

The Ministry of Church Finance 2010



A Manual for Local Churches
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“I look upon the entire world as my parish...I am employed according to plain direction of (God’s) work--- ‘as I have opportunity, doing well to all.’ ” (of Galatians 6:10)

---John Wesley

THE MINISTRY OF MONEY

On occasion, churches have been criticized for having too much interest in money. We wish the financial realities would go away. Yet fund-raising and faith-raising are twins. Even Jesus had a treasury and a treasurer. The Apostle Paul called for offerings to support the mission of the church.

The focus of the church is on the call of Christ to be faithful in making disciples and being in missions to others. That call cannot be accomplished without a regard to financing. What is important to remember is that the reason for giving is not the church's need to receive money so that it may maintain an institution. The reason for giving is the need of the giver to share what God has given in order to grow in faith and to help the church fulfill its sacred mission. Giving is a spiritual matter and reflects our commitment to Jesus Christ.

The church is concerned with the whole person. The wise stewardship of our financial resources makes possible a strong ministry of outreach to and through the community and assists individual believers to establish a healthy relationship with money and material possessions in their own lives.

THE MINISTRY OF CHURCH FINANCE

Mission of a Local Church

“The mission of the Church is to make disciples of Jesus Christ for the transformation of the world. Local churches provide the most significant arena through which disciple-making occurs.” (*The 2008 Book of Discipline, page 87*) A congregation with an active and clearly defined financial management team enables the church to fulfill its primary task without worry and with hope.

The task of providing for the financial ministry of the congregation has been an important element of the church from its inception. John Wesley enlisted “stewards” so every local community of faith would have adequate financial support. From the earliest of times, the spiritual nature of giving as a measure of the life of a congregation has been recognized. Giving reflects a spiritual commitment to Jesus Christ just as much today as it did 250 years ago.

The congregation's ministry of finance includes a team of people who are dedicated to help the congregation support a vital ministry. The team includes:

- The Pastor
- The Committee on Finance
- The Financial Secretary
- The Treasurer
- The Endowment Committee
- The Commission on Stewardship

THE PASTOR

The Pastor has a special role to fulfill in the financial ministry of the Church. The 2004 Book of Discipline gives to the Pastor five specific responsibilities that relate to church finance. **The first is, “to provide leadership for the funding ministry of the congregation.”** (2008 Book of Discipline Par. 340.2.c. (2) (c), page 252)

The pastor may fulfill this responsibility by taking an active role in the Committee on Finance and the Commission on Stewardship if the church has such a commission. It is also important that the clergy have a good understanding of the basic principles of money management. Often clergy are heard to say that, “I simply don’t know much about finance issues.” If that is the case it is important for the clergy either through an Iowa Community College or some other avenue, to receive training in the area of finance. One of the basic expectations of the church members is that its leaders, in which the clergy is one, be good stewards of the resources given to it by its members. Clergy cannot leave this important element of church administration to someone else. Being a good steward requires understanding church finance.

The clergy along with the Committee on Finance should encourage a broad based congregational participation in the budget building process. The church budget is the goal for spending in any given calendar year. The members who are asked to provide the volunteer work in many areas of the congregation’s life should be able to participate in the budget building process. Not only will this help in raising funds for the budget but it will ensure that every area of ministry is funded in such a way that the ministry and mission of the church can be completed.

The clergy, along with the Committee on Finance are to supervise the groups within the church to ensure that the money being spent is in accordance with the policies of the Finance Committee and the Administrative Board. Nothing can hinder receiving additional money gifts for the church than if members believe their money is not being used according to their wishes and according to policies of the church. To help accomplish this task, the clergy assists the treasurer in ensuring that disbursements are occurring as they have been prioritized by the Committee on Finance.

The second is, “to model and promote faithful, financial stewardship and to encourage giving as a spiritual discipline by teaching the biblical principles of giving.” (2008 Book of Discipline, Par. 340.2.c (2) (d), page 252)

The pastor may fulfill this responsibility by being willing to preach about stewardship and the use of our financial resources. Stewardship is not just about money, it is a lifestyle commitment and so the preaching and teaching about stewardship is a year long process that does not occur just once or twice a year or in the fall campaign to raise funds for the church budget. The pastor also fulfills an important teaching role in the congregation when he/she demonstrates the

connection between giving and the ministry it enables.

The most important way the pastor may fulfill this responsibility is to set a lifestyle example by managing their personal finances in such a way as that life style may become a model for others to follow. Some national church studies have concluded that there is a direct corollary between a local congregation's finance management and the clergy's personal financial management. Congregations should not be embarrassed in their community by the way the clergy pay their bills, manage their resources and give to the church. The pastor whether they want to be or not set the standard of giving for the congregation. Even if the congregation makes a great effort to keep secret the giving of its members, the pastor's giving, as well as their credit history and rating is known to the church community. Thus, pastors are expected to tithe as their minimum gift. One cannot preach and teach tithing unless one is living the standard for themselves and thus raising the expectations of all others.

The clergy can only help promote faithful giving when they know the giving patterns of the membership. Even if the clergy does not want to know the amount of money each person gives to the church he or she should work with the financial secretary to know the giving patterns of the membership and to note when a change in each families giving pattern occurs. A change in a families giving pattern often means something else is going on in their life and the clergy should be sensitive to these changes in order to be in ministry with that family.

