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**General review of wording and content.**  
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**This Manual is produced for the use of the**

## **Church Treasurers**

**in the Presbytery of San Jose**  
**a member of the Presbyterian Church (U.S.A.)**  
**and for church treasurers in the PCUSA**

**Originally dated March, 2004**  
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***Please use this manual only as a guide for the work you do in your congregation. This is intended as a reference guide to help you when you have questions. It is recommended that all church treasurers keep up to date on changes in the laws and policies as they do change from time to time and also vary from state to state.***

***If at any time you find an error in spelling, grammar, content, or if you have thoughts on something that should be included in this manual, you have another way to do something and want to share it with others, etc. please email [edd@breeden.us](mailto:edd@breeden.us) with what you have found so that we can keep the Manual as accurate, complete and helpful as possible.***

### ***Important Disclaimer***

While this manual is provided in the hope it will assist you generally in answering questions, ***this document does not attempt to render legal, accounting, or other professional advice or services*** to you. If legal advice or other expert assistance is required, the services of a competent professional advisor within your state should be sought. Indeed, before relying on information contained in this manual or any resource, including web sites, please consult with an attorney or other appropriate professional advisor licensed in your state.

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## CHAPTER 1 INTRODUCTION

### Church Finances

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This manual is for people in the congregation who are involved in the financial activity of the church; the treasurer, financial secretary, bookkeeper, finance committee and the session/trustees. Many functions of the church have financial implications: offerings, budgets, stewardship programs, personnel, insurance, taxes, investments, endowments, loans, and grants. This manual provides a general overview of these items as well as some suggested resources when further information is needed. It would be impossible with one publication to answer every question that you might have. HOWEVER, every attempt has been made to give you information that will be helpful and resources for more in depth information and legal opinion. PLEASE seek out these additional resources and USE them if you need further assistance. If you find that something is missing from this manual or you would like further clarification, please contact the author, Edd Breeden by email at [edd@breeden.us](mailto:edd@breeden.us).

Each church has its own unique characteristics and this manual will give you a starting point from which you can adapt the information for your specific needs. Check with your Presbytery leaders for any information that specific to your location that needs to be used along with this manual. They may have specific forms or procedures that would be helpful to the church treasurer and or your local finance committee.

The resources and appendix of forms are current as of the writing of this manual (See date on front cover). Where possible the location of forms on the internet will be noted. Please seek out the most current form you might need from the appropriate Council or organization since many forms change often to reflect different needs or adjustments in laws and procedures.

Take a moment NOW to scroll through the list of [resources](#) and the titles of the [appendix](#) so that you will have an idea of what is available as you continue to read this manual.

### The Book of Order on Church Finances

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*The Book of Order (G-3.0113) states:*

#### *Finances*

***Each council shall prepare and adopt a budget to support the church's mission within its area. A full financial review of all financial books and***

***records shall be conducted every year by a public accountant or committee of members versed in accounting procedures. Reviewers should not be related to the treasurer(s). Terminology in this section is meant to provide general guidance and is not intended to require or not require specific audit procedures or practices as understood within the professional accounting community***

**And The Book of Order G-3.0205 states:**

### ***Finances***

***In addition to those responsibilities described in G-3.0113, the session shall prepare and adopt a budget and determine the distribution of the congregation's benevolences.***

***It shall authorize offerings for Christian purposes and shall account for the proceeds of such offerings and their disbursement.***

***It shall provide full information to the congregation concerning its decisions in such matters.***

***The session shall elect a treasurer for such term as the session shall decide and shall supervise his or her work or delegate that supervision to a board of deacons or trustees. Those in charge of various congregational funds shall report at least annually to the session and more often as requested.***

***Sessions may provide by rule for standard financial practices of the congregation, but shall in no case fail to observe the following procedures:***

***a. All offerings shall be counted and recorded by at least two duly appointed persons, or by one fidelity bonded person;***

***b. Financial books and records adequate to reflect all financial transactions shall be kept and shall be open to inspection by authorized church officers at reasonable times;***

***c. Periodic, and in no case less than annual, reports of all financial activities shall be made to the session or entity vested with financial oversight.***

### **Glossary of Terms Used in this Document**

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For the purposes of this document the following glossary of terms might be helpful.

Bookkeeper, the person who records transactions in the accounting software or books, writes checks, and files financial paperwork. Depending on the size of your church this position could be filled by more than one person.

Treasurer, the person who is elected by the Session to oversee the finances of the church. Typically, the treasurer will review the accounting, balance the checkbook, oversee the bookkeeper, and produce reports for the Finance Committee and Session to review. For more in depth information see [Chapter Two, Functions of a Church Treasurer](#).

Financial Secretary, the person who counts the money after the worship service or other collections, prepares the bank deposit, and reports deposit information to the bookkeeper and treasurer. Usually, but not always, the FS also keeps records of individual contributions and prepares statements to individual donors at least annually for tax purposes. Larger churches will divide this role up between numerous people; counters, depositors, record keepers and statement mailers. For more complete information, see [Financial Secretary](#).

Counters, the people who help the Financial Secretary count the money, prepare the bank deposit and report the deposit information to the bookkeeper and treasurer. For more information, see [Counters](#).

Finance Committee, the group who oversees all of the financial aspects of the church, often including opening and closing bank and investment accounts, and many of the functions of the Trustees related to property unless the church has a board of Trustees. For more complete information, see [Finance Committee](#).

Session/Trustees, the elected officers of the church who oversee the complete program of the church. In some churches there are two boards; the Session and the Trustees. The Finance Committee usually reports to the Session, i.e. the main Board of the Church but will also report to the Trustees if the church has such a board.

Presbytery, the association of churches usually in a geographical area. Some Presbyteries are non-geographical.

Council, the name now given to any governing body in the Presbyterian Church USA. This includes General Assembly, Synod, Presbytery and Church level boards.

## Chapter 2 Functions of A Church Treasurer

### General Comments

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As stated above in the quote from the *Book of Order G. 3.0205*, the church treasurer is elected by the session of the church for a term determined by the session. The work of the treasurer shall be supervised by the session or another board that the session delegates this responsibility to.

Practically speaking, the session-elected treasurer should be the central contact for all church finances. A typical list of responsibilities might include the following:

1. Overseeing the congregation's financial records, all bookkeeping, receipt and disbursement of funds, recording of individual giving, statements and billing.
2. Monthly reconcile the bank accounts as appropriate.
3. Preparing accurate financial reports for the session/trustees.
4. Being involved in [budgeting](#) as directed by the session and finance committee.
5. Anticipate financial problems and report to finance committee and session.
6. Making sure that those in charge of various funds in the church report annually to the session.
7. Managing, safeguarding, and maintaining the congregation's financial resources and facilities.
8. Complying, as required, with governing councils of the Church (Presbytery, Synod, or General Assembly).
9. Providing regular federal governmental reporting as required.
10. Scheduling and overseeing the annual review or audit.
11. Overseeing that internal controls set by the session/trustees are being followed.

**NOTE:** It is important that the role of the treasurer be included in the by-laws of the church according to state law. In states where churches are permitted by law to form a corporation, the *Book of Order* directs that a church should be incorporated. It is the responsibility of the treasurer in consultation with the Clerk of Session to create or maintain a current corporation status for the church through updated filings and payment of required fees. (See [Resources](#) for *Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches: 2010.*)



## **Financial Reports**

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Record keeping is the responsibility of the treasurer. Financial statements presented to the membership must be understandable, concise, inclusive, comparative, and timely. Most churches use a form of computer software to keep track of their financial data and the software provides a variety of reports that can be printed out. These reports may or may not be appropriate for the congregation to read since members may have limited accounting knowledge. The use of a [Narrative Budget](#) might serve as a better tool to communicate the costs of the program of the church to the congregation. Please choose the best report for the audience; i.e. hand out to the congregation the Narrative Budget but also have available a line item budget for those that might prefer seeing it in that form.

After the monthly bank reconciliations, the treasurer should prepare a report of the current financial condition of the church for review by the session as often as monthly in accordance with the by-laws or session request. Printing out a Profit and Loss Budget statement is usually the best report for the session to review monthly.

## **Resource Management**

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The assets of the congregation must be safeguarded and maintained. Any buildings of the church must be adequately insured and that insurance coverage should be reviewed at least annually.

Endowment funds must be invested; certificates of deposits, shares of stocks, and bonds which are not handled in an investment/brokerage house should be kept at a minimum under lock and key, preferably in a safe deposit box away from the church premises. Whatever the concerns of the congregation might be about brokerage houses and brokerage fees, the finance committee should strongly consider having investment monies kept in an account rather than in certificate form under lock and key.

The treasurer has the responsibility to safeguard any keys, account numbers, passwords, etc. and to be certain that only authorized persons have access to funds. At least one other authorized person than the treasurer should know the location of necessary keys, account numbers, passwords, etc. As often as the treasurer sees fit, or whenever the treasurer is replaced with another person, the passwords and keys ought to be changed.

The treasurer also has oversight to make sure the offerings and other contributions are appropriately protected, counted, recorded and deposited.

If at any time offerings exceed spending, the treasurer has the responsibility to see that those funds are properly invested to secure maximum financial return.

## Governmental Reporting (Return to Table of Contents)

The treasurer is responsible to comply with community, state and federal regulations with respect to filing payroll tax reports such as the 940's, 941's, W-2's, W-3's, 1099's, etc. This includes the completion of Form 941 at least quarterly if not monthly or semi-weekly and payment of taxes withheld from payroll in the form of payroll tax deposits (Consult IRS Circular E for more information). State and local tax codes determine the method of payment and frequency and you should contact your local and state tax offices for the most current and accurate information on what you need to pay and when it might be due.

Most of the Federal and State forms for filing payroll related taxes can be found, filled out and filed online.

Since payroll tax can be confusing, the treasurer might seek to hire a payroll company, which can, for a fee, file all of your governmental paperwork for you. Since each state's regulations will differ, you might want to contact a Tax Professional in your community to help you in complying with governmental filings.

The treasurer is also responsible for any other IRS filings such as Form 990. Your church may or may not be required to file a Form 990 because of the exempt status of churches at the time of this update, however, the treasurer should be familiar with this form or have a tax preparer who is. Check to see if your church has any Unrelated Business Income which might trigger a need for you to file this form or at least the 990EZ or 990T.

By definition, **Unrelated Business Income** is any income from a regularly conducted trade or business which is not substantially related to the purpose of the non-profit organization, in this case, the church. On the IRS website (irs.gov) they use the words, "does not contribute importantly to the exempt purpose of the non-profit organization. Many churches engage in activities to raise money and use the profits to supplement the church's budget. **UBI is not related to how you use the money, but how you acquire the money.** Three tests apply for churches to check whether their activity and its income is taxable as UBI.

1. The IRS defines income from a trade or business as income from the sale of goods or services.
2. They also say if this business is regularly conducted the income might fall in the category of UBI. Regularly conducted means a church engages in this activity with a frequency and continuity comparable to a for profit business.
3. The third test is whether the activity from which the profit comes is substantially related to the purpose of the church (organization).

If your church engages in regular income-producing activities that are not substantially related to worship and Christian Education the treasurer might learn more about Unrelated Business Income and talk with a Tax

Professional who can help with the understanding of filing a 990 long or short form with the IRS.

*Information is also available from Richard Hammar's, Church and Clergy Tax Guide, revised annually (www.churchlawandtax.com) or from Office of Legal/Risk Management Services of the General Assembly Council. (See [Resources](#) for ordering information and phone numbers.)*

## **Record Keeping**

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With the arrival of the computer and accounting software most churches have left behind the double entry “books” and begun to include all of their accounting on the computer. In the past few years many of these alternatives have been reduced in price, and even eliminated the need for future upgrades by going to cloud based computing. The Treasurer should be familiar with these options and not be afraid of changing to something that will suit your congregation better.

In addition to records which can be kept in the computer the Treasurer should maintain a filing system that includes both current year bills and transactions and the supporting paperwork, but also includes the permanent records of building purchases, sales and upgrades, insurance policies, payroll records, bank accounts, equipment manuals, leases, auto registrations, etc. Some of these records can be disposed of after a number of years but others might need to be kept long term and in a safe deposit box. (For more information on how long to keep records you should refer to [Suggested Record Retention](#) in the Appendix).

More thoughts on this topic are included in [Chapter 3](#) Internal Controls and Record Keeping)

## **Fund Reporting (some definitions)**

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1. GENERAL (CURRENT, OPERATING) FUNDS are the funds which pay all operating bills, salaries, utilities, program costs etc. Most of the offerings received are classified as general (current, operating) funds.
2. RESTRICTED FUNDS are the gifts received for a specific item or program. Building funds are restricted funds into which all contributed building funds must be placed and from which all payments are disbursed. Check with your State and Local laws regarding solicitation and receiving of gifts to make sure you comply with the rules in your area. In most States, if you accept “restricted” gifts or solicit money for a particular item or program, it is a legal violation if you use the money or a part of the money for some other purpose even if the board votes to change the use. Be careful how you accept money and solicit for it. See [Gift Acceptance Policy](#) for more information.

