, CPA
Whitfield & Associates LLC

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IRS Reporting Requirements

(Also Includes State Requirements)

In this course we will discuss the IRS and Other Government Agency Reporting requirements for churches and ministries.

This course is designed to provide a general overview on the common filing requirements for churches and ministries. Be careful to review the form instructions for more information on filing requirements. We encourage you to work with your CPA to ensure full compliance with IRS and other government agency reporting requirements.

You will learn about:

Lesson 1: Business Documents and Annual Reporting Requirements

Lesson 2: 1099 Reporting and Other Reporting Requirements

Lesson 3: Love Gifts, Volunteer Payments and Bonuses.

Sample IRS forms are provided at the end of this section.

Lesson 1

Business Formation Documents

These documents and procedures are required to set-up a new ministry.

- File Articles of Incorporation with the Secretary of State
- Register with the State Office of the Attorney General
- Obtain a Federal Employer Identification Number (FEIN, also referred to as Taxpayer ID number).
- File Form 1023 to apply for your 501c3 status. Churches are not required to apply for a 501c3 status. They are automatically exempt. However, the IRS will not issue a Letter of Determination (501c3 letter) unless the church goes through the application process.
- Register with the State Department of Revenue if you will have payroll and/or sell merchandise.
- Register with Local County, Parish, City, or Village Offices.

Public Inspection Documents

These documents must be available for public inspection:

- IRS Form 1023 and any attachments or correspondence.
- IRS Letter of Determination (for 501c3 status).
- IRS Form 990 or 990-EZ (not required for churches).

If an individual requests to view these documents in person, you must present them within a reasonable period of time.

If a request is made by mail, you must submit them within 30 days of the request. Your ministry may charge of \$1.00 for the first page and .15 cents for each additional page for copying.

See Publication 557 for more information.

Lesson 1

Annual Returns

These documents must be filed on an annual basis.

- IRS Form 990 or 990-EZ- Return of Organization Exempt from Income Tax.
Due by May 15th.
- IRS Form 990-T – Unrelated Business Income Tax - Due May 15th.
- Annual Report - Required by Secretary of State
- Annual Report - Office of Attorney General (requirements varies from state to state).

Reporting Contributions

After the end of the calendar year, you will need to issue contribution statements to your contributors. This can be easily accomplished when you are using a membership database. The statement must meet the following IRS guidelines to qualify the member for a tax deduction.

- Each Single contribution of \$250 or more must be reported.
- Must be in writing.
- State the organization's name and address.
- State the donor's name.
- List each contribution of \$250 or more individually by date.
- State the value of goods or services the donor received in exchange for the donation.
- State if NO goods or services were provided in exchange for the donation.

An individual claiming a tax deduction for contributions must receive an IRS compliant statement by the earlier of the date they file their tax return or the due date of the return including extensions.

We suggest that you issue contribution statements no later than January 31st.

Note: If your contribution statements do not meet these guidelines and your donors claim a tax deduction for them, the tax deduction could be revoked by the IRS if their return is audited.

In-Kind Contributions

When someone donates furniture, equipment, vehicles, real estate or other merchandise to your ministry, this is considered an in-kind contribution. You must provide the following:

- **Letter of Acknowledgement** (include a description of the item received and its condition (excellent, good, fair). Do not state the value of the item.
- **Blank Form 8283** – The donor must complete the form. You should complete Section B, Part IV after the form has been completed by the donor.

Disposal of Donated Property (valued over \$500)

If the ministry sells, exchanges or disposes of a donated item within two years, you must complete form 8282 within 125 days after the property is disposed.

The form is filed with the IRS and a copy must be given to the donor.

If the ministry distributes the donated property for charitable purposes, the distribution does not need to be reported.

See Form 8282 Instructions for more information.

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

See separate instructions for each line. Keep a copy for your records.

EIN

OMB No. 1545-0003

1 Legal name of entity (or individual) for whom the EIN is being requested Your Church Name		
2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name	
4a Mailing address (room, apt., suite no. and street, or P.O. box) 1234 ABC Street	5a Street address (if different) (Do not enter a P.O. box.)	
4b City, state, and ZIP code Anytown, IL 12345	5b City, state, and ZIP code	

6 County and state where principal business is located Any County, IL	
7a Name of principal officer, general partner, grantor, owner, or trustor John Doe, Sr	7b SSN, ITIN, or EIN 123-11-1234

8a Type of entity (check only one box)		<input type="checkbox"/> Estate (SSN of decedent)
<input type="checkbox"/> Sole proprietor (SSN)		<input type="checkbox"/> Plan administrator (SSN)
<input type="checkbox"/> Partnership		<input type="checkbox"/> Trust (SSN of grantor)
<input type="checkbox"/> Corporation (enter form number to be filed)		<input type="checkbox"/> National Guard
<input type="checkbox"/> Personal service corp.		<input type="checkbox"/> State/local government
<input checked="" type="checkbox"/> Church or church-controlled organization		<input type="checkbox"/> Farmers' cooperative
<input type="checkbox"/> Other nonprofit organization (specify)		<input type="checkbox"/> Federal government/military
<input type="checkbox"/> Other (specify)		<input type="checkbox"/> REMIC
		<input type="checkbox"/> Indian tribal governments/enterprises
		Group Exemption Number (GEN)

8b If a corporation, name the state or foreign country (if applicable) where incorporated	State	Foreign country
--	-------	-----------------

9 Reason for applying (check only one box)		<input type="checkbox"/> Banking purpose (specify purpose)
<input checked="" type="checkbox"/> Started new business (specify type) Church		<input type="checkbox"/> Changed type of organization (specify new type)
<input type="checkbox"/> Hired employees (Check the box and see line 12.)		<input type="checkbox"/> Purchased going business
<input type="checkbox"/> Compliance with IRS withholding regulations		<input type="checkbox"/> Created a trust (specify type)
<input type="checkbox"/> Other (specify)		<input type="checkbox"/> Created a pension plan (specify type)

10 Date business started or acquired (month, day, year) 6/22/2003	11 Closing month of accounting year December
---	--

12 First date wages or annuities were paid or will be paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year)		7/15/2003
--	--	-----------

13 Highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter "-0-"	Agricultural	Household	Other
			2

14 Check one box that best describes the principal activity of your business.		<input type="checkbox"/> Health care & social assistance	<input type="checkbox"/> Wholesale - agent/broker
<input type="checkbox"/> Construction	<input type="checkbox"/> Rental & leasing	<input type="checkbox"/> Accommodation & food service	<input type="checkbox"/> Wholesale - other
<input type="checkbox"/> Real estate	<input type="checkbox"/> Manufacturing	<input checked="" type="checkbox"/> Other (specify) Not-for-Profit	<input type="checkbox"/> Retail
<input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Finance & insurance		

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.
Church

16a Has the applicant ever applied for an employer identification number for this or any other business? Yes No
 Note: If "Yes," please complete lines 16b and 16c.

16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above.
 Legal name _____ Trade name _____

16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known.	Approximate date when filed (mo., day, year)	City and state where filed	Previous EIN
--	--	----------------------------	--------------

Third Party Designee	Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.		
	Designee's name	Designee's telephone number (include area code)	()
	Address and ZIP code	Designee's fax number (include area code)	()

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly) John Doe Sr. President/Pastor	Applicant's telephone number (include area code) 123-555-5500
Signature _____ Date _____	Applicant's fax number (include area code) 123-555-5501

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: _____
Employer Identification Number: _____
DLN: _____
C/O BELINDA WHITFIELD
WHITFIELD & ASSOCIATES
1127 S MANNHEIM RD STE 208
WESTCHESTER, IL 60154-0000
Contact Person: _____
Contact Telephone Number: _____
Accounting Period Ending:
December 31
Form 990 Required:
No
Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a)(1) and 170(b)(1)(A)(i).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. This does not apply, however, if you make or have made a timely election under section 3121(w) of the Code to be exempt from such tax. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958. Additionally, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key district office.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely

Letter 947 (DO/CG)

Lesson 2

1099 Reporting Requirements

After the end of the calendar year, you will need to issue a form 1099-MISC for payments of rents and non-employee compensation.

Who should receive a 1099?

Non-Employees (Operates their own business)

- Sole-Proprietors/Self-employed Individuals
- Partnerships
- Payments to Attorneys (even if they are incorporated).
- Corporations and Limited Liability Companies do not receive 1099's.

What should be reported?

Rental Payments (Report on Box 1) - examples:

- Real Property /Space Rental Payments
- Tools
- Equipment
- Furniture, etc

Payments for Services (Report on Box 7)- examples:

- Printing
- Plumbing
- Building Contractors
- Attorneys
- Accountants
- Guest Speakers
- Exclude travel expenses you paid directly.
- Include travel expense reimbursements you pay the speaker.
- Do not include honorariums if paid to the church or ministry, if the church or ministry is incorporated.
- Prizes and awards

Lesson 2

Form W-9 Request for Taxpayer Information

Request this form **before** releasing a payment to the vendor, whether the payment is \$600 or not.

If an individual or company refuses to complete this form, then the payment you make is subject to a 30% backup withholding (formerly 31%). You should withhold 30% of the payment from the payment.

The back-up withholding percentage changes to 29% after December 31, 2003; and 28% after December 31, 2005.

Review IRS instructions for back-up withholdings and discuss back-up withholding transactions with your CPA for assistance.

Other Form 1099-MISC Instructions:

- Issue Form 1099 when the total payments for a vendor equals \$600 or more.
- **Use Form 1096** as a transmittal (cover page).
- **Copy C of Form 1099's must be issued to the payees by January 31st**
- **Copy A of form 1099 and the 1096 Transmittal must be sent to the IRS by February 28th.**

Lesson 2

Sales Taxes

Like other businesses, your ministry may sell merchandise. If your state assesses sales taxes, your ministry may have to pay collect and pay sales taxes on its sales.

Check with your state department of revenue or taxation for specific requirements and sales tax rates for your jurisdiction.

Lesson 2

Payments to Foreign Persons

Payments to foreign individuals must be reported for tax purposes. If possible, we suggest that the ministry issues a check payable to the foreigner's church or ministry rather than the individual.

The United States has treaties with many foreign countries. These treaties discuss the tax withholding requirements for payments to foreign individuals.

If your ministry anticipates making a love gift or honorarium to a foreign individual, you should have them **complete form W-8BEN before releasing the payment.**

You will need to issue Form 1042-S by January 31st for all payments made in the preceding tax year.

Review Publication 515 for more information. You and/or your accountant should research the tax withholding requirements for the individual's country of citizenship.

Lesson 2

Cash Payments of \$10,000 or More

Cash payments of \$10,000 or more must be reported to the IRS on form 8300.

Review the form and instructions carefully. Discuss these payments with your CPA for assistance.

Annual Return of Federal Income Tax

If your ministry had any back-up withholding payments for payments to foreign citizens or for payments for failure to provide taxpayer information, those payments should be reported on form 945.

Review the form and instructions carefully. Discuss these transactions with your CPA for assistance.

Request for Taxpayer Identification Number and Certification

**Give form to the
 requester. Do not
 send to the IRS.**

Print or type	Name	
	Your Church Name	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other _____ <input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	1234 ABC Street	
City, state, and ZIP code		
Anytown, IL 12345		
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). HOWEVER, FOR A RESIDENT ALIEN, SOLE PROPRIETOR, OR DISREGARDED ENTITY, SEE THE PART I INSTRUCTIONS ON PAGE 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see HOW TO GET A TIN on page 2.

Social security number

or

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Employer identification number
 11-1111111

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), AND
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, AND
3. I am a U.S. person (including a U.S. resident alien).

CERTIFICATION INSTRUCTIONS. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here	Signature of U.S. person	Date
------------------	---------------------------------	-------------

Purpose of Form

A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

USE FORM W-9 ONLY IF YOU ARE A U.S. PERSON (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

IF YOU ARE A FOREIGN PERSON, USE THE APPROPRIATE FORM W-8. See PUB. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

WHAT IS BACKUP WITHHOLDING? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments AFTER December 31, 2001 (29% AFTER December 31, 2003). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will NOT be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

PAYMENTS YOU RECEIVE WILL BE SUBJECT TO BACKUP WITHHOLDING IF:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 2 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions on page 2 and the separate INSTRUCTIONS FOR THE REQUESTER OF FORM W-9.