The third is, “to lead the congregation in the fulfillment of its mission through full and faithful payment of all apportioned ministerial support, administrative and benevolent funds.” (2008 Book of Discipline, Par. 340.2.c (2) (e), page 252)

The pastor can fulfill this role by being a leader in the congregation in creating opportunities to tell the story of what apportionment do for the United Methodist church. There are many sources of information available for the pastor to begin to interpret apportionments. The first is the pre-conference manual that is published each year. The manual contains a description of how every apportionment fund is to be used. The second is to go to the office of Communications and Resources within the Iowa Annual Conference and the General Conference Commission on Communications. These web sites should provide many options for learning about the apportionment funds. The third is to ask the member of your congregation or neighboring congregation who serve on a Conference Board or Agency to describe the work of their particular committee. Each pastor may talk with agency chairpersons about the work of that agency to learn more about the ministry and mission. Also, the General church provides a variety of resources to help interpret apportionments around the world. Clergy will need to do a little research to fulfill their function of interpretation of the apportionments; however the resources are available and can be found with some effort.

Also, the clergy is to help congregations discover ways that payments of the apportionments can occur in a timely fashion. One of the tasks of the clergy is to help raise funds for the world church family and help the Finance Committee develop a policy within the local congregation to pay that congregation's apportionments.

The clergy by ordination and licensing is credentialed by the Annual Conference. In this way the clergy is connected or in ministry with every United Methodist Church in Iowa and in the world,

not just in the congregation of their current appointment. The clergy are expected to teach the meaning of “connectionalism” as it is traditionally understood in the United Methodist Church. This is particularly important when members may come from other Christian or non-Christian traditions. The place to begin an understanding of connectionalism is the 2008 Book of Discipline, Par. 131, 701.1 and 2501.

Another important way the pastor may help fulfill this role is to understand the formula that is used to apportion the Conference and General Conference funds to the local congregation. It is important to know how this formula affects a local congregation and clarify misperceptions about the formula when they occur in conversations and meetings the clergy attends. The formula is described each year in the Conference Journal.

The fourth is, “to give an account of their pastoral ministries to the charge and annual conference according to the prescribed forms.” (2008 Book of Discipline, Par. 340.2.c (2)(b), page 252) and, **“to care for all church records and local church financial obligations, and certify the accuracy of all financial, membership, and any other reports submitted by the local church to the annual conference for use in apportioning costs back to the church.”** (2008 Book of Discipline, Par.340.2.c (2) (f), page 252)

The Pastor fulfills this role by ensuring that all Charge Conference forms are completed and given to the District Superintendent at the time of the scheduled Charge Conference. Those forms are made available by the District Superintendent’s office either by mail or going to the Website.

The second way this role is fulfilled is by completing the statistical information forms that are sent from the Conference office. In mid December, each year, you and your church Treasurer receive a letter from the treasurer’s office detailing the information as to how this report may be completed on-line. If you cannot access the on-line reporting method, you may request printed forms from the Treasurer’s office. As a clergy you may want to meet with the Treasurer, the Financial Secretary and the Membership Secretary to discuss and complete the forms. Once the forms are completed print a copy for your records, and submit electronically to the General Conference. The date for completing the forms is usually around March first. In May, the data that was reported to the Conference and entered into the database is sent to each pastor who is asked to review for accuracy. Any errors found are to be sent in writing to the Conference Treasurer no later than the August 1 for corrections in the database. The apportionments for next year are calculated in August and mailed to the Pastor. Once the apportionment amounts have been calculated corrections cannot be made in the statistical information that can change the apportionment calculations for that year. However, corrections can be made that could affect future year’s apportionment calculations.

The fifth responsibility of the pastor is to encourage giving. The following list includes examples of how this goal can be achieved.

1. Preach throughout the year on Biblical themes pertaining to being good stewards of one’s trust from God.
2. Preach and exemplify tithing from income as well as giving from accumulated

possessions.

3. Teach in adult education settings the subject of responsible Christian stewardship in matters of personal money management, financial planning and estate planning.
4. In youth and young adult settings, teach about giving in response to the blessings God has given to each and as a spiritual discipline that needs to be nurtured from a person's first allowance or income producing job through the rest of their life.
5. Counsel with persons as a part of pastoral ministry on the importance of personal money management, financial planning, and estate planning, especially in conjunction with premarital and marriage counseling.
6. Encourage the lay leadership to plan, attend, and support stewardship events in the local church or Annual Conference, such as estate and gift planning workshops and financial planning seminars.
7. Encourage the lay leadership to share their stories and experiences of giving and how tithing's and percentage giving has nourished and enriched their lives.
8. Acknowledge and publicize the receipt of bequests and other special gifts and memorials which benefit the local church, thus encouraging others and also providing a way to say "thank you" to donors.
9. Evaluate your own personal estate plans. Talk with your spouse (if applicable.) Consider including the church or other ministries in your own will.
10. Live by example and teach laity in good management of time so that the physical, emotional, and spiritual needs of all can be fulfilled.
11. Minister patiently, faithfully and persistently. Christian stewardship takes time to "bear fruit." As David Trueblood said, "It takes a noble man to plant a seed for a tree that will someday give shade to people he may never meet."
12. Develop your own list of ways to encourage a lifestyle that makes us good stewards of all the resources God has given us.

THE COMMITTEE ON FINANCE

The 2008 Book of Discipline of the United Methodist Church (par. 258.4 page 184) provides for the Committee on Finance to be made up of persons who, by virtue of other leadership responsibilities, link the committee to other areas of congregational life, as well as several persons who are nominated in recognition of their commitment and witness of personal stewardship.

The members of the Committee are as follows:

- Chairperson
- The Pastor (s)
- Lay Member of the Annual Conference
- Chairperson of the Church Council (Board)
- Representative of the committee on Staff (Pastor) Parish Relations
- Representative of the Trustees
- Chairperson of the Commission on Stewardship
- Lay Leader
- Finance Secretary
- Treasurer
- Church Business Administrator
- Others as determined by the Charge Conference

(With the exception of the pastor, when paid employees serve on the Committee on Finance such as the financial secretary, treasurer, business administrator, they serve without a vote.)