3. GENERAL MISSION FUNDS (Budgeted) are those monies designated in the budget for the mission budgets of the Congregation, Presbytery, Synod, and General Assembly. This includes Presbyterian Basic Mission Support (Shared and Directed Giving), and support of local or ecumenical missions. If an amount is set in the church's annual budget for Basic Mission Support, these monies are to be sent in equal monthly or quarterly amounts to the proper governing body.

For Presbyterian mission the money should be sent to your *Receiving Site* which is usually your Presbytery or Synod. Your receiving site will provide Remittance Forms (with instructions) to the treasurer for Presbyterian giving. Please use these forms and the appropriate addresses so that the gifts your church remits will be properly recorded and disbursed.

4. NON BUDGETED MISSION FUNDS are those monies designated for Special Offerings, e.g. One Great Hour of Sharing, Christmas Joy, Peacemaking, Pentecost, and Extra Commitment Opportunities. These funds are usually received as separate offerings and not included in the regular budget. These funds should also be remitted to your *Receiving Site* within a month after the approved collection.
5. ENDOWMENT FUNDS refer to gifts received which have been so restricted that only the income generated from the principal can be used. As an example, the church could receive a \$25,000 bequest with the stipulation that the income be used to provide scholarships for members preparing for the ministry. When a gift is given to the church, the session always has the option of refusing the gift because the "designation" is too restrictive. Another option for the session is to work with the donor or donor's family to appropriately broaden the designation. Having and regularly publicizing a [Gift Acceptance Policy](#) will help the session minimize the number of "designated" and "endowment" accounts. For more information on "endowment" and "restricted" accounts see Chapter 4, [Investments and Endowment Funds](#).

**NOTE:** Accurate accounting of separate funds is critical to your record-keeping. It is not necessary to have separate bank accounts; however, this might simplify the task. A treasurer should not borrow from one fund to bolster another without specific authorization of the session or finance committee.

### **Accounting**

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- Treasurers should receive and retain copies of the session minutes to ensure all action items relating to financial matters are met.
- The treasurer should present regular reports to a finance committee, the trustees, and/or ultimately the session.
- The treasurer should be prepared to attend any committee, trustee, and session meetings if invited, and be prepared to present at those meetings

figures and recommendations in regard to the budget and church finance matters that pertain to that committee or group.

- The treasurer assumes the responsibility for the expenditure of funds according to an approved budget and with proper authorization. Books of accounts, journals, and ledgers associated with the church's choice of accounting are maintained by the treasurer. Most of this comes built-in to modern accounting software programs as well as programs like QuickBooks and Quicken which can be appropriately used by smaller churches.
- The treasurer should oversee good audit/review procedures at all times.
- The treasurer should maintain the checkbooks. Signers for checks should be authorized by the session. It is recommended that all checks over a specific dollar amount set by the session be counter signed. However, most banks no longer seek to verify both signatures, check with your bank to make sure they do if you prefer to have two signers.
- The treasurer should be sure that at least one other authorized individual knows how to access all aspects of the financial information in case of an emergency need when the treasurer is out of town or unable to continue serving for some period of time.
- The treasurer should file all financial reports and see that a copy is kept on file in the church office.

### **Giving Records**

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The treasurer with the help of a financial secretary should maintain a complete record of member pledges and details of their contributions to the church and church programs. These records need to be kept in enough detail to give any donors adequate reporting for IRS tax purposes. The IRS requires the church to list the date of each gift, the amount of the gift, and the purpose for the gift, i.e. General Fund or some other Fund. Some churches give these statements to donors Quarterly. All donors should receive a year end summary of their giving, again listing each gift by date and amount. (See [Chapter 3](#) on Record Keeping for more detail.)

### **Contribution Receipts/Statements (Quarterly and Annual Year End)**

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The guidelines for receipts or statements issued by the Church to their contributors and acceptable to the IRS as verification of donation deductions are as follows:

- The receipt or statement should include the Name and address of the church and/or be on church letter head and be dated.

- The receipt or statement must be contemporaneous, i.e. dated before the taxpayer files a return for the year of contribution. The annual statement sent to the contributor during the month of January fits “contemporaneous” and allows them to include the donations in their tax return preparation. (Many people file their taxes in the month of February)
- The receipt must include the date and the amount of each “Cash” Contribution given (cash includes, cash, check, credit card, online giving, PayPal and the like). This also includes In-Kind contributions when a member goes out and purchases something for the church and brings the receipt to the treasurer; this amount can be included in the cash contribution list as cash if the giver does not receive a reimbursement from the church for the expenditure.
- When a contribution is not “cash” but a donation of tangible property, a separate receipt should be given and must include the date of the contribution and the description of the property contributed without any value placed upon it by the church. Contributors of tangible property, like stocks, real estate, collectibles, etc. have the responsibility to prove to the IRS the value of the property at the time of the contribution. The church does not need the value of the gift and does not include this gift in the giver’s statement or receipt of Cash Contributions. (The contributor might need to file IRS form 8283 with their tax return and might need an official appraisal to claim the gift. The value, the filing and the appraisal should all be done by the contributor at their expense and they should consult with their tax advisor on these matters.)
- The church should add to the receipt or statement the following wording:
  - “Any goods and services you may have received in connection with this gift were solely intangible religious benefits.”
  - Or use: “Federal regulations require us, the church, to state that we have not provided you with any goods or services in exchange for this contribution. Please retain this document for your records. It is an important document necessary for any available federal income tax deduction for this contribution. We have provided you with only intangible religious benefits and, consistent with the tenets of our faith and practice, only incidental tangible benefits.”
  - If goods and services were supplied in connection with the gift, then the following would be appropriate, “In return for your contribution, you have received the following goods or services (then describe them) which were valued by us at (include a good-faith estimate of value). The value of the goods and services you received must be deducted from the value of your contribution to determine your charitable deduction.”

**Taxes**

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The treasurer is responsible for completion of all tax forms and payment of taxes withheld from payroll, sales taxes charged on church “store” sales, or taxes related to any [Unrelated Business Income](#). This was addressed earlier, in this chapter under [Governmental Reporting](#). Most of the forms can be found, filled out, and filed online.

Form(s) 990, 990EZ and 990T may need to be filed for your church if you have [Unrelated Business Income](#). Consult a CPA or accountant for help with these forms. Information is also available from Richard Hammar’s, *Church and Clergy Tax Guide, revised annually (www.churchlawandtax.com)* or from Office of Legal/Risk Management Services of the General Assembly Council. (See [Resources](#) for ordering information and phone numbers.)

### **Reconciliation of a Checking Account**

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It is desirable for a person who does not have authority to sign checks or make deposits to do the bank reconciliation. Since banks have different cycles you cannot always get your statement to run from the beginning of the month to the end. However, you should ask your bank if they can change your cycle so you can account more accurately for the end of the month.

Financial Software allows you to do your reconciliation easily on the computer. If you use financial software remember to regularly look for un-cleared items so you can see if checks need to be voided or reissued. The printout at the time of reconciliation should offer you a list of un-cleared checks. You should make sure you do not have any un-cleared checks of more than three months old as you can assume people either have lost the check or decided not to cash it. Either way you would want to clear these items up regularly.

### **GA Statistical Report**

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Annually, the Clerk of Session is asked by the Clerk of Presbytery to fill out the Annual Statistical Report from the General Assembly. These reports can now be filled out online. The Clerk will need certain financial data to fill out this report and will most likely come to the treasurer for that data. Knowing ahead of time what is needed can make the treasurer’s job a little easier.

The report is looking for ballpark figures for comparison purposes. This means you should round your numbers to the hundreds of dollars rather than listing dollars and cents. The categories requested might not be the same as your budget delineation; feel free to move your monies around a bit to fit the GA report, however, move things around in the same way each year for a more accurate report.

### **Per Capita Apportionments**

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“*Per capita* funding is how Presbyterians mutually share the costs of coming together to discern the Spirit’s leading for the future.” Opening line of the web page of the PC USA statement on per capita. (<http://www.pcusa.org/percapita>)

*What is per capita?*

*The official definition:* “Per capita is an opportunity for all communicant members of the Presbyterian church through the governing bodies to participate equally, responsibly, and interdependently by sharing the cost of coordination and evaluation of mission; and of performing ecclesiastical, legislative, and judicial functions that identify a Reformed Church, while at the same time strengthening the sense of community among all Presbyterians” (GA Minutes, Part I, 1995).

*According to the Book of Order, G-3.0106, “Each council above the session shall prepare a budget for its operating expenses, including administrative personnel, and may fund it with a per capita apportionment among the particular congregations within its bounds. Presbyteries shall be responsible for raising their own funds, and for raising and timely transmission of per capita funds to their respective synods and to the General Assembly. Presbyteries may direct per capita apportionments to sessions within their bounds, but in no case shall the authority of the session to direct its benevolences be compromised.”*

*In essence:* Per capita is a set amount of money (apportionment) per member that congregations pay to the Councils of the Presbyterian Church (U.S.A.); Presbytery, Synod and General Assembly. Every Presbyterian shares in the benefit of the PC (USA)’s system of government, so every Presbyterian is asked to share the expenses associated with coordinating and performing the functions of that system.

*Who pays per capita, and how much?*

Congregations (through their sessions) pay an annual amount of money per church member — per capita apportionment — to their Presbyteries. The annual per capita amount is a combined request from a congregation’s Presbytery, Synod, and the General Assembly — based on their respective budgets for the coming year. Presbytery’s per capita rate depends on its geographical location and size, its mission needs, and the needs of the respective Synod. Some Presbyteries collect the per capita along with the Basic Mission Giving.

*How is the per capita rate set?*

Each Council sets the per capita rate by dividing their total budget by their total membership. The membership number used is the last number reported to the GA in their annual report. This causes a time lag of at least one year because the budget it developed before the more current numbers are reported.



Keep in mind, if your numbers are not up to date, you could be paying per capita on members you had years ago and no longer have today.

*General Assembly Per Capita Budget*

The per capita budget of the General Assembly principally provides for the cost of holding GA meetings, expenses of the permanent and special committees of the General Assembly, the Office of the General Assembly (including the historical function and the office of ordination exams), General Assembly Council meetings, the council office and some staff, legal, and comparable expenses to our memberships in ecumenical bodies. Fair share costs of Shared Support Services relating to building operations and centralized accounting services are also included.

## Chapter 3 INTERNAL CONTROLS AND RECORD KEEPING

### Financial Controls

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Basic to internal controls is the segregation of duties among different persons and clear communication between those persons. The roles of treasurer, financial secretary, bookkeeper, finance committee, and counters should be clearly defined. A church, especially smaller churches, might choose to use fewer people, but it is important to have income functions handled separately from disbursement functions; i.e. the person who counts and deposits the money ought not to be the person who writes and signs the checks. In addition, the session should have clear policies related to counting, depositing, and distributing the money and they should expect the treasurer to adhere to those policies strictly.

The following is a checklist to assure that there are good internal controls in place for the entire organization.

#### An Internal Control Checklist:

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- The church should have a [Gift Acceptance Policy](#) which clearly defines the kinds of gifts that might be acceptable, which designated funds the session is maintaining, how a giver might designate money to a different fund, and how long the session will wait before they will use the extra money on other projects. (See a sample in the Appendix)
- The church should have a session approved [Fully Accountable Expense Reimbursement Plan](#) for employee expenses so the reimbursement does not become income to the recipient. (See a sample in the Appendix)
- The Session should approve a [Procedure for Counting Offerings](#) so the best practices are followed regularly and consistently. (See a sample in the Appendix)
- The church should have a [Conflict of Interest Policy](#) to prevent potential fraud with people who have too much inside control. (See a sample in the Appendix)
- The church should make sure no one person handles all aspects of a transaction from beginning to end; I.E. collects the money, counts the money, deposits the money, and writes the checks. You don't want a person writing their own paycheck or reimbursement check. (See information on [Financial Secretary](#))
- The church should have different people be responsible for custody of an asset and those who record transactions related to that asset.

- The church should require that all cash receipts are deposited and recorded immediately. No later than the first banking day after Sunday or the Church event where the money was collected.
- The church should require all expenses be approved, by the chair of the committee under which the expense is made, before the check is written.
- The church should have all payments made by serially numbered checks except for very small transactions that are necessary to handle through petty cash.
- If petty cash is used, there must be a receipt for the money expended and the petty cash reconciled at least monthly.
- All bank accounts should be reconciled monthly.
- Transactions should be entered into the computer software program regularly, at least monthly, so that reports can be generated for each Session meeting. If you are still using a paper accounting system, subsidiary ledgers should be balanced to general ledger accounts on a regular basis, at least monthly.
- Review comparative financial statements in sufficient detail every month to disclose significant variations in revenue and expenses. This means the Finance Committee or the Session should see a detailed report of accounts, similar to a Profit and Loss Statement, at each regular meeting.
- Bank statements and cancelled checks should be opened and reviewed by someone who is not a payee or not authorized to write checks.
- Investigate unusual items as soon as they arise, such as checks to unfamiliar vendors, checks for large amounts and checks to employees or other insiders.
- Use serially numbered sales receipts, purchase invoices, checks, tickets, purchase orders, receiving reports and debit or credit memos.
- Use duplicate deposit tickets and retain copies in the office and keep all bank deposit receipts in a file with other financial records.
- Deposits should be made daily if necessary or at a minimum weekly. Minimize the time that un-deposited checks / money sit around the church. Even if you believe the amount is too small to deposit and want to wait for more money to come in, it is better to deposit the money regularly and not wait.
- Use a budget or forecast to detect whether goals are achieved. Investigate differences – ask what happened and why?
- It is essential that records are retained. See [“Keeping Records”](#) later in this chapter. See Appendix for recommendations on how long to keep certain records, [Records Retention Guidelines](#).