Penalties

FAILURE TO FURNISH TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

CRIMINAL PENALTY FOR FALSIFYING INFORMATION. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

MISUSE OF TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP, and telephone no. Your Church Name 1234 ABC Street Anytown, IL 12345		1 Rents \$	OMB No. 1545-0115 2002 Form 1099-MISC		Miscellaneous Income
		2 Royalties \$			
		3 Other income \$	4 Federal income tax withheld \$	Copy B For Recipient	
PAYER'S Federal identification number 11-1111111	RECIPIENT'S identification number 123-12-1222	5 Fishing boat proceeds \$	6 Medical and health care payments \$		
RECIPIENT'S name, address, and ZIP code Matthew Jacobs 678 22nd Ave Anytown, IL 12345		7 Nonemployee compensation \$ 7800.00	8 Substitute payments in lieu of dividends or interest \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$		
		11	12		
Account number (optional)		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
15		16 State tax withheld \$	17 State/Payer's state no.	18 State income \$	

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP, and telephone no. Your Church Name 1234 ABC Street Anytown, IL 12345		1 Rents \$ 24000.00	OMB No. 1545-0115 2002 Form 1099-MISC		Miscellaneous Income
		2 Royalties \$			
		3 Other income \$	4 Federal income tax withheld \$	Copy B For Recipient	
PAYER'S Federal identification number 11-1111111	RECIPIENT'S identification number 55-5555555	5 Fishing boat proceeds \$	6 Medical and health care payments \$		
RECIPIENT'S name, address, and ZIP code Amy Peterson 2222 22nd Ave Anytown, IL 12345		7 Nonemployee compensation \$	8 Substitute payments in lieu of dividends or interest \$	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds \$		
		11	12		
Account number (optional)		13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$		
15		16 State tax withheld \$	17 State/Payer's state no.	18 State income \$	

Form 1099-MISC

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

Form 1096 Department of the Treasury Internal Revenue Service		Annual Summary and Transmittal of U. S. Information Returns					OMB No. 1545-0108 2002						
FILER'S name Your Church Name Street address (including room or suite number) 1234 ABC Street City, state, and ZIP code Anytown IL 12345													
Name of person to contact Carol Anderson				Telephone number 123-555-5500		For Official Use Only <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>							
Fax number 123-555-5501				E-mail address Carol@yourchurchemail.org									
1 Employer ID number 11-1111111	2 Social security number	3 Total number of forms 2	4 Fed. income tax withheld \$	5 Total amt. reported with this Form 1096 \$ 31800.00									
Enter an "X" in only one box below to indicate the type of form being filed.								If this is your FINAL return, enter an "X" here					
W-2G 32 <input type="checkbox"/>	1098 81 <input type="checkbox"/>	1098-E 84 <input type="checkbox"/>	1098-T 83 <input type="checkbox"/>	1099-A 80 <input type="checkbox"/>	1099-B 79 <input type="checkbox"/>	1099-C 85 <input type="checkbox"/>	1099-DIV 91 <input type="checkbox"/>	1099-G 86 <input type="checkbox"/>	1099-INT 92 <input type="checkbox"/>	1099-LTC 93 <input type="checkbox"/>	1099-MISC 95 <input checked="" type="checkbox"/>	1099-MSA 94 <input type="checkbox"/>	1099-OID 96 <input type="checkbox"/>
1099-PATR 97 <input type="checkbox"/>	1099-Q 31 <input type="checkbox"/>	1099-R 98 <input type="checkbox"/>	1099-S 75 <input type="checkbox"/>	5498 28 <input type="checkbox"/>	5498-MSA 27 <input type="checkbox"/>								

This copy is for your records. Do not file this copy with the IRS.

Under the penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

Lesson 3

Love Gifts, Payments to Volunteers and Bonuses

Love Gifts to Ministers

- Payments to ministers on staff should be reported on form W-2. Record the transaction on the payroll system.

- Checks paid directly to an outside minister should be reported on form 1099.
 - If your ministry issues a love gift payment for an outside minister, and makes the check payable to their church or ministry, request form W-9., and...
 - If the ministry is incorporation, you will not need to issue a 1099.
 - If the ministry is not incorporated, you will need to issue a 1099.

Lesson 3

Love Gifts to Volunteers

We strongly discourage tips or similar payments to volunteers because:

1. Volunteers generally serve the ministry without any expectation for receiving a gift or payment.
2. When you begin compensating one volunteer, it may be difficult to compensate other volunteers working just as hard or harder.
3. When a volunteer is compensated, they tend to share the news with another volunteer. When the word gets out, it could create strife.
4. When you compensate a volunteer for performing a specific task, they have a right to expect it in the future.

We encourage churches and ministries to find other ways to show appreciation for your volunteers.

- Issue a small appreciation gift (valued \$25 or less). E.g. Theatre tickets, restaurant gift certificate. Note that a married couple can receive up to \$50 in appreciation gifts.
- Reimburse the volunteer for mileage at or below the IRS standard mileage rate if the volunteer travels quite a distance on a regular basis (excluding worship service days).
- Reimburse the volunteer for out of pocket business expenses incurred on behalf of the ministry.
- Host a volunteer appreciation day, breakfast, luncheon or dinner. Issue plaques, awards certificates, goodie bags, gift baskets, T-shirts, lapel pins, etc.
- Establish a Volunteer Service Award program to show appreciation for length of service, hours of service for the year, etc. Encourage leaders to nominate volunteers from each ministry of helps area.

One time love gift, bonus or award payments to volunteers may be reported on form 1099.

Ongoing regular payments to volunteers must be reported on form W-2. This person now qualifies as an employee.

Lesson 3

Love Gifts or Bonuses to Employees

Love gifts, bonuses (including benevolence) for any employee including ministers on staff should be reported on form W-2.

Benevolence Assistance

Financial assistance for the needy (excluding employees and independent contractors) are NOT reported to the IRS.

Independent Contractors in the Ministry

Your ministry may have independent contractors that provide services, and also volunteer in other areas of the ministry. Example: A building contractor also serves as the choir director.

- Report payments for contracted services, fringe benefits and benevolence payments.
- Do not report reimbursements for volunteer related expenses.
- Set-up two vendor records on your accounting programs
 - For reimbursements for volunteer related business expenses.
 - For contracted services.

Church Finances 101

Organization and File Management Course Handout

**Instructor: Belinda Whitfield, CPA
Whitfield & Associates LLC**

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Organization and File Management

In this course we will discuss the essential items you need to set-up your office, how to protect your ministry by documenting transactions and how to manage your files.

You will learn about:

Lesson 1: Office Essentials

Lesson 2: Setting Up Your Files

Lesson 3: Documenting Deposits and Paid Bills

Lesson 4: Bank Statements, Returned Deposits, Payroll Files

Lesson 5: Contract Files, Corporate Documents
and Record Retention

Lesson 1

Office Essentials

Office Requirements

- Restricted Office Space
- Desk
- Comfortable Task Chair
- Adequate File Cabinets
- At least one fireproof file cabinet
- Good Lighting and Ventilation
- Adequate Space

Computer & Peripherals

- Computer (IBM Compatible - Pentium III or IV processor)
- Laser or Color Printer

Software

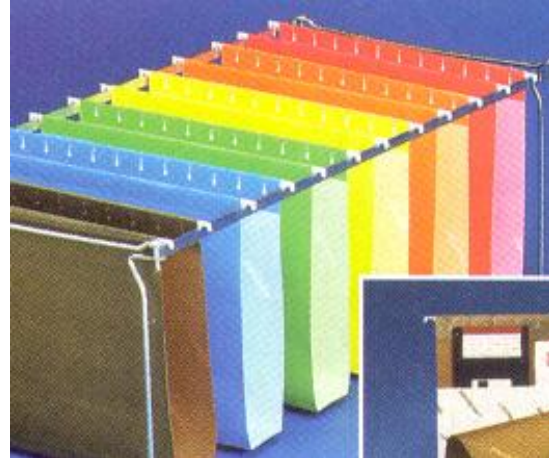
- Church Management Software
- Accounting Software
- Spreadsheet (MS Excel or Works)
- Word Processing (MS Word or Works)
- Fax (optional)
- Internet Access and Email Account
- Adobe Acrobat Reader (download for free at www.adobe.com)



Lesson 1

Supplies

- Basic Office Supplies
- Calculator w/Tape
- Access to Copier and Fax Machine
- Heavy Duty File folders with 2 ply tabs
- Durable box bottom hanging file folders



Payroll Checks and Accounts Payable Checks

<table border="1"><thead><tr><th>REFERENCE NO.</th><th>DESCRIPTION</th><th>INVOICE DATE</th><th>BUSINESS AMOUNT</th><th>DEBIT/CRIT TABS</th><th>AMOUNT PAID</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></tbody></table>	REFERENCE NO.	DESCRIPTION	INVOICE DATE	BUSINESS AMOUNT	DEBIT/CRIT TABS	AMOUNT PAID																									<table border="1"><thead><tr><th>YOUR BUSINESS NAME HERE</th><th>YOUR BUSINESS NAME HERE</th><th>YOUR BUSINESS NAME HERE</th><th>YOUR BUSINESS NAME HERE</th><th>YOUR BUSINESS NAME HERE</th><th>YOUR BUSINESS NAME HERE</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></tbody></table>	YOUR BUSINESS NAME HERE	YOUR BUSINESS NAME HERE	YOUR BUSINESS NAME HERE	YOUR BUSINESS NAME HERE	YOUR BUSINESS NAME HERE	YOUR BUSINESS NAME HERE																								
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Your ministry should use a separate bank account to process payroll checks and tax deposits.

Organizing Your Office

Desk Files

- Things To Do
- Pending Items
- Bills to be paid
- Deposits to be recorded
- Purchase Orders Pending Delivery
- Advances Pending Receipts
- Credit Card Receipts Pending Statements
- Blank Forms

Lateral Files – Annual Files

- Bank Deposit Documentation
- Accounts Payable (Paid Bills)
- Bank Statements
- Cancelled Checks
- Payroll Files and Tax Returns
- Sales Tax Returns

Prepare a new set of annual files in December or January. Pack the prior year's annual files in storage boxes after the accounting books have closed for year end.



been

Fireproof File Cabinet – Permanent Files

- Contract Files
- Personnel Files
- Corporate Documents

Review Contract Files and Personnel Files annually. The entire folder for old terminated contracts and inactive employees at least one year after the termination may be packed in storage boxes.

Storage boxes should be stored in a safe and secure location, free from potential water damage.

Lesson 2

Documentation

- Documentation provides written evidence for financial transactions.
- Documentation proves checks and balances.
- Documentation help clarify inconsistencies.
- Documentation helps resolve discrepancies.
- Documentation helps prove transactions are related to the organization's exempt purpose.
- Documentation protects your ministry!

External Documentation – Comes from an outside source.

- Receipts
- Statements
- Invoices

Internal Documentation – Prepared by someone in the ministry.

- Forms and worksheets
- Letters and memorandums
- Notes, explanations and computations.

External documentation is preferred over internal documentation.

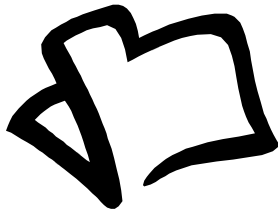
Setting Up Your Files

Your Business Structure

- Get an understanding of your ministry's business structure and business activities.
- Is there only ONE legal business entity?
- Or are there several legal entities?
- Maintain a separate filing system for each business entity.

Lesson 3

Bank Deposit Files



One Folder Per Calendar Month.

