

Traps for Church Treasurers



- **Missing pastoral tax breaks that only the church can authorize, forcing the pastor to overpay the IRS.**
Set up the pastor's package properly and review annually.
 - Salary
 - Housing allowance
 - Car and other expenses for reimbursement
 - Health insurance
 - Pension
- **Failing to have appropriate supervision of the offering.**
Have all offerings counted by at least two un-related persons before the bank deposit is made.
 - Use a simple form to record total checks and cash, dated and signed for every worship service.
 - Count the offering as soon as possible after services. Those responsible should not miss worship.
 - Make deposits as soon as practical. Check with your bank for best procedures.
- **Making policy instead of following orders.**
Have all expenses authorized by someone else in writing before the check is drawn.
 - The person writing checks should never authorize any bill.
 - Never write a check to yourself. Have the assistant treasurer do it, when needed.
 - In an emergency, follow the chain of command before drawing a check. Get someone's approval first.
- **Ignoring non-checking accounts.**
Reconcile all accounts monthly.
 - Reconcile non-checking accounts such as savings, investments, credit card accounts.
 - Avoid making adjusting entries. Find the missing amounts.
- **Only reporting "General Fund" accounts.**
Report all accounts on the balance sheet.
 - Every fund, every account owned by the church needs to be reported. Even the youth group, women's groups and other organizations need to give regular reports. Financial secrecy has no place in the House of God.
- **Correcting W-2's and 941's can take up hours of time better spent on ministry.**
Report payroll and taxes withheld on time and on the right forms.
 - Avoid 1099's. Generally, clergy, office managers, secretaries, janitors, choir directors, musicians, organists, youth ministers, education directors and such are employees of the church even if they are part-time. Refer to IRS Pub. 1779 for more information.
 - All employees need W-2's except for clergy who receive no salary.
 - All taxes paid on time.



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- Withhold, pay, and report state and local taxes.
 - Report only taxable wages. Do not include housing, insurance, mileage, etc.
- **Making decisions without accurate and timely information.**
Deliver complete and readable financial reports to the board monthly.
 - Deliver Income and Expense reports for the prior month for all funds and accounts. No secrets!
 - Deliver a balance sheet showing all accounts and balances plus any debts and amounts held for special funds.
 - Deliver a comparison to the budget or prior year-to-date.
- **Missing an opportunity to say “Thanks!”**
Give all contributors an annual report of their gifts to the church.
 - Put them in the mail by January 31.
 - Detail total giving each week.
 - Per IRS regulations, all giving receipts must indicate that the donor received only intangible religious benefits from the donation. The following statement would meet the requirements:
 - Pursuant to Internal Revenue Code requirements for substantiation of charitable contributions, the _____ Church provided no goods or services in exchange for these contributions other than intangible religious benefits.
 - IRS regulation require a detailed statement for all gifts of \$250 or more.
 - Include a cover letter from the pastor or other church leader.
 - t Say “Thanks”
 - u Include scripture references.
 - uu Include hopes for the next year and how each person’s gifts help build the Kingdom.
- **Making and failing to discover inadvertent errors.**
Ask the board to appoint a committee to review the books every year.
If they are not sure what to do or how to do it, ask an accountant for a “review.”
 - Annual check-ups prevent small problems from growing.
 - An audit committee is your insurance policy.
 - Internal reviews are fine for most churches.
 - Call for outside help when the treasurer and church leaders:
 - t Encounter problems, errors, or confusion and are not sure what to do.
 - u Want to improve the quality and usefulness of the church’s financial reports.
 - uu Want to protect those with responsibility for the church.

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