**Other Organizational Controls**  
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- Incorporate hiring policies and practices which include drug testing, and background checks as well as references. (See [Resource List](#) for publications about Hiring and Firing Policies)
- The church should institute a policy to have all staff, officers, and appropriate volunteers trained in “safe church practices” to prevent abuses of any type. The church should talk with their insurance company or Presbytery office about acceptable Safe Church Policies and have a program within the church to adhere to the appropriate policies.
- Be sure to have up to date [Personnel Policies](#) and make sure that each employee receives a copy at the time of hire and receives a new copy when the Policy is amended or updated.
- Each employee should have a Job Description and receive an annual job performance review.
- This seems a large task for small churches especially but if an employment dispute ever surfaces in your church you will be happy you have these policies in place.

## **Keeping Records**

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The treasurer is responsible for the keeping of all financial records. Safe record retention should be a top priority.

Permanent records should be kept in a fire/theft protected safe or a bank safety deposit box (Be sure the session gives authority to two people to enter the safety deposit box in case of one not being available when needed).

Computer backups should be made *each* time the accounting/reporting software is used. Copies of these backups should be kept off-site. If you use flash drives or other portable backup devices, they should be rotated on a regular basis. The cloud now offers a virtual off-site back up for these and other church records through a variety of vendors like Dropbox ®, Sugar sync ®, One Drive ®, etc.

The treasurer should keep a folder with all essential information for the church regarding the finances: (It would be helpful to keep a copy in the safe or safety deposit box off site. Do not have this list on a computer file on your computer.)

- Federal ID#.
- State ID#s – Tax Exempt, State Withholding #, Local Withholding #.
- Bank(s), account number(s), online ID names and passwords.
- Investment firm (may be PC(USA) Foundation), contact and phone # - Include any account numbers, passwords and online ids.
- Loan information – how financed, account #, rate, term, secured by, payment information, etc. Include dates when started.
- Documents from all contributions that resulted in creating a designated fund, including the name of the giver(s), the purpose of the fund, whether

the principle can be used, under what conditions, how the money can be spent and the length of time the church should maintain this fund.

- List of church software being used including version, serial numbers, secure passwords and support phone numbers. Be sure to update this information every time a software is changed.
- Copies of all equipment invoices (particularly computer equipment and copiers), including serial numbers, date of purchase, cost and warranty information.
- List of phone numbers/websites used in the treasurer's work, bank, investment firm, local and state tax office(s), [www.pcusa.org](http://www.pcusa.org),
- Any other pertinent info for your congregation.

To know how long to keep certain records in your storage room see the [Record Retention Guidelines](#) found in the Appendix.

Financial records should be as simple as possible depending upon the size of the church and its assets. A church with several buildings plus endowments would of necessity use a more complex method than another church which has one building and no endowments. Financial records include both accounting records of income and expenses as well as the records of the contribution records of members. There might be treasurers of other groups in the church (Example: Sunday School Class Fund or Presbyterian Women), financial secretaries and counters all reporting to the treasurer and session/trustees. All of these records should be kept in the secure location.

The treasurer is responsible for all financial information based on the total receipts received and total expenditures of the church regardless of which Funds or sub organizations are involved.

***It is recommended that supported computer accounting software be used to maintain financial records. Some churches prefer to use an official church accounting software like ACS®, PowerChurch®, and Servant Keeper® to keep records of contributions and expenditures within strict accounting journals. Others prefer to use a more simplified checkbook program like QuickBooks® or Quicken®. Some churches split their financial software between the bookkeeping work and a different software for keeping track of contributions. Whichever you choose, find a method that works well for your congregation and the staff or volunteers who need to work with it.***

## **Bookkeeping**

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Whether your church has the treasurer do the bookkeeping or you have bookkeepers who are volunteers or are hired, the treasurer is the responsible party. The treasurer has oversight of the bookkeeper(s) and should check in on them and their work regularly so any discrepancies can be found and fixed in a timely manner.

**Cash Receipts** are broken into six major categories:

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1. **Contributions** (Cash, Check, Credit Card, Online, Stock, etc.) – All contributions of money received by the church and all of the other organizations connected to your church that have separate bookkeeping systems/checkbooks. This includes payments on pledges (current as well as delinquent), donations from identified sources but not on pledges, loose offerings (cash or check), contributions made by purchase with receipt turned in for credit not reimbursement and special offerings. This will include stock from time to time that a member wishes to give directly to the church as part of their contributions. (Do NOT include capital and building funds, investment income, bequests, other income, aid and subsidy in the area of Contributions).
2. **Capital and Building Funds** - All receipts for capital improvement purposes, extraordinary repairs that increase the life of the asset, building funds, and equipment with anticipated useful life in excess of three years and a value usually over \$1,000. If the useful life of the purchased asset is less than three years and/or the value is less than \$1,000 the gift should be treated as a normal cash contribution and the expenditure a normal expense.
3. **Investment and Endowment Income** – The church should define Investment and Endowment Income in their [Investment Policy](#) so it will be clear to all exactly what is meant by “Income.” The true income from an investment is a combination of Interest, Dividends, Long and Short Term Capital Gains, and any Increase in the value of the investment vehicle. How much of the total increase of an investment a church chooses to use should be set forth in the Investment Policy. The value of all Investments should be reported to the session at least quarterly and could be reported with every financial report. These items should be included in the Balance Sheet or Statement of Financial Position.
4. **Bequests** – This is income received from wills and estates. It will include all one-time contributions of anything of value received by the church such as bequests, planned gifts (gift annuities, charitable trust, and life insurance), stocks, real estate or other non-monetary gifts. Many of these gifts will have designations, [restrictions](#), as to how the donor would like the church to use the income and/or principle of the gift. The church should be proactive in developing and publicizing a [Gift Acceptance Policy](#) so the potential donors will know ahead of time how the session would like to treat bequests. Included in the Policy should be a procedure where the donor can designate to some cause that is not part of the church’s regular [Gift Acceptance Policy](#).
5. **Other Income** - This is all other income, such as rent received or other reimbursements from organizations using church property or grants from non-PCUSA grants or sales of goods and services. This would include such

things as tuition/fees for day care, day school, bookstore sales, rent of church property, etc. When receiving this type of income, the Treasurer should be very familiar with the rules of [Unrelated Business Income](#) and be prepared to file necessary governmental forms if needed.

6. **Subsidy or Aid** – This is money received from other churches or from PCUSA grants from Presbytery, Synod, or General Assembly agencies to be used in local mission and program.

Cash Receipts as listed above are the source of the funds received by the local church, whether it is from a person (living donor) or from a trust, estate, or other non-living source. The Budget report should clearly indicate each of the Six (6) Cash Receipts Categories, if necessary, and should list the amount received and its source. The regular report to the session should include this information in a format which non-finance people will find easy to read. Be sure to include both monthly and year-to-date information. It is also helpful to compare this income to the projected budget for the year. Most computer accounting programs have a standard report form such as this that can be produced using the information that you have recorded.

### **Cash Disbursements**

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Cash Disbursements include all expenditures made by the church. These usually fall into 8 categories which coincide with the [GA Statistical Report](#) filed annually by the clerk with information from the treasurer.

**Note: Because you might need to file a 1099 for any individual or vendor at the end of the year, obtain from them a completed W-9 form before you issue to them their first check of the year. Even if you have collected this form and information in a previous year it is good to have a new form and current information each year. You never know if you will need it later in the year because you have paid them more than \$600 during the year. Even if your church has a fiscal year different to a calendar basis, you are obligated to send out 1099 forms based upon the calendar year payments.**

1. **Local Program** – Money from all sources that is expended for current operations of the congregation including costs of personnel (salaries, wages, benefits, pension and social security), office operations, building operations, utilities and maintenance, insurance premiums, interest and principal on loans and any other cost related to the operation of the church.
2. **Local Mission** includes all monies paid for local mission programs, ministries, and projects approved and directed by the session and/or to local ecumenical bodies. On rare occasions the local mission of the church and a validated Presbyterian Mission might be the same thing, place those expenses under here or under 6 below at the discretion of the treasurer.

3. **Capital Expenditures** includes all monies expended for real property whether improved or unimproved, the construction of new buildings, extraordinary repairs of existing buildings, and equipment, costing over \$1000, with an anticipated useful life in excess of three years.
4. **Investment Expenditure or transfers**, includes money that is newly placed into savings or investments (such as certificates of deposit, stocks, bonds, including reinvested dividends). This also includes investment costs such as brokers' fees or commissions and bank fees.
5. **Per Capita Apportionment** includes the monies expended for Presbytery, Synod, and General Assembly apportionment. These monies should be sent to your receiving site in a timely fashion. Contact your Presbytery office for details related to sending in money for per capita, forms to use and addresses for mailing. Presbyteries and Synods vary on how they collect these monies.
6. **Validated Mission PC(USA)** includes the total of all monies given to Presbytery, Synod, and General Assembly agencies. Included are payments made toward the mission budgets (includes Directed Giving for missionaries) of these governing bodies; special offerings of the Synod, Presbytery as well as General Assembly Special Offerings (One Great Hour of Sharing, Pentecost, Peacemaking, Christmas/Joy), other offerings for Hunger, Disaster Relief, and Women's Birthday, Extra Commitment Opportunities, and other mission programs and projects related to the PC (USA) and not already reported as Local Mission. (See Appendix for [Directed Mission Support](#) Guidelines and for [Extra Commitment Opportunities](#))
7. **GA Theological Education Fund** is the amount that each congregation is requested to make as a voluntary contribution each year along with their Per Capita apportionment. The recommendation for giving is 1% of the contributions to the church in the previous year. Your congregation's gift is added to the gifts of many congregations around the nation for the support of the eleven Presbyterian Theological Institutions. Please do not include direct support of theological students, direct gifts to any theological school or other gifts related to theological education - these should be listed under local mission.
8. **Other Mission** is the total of all monies expended for mission causes not related to the Presbyterian Church (U.S.A.) and not already included under any of the seven items listed above.

#### Documentation.

Regardless of what bookkeeping method is used, there should be supporting documentation for each check that is written. The authorization should include complete information:

1. The amount paid,
2. Where to send payment,
3. What the expense is for,
4. Which account should be charged,



5. Who is the person authorizing payment. The person authorizing payment should never be the person to whom the check is made out.

**(Note:** Yearly, the session should authorize persons responsible for approving expenditures; this is usually committee chairs, clerk of session, business manager, treasurer, etc.) Committee members should submit bills for payment to the chair of the committee for authorization of payment. The session can authorize monthly payments of mission, per capita or other recurring expenditures in an approved budget. *(A sample of a [Cash Disbursements Policy and Procedures](#) is found in the Appendix)*

**Receiving Site -- WHERE & WHEN TO SEND MONEY FOR Per Capita and Mission Giving in the Presbyterian Church (U.S.A.)**  
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The Central Receiving Service (CRS) of the PC (USA) exists to receive and disburse funds contributed by congregations and individuals for Per Capita and support of the mission of the Presbyterian Church (U.S.A.). To facilitate this work, regional *Receiving Sites* have been established to help churches with their contributions. This is usually your presbytery or synod office. (CHECK WITH YOUR PRESBYTERY OFFICE FOR YOUR RECEIVING SITE). A detailed receipt will be sent to donors (either individuals or congregations).

The Receiving Site collects money from the churches, processes it for payment to the Presbytery, Synod and General Assembly according to the church's instructions and the presbytery approved mission disbursement or per capita due. It is most helpful to use the Remittance Form that your Receiving Site provides. Please check first with your Presbytery Office or staff for instructions, a list of projects for which they will receive money, and any questions.

The Receiving Site can process payments for all Presbyterian related purposes:

- \*Per Capita
- \*Basic Mission Support (Shared and Directed Support)
- \*Special Offerings – One Great Hour of Sharing, Pentecost, Peacemaking, Christmas/Joy,
- \*Disaster Assistance
- \*1% Theological Education Fund
- \*Extra Commitment Opportunities

***For complete information on all of the payment items listed above, please see the section on [Mission Funding](#) in the Appendix!***

**Finance Committee**  
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The finance committee is usually elected by the congregation but may be appointed by the session. The role of the finance committee is to support the treasurer in implementing the various financial policies of the session. They can help the treasurer in the budget development, overseeing investments, developing draft policies for session approval, selecting and approving financial secretaries and counters, and other appropriate tasks. They usually will review the current financial report on a monthly (timely) basis and communicate with the session when things seem out of order or when a group in the church is reaching the limit of their budget for the year. The finance committee usually does not make financial decisions unless they have been authorized to do so by the session. See the appendix for a sample [Job Description for the Treasurer](#) and a sample [Job Description for the Finance Committee](#).