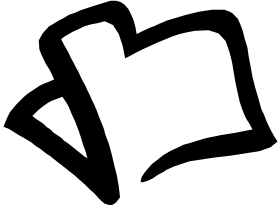
One Set of 12-Month Folders for Each Key Source of Revenue

- Contributions
- Bookstore Sales
- Day Care Operations
- Day School Sales
- Miscellaneous Deposits



Lesson 3

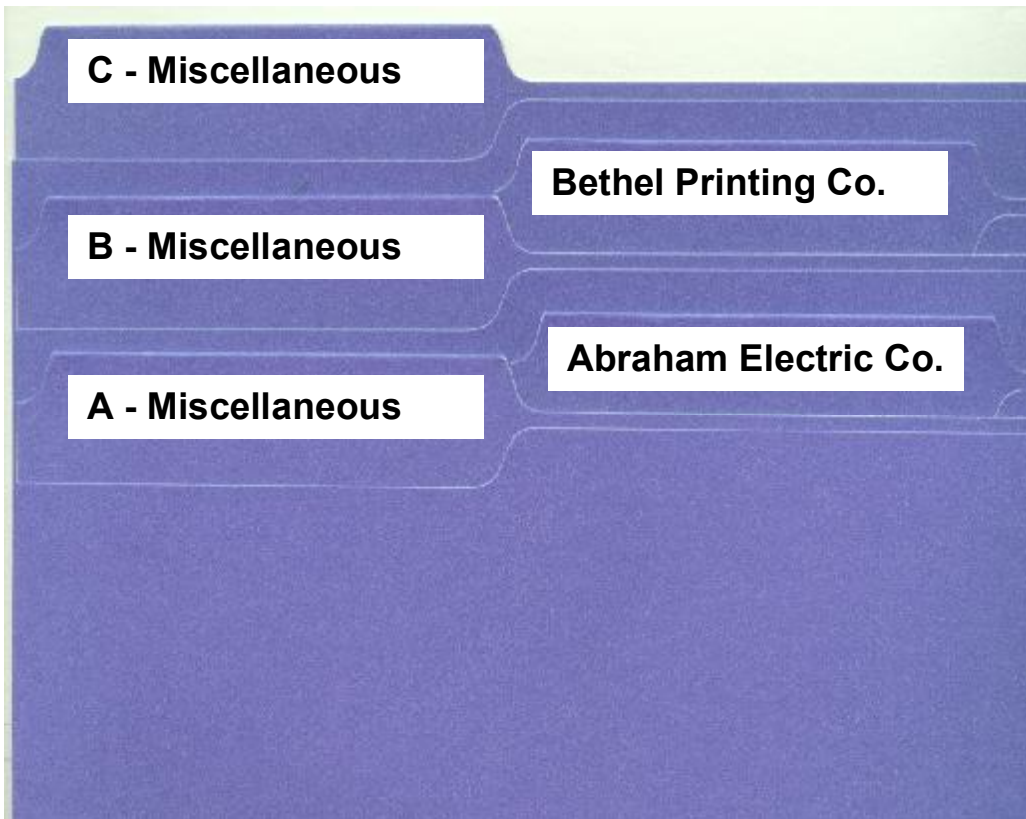
Accounts Payable Files



A to Z Folders.
Extra folder for frequently used vendors.

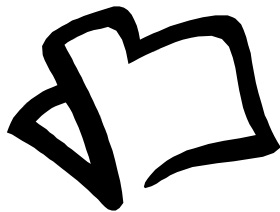
Documentation - Attach a check stub to the vendor invoice or payment requisition.
Also attach purchase order, packing slip, bill of lading and other supporting document.

Company Credit Card Statements - Attach receipts and payment authorization for each charge. Attach a check stub for full or partial payments.



Lesson 4

Bank Statements



One folder per bank account per year.

Documentation - Attach monthly account reconciliation to each statement.

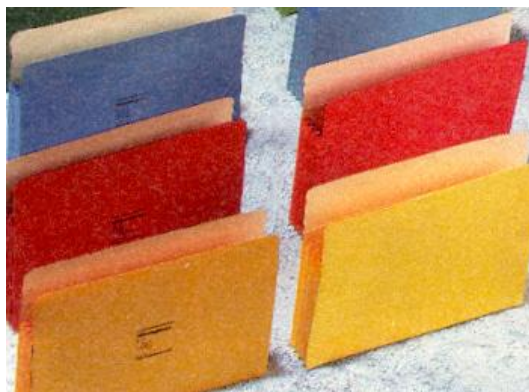
Cancelled Checks

Cancelled Checks and Miscellaneous Returned Bank Documents

Sort checks by check number and wrap with a rubber band.

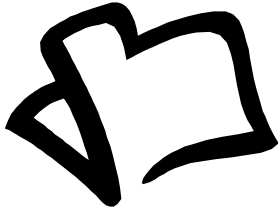
Store cancelled checks and other bank documents in a file jacket.

Use a separate file jacket per bank account.



Lesson 4

Returned Deposits



A to Z File

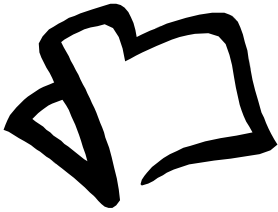
Documentation - Copy of the letter to the payer.

Attach the original check until the check is replaced.

Upon replacement, note the date, amount and type of replacement (e.g. cash, money order, check).

Copy the original check and return the original check to the payer.

Payroll Files



January - December File Folders.

Documentation - Batch check stubs and time slips.

Use separate folders for:

IRS Form 941 and Related Correspondence

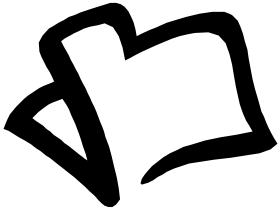
State Form 941 and Related Correspondence

Annual W-2, W-3 (include 941 Reconciliation and Yearly Payroll report.

Board Approved Housing Allowance Documentation.

Lesson 4

Personnel Files



Three Folders per Employee

Form 1-9 (Do not staple any documents to this form)

Application for Employment

Job Description

Insurance Forms (Must be in a separate folder)

Performance Evaluation (Should be in a separate folder)

A photograph of a person's hands holding a yellow "Employee Record Organizer" form. The form has several sections: "PAYROLL TAX" at the top left, "SEE BACK COVER FOR MORE INFORMATION" at the top right, and "ATTENDANCE", "BENEFITS/INSURANCE", and "EMPLOYMENT HISTORY" as column headers. The main section is titled "Employee Record Organizer" and contains a table with columns for "Date", "Time", "Status", "Reason", "Supervisor", "Time", "Date", "Time", "Status", "Reason", "Supervisor", "Time", "Date", "Time", "Status", "Reason", "Supervisor". The name "Cherie K... .." is visible in the "Supervisor" column. The form is being held by a person wearing a red long-sleeved shirt.

Record Retention Policy

These suggested retention periods begin at the end of the fiscal year during which the document was created, not from the date of the documents creation. When items support tax returns, the retention period begins with the filing date of the return or its due date, whichever is later.

Notes:

1. After the employee is terminated.
2. After disposal of the property or investment.
3. After termination of the lease.

Lesson 4

Four Years

Bank Reconciliations
Budgets
Delivery Receipts
Garnishments (Note 1)
General Correspondence
Insurance Policies
Interim Financial Statements
Petty Cash Records
Purchase Order Copies
Receiving Reports
Requisitions
Travel Records of Employees

Six Years

Bills of Lading
Accounting Correspondence
Employee Expense Reports
Employee Time Reports
Equipment Repair Records
Freight Bills and Claims

Seven Years

Accident Reports (after settlement date)
Accounts Payable Invoices
Accounts Payable Ledger
Bank Deposit Slips
Bank Statements
Building Maintenance and Repair Records
Canceled Checks (Note 2)
Contracts
Credit and Collections Correspondence
Depreciation Records (Note 2)
Disability Claims (Note 1)
Earnings Records
Employee Applications (Note 1)
Fixed Asset Records (Note 2)
Forms W-2
Inventory Reports
Invoices (issued and received)
Invoices (fixed assets) (Note 2)
Lease Contracts (Note 3)

Seven Years (continued)

Mortgages (Note 2)
Notes Receivable (canceled)
Notes Payable (canceled)
Payroll Checks
Personnel Correspondence (Note 1)
Personnel Files (Note 1)
Property Damage Reports
Salary and Wage Rate Changes (Note 1)
Salary Receipts (Note 1)
Securities (brokerage slips) (Note 2)
Unemployment Claims (Note 1)
Withholding and Exemption Certificates (Note 1)

Ten Years

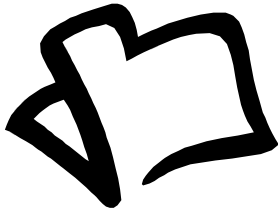
Cash Journal
Check Register
General Journal
Payroll Journal
Personal Property Tax Returns
Property Tax Records
Purchase Journal
Sales and Use Tax Returns

Permanent

Annual financial Reports
Articles of Incorporation
Audited Financial Statements
Bonds (records of issuance)
Bylaws
Charter
Deeds and Assessments
Donor Records
Forms 990 & 990T
Form 1023
General Ledger
IRS Determination Letters and any supplemental correspondence.
Journal entries (Year-end)
Legal and Tax Correspondence
Minutes
Patents, copyrights and trademark registrations
Retirement and pension records

Lesson 5

Contract Files - One file per agreement.



- Contracts
- Insurance Policies
- Loan Documents
- Real Estate Purchase Agreements & Closing Documents
- Other Agreements, Etc.

Corporate Documents

Corporate Binder -

State Articles of Incorporation

Bylaws

Form 1023 (and related correspondence)

IRS Letter Of Recognition of Tax Exempt Status

State Tax Exemption Certificate

Form SS-4 and Letter of Response from the IRS

Board Meeting Minutes

Annual Reports (Secretary of State and Attorney General)

Form 990 and 990T



Reference Publications

IRS Publications

State Department of Revenue Publications

State Unemployment Office Publications

Other Publications

Things to Do

- Set-Up the Office**

- Shop for supplies**

- Organize and store last year's records in storage boxes.**

- Organize this year's file system.**

- Set-up the permanent file system.**

- Organize reference publications.**

Church Finances 101

Payroll Management Course Handout

**Instructor: Belinda Whitfield, CPA
Whitfield & Associates LLC**

Legal Disclaimer:

The information provided by Whitfield & Associates LLC is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that Whitfield is not engaged in rendering legal, accounting or other professional service. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

-- From a Declaration of Principles jointly adapted by a Committee of the American Bar Association and a Committee of Publishers and Associates.

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Payroll Management

Once your ministry hires its first employee, you will need to comply with federal and state regulations for reporting employee earnings, tax withholdings, etc.

We strongly recommend that you use an accounting software application to compute payroll tax withholdings.

Most accounting programs will compute tax withholdings, print payroll checks with current and year-to-date payroll information, and print quarterly and annual payroll forms.



If you choose to hire a payroll tax service to manage payroll, do not expect the service to assist you in staying in full compliance. They will only report what you tell them.

This course is designed to provide you with information to compliment your accounting software or payroll tax service.

State forms mentioned in this course may be printed from the course CD and added to this workbook.

You will learn about:

Lesson 1: Forms for new employers and new employees

Lesson 2: Overtime Pay, Minimum Wages, Tax Withholdings

Lesson 3: Tax Deposits, Quarterly and Annual Reporting

Lesson 4: Minister's Housing and Parsonage Allowance

Lesson 5: Special Payroll Issues

Lesson 6: Taxable Fringe Benefits

Forms for New Employers

Internal Revenue Service Circular E (Publication 15) – Employer’s Tax Guide is available on the Forms and Publications CD.

Internal Revenue Service SS-4 – Application for Federal Employer Identification Number (also referred to as Taxpayer ID # or FEIN #). Your ministry may have been assigned its taxpayer ID # during its start-up phase.

State Business Registration Form – Most states assess individual income taxes. You will need to register as a withholding agent with your state department of revenue (or department of taxation). As a withholding agent, you will withhold taxes from employee paychecks and remit the taxes to the state.

State Unemployment Taxes – Most states assess unemployment taxes to employers. You will need to register with your state unemployment office to determine your liability. Typically unemployment taxes are paid on a quarterly basis by all employers (whether there are valid unemployment claims from former employees or not). However, as a not-for-profit organization, your ministry may have an option to be a reimbursable employer. This basically means that your ministry will reimburse the state for any valid unemployment claims rather than make quarterly deposits.

New Hire Forms

US Department of Justice – Form I-9 – Employment Eligibility Verification. This form must be completed within three days of an employee's start date. Be careful not to manipulate the form.

IRS – Form W-4 – Employee's Withholding Allowance Certificate.

IRS – Form W-5 (optional) – Earned Income Credit Advance Payment Certificate.

State Withholding Certificate – Employee's Withholding Allowance Certificate.

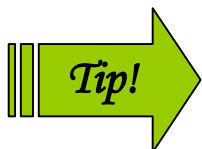
New Hire Reporting – The New Hire Reporting law requires employers to report all new employees within 20 calendar days of their start date, including full-time, part-time, temporary and re-hires (persons who had been off the payroll for 180 or more days). Typically, a copy of IRS Form W-4 may be mailed or faxed to your state new hire reporting office. Be sure to complete the Employer's information box on the bottom of the form.