Functions and Responsibilities of the Committee on Finance

- 1. Provide Financial Direction:** One of the important tasks of the committee is to be responsible for the financial health of the congregation. It is vital that the committee have a sense of direction, a plan to improve the congregation's financial stewardship and a way to monitor the ongoing finances of the church. A sense of direction helps the congregation know that someone is in control of the way the money is raised and spent within the church. The plan for stewardship helps the other committees or commissions of the church know how to build programs and what to expect by way of financial support for their ministries. Monitoring the ongoing finances of the church helps the congregation to know that the entire financial management is done with integrity and with checks and balances to ensure proper use of funds.
- 2. Provide for the Annual Funding Program:** Even though the funding ministry of the church is year round, most congregations need a particular time of year when financial commitments are encouraged. Even congregations that do not have an every member commitment program of some type need to set aside some time each year when members are

asked to count their individual blessings and consider how those blessings impact their tithes and offerings. A congregation that fails to encourage its members to regularly and systematically commit their resources is a congregation on the way to extinction.

The goals of a funding campaign are threefold (1) to help members grow as disciples of Jesus Christ, (2) to increase the number of commitments received from members and constituents thus enlarging the financial base of support, and (3) increase the amount committed by those giving to the church to help ensure that the vital ministries of the congregation receive adequate support.

Do not wait until Fall to begin the planning for your commitment or stewardship campaign. The planning should begin in the spring for a fall campaign. The steps in planning a campaign are:

1. Select a highly committed member of the congregation to chair the campaign. Preferably, someone other than the Chair of the Committee on Finance
2. Select a theme for the campaign and assemble a committee to help implement the theme
3. Develop a time line for each part of the campaign
4. If outside leadership is desired, secure the leader
5. Order or create the materials that will be needed for the campaign

Resources for funding campaigns have been developed by United Methodist Communications and may be obtained through Discipleship Resources or Cokesbury.

3. Provide for the Church's Budget: Creating and administering a fully-funded program budget is one of the fundamental tasks of the committee. The budget becomes an expression of who we are as a congregation and what we are about in our mutual ministry. Budget building should include the following:

a. Start with the congregation's vision of ministry. What is your mission statement? How does your budget reflect your priorities as included in your mission statement?

b. Invite broad-based input into the process of creating the congregation's visions and goals. The more people are involved in developing the goals, the more ownership the church will have in its final budget.

c. Invite committees and boards to submit their funding requests and ask them to meet with the committee to help the committee understand their requests.

d. The budget is an internal document until the pledges are in. The popular practice is to send out copies of a proposed budget as part of the promotional piece during the commitment campaign. Prematurely distributing a budget that is not yet funded is to invite misunderstanding, confusion and potential disaster.

e. After the financial commitments have been received, it is time to create the line-item budget. Begin with expected income and produce for the congregation a balanced budget. If some items must be reduced, be sure to dialogue with each group that may be affected by the reduction.

Expected income may include some of the following

- Pledges from regular members
- Pledges from new members
- Loose plate offerings
- Regular non-pledger
- Building usage contributions
- Special offerings
- Sunday school offerings
- Interest earnings
- Memorial gifts
- Endowments
- Wills
- Capital fund pledges
- Cash reserves
- Stocks and bonds
- Other

f. The budget is built based upon the anticipated income and consideration of funding priorities established by the congregation's mission statement and goals. The budget is submitted to the Annual Charge Conference or Administrative Council (Board).

g. Once the budget of the local church has been approved by the Charge Conference or Administrative Board (Council) additional appropriations or changes in the budget should be recommended by the Finance Committee and must be approved by the Administrative Board (Council).

4. Provide Financial Communications: The financial environment of the congregation can be improved a great deal by keeping the channels of communication open. Remember that very few people are accountants and so the numbers seldom are useful by themselves. When reporting include the good things that the giving enables in the life of the congregation. Find ways to tell the stories about how lives are impacted because of the numbers. Consider the following media for communicating your message

(a) The Worship Bulletin--fifty-two chances to share important information. Be creative and show more than numbers.

(b) Offertory Sentences and Announcements--report on how the money is used

(c) Church Newsletter--say thank you a lot but also deal with whatever the financial reality may be.

(d) Giving Statements--another way to say thank you and share information

(e) Treasurer's Report--probably no document represents more effort to create and is less appreciated. Use it to highlight efforts to deal with financial issues, but remember, a steady stream of negativity from the treasurer's report results in a treasurer's report that nobody will read.

(f) The Finance Chairperson's Report. A common mistake is to let only the Treasurer's report be the only report. The Finance Chair's report can provide perspective and assurance that someone is looking out for the congregation.

5. Provide for Financial Reports: Finance reports indicate that accurate records are being maintained. A financial report should be prepared for each meeting of the Church Council (Board) for the current expense budget. It should present both a current month and year-to-date picture of the finances. The Finance Committee should develop a system that will enable them to track the flow of giving to the church from the time the gift is given until the funds are spent on their intended purpose. The entire congregation looks to the Finance Committee for signals about the financial health of the church.

The Committee shall prepare annually, a report to the Administrative Board (Council) of all designated funds that are separate from the current expense budget. Often this report is not made, and later on someone remembers that the church should have a fund set aside for a particular purpose. By reporting each year, the entire congregation knows what funds are available and for what restricted causes. Even if the fund has been inactive for a few years, annually, the church records show which funds are held outside the church operating budget and what is the balance of each fund. Any expenditure from these funds should also be reported so that all may know the funds were used for their intended purpose.

6. Provide Substantiation: A critical role under current IRS regulations is providing donors with adequate substantiation of charitable gifts. The Revenue Reconciliation Act of 1993 requires a more specific type of receipting than ever before. For specific type of receipts refer to Appendix One.