Some churches expect the role of Stewardship to be included in the role of the finance committee. This can be difficult because of the difference between the gifts needed to oversee finances and policies and the gifts needed to interpret the ministry of the church and encourage giving to meet the needs of those ministries. A church membership less than 75 might find it difficult to have both a finance committee and a stewardship committee, however, when the church reaches an attendance greater than 75 they should think seriously about splitting the function between two committees. See [Chapter 8 Stewardship and Budgeting](#) for more information.

### **Financial Secretary**

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The Financial Secretary is usually elected by the session/trustees to oversee counting of all offerings, the recording of the same keeping accurate records of the gift amount, the giver and the purpose of the gift, make the appropriate deposits and then report the information to the treasurer. With the advent of computers and church financial software the counting and recording often can be done at the same time.

This person is preferably someone other than the treasurer and should not have authority to sign checks or even have access to the accounting side of the software or books. It is important in trying to protect the church from incidences of fraud to not have the same person make deposits and also sign checks.

At the end of each quarter the Financial Secretary totals the amounts received for each donor and mails copies of the statements to each person who either makes a pledge or contributes to the church. A year end statement should be sent to each giver in January with the summary of all their gifts and pledges.

***For IRS tax purposes, the gift must be recorded as given in the year it was actually received not the date on the check. The one exception would be a check mailed and post-marked in one year but received in the next; that check can be included in the donation records of the year post-marked. Checks that are back dated to the previous year and received on the 1st Sunday in January will be counted as contributions for the current year not the year just ended.***

## **Counters**

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“SUNDAY OFFERINGS” should be counted immediately after the service(s) by two or more persons. Counters assigned to count the offering should not be the treasurer or financial secretary, if possible. The counters will give to the treasurer the original count sheet to explain the details of the bank deposit and a copy of the deposit slip to the bank. The counters will also give to the Financial Secretary a copy which details the amount, the Fund designation, and the giver of every gift received related to the deposit so they can record donors, dates, amounts and Funds which the money was given for.

With the use of computer financial software programs the offerings are often recorded into the accounting program directly. This allows the counter to list in the software program, who gave, how much, what date, and for which account. This has eliminated the step of having to write it down and then someone else input the information into the accounting system.

The counters should see that the deposit is ready and taken to the bank immediately. See Appendix for [Procedures for Counting Offerings](#).

***NOTE: Some members might prefer to pay their pledge on a monthly basis through an automatic debit from their checking account. The session should seriously consider offering this method of payment. If a member sets up the automatic debit, the church is assured payment on a regular basis. This might help with cash flow and budget planning. It is also more convenient for the giver and is the way that many people are already making payments to various organizations.***

***Many other options for money transfer are becoming popular. Some churches have “buttons” available on their website that allow a person to donate while visiting the website. Others use a “PayPal” or other computer payment plan. Some even allow contributions by credit card. All of these methods are changing the way people give to the church and changing the work of the Counters and Financial Secretary. If your church chooses to use any of these additional methods, please be sure to train the appropriate people in how to retrieve the data need for the records and how to have the money transferred to the checking account, if needed.***

## **Leasing out the Church**

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Many churches are leasing out a portion of their facilities to other organizations to gain some income. These should be looked at carefully to make sure the leasing does not jeopardize the property tax exempt status of the church in the community/county within which you live. These rents can also be potential [Unrelated Business Income](#) (UBI) if you do not justify the lease as being a part of your exempt purpose. Note: just because you use the money for your non-profit work does not mean it is non-profit income and if it is UBI it might be subject to taxation. Please read [Unreimbursed Business Income](#) if you have outside groups leasing your church property. Usually, if the group using the church property is also a 501(3) organization there will not be a problem, but the local governmental agencies might want documentation to prove such.

Churches should require all outside groups who work on your “campus” or lease your “campus” for any function; i.e. to sign a lease that makes them aware of their rights and responsibilities. You have the right and the need to create a safe environment for your members and children, and you need to protect yourselves from potential law suits that are not covered by your insurance. In the Appendix you will find a [Policy Statement for Leases](#), two sample [Property Lease Agreements](#), and a [Lease Amendment](#) for you to adapt to your own needs. One Property Lease Agreement is for short term (3 days) or one-time events; the other is for anything longer, whether it is a weekly event or a quarterly event.

From the perspective of the IRS, any monies that the user of the property pays the church is income. You can call it a donation or a reimbursement for the utilities, but it is still income. Any income from outside groups, whether it be one time or long term needs to be reviewed to determine whether it falls into the category of [Unrelated Business Income](#).

Organizations which are for profit orgs will almost always be seen as Unrelated to the exempt purposes of the church. Organizations which are not for profit organizations should be screened with the information provided in the link above.

**Bookstores, Thrift Stores and other enterprises in the church.**

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When a church enters into some enterprise, whether it is leasing the property, selling books or donated items, or any other exchange where the church receives money like a normal business would, it may be required to report the income separately as Unreimbursed Business Income. To avoid jeopardizing your tax exempt status as a church, which should be engaged in worship and related education and mission, the Treasurer should be very familiar with UBI rules and definitions so that proper accounting can be made and taxes due can be paid.

Please remember that your non-profit status is based upon your activities and how you raise your money, not on the lack of profit you end up with at the end of the year.

## **Chapter 4 INVESTMENTS AND ENDOWMENT FUNDS**

### **Definitions and Accounting Requirements**

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Beyond the regular operating funds of the church, often churches have additional monies they will not be spending in the current year. These monies, which come from a variety of sources, will need to be “invested” until they will be used. Whether the church’s definition of “invest” is as simple as placing the money in a bank savings account or a more risk taking endeavor in stocks and bonds, the church should have a session approved [Investment Policy](#) by which the treasurer or finance committee carries out the wishes of the session.

Before a church begins to think of investing monies for extended periods of time, they should consider their potential future plans. The operating budget of the church normally includes all of the monies received and disbursed. Often the checking account accumulates excess monies and the first step in handling those excess monies is to move them to a savings account to gain a little interest. Once the savings account reaches an amount equal to one fourth the church’s annual budget, the Treasurer ought to talk with the session about further investments.

Whether the church solicits monies for a particular cause, or just accumulates excess over the months or a member chooses to give a gift to the church with added designations, the church should be prepared to account for these monies separate from the operating budget of the church. These investment funds come in two major categories; restricted or unrestricted.

### **Restricted Funds.**

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A “restricted” gift comes to the church with some designation or restriction on the way the money can be used. This category includes gifts given to the church when the church makes a specific appeal for money for a special project, including building funds, memorials, youth group trips, etc. It also includes gifts given by donors or estates with “strings” attached as to how the money should be used.

The session always has the freedom to turn down a gift when the restriction seems beyond the session’s ability or interest to oversee. For example, a person might give the church “seed money” for a new organ; if the church does not need a new organ, will the session want to track this money for 20 years until they might need a new organ. And what will they do with the money in 20 years if there is not enough money to buy the organ or the church deems it no longer needs one?

All gifts with designated restrictions that the session accepts must be accounted for into the future and only used for the designated purpose. This is true also for monies that the church solicits from the members for a particular purpose; the session should not redirect those monies for a different purpose without consulting with the original givers.

The best procedure for a church would be to have a [Gift Acceptance Policy](#) in place and regularly publicized that policy so that gifts will be given for preapproved purposes which the session can easily manage within the scope of their ongoing work.

The restrictions or designations usually specify how the capital can be used and how the interest/dividends and/or gain can be used.

Some donors will designate that the “income” only can be used but the “capital” must not be spent; these are often called **“endowment” funds**. A [Gift Acceptance Policy](#) will help the session clarify with the donors what is meant by “income” (i.e. interest only, dividends, capital gains, growth in value, etc.) and what is meant by “capital” (i.e. the original amount contributed, all growth except interest and dividend, etc.)

Other donors will want the whole fund to be spent for a specified work; called **“designated” funds**; i.e. for the youth program of the church until the funds are all used up.

In any case, the wishes of the donors should be scrupulously followed to fulfill all legal requirements pertaining to Restricted Funds held by a non-profit organization. Please check with the specific laws of your state to see how they limit the use of Restricted funds.

Whatever the designation, these restrictions limit how the session can spend the money and/or the interest and gains. A [Gift Acceptance Policy](#) in place at the church can give the session more control over the funds because of the way they receive the funds in the first place.

### **Unrestricted Funds.**

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These gifts come to the church with no restrictions attached. Whether the gift comes directly from a living individual or through an estate settlement the session can decide how these gifts will be used. Since they have no restriction the session can hold them for a period of time or use them in the current year, they can use them as income generating investments or set them aside for possible use in the future.

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When the session sees the size of the Restricted and Unrestricted Funds grow to a point where long term investment would be prudent they may need to develop an [Investment Policy](#) for the church.

To endow, in reference to [Endowment Funds](#), means to furnish with an income. The terms of Restricted and Unrestricted provide a clearer picture of the use of funds than the general term, “endowment.” For clarity, reserve the term Endowment for specific funds where the session approves a clear delineation that the “capital” will not be spent but held to perpetuity and only a set amount of the income and gain can be used for specific projects. This restriction should be clearly stated in the minutes of the church.

A thought about investing: the session becomes a fiduciary for the church and as such, has an obligation to balance the protection of the principal and the production of the greatest return. Some churches out of deep fear of losing money lean to the side of protection with minimal return. Some could lean toward the side of greed and seek the riskiest and highest possible return. The balance is in between. The session should seek outside help and look to find the fair balance of protecting the principal with some annual growth and producing a return that allows the church to benefit from the investment. Please don't err on the extremes but seek a wise place in your investing.

Permanent records should be kept of all monies that become Restricted when received by the session. The receipt of the gift should be included in the session minutes. The details of each Restricted Fund should be kept in a safe deposit box or an appropriate fire proof cabinet at the church. The details should include the origin of the Fund, where the gift came from, the restrictions on the use of the monies, and the clarification of the donor's intent related to “capital” and “income” use. The following form can be used for the keeping of these records and it can be attached to any documents used to raise the money or letters arriving with the money that help to clarify the future handling of the funds.

**Records to keep for Endowment or Designated Funds**  
[\(Return to Table of Contents\)](#)

Fund Name (the name you will use to remember the givers)

Date Created \_\_\_\_\_ Original Value \_\_\_\_\_

Given by Whom \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_

Restrictions: (is this fund [Restricted](#) or [Unrestricted](#); then list the specific restrictions or designations)

Nature of the gift: (i.e. stock, bequest, cash, real property, other.)

Copy of the gift letter sent to the giver.

Special Instructions: (can the principle be spent, under what conditions? what can the interest / gain be used for? what exceptions exist?)

History: Why was this given, who for, what were their special interests. What information do you have to help honor the givers? If given with a designation, quote the designation from the letter or from the will or trust or attach the letter to the file.

## **Investing the Church's Money** **[\(Return to Table of Contents\)](#)**

How do you know how much is enough to invest? The answer to this question needs to consider a number of factors; Does the church have sufficient reserves, does the church have any “principle restricted” monies, and does the church have excess money they need to invest?

Every church should maintain a reserve fund equivalent to 3 months of their annual budget. If the annual budget is \$120,000, then the church should have \$40,000 set aside in the checking or a simple savings account that is readily available, what the money people call “liquid” investments. A CD is not liquid because the money is not readily available without paying a penalty on withdrawal.

Once a church has met the obligations of the reserve account, other monies can be invested. This might be a small amount or a large amount depending on the church. Simple investments include bank savings accounts, CD's, and other similar investments. Investments with a bit more risk would include Corporate Bonds, Mutual Funds and Stocks. This is discussed in the next section on having an Investment Policy. The Session of the church should take its time in developing an Investment Policy before any investing is done.

Whether the money is excess cash that the church owns or it is restricted monies where only the “interest” can be spent, the monies should be invested as would a good fiduciary who seeks to preserve principle but also seeks a reasonable return within the current economic climate. Sticking the money under the proverbial “mattress” is not an acceptable investment policy for a non-profit organization like a church. On the other hand, taking high risk by investing in individual stocks or exploring options and other high risk investments would not be prudent either. Finding the balance is the goal.

Often gifts that come to the church with restrictions on the use of the money have implied restrictions on how the “interest” will be used. Before the Session receives the money from the donor or the heirs, a clarification should be made as to how the money will be invested and how the proceeds will be used.

Using a simple formula can help to clarify for the givers and the church just how the Return on Investment will actually work. When people suggest you use only the “interest,” they may or may not be thinking about the whole of the Return of an investment. Investments can generate interest, they can produce dividends, some even have long and short term capital gains, and in the area of most stocks and bonds you will also see a change in the value of the original investment. If you add all of these “returns” together you will have the Return on Investment, assuming the change in value is positive.