Job Application - It is a good business practice to request a job application from new employees. Certain information provided on standard forms may be very useful (e.g. emergency contact).

If your ministry is a church, a church related organization or an association of churches, you will want to modify the Equal Employment Opportunity and Non-Discrimination clause to exclude "religion").

For Ministers Only

- **Housing Allowance Request**
- **Market Analysis or Appraisal Report** for the Fair Rental Value of the Home.



It may be helpful to create folders to hand out to new employees containing all new hire forms and your company employee handbook.

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

See separate instructions for each line. Keep a copy for your records.

EIN

OMB No. 1545-0003

1 Legal name of entity (or individual) for whom the EIN is being requested
 Your Church Name

2 Trade name of business (if different from name on line 1) **3** Executor, trustee, "care of" name

4a Mailing address (room, apt., suite no. and street, or P.O. box)
 1234 ABC Street **5a** Street address (if different) (Do not enter a P.O. box.)

4b City, state, and ZIP code
 Anytown, IL 12345 **5b** City, state, and ZIP code

6 County and state where principal business is located
 Any County, IL

7a Name of principal officer, general partner, grantor, owner, or trustor
 John Doe, Sr **7b** SSN, ITIN, or EIN
 123-11-1234

8a Type of entity (check only one box)

<input type="checkbox"/> Sole proprietor (SSN) _____	<input type="checkbox"/> Estate (SSN of decedent) _____
<input type="checkbox"/> Partnership	<input type="checkbox"/> Plan administrator (SSN) _____
<input type="checkbox"/> Corporation (enter form number to be filed) _____	<input type="checkbox"/> Trust (SSN of grantor) _____
<input type="checkbox"/> Personal service corp.	<input type="checkbox"/> National Guard <input type="checkbox"/> State/local government
<input checked="" type="checkbox"/> Church or church-controlled organization	<input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military
<input type="checkbox"/> Other nonprofit organization (specify) _____	<input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises
<input type="checkbox"/> Other (specify) _____	Group Exemption Number (GEN) _____

8b If a corporation, name the state or foreign country (if applicable) where incorporated

State	Foreign country
-------	-----------------

9 Reason for applying (check only one box)

<input checked="" type="checkbox"/> Started new business (specify type) Church	<input type="checkbox"/> Banking purpose (specify purpose) _____
<input type="checkbox"/> Hired employees (Check the box and see line 12.)	<input type="checkbox"/> Changed type of organization (specify new type) _____
<input type="checkbox"/> Compliance with IRS withholding regulations	<input type="checkbox"/> Purchased going business
<input type="checkbox"/> Other (specify) _____	<input type="checkbox"/> Created a trust (specify type) _____
	<input type="checkbox"/> Created a pension plan (specify type) _____

10 Date business started or acquired (month, day, year)
 6/22/2003 **11** Closing month of accounting year
 December

12 First date wages or annuities were paid or will be paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year) 7/15/2003

13 Highest number of employees expected in the next 12 months. Note: If the applicant does not expect to have any employees during the period, enter "-0-"

Agricultural	Household	Other
		2

14 Check one box that best describes the principal activity of your business.

<input type="checkbox"/> Construction	<input type="checkbox"/> Rental & leasing	<input type="checkbox"/> Transportation & warehousing	<input type="checkbox"/> Health care & social assistance	<input type="checkbox"/> Wholesale - agent/broker
<input type="checkbox"/> Real estate	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Finance & insurance	<input type="checkbox"/> Accommodation & food service	<input type="checkbox"/> Wholesale - other
			<input checked="" type="checkbox"/> Other (specify) Not-for-Profit	<input type="checkbox"/> Retail

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.
 Church

16a Has the applicant ever applied for an employer identification number for this or any other business? . . . Yes No
 Note: If "Yes," please complete lines 16b and 16c.

16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above.

Legal name	Trade name
------------	------------

16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known.

Approximate date when filed (mo., day, year)	City and state where filed	Previous EIN
--	----------------------------	--------------

Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.

Third Party Designee	Designee's name	Designee's telephone number (include area code) ()
	Address and ZIP code	Designee's fax number (include area code) ()

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly)	John Doe Sr. President/Pastor	Applicant's telephone number (include area code) 123-555-5500
Signature	Date	Applicant's fax number (include area code) 123-555-5501

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. **ANTI-DISCRIMINATION NOTICE.** It is illegal to discriminate against work eligible individuals. Employers **CANNOT** specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification.

To be completed and signed by employee at the time employment begins

Print Name: Last Doe	First John	Middle Initial	Maiden Name
Address (Street Name and Number) 1242 ABC Street		Apt. # 2B	Date of Birth (month/day/year) 1/1/1979
City Anytown	State IL	Zip Code 12345	Social Security # 111-11-1111
I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of form.		I attest, under penalty of perjury, that I am (check one of the following): <input checked="" type="checkbox"/> A citizen or national of the United States <input type="checkbox"/> A Lawful Permanent Resident (Alien # A _____) <input type="checkbox"/> An alien authorized to work until _____ (Alien # or Admission # _____)	
Employee's Signature			Date (month/day/year) 2/16/2000

PREPARER AND/OR TRANSLATOR CERTIFICATION (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature	Print Name	
Address (Street Name and Number, City, State, Zip Code)		Date (month/day/year)

Section 2. Employer Review And Verification.

To be completed and signed by employer. EXAMINE ONE DOCUMENT FROM LIST A OR EXAMINE ONE DOCUMENT FROM LIST B AND ONE FROM LIST C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s)

List A	OR	List B	AND	List C
Document title: _____		Illinois Drivers Licence _____		Social Security Card _____
Issuing authority: _____		Illinois Secretary of State _____		Social Security Administration _____
Document #: _____		D123-1235-1234 _____		111-11-1111 _____
Expiration Date (if any): _____		1/1/2003 _____		_____
Document #: _____				
Expiration Date (if any): _____				

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) 2/15/2000 and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative	Print Name Catherine Smith	Title Administrator
Business or Organization Name	Address (Street Name and Number, City, State, Zip Code) 1234 ABC Street Anytown, IL 12345	Date (month/day/year) 2/16/2000
Your Church Name		

Section 3. Updating and Reverification.

To be completed and signed by employer

A. New Name (if applicable)	B. Date of rehire (month/day/year) (if applicable)
C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility. Document Title: <u>IL Driver's Licen</u> s Document #: <u>D123-1235-1234</u> Expiration Date (if any): <u>1/1/2007</u>	

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Date (month/day/year) 12/18/2002
--	-------------------------------------

Form W-4 (2003)

PURPOSE. Complete Form W-4 so that your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

EXEMPTION FROM WITHHOLDING. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2003 expires February 16, 2004. See PUB. 505, Tax Withholding and Estimated Tax.

NOTE: You cannot claim exemption from withholding if: (a) your income exceeds \$750 and includes more than \$250 of unearned income (e.g., interest and dividends) and (b) another person can claim you as a dependent on their tax return.

BASIC INSTRUCTIONS. If you are not exempt, complete the PERSONAL ALLOWANCES WORKSHEET below. The worksheets on page 2 adjust your withholding allowances based on itemized

deductions, certain credits, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply. **HOWEVER, YOU MAY CLAIM FEWER (OR ZERO) ALLOWANCES. HEAD OF HOUSEHOLD.** Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.

TAX CREDITS. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the PERSONAL ALLOWANCES WORKSHEET below. See PUB. 919, How Do I Adjust My Tax Withholding? for information on converting your other credits into withholding allowances.

NONWAGE INCOME. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using

FORM 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.

TWO EARNERS/TWO JOBS. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others.

NONRESIDENT ALIEN. If you are a nonresident alien, see the INSTRUCTIONS FOR FORM 8233 before completing this Form W-4.

CHECK YOUR WITHHOLDING. After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2003. See Pub. 919, especially if your earnings exceed \$125,000 (Single) or \$175,000 (Married).

RECENT NAME CHANGE? If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 for a new social security card.

PERSONAL ALLOWANCES WORKSHEET (Keep for your records.)

A	Enter "1" for YOURSELF if no one else can claim you as a dependent	A	
	* You are single and have only one job; or		
B	Enter "1" if:	B	
	* You are married, have only one job, and your spouse does not work; or		
	* Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less.		
C	Enter "1" for your SPOUSE. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C	
D	Enter number of DEPENDENTS (other than your spouse or yourself) you will claim on your tax return	D	
E	Enter "1" if you will file as HEAD OF HOUSEHOLD on your tax return (see conditions under HEAD OF HOUSEHOLD above)	E	
F	Enter "1" if you have at least \$1,500 of CHILD OR DEPENDENT CARE EXPENSES for which you plan to claim a credit	F	
	<small>(NOTE: Do NOT include child support payments. See PUB. 503, Child and Dependent Care Expenses, for details.)</small>		
G	CHILD TAX CREDIT (including additional child tax credit):		
	* If your total income will be between \$15,000 and \$42,000 (\$20,000 and \$65,000 if married), enter "1" for each eligible child plus 1 ADDITIONAL if you have three to five eligible children or 2 ADDITIONAL if you have six or more eligible children.		
	* If your total income will be between \$42,000 and \$80,000 (\$65,000 and \$115,000 if married), enter "1" if you have one or two eligible children, "2" if you have three eligible children, "3" if you have four eligible children, or "4" if you have five or more eligible children.		
H	Add lines A through G and enter total here. Note: This may be different from the number of exemptions you claim on your tax return.	H	
	* If you plan to ITEMIZE OR CLAIM ADJUSTMENTS TO INCOME and want to reduce your withholding, see the DEDUCTIONS AND ADJUSTMENTS WORKSHEET on page 2.		
	* If you have MORE THAN ONE JOB or are MARRIED AND YOU AND YOUR SPOUSE BOTH WORK and the combined earnings from all jobs exceed \$35,000, see the TWO-EARNER/TWO-JOB WORKSHEET on page 2 to avoid having too little tax withheld.		
	* If NEITHER of the above situations applies, STOP HERE and enter the number from line H on line 5 of Form W-4 below.		

For accuracy, complete all worksheets that apply.

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

<p>Form W-4</p> <p>Department of the Treasury Internal Revenue Service</p>	<h2>Employee's Withholding Allowance Certificate</h2> <p>For Privacy Act and Paperwork Reduction Act Notice, see page 2.</p>	<p>OMB No. 1545-0010</p> <h1>2003</h1>
<p>1 Type or print your first name and middle initial Kelly Cambridge</p>		<p>2 Your social security number 444-44-4444</p>
<p>Home address (number and street or rural route) 4747 47th Ave.</p>		<p>3 <input checked="" type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate</p> <p><small>NOTE: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</small></p>
<p>City or town, state, and ZIP code Anytown, IL 12345</p>		<p>4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a new card. <input type="checkbox"/></p>
<p>5 Total number of allowances you are claiming (from line H above OR from the applicable worksheet on page 2)</p>		<p>5 2</p>
<p>6 Additional amount, if any, you want withheld from each paycheck</p>		<p>6 \$</p>
<p>7 I claim exemption from withholding for 2003, and I certify that I meet BOTH of the following conditions for exemption:</p> <p>* Last year I had a right to a refund of ALL Federal income tax withheld because I had NO tax liability AND</p> <p>* This year I expect a refund of ALL Federal income tax withheld because I expect to have NO tax liability.</p> <p>If you meet both conditions, enter "Exempt" here</p>		
		<p>7</p>
<p>Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or I am entitled to claim exempt status.</p>		
<p>Employee's signature (Form is not valid unless you sign it.)</p>		<p>Date</p>
<p>8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.) Your Church Name 1234 ABC Street Anytown, IL 12345</p>		<p>9 Office code (optional)</p>
		<p>10 Employer ID no. 11-1111111</p>

Deductions and Adjustments Worksheet

Note: Use this worksheet ONLY if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2003 tax return.

