



Laity Training:

Finance

aka The Ministry of Administration

Agenda

- Responsibilities
 - The “Bench”
 - NFP Accounting 101
 - Audit
 - Budget
 - Compliance
 - Summary & Resources
 - Q&A
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Responsibilities of the Committee on Finance

The Book of Discipline (§258.4)

- Oversee stewardship
 - Compile a budget annually
 - Raise sufficient income to meet the budget
 - Administer funds received by the church
 - Count and deposit the offering
 - Disburse funds
 - Establish internal control policies
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The Book of Discipline (§258.4) cont.

- Provide for an annual audit of the church financial statements
 - Report to the annual charge conference on the audit
 - Recommend proper depositories for church funds
 - Use contributions in accordance with donors' intent
 - Report annually to the church council all designated funds that are separate from the church budget
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Building the Dream Team

The “Bench”

- **Treasurer**
- **Financial Secretary/Business Administrator**
- **Finance Committee Chairperson**
- Finance Committee Members

“Many hands make for light work.”

In church finance many hands make for stronger controls.

Treasurer

- Fund disbursement
- Reporting
- Monthly Remittances to the Conference Treasurer

What is not your job:

- Do not personally count or deposit offerings/cash
- Do not serve on the audit committee
- Do not serve as the financial secretary of the church

You may only do 1 of the 3 tasks below:

- Approve payments for expenditure
 - Sign checks
 - Reconcile bank accounts
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Financial Secretary

- Supervise the offering count
- Promptly deposit cash from offerings
- Keep records of contributions

What is not your job:

- Do not serve on the audit committee
- Do not serve as the treasurer of the church

You may only do 1 of the 3 tasks below:

- Approve payments for expenditures
 - Sign checks
 - Reconcile bank accounts
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Finance Committee Chairperson

The ensure the items from the *Book of Discipline* list are planned for and executed

- A member of charge conference and church council or board
 - Work with financial secretary to answer questions and provide guidance
 - Offer leadership and direction to the treasurer
 - Work with the pastor, who is responsible for all phases of the work of the local church
 - Review reports and reconciliations
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NFP Accounting 101

NFP Accounting 101

- Cash basis vs accrual
 - Assets = liabilities + net assets
 - Net Assets without donor restrictions
 - Net Assets with donor restrictions
 - Purpose
 - Time
 - Financial Reports –
 - Different names, same use
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Audit

Annual Audit

- Why do we need one?
 - What is to be audited:
 - Financial statements and records
 - Internal controls
 - All organizations and accounts of the church
 - Who can perform an audit:
 - CPA or firm
 - Audit committee
 - Independent in fact and appearance
 - Expertise
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Audits Continued

Total Receipts = 3 year average for all \$\$ received

- < \$500K – an independent qualified member of the church or other volunteer
- \$500k to \$1M* – external audit every 3 years
- \$1M to \$2M* – external audit every 2 years
- Greater than \$2M in receipts – external audit annually

*In alternate years, internal procedures should be done.



Budgeting

Budgeting

- Focus on The Way you approach budgeting
 - Mission and Vision
 - Discern
 - Set goals and strategies
 - Types of budgets
 - Incremental (last year to project this year)
 - Zero-based (starting over from scratch each year)
 - Program based (each area has its own budget)
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Budgeting Cont.

- Cash Flow
 - Use restricted funds first
 - Stewardship vs donors
 - Consider a narrative budget
 - Measurements
 - Quantitative
 - Qualitative
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Compliance

Complying with Laws and Regulations

- Tax Status – 501(c)(3) Group Ruling
 - Employer Identification Number (EIN)
 - Form 990 and Form 990-T
 - Articles of Incorporation and Bylaws
 - Bylaw basics
 - Samples on the NTC website
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State of Texas – specific

- [General information for religious orgs](#)
 - How to apply for exemption
 - How to use it
 - Texas Hotel Occupancy Tax Exemption form
 - [FAQs for exempt orgs](#)
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Payroll Compliance

- Clergy are complicated
 - Know the what can and can not be paid
 - Accountable Expense Reimbursement Plan
 - [Employee vs Independent Contractor](#)
 - Issuing w2s and 1099s
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Other items

- **Honoring donor restrictions**
 - Gift Acceptance Policy
 - Manage risk through Insurance and Training
 - Pastor's Discretionary Fund
 - Accountable Expense Reimbursement Plan
 - Record keeping
 - Charitable Gift Acknowledgement
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Summary & Resources

Vital Congregations

- Financial Transparency
 - Missional Budgeting and Fundraising
 - Focus on Best Practices
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Where do I start?

- Read/study/learn
 - Meet with the previous person in your position
 - Chair of the committee should call a meeting
 - What areas will be focused on this year
 - Designate or reaffirm jobs for individuals
 - Review compliance, policies
 - Decide how often to meet – minimum quarterly
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Resources

- Book: *Guidelines Finance*
<https://www.cokesbury.com/Guidelines-Finance>
 - [Conference Website: CCR Local Church](#)
 - [GCFA Website: Local Church Resources](#)
 - [Church Law and Tax](#)
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Q&A