To look at the change in value of an investment you should take an annual date and measure any gain or loss on that anniversary. A good rule of thumb, assuming at least one-half of the total investment money is in stocks of some kind (or stock mutual funds) is to never pull more than 4% of the value of



the investments on an annual basis for use in the ministry of the church or for the intended use. This should leave enough “principle” in the investments to allow for next year’s 4% to be a bit larger amount than it was this year.

With all of these factors, the Session should define their policy clearly in the Investment Policy so that the congregation, the givers and even future elders will oversee the investments with consistency.

## **Investment Policy**

### **General Thoughts**

[\(Return to Table of Contents\)](#)

An investment policy for a church should include a Statement of Philosophy that governs the individual church’s investments, the specific Policy by which investments can be made and the Guidelines to help the individual or committee authorized by the session/trustees to have access to the investments with any changes that will be made. Make sure the session has to sign all applications for new funds or accounts as a check and balance to the investment program of the church. **ALWAYS** insist on having at least two persons to withdraw funds from any account for any reason.

Any church considering an investment account can gain insight into what other churches have done by contacting the Presbytery office, the Presbytery’s Finance Committee and/or the Presbyterian Foundation or other similar organization. A list of some options for help is located in the [Resource](#) section at the end of this Manual.

Investment of the funds may be (1) entrusted to a sub-committee of the session/trustees which reports regularly to the full board: (2) may be entrusted to money managers or mutual fund managers; or (3) the session may entrust this job to an individual who has expertise in this field. If the later, be sure the Investment Policy has plenty of safe guards around that individual to protect him/her from accusations when the market adjusts downward and to protect the church from any mismanagement choices the individual might make. Always have an individual on a tighter leash and more frequently supervised by the session or the finance committee.

Before the session seeks to invest any money, even in bank CDs, a clear statement of investment purpose and goals should be adopted by the session/trustees (see [Sample Investment Policy](#)).

### **Statement of Philosophy**

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The statement of the church’s philosophy in investing should include a reference to how the church works as an instrument of God on earth and how the church is entrusted with the responsibility of Christian Stewardship. It should also include comments about the general philosophical guidelines the

church will strive for in the balance of growing the principal to keep up with inflation and having the necessary income to use for some aspect of Christian Ministry.

**Example #1** All resources shall be handled with gratitude to God in the spirit of Christian Stewardship; with appreciation to those who made the funds available and in accordance with their wishes to the extent specified by them; with concern for those for whose good the money is to be used; and with commitment to employ the money in such a way that its use will improve the quality of life.

**Example #2** Since we believe that all we have is a gift from God and we hold highly the responsibility that God and the members of the church have entrusted to us, we will act with great care and wise stewardship as we invest these funds. Our goal will always be the long term balance between growth of the principle and ongoing reasonable income to enhance the greater ministry of Christ. (see [Sample Investment Policy](#)).

### **Specific Policy on Investments.** **[\(Return to Table of Contents\)](#)**

In this part of the Investment Policy the church should list things like who can do the investing, some protection against conflict of interest, maximum and minimum percentages of stocks and fixed income investments, restrictions on options, derivatives, etc. and the specific types of investment vehicles which can be used.

A rule of thumb is for a good fiduciary to invest somewhere between 35% and 70% of the total portfolio in stocks and the rest in fixed income and cash reserves.

Investment vehicles should be clearly spelled out so that the extremes do not come into play if a person authorized to invest succumbs to the greed which is within us all. Make sure that any investment is in a vehicle that is readily sold on the open market and not locked up for years to come. Listed below are some potential vehicles:

Fixed Income: CDs, Investment Grade Corporate Bonds, Treasuries,  
Stocks: Individual Stocks, ETFs, Money Managers.

*Mutual Funds: Some Mutual Funds only contain Stocks, others only contain Fixed Income, while others contain a Balance of both. If your Mutual Fund has 40% stock and 60% bonds, keep that in mind when you are assessing your overall portfolio. Also, keep in mind that some Mutual Funds are High Risk Investments.*

Options: Covered Calls, possibly other Options.

**NOTE:** The type of investment vehicles chosen by the church would depend on several variables: (1) length of time the funds will be invested [what is the time-frame before the money may be needed], (2) how much risk the church is willing to take, (3) whether the principal will remain in-tact, (4) the wishes of the donor, (5) the philosophy and policies of the church [including the issues of socially responsible investing as defined by the PCUSA].

Make sure you fully understand the penalties for early withdrawal and the market risk of any investment vehicles you allow. (see [Sample Investment Policy](#)).

**Guidelines for Specific Investment Policies**  
[\(Return to Table of Contents\)](#)

1. Include a statement of basic objective the church has for investing.
2. All funds available for investment shall be invested as promptly as possible. The church should not get into the business of market timing, waiting to catch the low in the market before entering.
3. Full advantage shall be taken of the tax exempt status of the church. I.e. since the church, at this moment, does not have to pay taxes on the interest or capital gains of an investment, the investors should be looking at the pre-tax return when evaluating a vehicle. Note: Individual investors often have to choose between the value of Municipal Bonds and Corporate Bonds since one is taxed different than the other, yet the church can choose the Bond with the greater rate of return since taxes, at this time, do not impact the return for the church.
4. Funds shall be invested in issues generally of larger corporations, higher rated quality commercial paper, corporate bonds and government obligations and good quality common and preferred stock.
5. Never have more than 5% of the portfolio in any one company's stock or bond. It is okay to have more than 5% in a mutual fund since it has a variety of stocks within its fund. But concentrating investments in one company or one particular sector, i.e. technology, is too risky for the individual church even if one of the members is convinced the stock is going to skyrocket next week. And even if it does go up in value, the church is better off in the more conservative position than a high risk play like an individual stock.
6. Ratio of equities to fixed income securities shall be maintained consistent with the guidelines of the [Sample Investment Policy](#). As a rule of thumb, when the percent of Stock changes three to five percent (3-5%) higher or lower, the church should consider rebalancing the portfolio back to the original plan levels. This might happen often during the year but does produce an increase in return.
7. Funds shall not be invested in corporations inconsistent with the stand of the church on products harmful to persons or the social environment. The PCUSA has guidelines for socially responsible investing and if the church so chooses, these guidelines could be placed within the Investment Policy.
8. Statements of Investment Philosophy, Policy and Guidelines shall be reviewed annually. (see [Sample Investment Policy](#)).

Stock Gifts to the Church: In the case of stock gifts to the church, the session should have a predetermined policy for handling gifts of stock and

other non-cash gifts. In most cases the church should see itself as a receiver of stock but not a holder of stock. When individual shares of stock are received it is often more prudent to sell the stock as soon as possible and if the church chooses to leave the money in the investment portfolio, reinvest it according to the church's [Investment Policy](#).

If the church does not have its own brokerage account, the treasurer should check with the Presbytery to see if they can pass the gift through the Presbytery account. Otherwise, the church should open an account at a brokerage firm where the session chooses.

The church does not have a responsibility to value the stock gift; that is a task for the donor to verify the closing price on the date of the gift and have the appropriate documentation needed for the IRS. The church, however, should send the donor a [Contribution Receipt](#) stating the number of shares, the company name, and the date given to the church with the appropriate added information required to make the receipt IRS acceptable.

## Chapter 5 AUDIT OR FINANCIAL REVIEW

[\(Return to Table of Contents\)](#)

All congregations should have the financial records and accounts of the congregation and all related organizations reviewed at least once every 12 months. The results of that review should be recorded in the minutes of the Session so the findings will be on record. This audit or financial review may be internal or external.

The *Book of Order* (G-3.0113) states:

***A full financial review of all financial books and records shall be conducted every year by a public accountant or committee of members versed in accounting procedures. Reviewers should not be related to the treasurer(s). Terminology in this section is meant to provide general guidance and is not intended to require or not require specific audit procedures or practices as understood within the professional accounting community.***

### Financial Review.

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A review consists principally of applying an analytical procedure to the financial data of the church. It is substantially less in scope than an official "Audit." In accounting terms, ***the objective of an Audit*** is to have an accounting specialist, CPA or equivalent, reviewing the churches financial documents and expressing an opinion about the financial condition of the church and the accuracy of their financial records. ***A financial review*** does not express an opinion but reviews the financial picture of the church and comments on items that seem to need attention. A financial review is not usually as extensive as a full Audit and likewise, not as costly if you have to hire someone to do it.

The requirements of the Book of Order ask the church to conduct a financial review annually. Most churches think this must be an Audit by a CPA firm. There is no reason a church cannot have a CPA firm conduct an Audit but ***the church is not required to have an external firm*** or person conduct the review nor do they need to pay someone to render an opinion about their financial status.

The church is free to have an internal review done by a committee of people who have some knowledge of accounting procedures. The only qualification on a person being on this committee is they should not be the Treasurer of the church or related to the Treasurer in any way.

The goal of the annual financial review is to look for proper accounting, guard against incidences of fraud, and other procedural errors that need to be corrected in a timely fashion.

If the church chooses to use a local internal committee to conduct the annual financial review, the committee might choose to use the [Financial Review Committee Checklist](#) available in the Appendix at the end of this Manual.

### **External Audit.**

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An external audit or review is done by an independent auditor or an accounting firm. If you need assistance in finding a good C.P.A., please call your Presbytery office for a suggestion or ask people in your congregation. It is important to use someone well versed in church and clergy tax laws and church finances. The issues presented by the church and other non-profits are significantly different from for-profit businesses. Accounting firms not familiar with non-profits might overlook some of these important differences.

### **Internal Review.**

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An internal review is normally conducted by a committee of members versed in accounting procedures (as long as they are not related to the Treasurer.) Some churches have partnered with other Presbyterian churches in their area and “traded” review committees to get the job done inexpensively.

Sessions can establish a review committee in conformity with the requirements of the Book or Order, the by-laws of the church and the laws of the state. This review committee could function on an ongoing basis to do reviews of the financial system a little at a time by using different parts of the [Financial Review Committee Checklist](#) at different times during the year or even stretch some of the work out over a few years.

In most situations, particularly the medium or small size congregation, the review will be internally done by volunteers due to the cost of an external Audit or review. Nonetheless, this should be done in a systematic manner by the best qualified individuals available within or to the congregation.

Those congregations with large trust accounts and/or large real estate holdings or those proposing to build or expand their facilities by loans on the property will find that an external Audit by a qualified auditing firm may be required and is to their advantage.

### **Which to Choose?**

[\(Return to Table of Contents\)](#)

Before deciding whether the church will use external or internal processes to do a review or an Audit, it should be understood that neither the compensated auditor nor the volunteer team is able to guarantee the accuracy of the financial records. Those who perform this service are only able to review the financial data supplied to them and then state that the balance sheet and

profit and loss statements of the church represent the financial conditions of the congregation and its related organizations.

The Treasurer of the church or the Treasurer of any of the related organizations should not serve on the review committee but should be available for consultation during the review process. The size of the congregation, and the number of organizations that maintain their own accounts, would determine the number of people necessary to serve on the committee so there are enough people to accomplish the large task without any one person being overburdened.

### **Basic Work of the Review Committee**

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The review committee should look at a variety of areas of the church's finances as well as a number of areas which might be called financial procedures. This process should include a review:

- of the bank accounts, statements, and the “books” of the church to see that accounts are reconciled regularly and accounts are in order.
- of handling of offerings and donations; including the depositing of monies into the bank.
- of the check writing and cash flow.
- of all financial reports distributed throughout the year.
- of records keeping and safeguarding of valuable papers, including tax filings, property deeds, mortgage and insurance paperwork, etc.
- of payroll files and processes.
- at this time, it would also be appropriate to review all leases, if any, the church might have with outside parties using the church facilities, whether they are paying rent or any payment by another name; i.e. reimbursement for utilities, donation, etc.

The annual financial review does not imply that someone has or might be doing something wrong but is a way to have the church stay current in their good financial practices. During the course of the review, the committee might find a need for the church to have a standardized way of doing some procedure or a policy written in certain areas, or to have an existing policy revised or followed more closely.

### **Review by Committee.**

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The committee might choose to look over the [Financial Review Committee Checklist](#) and divide the items on the list into three or four groups and tackle the complete review over a three-to-four-year period rather than attempting everything on the checklist every year.

Another way to shrink the amount of work needed and still produce an adequate review, the committee might choose to assign different tasks to different members of the committee. Then, after the committee members have completed their various assigned tasks, the committee should meet as a whole and go over the work of each member. The final report to the session/trustees can be prepared by a single individual and reviewed by the remainder of the committee; prepared by a subcommittee of 2 or 3 members and then reviewed by the whole committee or prepared by the committee as a whole.

The report to the session/trustees should include any recommendations that would enable the session and future review committees to better understand the financial condition of the church. During the review the committee might come across some procedures which should be changed or some procedures that should be added to the church's policies. These should be included in the report as recommended action items.

When the report of the review committee is received by the session, and the report has been included in the session minutes, and the assignments of any recommendations for change in methods have been made, there should be a word of thanks to the review committee, not only in the session minutes, but in any newsletter which might go to each member of the church. This will not only make the committee members feel that their work was necessary and the task worthwhile, but will be a trust factor for the membership.