- 1 Enter an estimate of your 2002 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2003, you may have to reduce your itemized deductions if your income is over \$137,300 (\$69,750 if married filing separately). See WORKSHEET 3 in Pub. 919 for details.)
2 Enter: \$7,950 if married filing jointly or qualifying widow(er) \$7,000 if head of household \$4,750 if single \$3,975 if married filing separately
3 SUBTRACT line 2 from line 1. If line 2 is greater than line 1, enter "-0-"
4 Enter an estimate of your 2003 adjustments to income, including alimony, deductible IRA contributions, and student loan interest
5 ADD lines 3 and 4 and enter the total. Include any amount for credits from WORKSHEET 7 in Pub. 919.
6 Enter an estimate of your 2003 nonwage income (such as dividends or interest)
7 SUBTRACT line 6 from line 5. Enter the result, but not less than "-0-"
8 DIVIDE the amount on line 7 by \$3,000 and enter the result here. Drop any fraction
9 Enter the number from the PERSONAL ALLOWANCES WORKSHEET, line H, page 1
10 ADD lines 8 and 9 and enter the total here. If you plan to use the TWO-EARNER/TWO-JOB WORKSHEET, also enter this total on line 1 below. Otherwise, STOP HERE and enter this total on Form W-4, line 5, page 1

Two-Earner/Two-Job Worksheet

Note: Use this worksheet ONLY if the instructions under line H on page 1 direct you here.

- 1 Enter the number from line H, page 1 (or from line 10 above if you used the DEDUCTIONS AND ADJUSTMENTS WORKSHEET)
2 Find the number in TABLE 1 below that applies to the LOWEST paying job and enter it here
3 If line 1 is MORE THAN OR EQUAL TO line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. DO NOT use the rest of this worksheet
Note: If line 1 is LESS THAN line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.
4 Enter the number from line 2 of this worksheet
5 Enter the number from line 1 of this worksheet
6 SUBTRACT line 5 from line 4
7 Find the amount in TABLE 2 below that applies to the HIGHEST paying job and enter it here
8 MULTIPLY line 7 by line 6 and enter the result here. This is the additional annual withholding needed
9 Divide line 8 by the number of pay periods remaining in 2003. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2002. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck

Table 1: Two-Earner/Two-Job Worksheet

Table with 4 columns: Married Filing Jointly (wages from LOWEST paying job are-), Enter on line 2 above, All Others (wages from LOWEST paying job are-), Enter on line 2 above. Rows show wage brackets and corresponding numbers (e.g., \$0-\$4,000 is 0, 44,001-50,000 is 8).

Table 2: Two-Earner/Two-Job Worksheet

Table with 4 columns: Married Filing Jointly (wages from HIGHEST paying job are-), Enter on line 7 above, All Others (wages from HIGHEST paying job are-), Enter on line 7 above. Rows show wage brackets and corresponding numbers (e.g., \$0-\$50,000 is \$450, 300,001 and over is 1,200).

PRIVACY ACT AND PAPERWORK REDUCTION ACT NOTICE. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. FAILURE TO PROVIDE A PROPERLY COMPLETED FORM WILL RESULT IN YOUR BEING TREATED AS A SINGLE PERSON WHO CLAIMS NO WITHHOLDING ALLOWANCES; PROVIDING FRAUDULENT INFORMATION MAY ALSO SUBJECT YOU TO PENALTIES. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: RECORDKEEPING, 46 min.; LEARNING ABOUT THE LAW OR THE FORM, 13 min.; PREPARING THE FORM, 59 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send the tax form to this address. Instead, give it to your employer.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB

Cut along dotted line.

Form **W-5**
Department of the Treasury
Internal Revenue Service

Earned Income Credit Advance Payment Certificate

**Use the current year's certificate only.
Give this certificate to your employer.
This certificate expires on December 31, 2003.**

OMB No. 1545-1342

2003

Print or type your full name
Kelly Cambridge

Your social security number
444-44-4444

Note: *If you get advance payments of the earned income credit for 2003, you MUST file a 2003 Federal income tax return. To get advance payments, you MUST have a qualifying child and your filing status MUST be any status EXCEPT married filing a separate return.*

- 1 I expect to have a qualifying child and be able to claim the earned income credit for 2003, I do not have another Form W-5 in effect with any other current employer, and I choose to get advance EIC payments **Yes** **No**
- 2 Check the box that shows your expected filing status for 2003:
 Single, head of household, or qualifying widow(er) Married filing jointly
- 3 If you are married, does your spouse have a Form W-5 in effect for 2003 with any employer? **Yes** **No**

Under penalties of perjury, I declare that the information I have furnished above is, to the best of my knowledge, true, correct, and complete.

Signature

Date

HOUSING ALLOWANCE REQUEST

Date: 12/7/03

Church of Our Father In Heaven

To the Board of Directors or Trustees:

Based on my past expenditures, I reasonably expect to spend the following amount to rent or provide a home in 2004.

DESCRIPTION	ANNUAL AMOUNT
1. Rent or mortgage payment including principal and interest	\$15,000.00
2. Property taxes on home	\$ 3,000.00
3. Insurance on residence	\$ 700.00
4. Utilities	\$ 3,000.00
5. Repairs and maintenance to home and furnishings	\$ 2,500.00
6. Furnishings	\$ 5,000.00
7. Down payment on a new home	\$ - 0-
8. Other expenditures	\$ 1,000.00
Total	\$30,200.00

I respectfully request the board to designate a portion of my compensation (the above amount) as my housing or rental allowance, as provided by Section 107 of the Internal Revenue Code for a minister of the Gospel.

Sincerely,

Joseph Doe

Rev. Joseph Doe
Senior Pastor

Suggestion: Round all amounts to the nearest \$100.

Types of Employees

Exempt Employees are exempt from receiving overtime pay. The ministry does not have to pay overtime pay to these employees.

Managers, Professionals and Executive Staff: Program Directors, Accountants, Ministers, Managers, Supervisors. The Fair Labor Standards Act classifies Managers and Supervisors as Administrative staff. Administrative employees, under their definition, are not entitled to overtime pay.

Non-Exempt Employees are not exempt from receiving overtime pay. The ministry must track actual hours worked and pay overtime to these employees for all hours worked beyond 40 hours in a given work week.

Secretaries, bookkeepers, receptionists, etc. may perform general administrative duties, they are not classified as administrative employees under the Fair Labor Standards Act. Secretaries, bookkeepers, receptionists, and other administrative support employees are entitled to overtime pay.

Lesson 2

Overtime Pay is based on actual hours worked. Overtime is calculated as 1 ½ times the employee's hourly pay rate. Overtime is paid when an employee actually works more than 40 hours in a work week. Each week is calculated independently and cannot be offset against other work weeks.

Sample calculation of actual hours worked.

Employee A normally reports to work 9am – 5pm, Monday - Friday. During the week of Memorial Day, he takes Memorial Day off and decides to work on the Saturday following Memorial Day. Every day, employee A takes a half hour lunch break.

Actual hours worked:

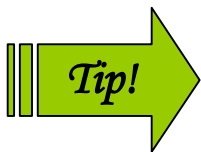
Monday	0
Tuesday	7.5
Wednesday	7.5
Thursday	7.5
Friday	7.5
Saturday	<u>7.5</u>
Total hours worked	37.5 hours

The ministry would not have to pay this employee any overtime pay at the overtime pay rate. However, they may choose to pay the employee for one extra days pay at the normal pay rate.

Lesson 2

Sample Calculation of Overtime Pay for Salaried Employees:

Annual Salary	\$20,000
Divided by # of Hours (40 hrs x 52 weeks)	2,080 hours
Equals Regular Hourly Pay Rate	= 9.62 per hour
Multiply by 1.5	<u>X 1.5</u>
Equals Hourly Overtime Pay Rate	\$14.42 per hour



Non-exempt employees may be paid a salary or paid by the hour. When setting-up your non-exempt employees in your payroll system, set them up as hourly employees with a standard number of hours per pay cycle. Add an extra payroll line item for their hourly overtime pay rate.

The Federal Minimum Wage is 5.15 per hour.

If your ministry has salaried part-time or full-time employees, you must monitor their total hours worked to make sure you are paying minimum wage.



Your state may have a higher minimum wage requirement. Visit <http://www.dol.gov/esa/minwage/america.htm> for state by state minimum wage requirements.

Non-Exempt Employees must complete time sheets. This includes hourly and salaried employees.

We realize that classifying employees as exempt vs. non-exempt and paying overtime pay to employees may be a sensitive issue. We have provided a number of fact sheets issued by the U.S. Department of Labor to assist you and your board in understanding this area of employment law. The fact sheets are provided at the end of this section.

Payroll Tax Withholdings

- Federal Income Tax
- State Income Tax (if applicable)
- City/Local Income Tax (if applicable)
- Social Security Tax - 6.2% – Limits change annually.
- Medicare Tax - 1.45% of all wages.

Social Security and Medicare Tax (FICA)

Employee's Share: 7.65%

Employer's Share: 7.65%

Total Social Security/Medicare Tax (FICA): 15.3%

Minister's Taxes

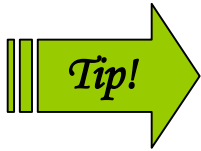
Ministers have a dual status:

- **Employee** – Ministers that work for the church are considered employees and should receive a W-2 (even if no taxes are withheld).
- **Self-Employed**
 - o Ministers are responsible for paying the entire Social Security and Medicare Tax – 15.3%
 - o A minister's Social Security and Medicare tax is referred to as SECA.
 - o Ministers are responsible for making quarterly tax deposits.

Voluntary Withholdings

Ministers may voluntarily elect to have withholdings from their pay check.

Be sure to request a W-4 from your ministers. The additional withholdings box is usually used to withhold estimated self-employment taxes.



Ministers should consult with a tax accountant experienced in minister's taxes.

Opting Out of Self-Employment Taxes

Ministers may choose to opt-out of paying self-employment taxes (for religious reasons) by filing **form 4361 within the first two years** of receiving any ministerial compensation.

Quarterly Reporting Requirements

IRS Reporting: File Form 941 Employer's Quarterly Return by the quarterly deadlines:

1st Quarter (January – March) – Due April 30th

2nd Quarter (April – June) – Due July 31st

3rd Quarter (July – September) – Due October 31st

4th Quarter (October – December) – Due January 31st

Key points:

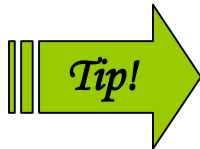
- Line 2 includes all wages for all employees. Do not include minister's housing allowance.
- Line 6a and 7a should not include any minister's compensation.

State Reporting

Check your state guidelines for quarterly state tax withholding reporting and unemployment tax reporting.

Payroll Tax Payments

Federal Tax Deposits – The IRS requires payment to be made at least once per month for most employers. However, the frequency and due date will depend on the total tax deposits. As a general rule new employers start off by paying once per month, by the 15th day of the following month. Example: Taxes withheld in January are due by February 15th.



We strongly recommend that employers get in the habit of making tax deposits within three business days of each pay day. Smaller tax payments are a little easier to manage.

Federal Deposits include: Federal Income Taxes withheld, the employer and employee's social security and medicare taxes.

Payment Methods

Pay at the Bank – You will need IRS Form 8109 – Federal Tax Deposit Coupons. Your ministry should have received a yellow coupon booklet. Make a check payable to the bank. Submit the check and the coupon to your bank.

Make Tax Payment By Phone or Online - Enroll in EFPTS – Electronic Federal Tax Payment Service and pay by telephone or electronically. Call 1-800-555-8778 or visit www.EFTPS.com.

ACH Debit – Authorizes the EFTPS to debit your bank account. You make your payment requests through the EFTPS system. You are not responsible for transmission problems between the bank and the IRS.

ACH Credit – You contact your bank and request a transfer. You are responsible for transmission problems between the bank and the IRS.

State Tax Payments are usually made once per month. Check the CD for your state guidelines. Many states are accepting payments online or over the telephone.

Annual Reporting

Federal Reporting

W-2's must be submitted to employees by January 31st.

W-2's and W-3 must be submitted to the Social Security Administration by February 28th.

State Reporting

Check your state guidelines for reporting annual wages.

Minister's W-2

- No amounts should be reported in boxes 3 through 8.
- Housing Allowance is not reported on the W-2.
- A minister's withholdings for self-employment taxes are reported as part of the total federal taxes withheld in box 2.

Taxable Fringe Benefits



Do not prepare final W-2's until you have made adjustments to report all taxable fringe benefits.

941 Reconciliation

Be sure to add the totals reported on the quarterly federal and state returns to make sure they agree with the annual totals.

The quarterly amounts reported on Form 941 Line 2 should add up to the amount reported on form W-3 Box 1.

The quarterly amounts reported on Form 941 Line 3 should add up to the amount reported on form W-3 Box 2.