7. Provide Safeguards for Church Funds: Proper handling of funds donated to local churches is a critical responsibility. Even though we do not want to believe it, these funds are vulnerable to the risk of theft or misappropriation. Loss of church funds can create a crisis of confidence in the ability of the local church to ensure that funds donated to, and through it are used for the purposes intended. Most of the suggestions for avoiding mishandling of local church funds are based on common sense. For security purposes the following rules should be followed:

a. Two unrelated persons should always handle the collected offerings at every stage. This includes taking them from the offering plates, depositing them for safe keeping, counting and then depositing. If locked bank bags are used, the person who has the bag with the money should not have a key to the bag.

b. Persons who handle church funds regularly should be bonded. Check with the Board of Trustees to make sure that theft insurance and bonding is part of the congregation's insurance package.

c. Receipt and disbursement functions should be handled separately and assigned to different individuals. The person who counts and deposits the money should not be the same person who writes the checks and pays the bills.

d. Church funds should not be taken to anyone's private home. Checks should be stamped "for deposit only" before they leave the church. All funds should be counted and placed in secured bags for bank deposit or placed in the church safe for deposit as soon as possible. It is also possible to arrange for your bank to hold the funds via its night depository, and is counted the next day either at the church or in some circumstances at the bank.

e. Financial reports should be audited on an annual basis, and detailed monthly

reports should be kept and reviewed. The Conference Treasurer's office has an Audit Guide that you may obtain by request (the Guide is also available by going to the GCFA web site). It is recommended that at least three unrelated individuals should be responsible for the separate functions of check writing, monthly bank statement reconciliation and the yearly audit.

f. Your church may wish to compare your procedures for handling church collections with the sheet included with this material. (Appendix Two)

8. Provide for the Annual Audit: An audit is the best way for a local church to protect those persons it elects to offices of financial responsibility against unwarranted charges of carelessness or improper handling of funds. It is not a symbol of distrust to have an annual audit; it is a symbol of support for their work.

An audit is an examination of all financial records to assure the church that all records are accurate. The audit also provides a way to correct errors before they become too complicated and can assist in discovering new and better ways of doing the work.

Normally an audit is made annually within a month or two of the close of the fiscal year or when there is a change of persons keeping these records.

The audit committee is appointed by the Committee on Finance. It is made up of people not related to any of the individuals who keep the financial records for the church. Some churches hire professional accountants for this purpose. If your church has members who are certified public accountants, bankers, or skilled bookkeepers, they could be approached to be on this committee

The audit report is to be made to the Charge Conference, in our Conference a copy of the report should be given to the District Superintendent who will keep them on file.

9. Preserve Financial Records: Preserve the records for the financial secretary, treasurer and annual audit in a safe place for at least seven years. If most of the recordkeeping is done on the computer then each year transfers the records to a CD. I would suggest making two copies one to keep somewhere in the church building and one to store offsite—maybe the bank box where other important legal papers are kept. All invoices, vouchers, and canceled checks are to be stored for a similar period; they may be kept at the church in a safe and dry place. Each year, the oldest set of records should be destroyed under the direction of the Committee on Finance.

11. Recommend Depositories for Church Funds: The Finance Committee recommends to the Church Administrative Board (Council) the institution or institutions that shall be the depositories for the local church funds. They are to ensure that the depositories are secure and insured through the FDIC or other comparable insurance. Funds received are to be deposited promptly and in the name of the local church.

12. Manage Restricted Funds: The Finance Committee is to make sure that contributions which are received for a specific cause are used only for the purpose in which the funds are intended. If possible, the funds when received should be promptly forwarded according to the intent of the donor.

13. Plan for Giving beyond the Budget: The congregation's budget should be the foundational finance tool and generate the funds to operate the ministry and mission of the church. All members should support the regular church budget with undesignated funds that pay for administrative costs, utilities, pastoral support, maintenance items, program ministries such as worship and education and our share of the ministry to the rest of world known as apportionments. However, many times a congregation may find the need to raise money that is beyond the budget. The extra giving may be capital additions, acquisitions of property or specific

programmatic ministries. For these extra items, the Finance Committee should seek individuals or in some cases, one person whose interest in the special project could generate support. The Finance Committee should develop a plan where members could designate their extra giving to some cause or project. A good environment for designated giving involves two principles. The first is that it is alright for the church to ask members to give to special causes and the second is that it is alright for a person to say, "No thanks, I don't want to give to this cause." The Finance Committee by providing opportunities to give to projects other than the budget may find that the total giving to the congregation's ministry increases.

14. Encourage Planned Giving: Planned giving may be defined as the opposite of the weekly offering or the every member commitment programs. The weekly offerings generally come out of the donor's income. Planned giving is most often contributed out of the donor's assets. Planned giving is the way for members to express their stewardship and support of the church for a long time after they are no longer a part of the community. One resource available for planned giving is entitled "*Achieving Dreams Beyond the Budget*" and can be obtained from the Planned Giving Resource Center of the General Board of Discipleship. Another resource that may be available is to contact the Iowa United Methodist Foundation.

THE FINANCIAL SECRETARY

The Financial Secretary relates directly to the Committee on Finance. The person, unless an employed staff position, should be nominated by the Committee on Nominations and Leadership Development and elected by the Charge Conference. The Financial Secretary is a member of the Charge Conference, the Church Administrative Council (Board) and the Committee on Finance. If they are an employed member of the staff, they have voice but no vote at the meetings of the Committee on Finance and Administrative Council (Board). The role of Financial Secretary is most important and sensitive. The information gathered is important to the contributors for personal and tax reasons and is important for planning purposes of the church. The information is important to the pastoral staff as they minister to each member and friend of the church.

The financial secretary should be someone other than the treasurer and should not be directly related to the treasurer. The Committee on Finance will appoint another person to assist in counting and depositing funds. Again, that person should not be related to the financial secretary or to the treasurer. The office of financial secretary should be covered under the bonding from your churches insurance carrier.