Review committees may also review general financial management procedures and look over the investments and remind the session of other items such as personnel policies, church usage policies, by-laws, etc. which might need to be reviewed and updated.



## Chapter 6 INSURANCE AND BONDING

### Book of Order Direction

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**Churches are directed by the *Book of Order*, G-3.0112 to “obtain property and liability insurance coverage to protect its facilities, programs, staff, and elected and appointed officers.”**

The PCUSA has an Office of Legal/Risk Management who welcomes your questions at any time in areas of Insurance for churches. They publish and continue to update a Manual entitled, “Legal Resource Manual for the Presbyterian Church (USA) Middle Governing Bodies and Churches.” The current version of the manual is available on the PCUSA website as a download. (go to [www.pcusa.org](http://www.pcusa.org) and type “legal resource manual” in the search engine.) Their disclaimer is very important for all churches to keep in mind, “*As always, you are welcome to use this [manual] as a resource for information on a number of legal issues. However, since laws in each state may be different and interpretations of laws by courts may vary both state-by-state and in state and federal courts, it is always advisable to seek guidance and advice from your local attorney.*”

Other resources on Risk Management for churches are available from Church Law and Tax with books and articles published by Richard Hammar, J.D., L.L. M., CPA. Website, [www.churchlawandtax.com](http://www.churchlawandtax.com). (See [Resources](#) in the back of this manual for more information.)

### Master Policies

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The role of the church is changing and with it the need for church boards to review ways to provide adequate insurance for all property damage, accident and liability situations. Gone are the days when the church activities were limited to weekend services, special holiday functions and church dinners. Today, the church is the hub of diverse activities including fund raising events, preschool programs, social action groups, scouts and other meetings.

Many churches have related property such as schools, gymnasiums, nursing homes, and cemeteries. Congregations are involved in many off-premises activities such as camps, excursions, tours, outings and retreats, many of which require the use of buses and other motorized equipment. In addition, there is the exposure to vandalism, riots, bombings and arson.

With all this involvement, the church today has increased liability over the church of 50 years ago. The task of adequately insuring the church against these various situations becomes complicated. Recognizing the responsibility of

managing all of these risks, the session should appoint a committee to review and secure the adequate insurance coverage needed for your church's particular program.

This committee should look for a company committed to serving churches and related activities which can help provide the stability, continuity and counsel that may be lost due to turnover on the church boards from year to year. The insurance company which the church chooses should be one which can provide the highly specialized coverage needed by churches today.

Annually, the Risk Management personnel of the General Assembly Council meet with several companies to discuss the specific needs and risks of churches. They work to make sure that programs these companies are offering are the most comprehensive coverage available so that churches will have the best insurance the marketplace has to offer at competitive rates.

Check with your Presbytery Office for information on Insurance Companies that write insurance for churches in your area. Some names are listed in the [Insurance Carriers](#) section as well.

## **Quote Requirements**

[\(Return to Table of Contents\)](#)

Every insurance company will require the following information for both quotes and coverage:

- A. A listing of all real properties owned by the church including: church property, meeting hall, manse and any other church-owned properties such as nursing homes, camp grounds, athletic facilities, investment properties, food stands, building sites, etc. You will need to specify square footage, the type of structural materials used, etc. Often this is done as an on-sight review by the insurance agent with a representative from the church present.
- B. An inventory of all items within those properties, even those that are not the property of the church such as the minister's personal library.
- C. An inventory of all church-owned vehicles, including recreational vehicles and buses.
- D. A list of all employees, both full-time and part-time, with approximate annual salary and primary function.
- E. A list of all church activities throughout the year, including functions of all church affiliates such as women's and men's groups, youth and school organizations, older adult groups.

Once the insurance representative has this list and accompanying documents and makes a thorough evaluation of your property and program, you will receive a proposal of coverage and a premium quotation.

The valuation of your building and contents is critical. It is important that building coverage be adequate to **cover replacement costs** in case of total loss by fire, windstorm, or other insured perils. **HAVING REPLACEMENT COST INSURANCE IS VITAL TO THE FINANCIAL HEALTH OF A CHURCH.**

Contents also should be insured adequately to allow the church to replace any item that has been lost or destroyed.

Most companies offer a basic “Multi-Peril” policy for property and liability with optional coverage to provide protection for the specific needs of the individual church. Thus, only those coverages actually needed are purchased, and any extraneous coverage and cost can be eliminated.

Please be sure to work with an Insurance company that is familiar with and regularly insures churches rather than just talking to your family agent who think he or she can get you a better deal. The cost of good insurance might be higher than you would like, but the cost of replacing the church and its contents is very high.

### **What are the different kinds of coverage needed?**

[\(Return to Table of Contents\)](#)

It depends on your specific needs, but below is a list of the types of insurance available:

1. Property Insurance.
2. General Liability.
3. Bond Insurance for those who handle money in the church.
4. Sexual Misconduct Liability.
5. Pastoral Professional Liability.
6. Worker’s Compensation.
7. Umbrella Liability.
8. Minister’s Personal Liability.
9. Employee or Volunteer Dishonesty.
10. Automobile Property and Liability.
11. Directors and Officers Liability.
12. Employment Practices Liability.

Other types of insurance to consider (Check with your agent if these items are included in the policy covering your church. If not, consider purchasing this additional coverage if your situation warrants it.)

1. Off-Premise Insurance which covers church property in transit, during storage or while out for repair or on Church trips and programs.
2. Sprinkler Leakage.
3. Money and Securities, Broad Form – All Risk.
4. Construction, Newly Acquired Property – Ideal for churches with rapid growth or redevelopment patterns, or which receive property from estates.
5. Personal Injury Liability – Protection in cases such as libel, slander, false arrest suits, or invasion of privacy suits.
6. Non-Owned Automobile Insurance.
7. Recreational Vehicle Insurance.
8. Teachers Liability Endorsement.

9. Flood Insurance.
10. Earthquake Insurance, if appropriate.

## **Transportation Issues**

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Transportation for church events poses a safety concern for the church, for the drivers as well as the passengers. Just because a member of the church has a large vehicle and offers to loan it to the youth group or drive to some event, does not mean that vehicle is covered adequately by the individual's insurance or the church's policy. Always check with your insurance company if you have any questions about the insurance protection for any church event.

***Please be sure that you are up to date on Federal and Local Bus Regulations and any warnings issued by the National Highway Traffic Safety Administration (NHTSA) such as the "Rollover Risk of 15 passenger vans."***

***Those in your congregation who handle money on a regular basis should be Bonded.*** *This is a form of insurance that covers their handling of monies and protects them and the church from issues related to fraud. Check with your Master Policy to see if Bonding of Financial Personnel is covered in the policy or how you might acquire it in addition to the Master Policy if it is not included.*

Risk management and insurance coverage should be a high priority of the session/trustees who have responsibility over the program and facilities of the church. Do not just hope that your policy covers your needs. Seek competent advice!

## **Leasing Your Church Property**

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This information is covered in other places but it does not hurt to emphasize the concern again. Requiring groups who use your church to sign a lease and provide you with their insurance information is vital. Please read [Policy Statement for Leasing Church Property](#) and check with your insurance company for any additional concerns they have about people using your property.

## Chapter 7 PERSONNEL

### Handling Financial Info for Employees

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Most employers are affected by the Civil Right Act of 1964 (Title VII), as amended, which bans discrimination based on race, color, religion, sex or national origin in employment. There are other laws prohibiting discrimination against handicapped persons or veterans. Depending on the size of the employing organization, there are laws which pertain to hiring an employee. A full list of these laws is included in the resource, *Legal Resource Manual for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches*. (See [Resources](#) for ordering information).

The session has the responsibility to manage the church wisely and this includes the employment of non-ordained staff, with concern for equal opportunity employment, fair employment practices, personnel policies, and the annual review of the adequacy of compensation for all staff and employees. The employment process is usually handled by a session authorized Personnel Committee. (See [Resources](#) under personnel resources for *Session Personnel Committee Guidelines*)

**This section of the Treasurer's Manual will concentrate on guidelines that the treasurer must handle for all employees, ordained and non-ordained.**

### Developing a Personnel Policy Manual

**Adapted from the Treasurer's Manual (Disciples of Christ)**

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As an employer, a congregation, should develop and approve written personnel policies. While the policies may suit the unique needs of the congregation, it is important that such policies be in writing and communicated to all employees and other concerned persons.

Personnel policies should include such topics as:

- a. Compensation Policy - establishing salary ranges for each position. These policies should also cover such employee benefits as:
  1. Pension Consideration, either Pension Plan or 403b plan.
  2. Health Care Availability and Premium Assistance.
  3. Social Security and Medicare deductions and payment.
  4. Life Insurance coverage and additional options.
  5. Vacation Accrual or Award and Use.
  6. Holidays Designated.
  7. Days off Guidelines.
  8. Parental and Family Leave.
  9. Sabbatical and Educational Leave.

10. Sick Leave.
- b. Employment Policies.
  1. Relationship and behavior policies.
  2. Conflict of Interest Policy.
  3. Equal employment/Non-discrimination Policy.
  4. Whistle blower Policy.
  5. Grievance process.
  6. Office hours & access.

### **Treasurer's Checklist for Hiring Employees.**

[\(Return to Table of Contents\)](#)

- Maintain files, on each employee, which include information on background checks, references, time cards, sick days, vacation time, name and phone number of person to call in case of emergency.
- Include in this file the hiring date, starting wages, exemptions (federal, state and local), copy of current W-4 (annual update), employment status (exempt or non-exempt, part-time or full-time) and any other information necessary for each employee.
- Note: Stationary companies often carry special folders preprinted with the information needed for each employee and all you need to do is fill out the information and gather the appropriate forms, (I-8, W-4, W-9, etc.) Then as time goes on you can add paperwork and update information as needed.
- Federal law requires all employers to verify the identity and employment eligibility of all persons hired to work in the United States. The Form I-9 should be used for all employees and it requires two forms of identification on file...copy of driver's license or government issued identification card, and either a copy of birth certificate or social security card. This can now be filled out and filed online through E-Verify. **E-Verify** is an Internet-based system that allows businesses to determine the eligibility of their employees to work in the United States. E-Verify is fast, free and easy to use – and it's the best way employers can ensure a legal workforce. E-Verify is a product of the USCIS and available at [www.uscis.gov/e-verify](http://www.uscis.gov/e-verify).
- Have each employee complete a W-4 indicating wage and tax information at time of hiring and every successive December for the following year.
- Notify payroll service, if you use one, or set up the new employee on your accounting system.
- Notify appropriate agencies about a new employee hire (state, federal).
- Give employee all necessary forms to complete for benefits - insurance, pension, retirement savings, etc. (See Board of Pensions publications or website for BOP health insurance coverage, pension, retirement savings and all forms for both clergy and lay employees. Website:

[www.pensions.org](http://www.pensions.org).) If insurance is handled by a company other than the BOP, have that information available to the employee.

- Give employee a copy of the Personnel Policy Manual.
- Annually, for all ordained staff, fill out and return to the Board of Pensions the Member Change Form available on the website, [www.Pensions.org](http://www.Pensions.org).
- Complete all forms and notify insurance carrier if employee needs to be added to insurance for vehicles, liability, sexual misconduct, workers' compensation.
- If church has a Section 125 Flexible Spending Plan or Health Reimbursement Plan be sure to give her/him the appropriate forms when hired and annually in December for update. Include a copy of the plan for your files and a copy to the employee.
- Explain payroll procedures and dates. If a time sheet is used, be sure the employee understands how to complete and when it is to be turned in.
- If employee will be issued credit cards, have all forms completed and remind him/her of receipts being turned in after using card. Be very clear about what the employee can use the credit card for and what limits the church has placed on the amounts of expenditures without additional approval.
- If the employee is to have signature privileges on bank accounts, CD's etc., fill out the appropriate forms and give to the bank or other places where the signature needs to be on file. (Be sure to make copies of all forms and place in the employee file as well as church filing system.)
- Give appropriate employees a supply of reimbursement and travel vouchers, along with a copy of the session approved [Accountable Reimbursement Plan](#).

### **Termination of employees.**

[\(Return to Table of Contents\)](#)

When an employee leaves the employment of the church the above list can also be used to undo any actions taken when the employee was hired. (Example: Change signature cards at bank, collect credit cards, and remove name from pertinent information.) Be sure to update the records held in retention with the termination date and any other significant information.

### **When a Minister or Commissioned Lay Pastor is Hired.**

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Many of the items in the checklist above apply to clergy. However, listed below is some specific information about Ministers or Commissioned Lay Pastors.

1. Remember that all installed ministers must be a member of the Board of Pensions (BOP) which provides health insurance, pension and death/disability coverage. The cost of this insurance is set by the BOP each year and beginning in 2015 the church can defer some of the Healthcare cost to the minister if they so choose. Consult the BOP website, [www.pensions.org](http://www.pensions.org), for current information.