The quarterly amounts reported on Form 941 Line 6a should add up to the amount reported on form W-3 Box 3.

The quarterly amounts reported on Form 941 Line 7a should add up to the amount reported on form W-3 Box 5.

The quarterly amounts reported on Form 941 Line 6b multiplied by 50% should equal the amount reported on form W-3 Box 4.

The quarterly amounts reported on Form 941 Line 7b multiplied by 50% should equal the amount reported on form W-3 Box 6.

The quarterly amounts reported on the state quarterly returns should equal the amounts reported on the state annual return.

Employer's Quarterly Federal Tax Return

See separate instructions revised January 2002 for information on completing this return.

Please type or print.

Enter state code

for state in which deposits were made ONLY if different from state in address to the right (see page 2 of instructions).

Name (as distinguished from trade name)
 Your Church Name
 Trade name, if any

Date quarter ended
 6/30/2004
 Employer identification number
 11-1111111
 City, state, and ZIP code
 Anytown, IL 12345

OMB No. 1545-0029

T
 FF
 FD
 FP
 I
 T

If address is different from prior return, check here

1	1	1	1	1	1	1	1	1	1	2	3	3	3	3	3	3	3	4	4	4	5	5	5	
6	7	8	8	8	8	8	8	8	8	8	9	9	9	9	9	10	10	10	10	10	10	10	10	10
IRS Use																								

If you do not have to file returns in the future, check here and enter date final wages paid

If you are a seasonal employer, see SEASONAL EMPLOYERS on page 1 of the instructions and check here

1	Number of employees in the pay period that includes March 12th	1	
2	Total wages and tips, plus other compensation	2	10,572.00
3	Total income tax withheld from wages, tips, and sick pay	3	2,364.00
4	Adjustment of withheld income tax for preceding quarters of calendar year	4	
5	Adjusted total of income tax withheld (line 3 as adjusted by line 4-see instructions)	5	2,364.00
6	Taxable social security wages	6a	5,072.00
	Taxable social security tips	6c	
7	Taxable Medicare wages and tips	7a	5,072.00
8	Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/>	8	776.02
9	Adjustment of social security and Medicare taxes (see instructions for required explanation) Sick Pay \$ _____ +/- Fractions of Cents 0.02 +/- Other \$ _____ =	9	0.02
10	Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9 - see instructions)	10	776.04
11	TOTAL TAXES (add lines 5 and 10)	11	3,140.04
12	Advance earned income credit (EIC) payments made to employees	12	
13	Net taxes (subtract line 12 from line 11). IF \$2,500 OR MORE, THIS MUST EQUAL LINE 17, COLUMN (D) BELOW (OR LINE D OF SCHEDULE B (FORM 941))	13	3,140.04
14	Total deposits for quarter, including overpayment applied from a prior quarter	14	3,140.04
15	BALANCE DUE (subtract line 14 from line 13). See instructions	15	0.00
16	OVERPAYMENT. If line 14 is more than line 13, enter excess here \$ 0.00 and check if to be: <input type="checkbox"/> Applied to next return OR <input type="checkbox"/> Refunded.		

ALL FILERS: If line 13 is less than \$2,500, you need not complete line 17 or Schedule B (Form 941).
 SEMIWEEKLY SCHEDULE DEPOSITORS: Complete Schedule B (Form 941) and check here
 MONTHLY SCHEDULE DEPOSITORS: Complete line 17, columns (a) through (d), and check here

17 Monthly Summary of Federal Tax Liability. Do not complete if you were a semiweekly schedule depositor.			
(A) First month liability	(B) Second month liability	(C) Third month liability	(D) Total liability for quarter
1,046.68	1,083.92	1,009.44	3,140.04

Third Party Designee
 Do you want to allow another person to discuss this return with the IRS (see separate instructions)? YES. Complete the following. No

Designee's name _____ Phone no. _____ Personal identification number (PIN) _____

Sign Here
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Print Your
 Signature Name and Title Date

Copy B To Be Filed With Employee's FEDERAL Tax Return		2002	OMB No. 1545-0008
a Control number	1 Wages, tips, other comp. 20972.00	2 Fed. income tax withheld 3750.29	
b Employer ID number 11-1111111	3 Social security wages 20972.00	4 Social security tax withheld 1300.26	
	5 Medicare wages and tips 20972.00	6 Medicare tax withheld 304.09	
c Employer's name, address, and ZIP code Your Church Name 1234 ABC Street Anytown, IL 12345			
d Employee's social security number 111-11-1111			
e Employee's name, address, and ZIP code John A Doe, Jr 12345 Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code See inst. for box 12	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	20972.00	352.27
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS
This information is being furnished to the Internal Revenue Service.

Copy 1 For State, City, or Local Tax Department		2002	OMB No. 1545-0008
a Control number	1 Wages, tips, other comp. 20972.00	2 Fed. income tax withheld 3750.29	
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	5 Medicare wages and tips 20972.00	6 Medicare tax withheld 304.09	
c Employer's name, address, and ZIP code Your Church Name 1234 ABC Street Anytown, IL 12345			
d Employee's social security number 111-11-1111			
e Employee's name, address, and ZIP code John A Doe, Jr 12345 Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	20972.00	352.27
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS

Copy C For EMPLOYEE'S RECORDS (See Notice to Employee on back of Copy B.)		2002	OMB No. 1545-0008
a Control number	1 Wages, tips, other comp. 20972.00	2 Fed. income tax withheld 3750.29	
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d Employee's social security number 111-11-1111			
e Employee's name, address, and ZIP code John A Doe, Jr 12345 Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code See inst. for box 12	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	20972.00	352.27
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS
This information is being furnished to the Internal Revenue Service.

Copy 2 To Be Filed With Employee's State, City, or Local Income Tax Return		2002	OMB No. 1545-0008
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e Employee's name, address, and ZIP code John A Doe, Jr 12345 Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	20972.00	352.27
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS

Copy B To Be Filed With Employee's FEDERAL Tax Return		2002	OMB No. 1545-0008
a Control number	1 Wages, tips, other comp. 45972.34	2 Fed. income tax withheld 5627.25	
	3 Social security wages	4 Social security tax withheld	
b Employer ID number 11-1111111	5 Medicare wages and tips	6 Medicare tax withheld	
c Employer's name, address, and ZIP code Your Church Name 1234 ABC Street Anytown, IL 12345			
d Employee's social security number 222-22-2222			
e Employee's name, address, and ZIP code Mark P Doe 5555 S. 55th Ave. Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code See inst. for box 12	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	45972.34	972.34
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS
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b Employer ID number 11-1111111	5 Medicare wages and tips	6 Medicare tax withheld	
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e Employee's name, address, and ZIP code Mark P Doe 5555 S. 55th Ave. Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	45972.34	972.34
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS

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d Employee's social security number 222-22-2222			
e Employee's name, address, and ZIP code Mark P Doe 5555 S. 55th Ave. Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code See inst. for box 12	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	45972.34	972.34
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS
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Copy 2 To Be Filed With Employee's State, City, or Local Income Tax Return		2002	OMB No. 1545-0008
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d Employee's social security number 222-22-2222			
e Employee's name, address, and ZIP code Mark P Doe 5555 S. 55th Ave. Anytown IL 12345			
7 Social security tips	8 Allocated tips	9 Advance EIC payment	
10 Dependent care benefits	11 Nonqualified plans	12a Code	
13 Statutory employee	14 Other	12b Code	
Retirement plan		12c Code	
Third-party sick pay		12d Code	
IL	1234-1234	45972.34	972.34
15 State Employer's state ID #	16 State wages, tips, etc.	17 State income tax	
18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form W-2 Wage and Tax Statement Dept. of the Treasury -- IRS

a Control Number		22222		Void		For Official Use Only ► OMB No. 1545-0008					
b Employer Identification number 11-1111111				1 Wages, tips, other comp. 20972.00		2 Federal income tax withheld 3750.29					
c Employer's name, address, and ZIP code Your Church Name 1234 ABC Street Anytown, IL 12345				3 Social security wages 20972.00		4 Social security tax withheld 1300.26					
				5 Medicare wages and tips 20972.00		6 Medicare tax withheld 304.09					
				7 Social security tips		8 Allocated tips					
d Employee's social security number 111-11-1111				9 Advance EIC payment		10 Dependent care benefits					
e Employee's first name and initial John A		Last name Doe, Jr		11 Nonqualified plans		12a See instructions for box 12					
f Employee's address and ZIP code 12345 Anytown IL 12345				13 Statutory employee Retirement plan Third-party sick pay		12b					
				14 Other		12c					
						12d					
15 State IL	Employer's state ID number 1234-1234		16 State wages, tips, etc. 20972.00	17 State income tax 352.27	18 Local wages, tips, etc.	19 Local income tax	20 Locality name				

Form **W-2** Wage and Tax Statement

2002

Department of the Treasury - Internal Revenue Service

Copy A For Social Security Administration

Send this entire page with Form W-3 to the Social Security Administration; photocopies are NOT acceptable

0000/1015

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Do Not Cut, Fold, or Staple Forms on This Page

a Control Number		22222		Void		For Official Use Only ► OMB No. 1545-0008					
b Employer Identification number 11-1111111				1 Wages, tips, other comp. 45972.34		2 Federal income tax withheld 5627.25					
c Employer's name, address, and ZIP code Your Church Name 1234 ABC Street Anytown, IL 12345				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Employee's social security number 222-22-2222				9 Advance EIC payment		10 Dependent care benefits					
e Employee's first name and initial Mark P		Last name Doe		11 Nonqualified plans		12a See instructions for box 12					
f Employee's address and ZIP code 5555 S. 55th Ave. Anytown IL 12345				13 Statutory employee Retirement plan Third-party sick pay		12b					
				14 Other		12c					
						12d					
15 State IL	Employer's state ID number 1234-1234		16 State wages, tips, etc. 45972.34	17 State income tax 972.34	18 Local wages, tips, etc.	19 Local income tax	20 Locality name				

Form **W-2** Wage and Tax Statement

2002

Department of the Treasury - Internal Revenue Service

Copy A For Social Security Administration

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0000/1015

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

a Control Number		33333		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer ▶	941 Military 943	1 Wages, tips, other compensation	2 Federal income tax withheld		
	X C T-1 H shld. emp. M edicare gov't. em p. Thir d-party sick pay	66944.34	9377.54		
c Total number of Forms W-2		3 Social security wages	4 Social security tax withheld		
2	d Establishment number	20972.00	1300.26		
e Employer identification number		5 Medicare wages and tips	6 Medicare tax withheld		
11-1111111		20972.00	304.09		
f Employer's name		7 Social security tips	8 Allocated tips		
Your Church Name		9 Advance EIC payments	10 Dependent care benefits		
1234 ABC Street		11 Nonqualified plans	12 Deferred compensation		
Anytown, IL 12345		13 For third-party sick pay use only			
g Employer's address and ZIP code		14 Income tax withheld by payer of third-party sick pay			
h Other EIN used this year					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax		
IL	1234-1234	66944.34	1324.61		
		18 Local wages, tips, etc.	19 Local income tax		
Contact person		Telephone number	For Official Use Only		
E-mail address		Fax number			
		()	0000/1015		
		()			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ Title ▶ Date ▶

Form **W-3** Transmittal of Wage and Tax Statement **2002**

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration. Photocopies are not acceptable. DO NOT STAPLE OR FOLD

DO NOT send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

An Item To Note

SEPARATE INSTRUCTIONS. See the separate 2002 INSTRUCTIONS FOR FORMS W-2 AND W-3 for information on completing this form.

Purpose of Form

Use this form to transmit Copy A of FORM(S) W-2, Wage and Tax Statement. Make a copy of Form W-3, and keep it with Copy D (Form Employer) of Form(s) W-2 for your records. Use Form W-3 for the correct year. FILE FORM W-3 EVEN IF ONLY ONE FORM W-2 IS BEING FILED. If you are filing Form(s) W-2 on magnetic media or electronically, DO NOT file Form W-3.

When To File

File Form W-3 with Copy A of Form(s) W-2 by February 28, 2003.

Where To File

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Data Operations Center
Wilkes-Barre, PA 18769-0001**

NOTE: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See

CIRCULAR E, Employer's Tax Guide (Pub. 15), for a list of IRS approved private delivery services.

