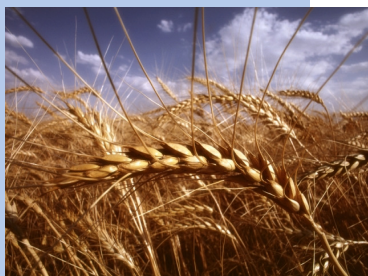


Traps for Church Treasurers



- **Missing pastoral tax breaks that only the church can authorize, forcing the pastor to pay extra unnecessary taxes**

Set up the pastor's package properly and review annually.

- Salary
- Housing allowance
- Mileage, cell phone, and other expense reimbursements
- Health insurance and medical reimbursements
- Pension

- **Failing to make tax deposits and file 941's and W-2's**

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.
- Generally, all employees need W-2's, including clergy.
- Pay all federal taxes on time.
- Remember to withhold, pay, and report state and local taxes.
- Report only taxable wages. Do not include housing, accountable reimbursements, etc.

- **Missing an opportunity to say "Thanks!"**

Give all contributors an annual report of their gifts to the church.

- IRS regulation require that the church issue a statement for all gifts of \$250 or more.
- Per IRS regulations, all giving receipts must indicate if the donor received anything in exchange for the donation or 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.

- Put contribution receipts in the mail by January 31.
- Detail total giving by week.
- Include a cover letter from the pastor or other church leader.
 - u Say "Thanks."
 - uu Include scripture references.
Include hopes for the next year and how each person's gifts help build the Kingdom.

- **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.



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- **Making policy instead of following orders**
Have all expenses authorized by someone else in writing before the check is drawn.
 - Never allow the person writing checks to authorize any bill.
 - Never write a check to yourself. Have the assistant treasurer or other authorized person write the check when needed.
 - Follow the chain of command before drawing a check in an emergency. Get 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 to make the books balance. Find the missing or incorrect amounts.

- **Reporting only “General Fund” accounts**
Report all accounts and funds on the balance sheet.
 - Report every fund and every account owned by the church. 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.

- **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.
 - 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.

- **Making and failing to discover inadvertent errors**
Ask the board to appoint a committee to review the books every year.
 - Ask for a review when you:
 - 1 Encounter problems, errors, or confusion and are not sure what to do
 - 11 Want to improve the quality and usefulness of the church’s financial reports
 - 111 Want to protect those with responsibility for the church

For further details, see *Opening the Books: A Handbook for Reviewing Church and Ministry Financial Procedures and Establishing Accountability*, by Rebecca M. Shull, CPA. The book is available at <http://www.sharetheharvest.com/offers.htm>

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