In addition to the basic coverage required for installed ordained Presbyterian Pastors, there are some optional forms of insurance available; dental, optional death/disability coverage, etc. from BOP and may be paid by the member or negotiated in the terms of call. (Check with BOP for complete information, [www.pensions.org](http://www.pensions.org).)

2. Submit completed Member Change Form to the Board of Pensions at the time of hire and each December until the minister no longer works for the church.

**3. Ministers are considered “Self-Employed” for Social Security Purposes and are considered an “Employee” for Federal Tax Purposes.** The church does not withhold taxes, either Social Security, Medicare, or Income, from the ordained minister’s wages unless the minister asks the church to take “additional” taxes out of each paycheck as estimated taxes. The minister would indicate this on a completed W-4 form on file with the payroll department/company and with a copy placed in the minister’s employee file.

This means that a minister is personally responsible for self-employment taxes (15.3% of wages) rather than the employer withholding social security and Medicare (7.65%) from the minister’s pay and the employer paying an equivalent share (7.65%) of social security and Medicare like they do for non-ordained employees. The minister is responsible for paying self-employment taxes at the time he/she files his/her form 1040 with the IRS.

However, the ordained minister is treated as an employee when it comes to paperwork. The treasurer or the payroll company will send/give to the minister before January 31<sup>st</sup> a form W-2 to report wages for the previous year. On the W-2 form the church will report all wages, salary, un-receipted allowances, Social Security Offset, etc. given to the pastor in Box 1 and report any housing allowance separately in Box 14.

**For more information on this, both the minister and treasurer are strongly encouraged to consult Internal Revenue Service Publication 517- Social Security and Other Information for Members of the Clergy and Religious Workers available on the IRS website, [www.irs.gov](http://www.irs.gov).**

**The Board of Pensions also updates a helpful publication, annually, entitled, “Tax Guide for Ministers” and makes it available for download at [www.pensions.org](http://www.pensions.org). Treasurers can benefit from reading this publication from time to time.**

**Minister’s Compensation Package**  
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1. **Compensation Categories:** According to Dan Busby, “Minister’s Tax and Financial Guide,” the Pastor’s Compensation Package fits into four major categories; Salary, Housing, Expense Reimbursements, and Fringe Benefits. Note: There are two ways a Presbyterian church treasurer must look at the Pastor’s Compensation; one is for IRS tax purposes, the other for Presbyterian Pension Dues calculations.

## 2. Salary

- a. The Salary portion of Compensation will be treated as taxable income, subject to the SECA taxes (Self Employment taxes). (For Presbyterian Pastors, Salary will also be viewed as part of the Total Effective Salary on which Pension Dues are paid except for part iii. below.)
  - i. Salary paid.
  - ii. Tax deferred salary reduction payments to 403(b) plans (TSA, 401(k), IRA, etc.).
  - iii. Social Security reimbursement (up to 50% of SECA). (this is not considered a part of Total Effective Salary for Presbyterian Pension Dues calculations but is a part of wages for W-2 purposes.)
  - iv. Social Security Reimbursement (in excess of 50% of SECA). I.E. more than what the employer would pay for Social Security and Medicare tax if the pastor were an employee.
  - v. Cash Bonuses, and other income. (Includes Christmas Bonuses, Work Incentive Bonuses, etc.)
  - vi. Any monies paid to the pastor under “Non-Accountable” Allowances. (see [Expense Reimbursements](#) below for definitions.)
  - vii. Cost of employer paid life insurance for the employee for any insurance over the \$ 50,000 benefit limit.
  - viii. NOTE: all of this will show up in Box 1 of the W-2 form for the pastor at the end of the year.

## 3. Housing Allowance

- a. The Housing portion of Compensation is a portion of the salary of a pastor that the IRS considers income exempt from Federal Taxes as long as the amount can be justified as actually being spent on “housing related” expenses. This portion of Compensation will be treated as non-taxable income, but will be subject to the SECA taxes when the minister files a Form 1040 tax return. (For Presbyterian Pastors, Housing and Utility Allowances will be viewed as part of the Total Effective Salary on which Pension Dues are paid.)
  - i. The amount of the Housing Allowance and the Utility Allowance ***must be set by the Session at the beginning of the year (i.e. before the first pay check of the year) and can be adjusted as needed during the year however it can never be set retroactive.*** If during the year the pastor determines that he or she will spend more money on housing and utilities than the current allowances will cover, can ask the session to reconsider the

amount of the allowances moving forward to compensate for the current expenses.

- ii. Fair rental value of a manse will be used by a pastor who lives in a manse or church owned property for no cost as part of his or her compensation. The church should be aware the pastor must pay 15.3% of this amount as SECA taxes when filing the annual tax return.
- iii. The amount of the Housing Allowance designation should be based upon the amount of the acceptable housing expenses allowed by the IRS plus a little. Any amount the minister cannot justify as housing expenses will be added back into their wages at the time of filing their annual taxes with the IRS. The following items can be included in the pastor's justification to claim the maximum amount of the housing allowance:
  1. Down payment of a home purchase and closing costs associated with the purchase.
  2. Real estate commission on new purchase.
  3. Principal and Interest payments on a mortgage, including any additional principal payments.
  4. Rent paid for housing.
  5. Utilities cost for the house; gas, elec., water, sewer, garbage, fuel oil, other heating sources, i.e. solar, wood, pellets, etc.
  6. Local Telephone expenses.
  7. Property Taxes.
  8. Decoration and redecoration, renovation and repair; including wall coverings, paintings, curtains, furniture, carpeting, etc.
  9. Landscaping, gardening, and pest control.
  10. Furnishings and appliances; purchase, repair, and replacement.
  11. Insurance on property and personal property, including renter's insurance and earthquake insurance.
  12. Liability Insurance and excess liability or umbrella policies.
  13. Homeowners association dues.
  14. Mobile Home Space Rental.
- iv. Note: All of the Housing payments (not Fair rental value) will show up in Box 14 of the W-2 listed as "housing allowance" with the amount and /or "utility allowance" with the amount.
- v. The fair rental value is defined in Revenue Ruling 71-280 as the amount of rent that an unrelated party would pay for the home, including furnishing and related structures such as garages, plus utility costs. (More information on Housing Allowance is found in the Board of Pensions publications, see [Resources](#).)

#### **4. Expense Reimbursements.**

- a. The Expense Reimbursements portion of Compensation is made up of allowances which the church pays to the pastor under [Fully Accountable Reimbursement Plan Policy](#) (Non-accountable

allowances should be included in the Salary portion of Compensation, see below in item “6. Other information” for clarification on accountable and non-accountable). The accountable portion of Compensation will be treated as non-taxable income, it is not subject to the SECA taxes and consequently will not be reflected on the pastor’s W-2; it is considered employer paid benefits. (For Presbyterian Pastors, Expense Reimbursements also will not be viewed as part of the Total Effective Salary on which Pension Dues are paid.)

- b. Auto Allowance paid with mileage justified in a timely manner or reimbursed based upon miles driven or receipts turned in.
- c. Travel Allowance paid to reimburse receipts from church related travel.
- d. Study Leave Allowance paid to reimburse the cost of study, travel, meals, etc.
- e. Book and Professional Expense Allowances paid to reimburse receipts for supplies.
- f. Other Allowances.

**5. Fringe Benefits.**

- a. The Fringe Benefits portion of Compensation is made up of expenses that can be legally sheltered as a tax-free benefit. This portion of Compensation will be treated as non-taxable income, and not subject to the SECA taxes. (For Presbyterian pastors, Fringe Benefits will not be viewed as part of the Total Effective Salary on which Pension Dues are paid.)
- b. Board of Pensions Payments, i.e. Dues, this includes Medical, Disability, and Retirement.
- c. HRA or HSA plans if the church qualifies and institutes these plans for all employees.
- d. Insurance Premiums paid by the church for life (up to \$50,000), costs of long-term care, dental, vision, Professional liability or Malpractice, (For Presbyterian Pastors these are included to some extent in the offerings of the Board of Pensions as Medical or optional insurance plans.)
- e. Other Fringe Benefits.

**6. Other Information.**

- a. Non-Accountable and Accountable Allowances and Reimbursements.
  - i. “Non-accountable” Allowance is money paid to the employee without the church requiring receipts or accountability for expenses. These allowances are considered taxable income and should be included in the total Salary figure placed in Box 1 of the W-2 form. (For Presbyterian pastors “non-accountable” allowances should be included in calculations for the Total Effective Salary on which Pension Dues are paid.)

- ii. Accountable Allowance is money paid to the pastor where the church requires receipts or accountability for expenses. A [Fully Accountable Reimbursement Plan](#) should be adopted by the Session for all employees, including the pastor, and require receipts or other documentation to justify that the money was spent for appropriate expenses acceptable to the IRS. The receipts need to be turned-in to the appropriate church financial person within a “timely period,” often determined by the IRS to be no later than two or three months after the expense was made or the allowance was paid out or if the church so chooses, “timely period” could mean before reimbursement will be made.
- b. Social Security and the Pastor’s Compensation.
- i. In general, the employee’s Social Security rate is 6.2% of income with certain limits and the Medicare tax is 1.45% of income with no limits.
  - ii. In general, the employer pays the same rates based upon the employee’s income.
  - iii. Pastor’s, however, are considered Self-Employed by the IRS for purposes of Social Security and Medicare payments, so the church does not pay the pastor what are called “Social Security wages” but the pastor is subject to Self-Employment Payments towards their Social Security and Medicare at the time of filing their tax return. At that time, they will pay 15.3% tax on all Self Employed income which will include their Salary and Housing Allowance.
  - iv. Note: when the church fills out the W-2 form for pastors, box 3,4,5,6 should all be left blank. If the pastor requested additional taxes taken out and the church withheld taxes from the pastor and submitted those to the IRS, then that amount should be included in Box 2. In other words, the pastor does not receive Social Security or Medicare wages and the church should not withhold money from the pastor’s paycheck to pay these taxes.
  - v. If the church would like to help with the “employer’s share” of these taxes they could give the pastor an additional 7.65 percent as a Social Security allowance. This would be taxable income and should be included in the total Wages listed in Box 1 of the W-2. (For Presbyterian Pastors this amount would constitute the 50% of Social Security which is NOT part of the Total Effective Salary on which the church pays Pension Dues.)
7. **Pension Dues** – The Board of Pensions (BOP) sets the annual charge to the churches for the Pension Dues. The dues are made up of three components; Medical Dues, Pension Dues, Death/Disability Insurance Dues plus any additional options the pastor chooses and the church accepts payment for. For details of current year and future year figures see the BOP website, [www.pensions.org](http://www.pensions.org).

For your benefit the Board of Pensions has a Dues Calculator on their website so you can enter in the appropriate information of the Pastor's call or employee's salary and it will calculate for you the amount of the expected dues. Go to [www.pensions.org](http://www.pensions.org) and look for the tab labeled "calculators."

For additional questions about the Pastor's Compensation you can see the various [Resources](#) in back of this manual.

### **Commissioned Lay Pastors**

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Commissioned Lay Pastors (CLPs) must pass the test of whether they are defined as "ministers" under the law in order to qualify for the special tax treatment outlined by the IRS Code. According to the IRS Code the definition of a minister is one who:

- 1) Administers sacraments.
- 2) Conducts religious worship.
- 3) Has management responsibility in a local church or religious denomination.
- 4) Is ordained, commissioned, or licensed, and,
- 5) Is considered to be a religious leader by his or her church or denomination.

The most important factor is number 4. However, it will be up to your presbytery and its Committee on Ministry to ascertain whether a person is a Commissioned Lay Pastor and meets the test for "minister". If so decided that a Commissioned Lay Pastor is a "minister", then he/she is entitled to all the special tax treatments afforded an ordained minister of the PC (USA) including Housing Allowance, treatment of Self-employment and Federal Income Taxes.

Be sure to consult your Presbytery for guidance in the area of taxes and the Commissioned Lay Pastor. (Please use the [Resources](#) at the end of this Manual for additional help.),

Remember to follow the recommended procedures for all employees when a Minister or Commissioned Lay Pastor is terminated.

## Chapter 8 STEWARDSHIP AND BUDGETING

According to the *Book of Order, G3.0201*, **the session has the responsibility to encourage the graces of generosity and faithful stewardship of personal and financial resources.**

### Stewardship

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“...stewardship is the responsive practice of Christians making proper use of the gifts God has given them for the sake of God’s work in the world...” Stewardship Theology 2001, 213th General Assembly approved statement of stewardship theology.

The treasurer is NOT responsible for the education of Year-Round Stewardship of the congregation. This is the responsibility of the Session as assigned to a stewardship committee or the board of deacons. There are a number of resources available. The Treasurer should download a copy of the *Stewardship Manual: A Guide to Year-round Financial Stewardship Planning* from the website of the Presbyterian Foundation for use by the people involved in stewardship education. Other ways the Treasurer can assist is with financial information when the stewardship committee is planning a pledge campaign. Interpretation of the financial information concerning the current year in comparison to last year can offer valuable information in planning and budgeting.

Other stewardship education [Resources](#) are listed at the end of this Manual and should be shared with the session appointed stewardship committee.