The task of the Financial Secretary includes:

1. Receive and deposit all funds given to the church.
2. Provide the Church Treasurer(s) with a record of the funds deposited.
3. Check your records with those of the Treasurer at least once a quarter. The total of the funds that were recorded should correspond with the totals indicated in the record of the treasurer(s).
4. Report to the Committee on Finance the amount of revenue on a monthly basis or at regular intervals. It is wise to list the different types of revenue (examples: church pledges, non church pledges, church school offering, cash gifts, interest etc.) separately. Also it is recommended that the list of revenue be compared to the previous year revenue to date in each category.
5. Work with the Committee on Finance to develop policies and procedures for handling all funds and then implement those policies.
6. Record all funds received from individuals or groups on a separate form. A variety of prepared forms are available from Cokesbury, software manufacturers or you may design your own. *There is nothing sacred, in itself, of the records that are kept. That information should be available to the pastor(s), Committee on Finance, and other church leaders (as determined by the Church Council (Board), so that they may administer the church and minister to those who are associated with it.*
7. Send to individuals, preferably monthly, a statement of the amount of gifts they have given to the church. Some churches include return envelopes to help remind people of the need for regular contributions. This report may also include, from the other officers of the church, explanations about how their contributions are used.

THE TREASURER

The role of treasurer for a local church has changed in a significant number of ways over the last few years. The treasurer not only has the responsibilities often associated with the task but also must assume some responsibility for payroll taxes, before tax reimbursement plans, pre-tax cafeteria plans, and all the IRS forms that go with these programs. The treasurer also has the unique responsibility of carrying out most of the financial decisions made by the Committee on Finance.

The treasurer, unless an employed member of the staff, is nominated by the Committee on Nominations and Leadership Development and elected by the Charge Conference. The treasurer is a member of the Charge Conference, the Church Administrative Council (Board) and the Committee on Finance. If they are an employed member of the church staff, they have voice but no vote at meetings of the Administrative Council (Board) and the Committee on Finance.

The duties of the church treasurer include:

1. Keep accurate and detailed records of the expenditures of the church. Columns and items in the treasurer's records should correspond to those listed in the budget as adopted by the Church.
2. Disburse funds to the cause for which they have been contributed. This is simply keeping trust with contributors. If funds are given for advance specials or mission projects, they shall *not* be used to pay current expenses or other items in the budget. *Funds received for non budgeted purposes shall be expended only for the causes given.*
3. Make monthly remittances to the conference treasurer for apportionment payments and other gifts, such as Advance Specials, that go to the conference. The Conference Treasurer's office is always willing to answer questions and help you clarify how to use the remittance forms. You may call (515) 283-1991 or (515) 974-8900.
4. Receive from the financial secretary weekly deposit slips indicating the amounts deposited, along with the statement recording the sources of all funds received and the purpose for which they were given.
5. Provide a regular report to the Committee on Finance and the Administrative Council (Board) of the expenditures for the year and fund balances. The reports should be accurate, easily interpreted and report all receipts and disbursements that flow through the books
6. Implement the policies of the Committee on Finance to establish procedures for paying bills (which bills to pay in what order), investing "idle" funds, and paying of special offerings. If some bills do not meet the policies established by the committee, consult with the chair of the finance committee about the bill.
7. Provide to the committee on finance, a listing of all checks written each month. Include check number, to whom and amount. Also, list all voided checks for the month.

8. Make yourself aware of all responsibilities the treasurer has with the different governmental units. The Conference Treasurer's office has prepared with the help of the General Church Council on Finance and Administration a tax information packet. You may receive a copy by going to the GCFA web site or Conference Treasurer's page on the Conference site and click on tax packet or by calling the Conference Treasurer's office to help you receive this packet.

9. The 2008 Book of Discipline of the United Methodist Church says, "The treasurer of the pastoral charge shall be primarily responsible for the application of proportional payments; but in the event of the treasurer's failure to apply it, the pastor shall adjust cash salary and payment according to the proper ratio, as provided....." (Par. 639.4.b) The Discipline also states, "When the apportionment to the pastoral charges for the pension and benefit program of the annual conference has been determined, payments made thereon by each pastoral charge shall be exactly proportionate to payments made on the salary or salaries of the ordained minister(s) or clergy serving it." (Par. 639.4.a)

10. Manage the funds of the church with such care that the trust of the members of the congregation can be increased.

ENDOWMENTS AND PLANNED GIVING THEIR PLACE IN THE LOCAL CHURCH

"Dearly beloved, the Church is of God, and will be preserved to the end of time" (United Methodist Hymnal, Baptismal Covenant III, page 45) We heard these words when we knelt at the altar and were confirmed as members of the Church, and we have heard them in our church as countless others have taken this important step in faith. As a part of something so eternal, we must plan for the church that will be here after we are gone.

If there was ever an organization that ought to think, talk and plan in terms of permanency, it is the Church. If there was ever an institution that ought to be committed to long-range planning, it is the Church. Yet, when we realistically look at the way the mission and ministry of the Church are planned and funded, we often look no further than one year. When we are considering a major step forward which calls for "long term" commitments through a capital funds campaign (such as a building program), we are willing to "stretch" ourselves out three years.

In the early years, the Church was always on the frontier in our nation ... striving for its place in the future. Certainly the frontiers of today call for us to be committed to the Church that "will be preserved to the end of time..."

An endowment is "a bequest, gift, or set of funds intended to be kept permanently and invested to generate earnings for an organization or foundation." The church must plan for future as well as for current mission and ministry. Unless these plans include ways of funding this mission and ministry they may become empty dreams. The concept of endowment funding expresses our belief that the church is here to stay to the end of time.