Sample Church
2003 Payroll Reconciliation

Instructions: Fill-in the shaded fields using information from your 941's and W-2's

Per 941	Total Wages & Salaries (941 - Line 2)	SS & Medicare Wages/Salaries (941 - Line 6a)	Federal W/H (941 - Line 3)	State W/H	SS Tax	Medicare Tax	Federal 941 Total
1st Quarter	2,000.00	675.00	235.98	98.13	83.70	19.58	339.26
2nd Quarter	2,200.00	800.00	258.69	110.32	99.20	23.20	381.09
3rd Quarter	2,150.00	750.00	235.47	127.49	93.00	21.75	350.22
4th Quarter	2,375.00	950.00	247.62	142.87	117.80	27.55	392.97
941c Adjustments					-	-	-
941 Totals	8,725.00	3,175.00	977.76	478.81	393.70	92.08	1,463.54
Employee Only SS & Medicare					196.85	46.04	
W-3 Totals	8,725.00	3,175.00	977.76	478.81	196.85	46.04	
W-3c Adjustments							
Adjusted W-3 Totals	8,725.00	3,175.00	977.76	478.81	196.85	46.04	
Difference	-	-	-	-	-	(0.00)	

Rounding differences up to \$5 are acceptable on the Social Security and Medicare Columns only.

Minister's Housing and Parsonage Allowance

The IRS allows ordained ministers to exclude housing related expenses paid during a tax year from their federally taxable income. This is accomplished through a designated housing allowance paid by the employer. The allowance may be a portion of the base salary or in addition to the base salary of the minister. While the allowance is not subject to federal and state income taxes, it is however subject to self-employment taxes (Social Security and Medicare).

A housing allowance is the portion of the minister's compensation that is used to cover qualified housing expenses. Ministers who own their own or rent their own home usually receive a housing allowance.

A parsonage allowance is the fair rental value of a home that a church owns for the minister to reside. Usually, the church will pay the mortgage, utilities, taxes, repairs and maintenance costs and purchase furniture and appliances. Ministers may receive an allowance to cover miscellaneous expenses.

What can a housing allowance include?

- Rent or Mortgage Payments
- Down Payment on a new home.
- Insurance on your home and contents
- Real estate taxes
- Maintenance, pest control, etc.
- Repairs, plumbing, electric work, etc
- Kitchen items, plates, silverware, dishes, utensils, cups, glasses, cookware.
- Household cleaning supplies, soap, detergent, tissue, brooms, light bulbs, trash bags, etc.
- Utilities (electricity, gas, telephone (local service), sewer, water, rubbish removal, cable TV, firewood).
- Landscaping, lawn services, gardening, fencing.
- Furniture and furnishings - purchase, repair and upkeep.
- Room additions and other structural changes.

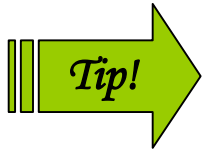
Requirements and Limitations

In order to qualify for this income exclusion several requirements must be met.

Requirement #1- The allowance must be designated by the Church Board -

The allowance must be designated by the church board in writing in advance of the calendar year. Churches that fail to designate an allowance in advance of a calendar year should designate the allowance as soon as possible in the current calendar year. Then, any future payments may be treated as a housing allowance. Also, the board may amend the allowance during the year if the original allowance proves to be too low.

Requirement #2 - The Minister must keep good records of the actual housing expenses.



Ministers should receive a separate paycheck for the housing allowance. The minister should open a separate bank account to pay all qualified housing expenses and save all receipts. When grocery shopping, separate the household supplies from the food purchases and use the housing account debit card for qualified purchases.

Requirement #3 - The exclusion is subject to certain limitations.

The allowance is limited to the lower of:

1. The amount designated as housing allowance by the Church Board.
2. The amount actually spent on qualified housing expenses.
3. The fair rental value of your home. Ministers should obtain a written market valuation from a realtor or an appraisal of the fair rental value of the furnished home. This should be done at least once every two years.

Requirement #4 - Excess housing allowance must be computed. Ministers must report and pay taxes on excess housing allowance. The difference between what a minister receives as a housing allowance and the IRS allowance (per Requirement #3) must be reported as additional income.

Lesson 4

Annual Reporting Requirements

The IRS does not require the housing allowance or parsonage allowance to be reported on form W-2. However, we suggest that the minister should receive a memorandum with his/her W-2 that states the total housing or parsonage allowance provided for the tax year.

Note: The housing allowance or parsonage allowance is not subject to federal income taxes. However, it is subject to self-employment taxes. If the minister has opted out of self-employment taxes, the qualified portion of the housing allowance is completely tax free.

Special Payroll Issues

Paying Volunteers

Volunteers are workers who volunteer their time to the ministry and do not expect to receive compensation. When the ministry compensates a volunteer, this creates an employee-employer relationship. Payments should be processed through payroll.

Employees Volunteering Their Services

Employees cannot volunteer a portion of their time when performing their normal duties. Nor can they waive their right to receive overtime pay.

Employee vs. Independent Contractor

In general, an independent contractor operates their own business and provides services to other businesses or individuals.

If the individual is not providing the same service to other businesses, then they should be classified as an employee.

Wages In Kind

Gifts, free use of church property, and other non-cash benefits are taxable benefits to the employee and must be reported on form W-2.

Employee Business Expense Reimbursements

Accountable Plan

1. Employees must have paid or incurred expenses while performing services as an employee.
2. They must account to you for these expenses within a reasonable period of time (within 60 days according to IRS guidelines).
3. They must return any amounts in excess of expenses within a reasonable period of time (within 120 days according to IRS guidelines).

Advances and/or reimbursements paid under an accountable plan **are not reported on form W-2.**

Non-Accountable Plan

1. The employee is not required to or does not substantiate expenses with receipts or other documentation, or
2. The employee is not required to or does not return any amount he or she does not use on a timely basis.

Advances and/or reimbursements paid under a non-accountable plan **must be reported on form W-2.**

Lesson 6

Per Diem or other Fixed Allowances

Mileage Reimbursements: Employees who use their own vehicle for business purposes (excluding commuting to and from work) may be given a mileage reimbursement. The IRS establishes a standard mileage rate each year. Check Circular E or Publication 553 for the standard mileage rate.

Non-Accountable Gas Allowances: A gas allowance is considered non-accountable (and must be reported on form W-2) if the employee is not required to report actual business mileage.

Accountable Gas Allowances: If the employee is required to report actual business mileage, the allowance may be considered as accountable if it meets IRS's standard mileage rate guidelines and an accountable plan is in place.

Example:

Minister A receives a \$100 monthly gas allowance. In June 2003, he reported 175 business miles driven. The standard mileage rate for year 2003 is 36 cents per mile. His maximum allowance would be computed as follows:

Business Miles Reported X Standard Rate = Maximum Allowance

175 miles reported X 36 cents per mile = \$63.00

His June allowance exceeded the standard mileage rate by \$37.00. The excess payment of \$37.00 should be reported on form W-2.

Meal and Incidental Expense Allowances: Employers may reimburse employees who travel for business purposes a fixed daily allowance for meals and incidental expenses. The allowance varies based on the state and city the employee visits. Employees are not required to account for the actual meals and incidental expenses when a per diem allowance is provided. Refer to IRS Publication 1542 for the standard per diem rates and other information.

Lesson 6

Fringe Benefits

The following Fringe Benefits table lists taxable and tax-free fringe benefits available to ministers and employees.

See IRS Publication 15-B, Fringe Benefits for a complete discussion on this topic.

Tax Free Fringe Benefits

Tax Free Fringe Benefits	Free of Federal Income Tax?	Free of Social Security Tax?	Can a church discriminate in favor of the Sr. Pastor or other highly compensated staff?
Bookstore Discounts	Yes	Yes	No
Business Expenses Paid by the Ministry	Yes	Yes	Yes
Business Use of Company Car	Yes	Yes	Yes
Cafeteria Fringe Benefits Plans	Yes	Yes	No
Child Care	Yes	Yes	No
Disability Insurance	Yes	Yes	Yes
Educational Assistance - up to \$5,250	Yes	Yes	No
Group Term Life Insurance up to \$50,000	Yes	Yes	No
Health Insurance Premiums	Yes	Yes	Yes
Housing Allowance	Yes	No	Yes
Meals and Lodging for the convenience of the ministry	Yes	Yes	Yes
Meals in the church cafeteria	Yes	Yes	No
Moving Expense Reimbursement	Yes	Yes	Yes
Out-of-Pocket Health Expenses	Yes	Yes	Yes
Qualified Tuition Reductions	Yes	Yes	No

Tax Free Fringe Benefits

Tax Free Fringe Benefits	Free of Federal Income Tax?	Free of Social Security Tax?	Can a church discriminate in favor of the Sr. Pastor or other highly compensated staff?
Retirement Plan 403(b)	Yes	Yes	Yes
Self-Funded Medical Reimbursement Plan	Yes	Yes	No
Telephone Calls, Copies, Snacks and Parking	Yes	Yes	Yes
Travel - Business Related	Yes	Yes	Yes

Taxable Fringe Benefits

Taxable Fringe Benefits	Free of Federal Income Tax?	Free of Social Security Tax?	Can a church discriminate in favor of the Sr. Pastor or other highly compensated staff?
Benevolences paid on behalf of employees (including spouse and dependents)	No	No	Yes
Clothing Allowance or Reimbursement	No	No	Yes
Employee's Social Security Tax Paid by the Ministry	No	No	Yes
Gas Allowance with no accounting for mileage.	No	No	Yes
Income Tax Paid by the Ministry	No	No	Yes
Love Gifts and Bonuses Paid by the Ministry	No	No	Yes
Non-monetary gifts to employees	No	No	Yes
Other Life Insurance	No	No	Yes
Personal Use of Company Car	No	No	Yes
Reduced Rent or Free Rental of Church Property	No	No	Yes
Travel - Personal	No	No	Yes
Vacation Allowance or Reimbursement	No	No	Yes

Lesson 6

Employee Use of Church or Ministry Owned Vehicle

If the ministry provides a vehicle for the employee to use, the employee should keep track of all business and personal miles driven on the vehicle. An Automobile Mileage Log booklet may be purchased from any office supply store.

The value of the personal use of vehicle is subject to income taxes and must be reported on form W-2.

The employee should report the total miles driven on an annual basis. For tax purposes a year may begin on November 1 and end October 31 of the following year. This will allow the bookkeeper sufficient time at year-end to include an adjustment on the payroll system. Reporting mileage used during the calendar year (January 1 – December 31) is also acceptable.

The attached Employee Annual Report Regarding Use of Employer-Provided Auto should be completed by the employee.

**EMPLOYEE'S ANNUAL REPORT REGARDING
USE OF EMPLOYER-PROVIDED AUTO**

VEHICLE _____

TAX YEAR _____

EMPLOYEE _____

YEAR PURCHASED/LEASED

Company records indicate you were assigned a vehicle during part or all for the year. IRS regulations require the following information.

1. Period(s) of time during the year when you were assigned this vehicle.

From _____ to _____

From _____ to _____

2. Total mileage driven during the year _____.

3. Mileage driven to/from work during the year _____.

4. Other personal mileage driven during the year _____.

5. Does written evidence generally exist to support these statements (such as diaries, expense claims, trip sheets, etc.)? YES _____ NO _____

Company policy prohibits the use of company vehicles for personal use other than on an infrequent basis unless personal use has been authorized as compensation before the auto is made available to the employee.

Signature

Date

NOTE: This schedule should be completed for each vehicle assigned to the employee during the year. If additional space is needed to indicate periods of vehicle assignment, please attach additional sheets.