One thoughtful church member reasoned, "Those persons who preceded me in this church left a rich heritage. What will I leave as a heritage for future generations?" Is it possible that a part of that answer might be found in a careful thought-out and designed funding plan that will address the future as well as present needs and opportunities of the church?

An Endowment Fund is a good way for your church to make these statements:

- We believe in God's will for the future of this church.
- We are guided in our stewardship by the belief that all we have is a trust from God.
- We are building a sense of permanence in what we do.
- We are good stewards as a "church family" even as we expect each member to be a good steward.
- We are "going the extra mile" in providing services and programs that formerly (due to budget constraints) were only dreams.
- We are creating a heritage that future generations can celebrate as joyfully as we celebrate our rich heritage today.

Although endowments may be created for many specific ministries in the church, the standard

model for a local church endowment program identifies three areas of focus:

- A. Missions Endowments (for missions in and beyond the local community beyond budgeted mission funds)
- B. Maintenance and Church Property Endowments (for maintenance, care, improvements, and construction of physical facilities beyond ordinary budgeted operational expenses)
- C. General Endowments (for special needs and ministries determined by the church leadership and not included in the regular budget)

While endowments will benefit from both current and deferred gifts, their existence will especially encourage deferred gifts to the church that might otherwise have been given to other charities.

Endowments also provide opportunities for donors to honor the life and special contributions of others. Gifts given in honor and in memory of family and friends are a major source of assets with which to build endowment funds for the local church. Donors see this as a meaningful way to permanently honor special persons while investing in the present and future of their church

Recognizing the place of planned giving and endowments in the stewardship program of the local church, the General Conference has enacted legislation enabling a Permanent Endowment Fund Committee in every United Methodist Church. While this committee is not a part of the “required” organizational structure, it can be one of the most important committees in the church.

A key responsibility of the Permanent Endowment Fund Committee is to educate members about and to promote opportunities to support ministry through planned giving. This support includes outright gifts and giving through wills and estate plans. This committee also provides for the stewardship of endowment and other special funds by using prudent investment and distributions policies. The Iowa United Methodist Foundation has particular expertise to offer churches in establishing, marketing, and operating a successful endowment and planned giving program.

The Iowa United Methodist Foundation can help in these ways:

1. The Foundations helps to plant the seeds for a planned giving program through formal presentations, workshops and committee/leadership gatherings in the church.
2. The Foundation provides a step-by-step process that enables congregations to establish a Permanent Endowment Committee and can continue to consult with and support their efforts into the future
3. The Foundation can help potential donors “confidentially” clarify their charitable gift giving goals.
4. The Foundation can assist congregations in developing gift acceptance, distribution and investment policies.
5. The Foundation can provide professional funds management/investment services for the

permanent endowment funds and other designated assets as determined by the local congregation.

6. The Foundation can act as managing trustee for charitable trusts, which ultimately will benefit United Methodists churches or institutions
7. The Foundation can offer gift annuities or other planned gifts, which provide income to the donor and ultimately benefit the local congregations.
8. The Foundation offers investment opportunities through the Iowa United Methodist Church Building Fund Trust. The Trust uses the money invested to loan to United Methodist congregations for building improvements and construction.
9. The Foundation can evaluate the church's planned giving program and recommend adjustments to improve its effectiveness.

For information about the Iowa United Methodist Foundation contact

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THE COMMISSION ON STEWARDSHIP

In order to fulfill the mission of the church, a congregation may elect a number of commissions to emphasize a particular area of ministry. The Stewardship Commission may be one of these special areas. The Stewardship Commission shall be elected by the Charge Conference upon nomination by the Committee on Nominations and Leadership. The Chairperson of the Stewardship Commission shall be a member of the Committee on Finance. If the charge conference does not elect a Stewardship Commission, the work of this commission is the responsibility of a subgroup of the Committee on Finance. A member of the Committee on Finance should be appointed to provide the Committee with a special emphasis on stewardship.

Stewardship is often associated solely with money. Although money is an important part of stewardship, it is only a part. Stewardship has been defined as, “the management of God’s household.” Stewardship becomes the way we manage our entire lives: our gifts, our talents, our resources and possessions, our time and our energy. It is our whole-life response to God.

The task of members of the Stewardship Commission or Task Group of the Finance Committee is to educate the church members as to what stewardship really means. Stewardship begins with God’s love and celebrates our partnership with God as we discover meaning for our lives. The education task of stewardship includes:

1. Helping individuals realize that stewardship is a way of life, involving all that they are and all that they do in all facets of their lives. As Jesus became God alive in the world, we are to become the living Word when we live each day a life that reflects God’s love to others.
2. Helping individuals progress through at least five levels of giving. Whether one is giving time, talents, resources or other gifts, all giving is to be done in love and with a thankful heart, recognizing that God is the owner of everything in our life. The levels of giving are
 - a. Giving because of self-interest and usually comes with an understanding that I will get something in return or gain some kind of an advantage. This type of giving is not centered on the gift or its purpose but on the giver.
 - b. Giving on impulse, which is acting without conscious thought? This type of giving is unplanned and occurs at random. Usually what is given on impulse is what we have available in our billfold or checking account that can be considered extra or surplus.
 - c. Giving due to a sense of obligation or moral responsibility. Sometimes giving to the church is understood only as a duty that one is bound to do, maybe as a result of the promise made when one joined the church or for some other reason. It is the attitude that one is just expected to give and to meet the expectation one gives something. This type of giving is usually planned and budgeted from current income.

- d. Giving as a sacrifice. A sacrifice can be defined as giving up something of value for the sake of some greater value or having a more pressing claim. Sometimes sacrificial giving is also understood as not only giving from ones income but also giving from ones assets for a worthy cause.
 - e. Giving out of joy. This level of generosity is reached when giving becomes an end in itself. When the giver experiences true happiness and fulfillment upon giving, this higher level of giving is discovered.
3. Helping the church or entire congregation to be a good steward of all it resources. Goals for the church as a steward could include the following
 - a. Focusing on the need of the givers to give as a response to the way they have experienced and received God's love and blessings in their lives.
 - b. Teaching stewardship based upon Jesus' teachings on how to live a meaningful life.
 - c. Focusing on teaching tithing and percentage of income given as a faith commitment.
 - d. Challenging the leaders of the church to ask, "what more is God calling us to do?"
 - e. Giving the church members opportunities through the year to designate gifts for special causes.
 - f. Ensuring that the annual financial campaigns are based on biblical principles rather than just underwriting a budget.
 - g. Encouraging church members to envision a future for their church and help them understand the importance of endowments and special gifts.
 - h. Asking and expecting the clergy leaders to preach and teach about stewardship all year long.
 - i. Helping the church develop a policy where all memorial gifts and endowments will be tithed and given to causes beyond the local church.
4. Providing educational opportunities throughout the year to help members know that stewardship is an attitude—one of giving and serving. Take every opportunity to teach that Christian stewards worships, studies, gives, serves, and loves with joy and thankfulness because of God's grace.
5. Helping members discover and develop their unique and important gifts that God has blessed them with by making available many opportunities for members to volunteer in and for the church's ministry. This may include a gift's discovery worksheet, time and talent survey or study of our spiritual giftedness.
6. The Commission on Stewardship works with the Committee on Finance by helping the congregation's members to see how the gifts they give to God through the church accomplish the work of the church. It is the Stewardship Commission that continually invites the church to maximize its resources to the honor and glory of God.
7. The Commission on Stewardship also empowers the congregation members to become faithful stewards of their money and material wealth. The Commission may do this by offering educational opportunities in the area of personal financial planning, planned giving, wills and estate planning, college investment, retirement planning, credit

management, and charitable giving. Providing this kind of program within the church may help move people to a healthier more well-rounded relationship with their wealth and also their faith.

APPORTIONMENTS

The United Methodist Church is “connectional.” This means that we are bound together, even as we carry out ministry locally. Our “connectionalism” can be seen in how our churches relate to one another through our conference and how our conference relates to other conferences and the church in general.

United Methodists’ believe that we are called to be in ministry and mission in Christ’s name whenever there is need: locally, globally and all of the communities in between. In most cases, though, the resources available to a single local church would not be enough to make a difference on a national or global scale. For these broader ministries, United Methodist local churches pool their resources through a funding system called “apportionments.”

Like local churches, the Iowa Conference plans budget for mission and ministry within our wider boundaries. Annual Conferences focus on regional ministries; the General Conference focuses on worldwide ministries, often districts plan for ministries within their boundaries, and local churches concentrate on ministries within their local community.

Lay and clergy members of the Annual Conference, coming from every local charge in Iowa, adopt an apportionment budget. A formula based on the local church’s ability to support its local ministries is used to determine its fair share of support for ministries beyond its local community.

Added together, the apportionment funds established by the Annual Conference and the General Conference enable every local church to participate in mission and ministry far beyond their communities. In this way, United Methodists band together, to support health and welfare, justice and pastoral, educational and outreach ministries around the world.

John Wesley is quoted as saying “I look upon the entire world as my parish....I am employed according to the plain directions of (God’s) word—‘as I have opportunity, doing good to all...’ ” (Galatians 6:10) United Methodists join John Wesley in affirming the divine call to do good works that show God’s love wherever we can. We are mutually connected--organized--so that our individual efforts blend with the works of others to be more powerful than any one person alone. Our budgets support our “good works” and express our covenant to connectional service. United Methodists’ can be proud of the ministries we support through apportionments. These ministries proclaim the good news of God’s love in Christ throughout our community and around the world.

IOWA ANNUAL CONFERENCE APPORTIONING BASIS

The basis for apportioning the 2011 Conference budget adopted by the Iowa Annual Conference at the 2010 Conference Session is as follows:

The formula used to apportion the Conference apportionment budget to the congregations of the Iowa Annual Conference shall be the four year average on selected income of the local church. The selected income shall be the items from the Statistical Table 3 Item 1. If local congregations have not reported Table 3 or reported less income than spent for Pastoral Ministries, Operating Expense and Program Expense the amount shall be adjusted using the expenses reported. The percent share of each congregation shall be the percent share of the Conference apportionment budget. Once the calculation is made, if the apportionment would increase or decrease more than 10% from the previous year's apportionment, the amount apportioned to the congregations will be limited to the 10% increase or decrease.

NOTE: Following is an example only.

Anywhere, Iowa – United Methodist Church

Using the statistical reports for the most recent previous four years, the next years apportionments are calculated as follows:

- (1) The selected church income from Table 3 Item 1 adjusted for inflation for the year.

Year 4	\$47,250	
Year 3	\$49,250	
Year 2	\$51,250	
Year 1	<u>\$52,250</u>	
	\$200,000	Average \$50,000

- (2) All local congregations' selected income for the appropriate years are added together for all churches in the conference and averaged over four years.

Year 4	\$69,350,000	
Year 3	\$71,250,000	
Year 2	\$75,150,000	
Year 1	<u>\$76,850,000</u>	
	\$292,600,000	Average \$73,150,000

- (3) The Conference apportioned budget is divided by the four year average of local church selected income to determine a percentage.

\$15,000,000	Apportioned Budget	
-----		= 20.50%
\$73,150,000	Four Year Average	

- (4) The percentage of the total church selected income to the apportioned budget is multiplied by the four year average of the local church selected income to determine the total amount of apportionments for that church.

\$50,000	X	20.50%	=	\$10,250
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- (5) The \$10,250 is compared to the 2010 apportionment and if it is an increase or decrease greater than 10% the apportionment is adjusted to equal only a 10% increase or decrease. In this example the decrease or increase is less than 10%

- (6) The percent of the total for each apportioned fund is determined by dividing each by the total amount apportioned.