For Office Use Only

Fair Market Value of Auto	\$ _____
Annual Lease Value	\$ _____
Personal Percentage of Use	_____ %
Value of Personal Use of Vehicle	\$ _____
Value of Personal Gas(5.5 cents/mile)	\$ _____
Total Taxable Use of Vehicle	\$ _____
FICA Tax Due from Employee	\$ _____ (x .0765)

Employee Use of Vehicle - Form Instructions

1. Have the employee complete the top section of the form.
2. If a mileage log has not been used, the employee should estimate the number of miles between work and home, and multiply it by 2 to give the total miles per work day. Multiply the miles per work day by the number of days the employee comes to work during the year (including worship services and special events, if the employee is a minister.). The total may be reported on line 3.
3. If the employee was assigned more than one car during the year, complete a separate form for each vehicle.
4. Completing the "For Office Use Section"
 - a. Determine the Fair Market Value of the vehicle per the bill of sale (before trade-in allowances). This amount may be used for 4 tax years. Then, new current market value must be determined for the used vehicle. This should be done every 4 years. Visit www.nadaguides.com for used car prices.
 - b. Use the Annual Lease Value table to determine the annual lease value based on the fair market value of the vehicle. This amount should be prorated if the vehicle was not assigned for a full twelve months.
 - c. Calculate the personal percentage use.
 - i. $\text{Line 3} + \text{Line 4} = \text{Total personal miles.}$
 - ii. $\text{Total Personal Miles} \div \text{Line 2} = \text{Personal Use \%}.$
 - d. Multiply the Annual Lease Value times the Percentage of Personal Use get the Value of the Personal Use of the Vehicle.
 - e. If the ministry purchased gas for the vehicle during the year, calculate the value of personal portion of the gas by multiplying the Total Personal Miles times 5.5 cents per mile.
 - f. Combine the Value of the Personal Use of the Vehicle and the Value of the Gas to get the Total Taxable Use of Vehicle.
 - g. If the employee is not a minister, then the taxable use of the vehicle is subject to FICA (social security and medicare). The employee must pay the ministry 7.65% of the taxable use vehicle to cover the tax.
 - h. A payroll adjustment must be made on the accounting system or the computations must be reported to the payroll service so that the totals are included on the employee's W-2.

We strongly suggest that you have your accountant or CPA review your computations and payroll adjustment.

Annual Lease Value Table

<i>Automobile fair market value</i>	<i>Annual Lease Value</i>
\$0 to 999	\$ 600
1,000 to 1,999	850
2,000 to 2,999	1,100
3,000 to 3,999	1,350
4,000 to 4,999	1,600
5,000 to 5,999	1,850
6,000 to 6,999	2,100
7,000 to 7,999	2,350
8,000 to 8,999	2,600
9,000 to 9,999	2,850
10,000 to 10,999	3,100
11,000 to 11,999	3,350
12,000 to 12,999	3,600
13,000 to 13,999	3,850
14,000 to 14,999	4,100
15,000 to 15,999	4,350
16,000 to 16,999	4,600
17,000 to 17,999	4,850
18,000 to 18,999	5,100
19,000 to 19,999	5,350
20,000 to 20,999	5,600
21,000 to 21,999	5,850
22,000 to 22,999	6,100
23,000 to 23,999	6,350
24,000 to 24,999	6,600
25,000 to 25,999	6,850
26,000 to 27,999	7,250
28,000 to 29,999	7,750
30,000 to 31,999	8,250
32,000 to 33,999	8,750
34,000 to 35,999	9,250
36,000 to 37,999	9,750
38,000 to 39,999	10,250
40,000 to 41,999	10,750
42,000 to 43,999	11,250
44,000 to 45,999	11,750
46,000 to 47,999	12,250
48,000 to 49,999	12,750
50,000 to 51,999	13,250
52,000 to 53,999	13,750
54,000 to 55,999	14,250
56,000 to 57,999	14,750
58,000 to 59,999	15,250

For vehicles having a fair market value in excess of \$59,999, the annual lease value is equal to:
 (.25 x the fair market value of the car) + \$500.

Annual Operating Budget (Worksheet)

(ENTER CHURCH NAME HERE)

2022 Accounting Year

	2021	2022
SUPPORT & REVENUE		
Tithes & Offerings	67,500.00	125,000.00
Outside Support	15,390.00	0.00
Other Income / Credit	50,000.00	0.00
TOTAL REVENUE	\$ 132,890.00	\$ 125,000.00
EXPENSES***		
Admin. & Professional Fees	400.00	500.00
Advertising & Promotion	1,000.00	600.00
Benevolence	200.00	500.00
Building & Property	80,642.00	15,600.00
Congregational Expense	1,884.00	600.00
Guest Minister	2,500.00	3,000.00
Insurance	2,500.00	1,848.00
Interest Expense	0.00	11,700.00
Missions	10,700.00	12,500.00
Music & Media	1,500.00	2,000.00
Office Expense	1,880.00	1,016.00
Training & Development	2,584.00	2,836.00
Travel Expense	1,000.00	2,000.00
Vehicle Expense	0.00	300.00
Payroll Expense	18,600.00	60,000.00
TOTAL EXPENSES	\$ 125,390.00	\$ 115,000.00
Net Sur. / (Deficit)	\$ 7,500.00	\$ 10,000.00

(The individual amounts and totals stated are simply **ESTIMATES** of all forecasted revenue and expenses based off reports/amounts from the previous year, and projections based off of current growth and giving patterns. This budget reflects minimum designated amounts that may be subject to change and amounts raised, if feasible, according to the operating needs of the Corporation; "All funds, not having already been designated for an associated expenditure, shall be directed toward any "appropriate use(s)", as deemed necessary, at the discretion of the Senior Pastor, in accordance with all applicable corporate policies.")

Record of Adoption

Certificate of the Secretary

I, _____, do hereby certify that I am the duly elected and qualified Secretary of the Board of Directors and the custodian of all general business records of (ENTER CHURCH NAME HERE), a not for profit corporation organized and existing under the laws of the State of Georgia, and that the aforementioned is a true and accurate copy of the Annual Operating Budget of this Church, duly adopted at a meeting of the Board of Directors thereof, convened and held in accordance with the Bylaws of said Church, and the laws of the State of Georgia, on the _____ Day of _____, 2021.

This Annual Operating Budget (Worksheet) is a tool used to estimate revenue and expenditures for the upcoming accounting year; all estimated and designated amounts are to be used as a guide in order to maintain best business practices and meet the operating needs of the Corporation.

Witness and Attest

IN WITNESS WHEREOF, I have affixed my name as stated elected official hereunder of (ENTER CHURCH NAME HERE) and have signed this document hereunto this _____ Day of _____, 2021.

Senior Pastor/President of the Board of Directors

Secretary of the Board of Directors

Treasurer of the Board of Directors

Estimated vs. Actual Budget Report

(ENTER CHURCH NAME HERE)

2021 Accounting Year

	Estimated 2021	Actual 2021	
SUPPORT & REVENUE			(2020 Retained \$)
<u>Tithes & Offerings:</u>			\$43,991.46
(ENTER CHURCH NAME HERE)	67,500.00	101,023.97	
Outside Contributions	15,390.00	0.00	
<u>Other Income & Credit:</u>	50,000.00	0.00	(+) Surp. / (-) Def.
GROSS REVENUE	\$132,890.00	\$101,023.97	~ -\$31,866.03
Fees, Payment Processing			
Merchant / Bank	300.00	0.03	
Online Giving	0.00	375.46	(+) / (-) Fees
TOTAL -	300.00	375.49	~ (\$75.49)
TOTAL REVENUE	\$132,590.00	\$100,648.48	~ (+) Surp. / (-) Def. -\$31,941.52
OPERATING EXPENSES***			** (Over) / Under **
	<i>Budgeted</i>		
<u>Advertising & Promotions:</u>	1,000.00		
Category	1,000.00	1,708.02	
TOTAL -	\$1,000.00	\$1,708.02	(\$708.02)
<u>Benevolence:</u>	200.00		
Condolences / Funeral Costs	100.00	2,467.11	2,367.11
Living Assistance/ Necessities	100.00	110.02	10.02
TOTAL -	\$200.00	\$2,577.13	(\$2,377.13)
<u>*Building & Property:</u>	50,642.00		
Lease / Mortgage	15,390.00	12,628.74	2,761.26
Furnishings / Décor	3,600.00	9,470.44	5,870.44
Insurance	1,500.00	1,770.13	270.13
Repairs / Maintenance	50,000.00	44,196.84	5,803.16
Tools, Equipment, and Supplies	0.00	327.13	327.13
Utilities	10,152.00	6,261.40	3,890.60
TOTAL -	\$80,642.00	\$74,654.68	\$5,987.32
<u>Congregational Expense:</u>	1,884.00		
Appr'n, Ceremony, and Hosting Gifts	300.00	0.00	300.00
Church Supplies, Props, and Misc.	300.00	444.60	144.60
Meetings, Special Events, and Outreach	1,284.00	2,691.70	1,407.70
TOTAL -	\$1,884.00	\$3,136.30	(\$1,252.30)

<u>Guest Minister:</u>		5,000.00			
	Honorariums	3,000.00	4,100.00	1,100.00	
	Lodging	900.00	1,476.89	576.89	
	Meals / Entertainment	800.00	1,877.87	1,077.87	
	Travel	300.00	378.57	78.57	
TOTAL -		\$5,000.00	\$7,833.33	(\$2,833.33)	
<u>*Missions Giving:</u>		10,700.00			
	Christmas for Christ	2,000.00	5,000.00	3,000.00	
	General Offerings	500.00	2,250.00	1,750.00	
	Global Missions	0.00	0.00	0.00	
	Mother's Memorial	1,000.00	1,500.00	500.00	
	North American Missions	0.00	0.00	0.00	
	Partners in Missions	4,200.00	4,450.00	250.00	
	Save Our Children	1,000.00	1,250.00	250.00	
	Sheaves for Christ	2,000.00	3,021.00	1,021.00	
TOTAL -		\$10,700.00	\$17,471.00	(\$6,771.00)	
<u>Music & Media:</u>		1,500.00			
	Category	1,500.00	\$4,510.46	3,010.46	
TOTAL -		\$1,500.00	\$4,510.46	(\$3,010.46)	
<u>Office Expense:</u>		1,980.00			
	Dues, Subscrip., Profess. and Admin. Fees	300.00	735.50	435.50	
	Equipment / Technology	680.00	1,231.08	551.08	
	Supplies, Cleaning, and Consumables	1,000.00	1,134.18	134.18	
	N/A	0.00	0.00	0.00	
TOTAL -		\$1,980.00	\$3,100.76	(\$1,120.76)	
<u>Prof., Legal, & Specialty Services:</u>		0.00			
	Archived	0.00	0.00	0.00	
TOTAL -		\$0.00	\$0.00	\$0.00	
<u>Reimbursements:</u>		0.00			
	Cell Phone	0.00	0.00	0.00	
	Travel / Mileage	0.00	0.00	0.00	
	N/A	0.00	0.00	0.00	
TOTAL -		\$0.00	\$0.00	\$0.00	
<u>Training & Development:</u>		2,584.00			
	Books, CD's, and Curriculum	100.00	720.34	620.34	
	Conferences / Seminars	100.00	0.00	100.00	
	Ministerial Dues	2,384.00	2,528.00	144.00	
TOTAL -		\$2,584.00	\$3,248.34	(\$664.34)	
<u>Travel Expense:</u>		1,000.00			
	Lodging	600.00	343.25	256.75	
	Meals	400.00	566.45	166.45	
	Transportation		0.00	0.00	
TOTAL -		\$1,000.00	\$909.70	\$90.30	

<u>Vehicle Expense:</u>	0.00			
Buy / Lease	0.00	0.00	0.00	0.00
Fuel	0.00	0.00	0.00	0.00
Insurance	0.00	0.00	0.00	0.00
Repairs / Maintenance	0.00	0.00	0.00	0.00
TOTAL -	\$0.00	\$0.00	\$0.00	\$0.00
<u>Payroll Expense:</u>	18,600.00			
Compensation / Salary	18,600.00	18,600.00		0.00
TOTAL -	\$18,600.00	\$18,600.00	\$0.00	\$0.00
TOTAL EXPENSES	125,390.00	\$138,125.21	(Add. Expenses)	(\$12,735.21)
Net Operating Surplus / (Deficit):	\$7,500.00	\$37,101.24	Est. 2021 Retained (\$)	Variance
(2020 Retained \$) + Surplus Total Revenue - (Add. Expenses) =				\$609.78
<u>2021 Financing Activities:</u>	<u>Proceeds From</u>	<u>+ Proceeds To</u>	=	<u>Net Cash</u>
	\$5,115.00	-\$3,766.91		\$1,348.09
Actual Net Operating Surplus + <u>Net Cash from Financing Activities</u> =			(2021 Retained \$)	\$8,238.31

This Estimated vs Actual Budget Report is a tool used to reflect (compare and contrast) the revenue and expenditures from the Annual Operating Budget for the prior accounting year; to be presented to the Board of Directors for review, and to be held in record according to the Bylaws and corporate policies of the aforementioned organization. The amounts reported are to demonstrate how the Corporation is operating, and maintain best business practices.