General Church Apportionments	\$3,000,000/15,000,000	=	20.00%
Conference Ministries	\$8,000,000/15,000,000	=	53.33%
Conference Benevolences	<u>\$4,000,000/15,000,000</u>	=	<u>26.67%</u>
			100.00%

- (7) The total amount of the local church apportionments are multiplied by each apportioned funds percentage.

General Church Apportionments	\$10,250	x	20.00%	=	\$ 2,050
Conference Ministries	\$10,250	x	53.33%	=	\$ 5,466
Conference Benevolences	\$10,250	x	26.67%	=	<u>\$ 2,734</u>
					\$10,250

Note: If a congregation fails to report any information for the statistical tables, the apportioned amount for that congregation shall increase by 10% from the previous year's apportionment.

These numbers are for illustration purposes only. Actual calculation factors may vary.

APPENDIX ONE

Substantiation of Donated Property and Stocks

Donors who make a contribution of \$250 or more must have a written acknowledgment from the church. This written document should include the church's name (perhaps on a church letterhead) and provide the following:

- >The name of the donor.
- >A listing of each individual contribution of \$250 or more (You are not required to add smaller contributions that total \$250 to trigger this requirement.)
- >The date the gift was given.
- >A statement that no goods or services were provided to the donor in exchange for the contribution except intangible religious benefits provided by the church's ministry.
- >A description of any noncash property contributed.

This written acknowledgment must be provided to the donor prior to the date on which the donor's tax return is filed or prior to the due date for filing, whichever is earlier.

a. Receipt of Donated Property: When a donor wishes to donate property that is valued in excess of \$500, **they** must complete Federal Tax Form 8283. There are two sections on this report. Section A is completed for property valued less than \$5,000 and for publicly traded securities while Section B is for property valued in excess of \$5,000, excluding publicly traded securities, the donor must also get a qualified appraisal per IRS regulations.

The church would be required to **complete section B part IV, Donee Acknowledgment,** only for property listed in section B of this tax form. The acknowledgment certifies that your organization is qualified under section 170(c), ***which it does,*** and affirms that should the property be sold or otherwise disposed of within two years after date of receipt that you will file Federal Tax Form 8282

The key point--It is the donor's responsibility to complete form 8283 when they donate property to charitable organizations. The church only completes section B part IV when the property is valued in excess of \$5,000.

b. Sale, Exchange, or Disposal of Donated Property: Whenever your church receives donated property valued in excess of \$5,000, excluding publicly traded securities, you need to track that property for at least two years. Should you dispose of the property within two years you are required to complete Federal Tax Form 8282 Donee Information Return. This form describes the property and the amount received upon sale or disposition. The form is filed with the Internal Revenue Service within 125 days after the date of sale or disposition and a copy is sent to the donor.

The key point--If you dispose of donated property valued in excess of \$5,000 within two years of receipt, you may have to file form 8282. There are some exceptions to this filing requirement, so

please read the entire instructions

APPENDIX TWO

COMPARISON OF PROCEDURES

Churches may wish to compare their procedures for handling church collections with the following:

Immediately after the collection has been completed, two unrelated persons should take the offering to the church office. There, the unopened offering envelopes and different monies should be placed in a money bag by the church secretary and treasurer and carried by them to be locked in the church safe. Churches without a substantial safe could place the money bag inside the pulpit or lectern stand rather than in the office, where it is open to theft during the worship service.

Counting should take place in church office, never at home.

- A. Two unrelated persons should always be present.
- B. Remove any notes which are intended for the pastor.
- C. One person counts while the other observes, and then the observer recounts while the original counter observes.
- D. The offering totals should be recorded in ink on a cashbook sheet to be initialed and dated by both counters.
- E. Sort the envelopes numerically and break by hundreds (or fifties in smaller churches). Each envelope should be opened separately, the amount counted and written on it. Loose checks should be recorded on an envelope, indicating contributor's name and the amount given. Each group of envelopes should be proved by double-count method and by footing in the cashbook. After this, the proved section may be merged with the loose plate cash.
- F. Deposit slips should be made out in duplicate following the bank's instructions. Both individuals should make the deposit. Both should reconcile the cash check to the deposit slip and initial the copy of the deposit slip and the duplicate tape of checks.

The Monday following the church services, the financial secretary should complete the records of contributions and reconcile them against the entries in the cashbook.

Any mail containing cash or checks should be counted by the financial secretary and an assistant. The totals should be entered in ink in the Cashbook, Checked and initialed by both parties.

A pre-numbered duplicate receipt book should be kept in the church office to be used for monies turned in or delivered there by individuals. A receipt should be completed for each transaction and the original given to the person delivering the money. The duplicate

should remain in the receipt book and be available for audits.

Those persons involved in the local church collection and accounting process must be instructed on the importance of keeping any financial information confidential. The counting committee should be made aware of their sensitive role in maintaining confidentiality with regard to the giving levels of various members.

In smaller churches, the treasurer is generally responsible for preparing and signing checks. In these cases, the monthly financial report should include each check, its amount, and to whom and for what purpose it was written. Each church will want to review its process regarding how many persons must sign checks on behalf of the church.

In larger churches, a financial secretary will prepare the checks and a treasurer will sign them, or both will be required to sign checks prior to issuance. Blank checks should never be pre-signed. A process for approval of bill payments should also be established, generally involving designation of an authorized person to review and approve payment a bill for church expenses.

Careful and competent handling of church funds is critical in establishing confidence among church members that their donations will be used as intended for the ministries of their congregation. The establishment of appropriate safeguards and procedures for handling church funds will assist persons responsible for those funds and also protect the work of the local church in general.