### Developing a Budget

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The Treasurer may assist in the preparation of the church budget. While showing the source of monies the budget also lists out the way the church plans to spend that money on ministry. It must be both realistic and attempt to anticipate the unexpected. You could see the budget as an expression of the goals of a congregation translated into dollars and aligned in some kind of priority. Since the expected income often is unknown at the time of the budget process, it is prudent to encourage close scrutiny of both new and on-going programs. When the budget is properly developed, continually updated, and effectively used, many beneficial results are realized such as:

1. Reduced emotional spending.
2. Improved impact of mission dollars.
3. Avoidance of unintentional diversion of dollars to low priority causes.
4. Increased congregational participation and commitment.
5. Monitored spending.
6. Rational adjustment to meet unexpected situations.

The effectiveness of a budget in the long run depends upon two factors: the thoroughness of the planning upon which it is developed and the diligence with which it is adhered to.

**Steps for a Healthy Budget Process.**  
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1. Have the Session form a committee of congregational leaders. This team could have session members and other congregational leaders who have a deep concern for the health of the congregation and the ministry in which the members engage.
2. Program planning will be an ongoing process which will project both short and long-range goals (Suggestion of 1-year, 3-year and 5-year goals). These goals are for benevolences, programs and operations. This process includes the evaluation on an annual basis of what goals were met, what programs need to be changed and what the goals for the future will be.
3. It is important that the recipients of mission dollars (ministry programs conducted by those outside the congregation) be evaluated for the continuing or increased need for funds.
  - a. Mission giving can be an excellent form of mission education for the congregation and may encourage increased participation from the members of the congregation.
  - b. The committee responsible for recommending the mission budget should have a firm conviction of what the goals of mission giving should be for the congregation and by what steps they feel that these goals can be reached.
  - c. It is important for the Mission Committee to study the Presbytery, Synod and General Assembly mission needs as well as those of local organizations. After completing the study, the committee should make budget requests keeping in mind that the Presbyterian Mission is a top priority.
  - d. Support of local mission projects is very important and should be included, but we must remember that these projects are usually ecumenically supported and only Presbyterians support Presbyterian Mission. The Presbyterian connectional system provides for combining our mission dollars so that we can do more together than we can do alone. Note: Information about General Assembly Mission is available from Mission Funding of General Assembly and from the Directed Mission Support Book. See [Mission Funding](#).
4. Goals are recommended to committees for action. Committees make budget requests to the Budget Committee.

5. The Budget Committee will project the income for the New Year based on current giving, membership, and other sources of income such as investment income and rental income.
6. The annual stewardship drive is held and pledges are made. NOTE: Stewardship programs abound in the general church marketplace and the [Resources](#) at the end of this Manual include a large number of Stewardship Resources for your church.
7. The Session Personnel Committee holds annual reviews and recommends salary packages for all personnel to the Budget Committee.
8. Using the goals that were set, committee requests, personnel recommendations along with the budget projections and pledges, the Budget Committee forms a proposed budget.
9. The proposed budget goes to the Session for approval for all items except the clergy terms of call (salary packages). The session along with the help of the Personnel Committee can set salaries and benefits for all employees except ordained pastors; terms of call for ordained ministers can be recommended but must be approved by the congregation.
10. The congregation approves the terms of call at a called Congregational Meeting, usually the annual meeting.
11. Once the budget and terms of call are approved, the budget is set for the New Year.
12. It is advisable for the session to continue monitoring the budget throughout the year as they review the regular financial reports from the Treasurer.
13. Developing a budget without solid program planning is fruitless. The annual budget should communicate the goals, hopes and dreams of the congregation. The approved budget should be presented to the congregation for information only. There are many ways to present the budget – Line Account Budget, Category Summarization Budget or [Narrative Budget](#). Each of these presentations offer the congregation a different emphasis so all personalities can understand not so much the numbers of the budget but the vision of the church portrayed by the numbers.

### **The Narrative Budget**

**Adapted from the Handbook for Treasurers of the Christian Church (Disciples of Christ)**

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Clearly communicating the budget can become essential in helping congregations understand the vision for ministry of the church and just what their offerings accomplish.

Your congregation's budget is a story that is to be shared within your congregation and beyond. Unfortunately, the story is often difficult for people to



see when the budget is presented only within the format found in annual reports and line-item budgets. Many persons find those financial statements to be a maze of figures rather than an expression of ministry.

Narrative budgets effectively represent the witness of your congregation by providing a clearer picture of the mission and ministry realized through your church's offerings. It is an invaluable educational tool.

For example, the line-item budget for your congregation may show very little funding for worship. But is that accurate? A narrative budget takes all the costs for all aspects of anything related to worship and shows the real amount of money directed toward worship. The percentage of the minister's time that is spent in preparation and leadership of worship, the cost of utilities for worship, the cost of paper for worship bulletins, the cost of musicians as well as music directors, and music for the choir and custodial time are all a part of the real cost for Christian worship in a congregation.

The narrative budget often results in an increase in giving. People know how their money is being used to help others. They want to be a part of the vision of mission the congregation has set. When members of your congregation see that their budget addresses real needs in the lives of people, and that their involvement and contributions are of significant value in supporting such mission, they are more likely to be generous in their giving.

To develop a Narrative Budget for your congregation, use the following guidelines:

1. Brainstorm five major ministries your church is involved in. i.e. worship, education, fellowship, outreach, world missions.
2. Assign each of your five categories a positive name that describes what happens when the church engages in that activity. i.e. Glorify God, Make Disciples, Become the Family of God, Share Christ's Love with Others, Go into the World with the Message of Hope.
3. Then take each of the budget lines and divide the expenses between these five categories. I.e. Money spend on worship would be all in the first category. Money spend on a custodian's salary would be spread through many of the categories depending on how much of the building the groups use. Insurance splits about as much as a custodian, but the money for education all goes in the second category.
4. Once you have split every line item into its respective five categories, zeros are okay, then total each category and find out how much money you spend on each of the five categories.
5. Then find one great story of how your church has fulfilled the mission in each category; a personal quote or testimony would be great.
6. Then make a one page, front and back, threefold pamphlet that describes your church; panel one, Name and address and general mission/vision, panel two, explain and give the story for how you encourage people to glorify God, then place your four or five ministry areas with stories onto panels three, four, five and six. On each panel place the amount it costs to accomplish that ministry. Round the numbers to the nearest

thousands. Put the total amount on the first panel with the name and the vision.

7. Distribute the pamphlet widely to your congregation so they can catch the vision of what you accomplish by being a church in your neighborhood and in this world. We've a story to tell to the nations.

# RESOURCES

## General Resources.

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- **Book of Order**, Part II Constitution of the Presbyterian Church (U.S.A.).
- **Office of Legal / Risk Management** of the General Assembly.
  - **Legal Resource Manual** for Presbyterian Church (U.S.A.) Middle Governing Bodies and Churches, (to download a copy go to [www.pcusa.org](http://www.pcusa.org) and search for Legal Resource Manual)
    - “As always, you are welcome to use this as a resource for information on a number of legal issues. However, since laws in each state may be different and interpretations of laws by courts may vary both state-by-state and in state and federal courts, it is always advisable to seek guidance and advice from your local attorney.”
- **The Board of Pensions** of the Presbyterian Church (U.S.A.).
  - [www.pensions.org](http://www.pensions.org) resources:
  - Look under “Members and Employers” and then “Treasurers and Administrators” for some **general information**.
  - **Tax Guide for Ministers**, updated annually.
  - **Understanding Effective Salary**, how effective salary is determined.
  - **Frequent Tax Questions and Answers** for Treasurers, Administrators, etc.
  - **Housing Allowance Letter**.
  - **Dues Calculator** for determining the amount of dues the church will owe based upon the Pastor’s terms of call or the employee’s salary.
- **The Presbyterian Foundation**.
  - [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org).
  - Resources/**Ministry Toolbox**.
  - Resources/**Stewardship Resource Center**.
- **The Texas Presbyterian Foundation**.
  - [www.tpf.org](http://www.tpf.org).
  - Resources/**Resource Library**.
- **Internal Revenue Service Publications**, [www.irs.gov](http://www.irs.gov).
  - Employer’s Tax Guide, **Circular E**.
  - **Charitable Contributions**.
  - Determining the **Value of Donated Property**.
  - **Social Security** for Members of Clergy and Religious Workers.
  - **Tax Guide for Churches** and Other Religious Organizations.
  - **Taxable and Non-Taxable Income**.

- **Travel, Entertainment and Gift Expenses.**
- **Church Law and Tax, Richard Hammar, J.D.,**
  - [www.churchlawandtax.com](http://www.churchlawandtax.com).
  - Variety of resources on **all phases of Church Law and Tax Law** and Employment Law.
- **Articles on church finances and tax law.**
  - [http://www.wkpz.com/nonprofit\\_articles.php](http://www.wkpz.com/nonprofit_articles.php)
  - Written by Frank Sommerville, non-profit attorney
- **Kaleidoscope Conference** – Each Spring.
  - [www.stewardshipkaleidoscope.org](http://www.stewardshipkaleidoscope.org)
- **The Church Guide to Employment Law**, by Julie L. Bloss, J.D., available on Amazon.com.

### **Insurance Carriers,**

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Each of these companies have additional resources on their sites for help with Risk Management and Safety Concerns including Sexual Abuse training for your church volunteers.

- GuideOne Insurance – [www.guideone.com](http://www.guideone.com).
- Insurance Board – [www.insuranceboard.org](http://www.insuranceboard.org).
- Church Mutual Insurance – [www.churchmutual.com](http://www.churchmutual.com).

### **Personnel Resources.**

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- **Church Law and Tax**, Church and Clergy Tax Guide, by Richard Hammar. [www.churchlawandtax.com](http://www.churchlawandtax.com).
- **Legal Resource Manual** for Presbyterian Church (U.S.A.) for Middle Governing Bodies and Churches, General Assembly Council Office of Legal/Risk Management Services.
- **Session Personnel Committee Guidelines**, available for download on the pcusa.org website.
- **Social Security and Other Information** for Members of the Clergy and Religious Workers, Internal Revenue Service Publication 517.
- **Understanding Effective Salary**, Board of Pensions Publication.

### **Stewardship Resources.**

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- **Stewardship Manual: A Guide to Year-round** Financial Stewardship Planning available on the website of the Presbyterian Foundation/Resources, [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org).

- **Stewardship Resources**, available on the website of the Presbyterian Foundation [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org).
- The resources of the annual **Stewardship Kaleidoscope Conference** put on by a variety of Presbyteries of the PC USA are available at [www.StewardshipKaleidoscope.org](http://www.StewardshipKaleidoscope.org).
- The Ecumenical Stewardship Center has a variety of resources, [www.stewardshipresources.org](http://www.stewardshipresources.org).
- **Employee or Independent Contractor** – Published by Office of Risk Management PC(USA), A twenty (20) factor checklist to determine if a person should be treated as an employee or independent contractor.
- **Financial Review Guide** – An Annual Financial Review Committee Checklist, PDS#70-450-01-504.
- **Guidelines for Session Personnel Committees**, PDS#7221099001.
- **Presbyterian Church (U.S.A.) Employee Handbook**, Human Resources Office.
- **Stewardship Manual: A Guide to Year-Round Stewardship Planning**, PDS#72530-94-001

## **APPENDIX.**

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### Audits or Financial Reviews

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[Ethics Policy \(Sample\)](#)  
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[Gift Acceptance Policy \(sample\)](#)  
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### Mission Funding

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## **ANNUAL CHURCH FINANCIAL REVIEWS.**

**Adapted from the work of the Presbytery of San Jose**

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The Book of Order requires the local church to carry out a full financial review of all books and records relating to finances once a year. This should be recorded in the minutes of the Session as having been done. This has often been referred to as an “audit” and that term scares people or makes them think they have to spend a lot of money. But all you need is a “financial review.”

A Financial Review does not have to be done by a CPA. The annual financial review can be done by a committee of members versed in accounting procedures (as long as they are not related to the treasurer.) Some churches have partnered with other Presbyterian churches in their area and “traded” review committees to get the job done inexpensively.

The review committee should look at a variety of areas of the church’s finances as well as a number of areas which might be called financial procedures. This process should include a review:

- of the bank accounts, statements, and the financial records of the church.
- of handling of offerings and donations; including the depositing of monies into the bank.
- of the check writing and cash flow.
- of all financial reports distributed throughout the year.
- of records keeping and safeguarding of valuable papers, including tax filings, property deeds, mortgage and insurance paperwork, etc.
- of payroll files and processes.

The annual financial review does not imply that someone has or might be doing something wrong but is a way to have the church stay current in good financial practices. During the course of the review the committee might find a need for the church to have a policy written in certain areas, or to have an existing policy revised or followed more closely.

For a complete review by a committee of members, there is a sixteen-page guideline available entitled “AUDIT, what’s included in a full review,” that can be obtained by email from [edd@breeden.us](mailto:edd@breeden.us). Also see the [Financial Review Committee Checklist](#) later in this Manual. These guidelines will lead you through many areas of review that you may or may not need to do annually, but will help you know the kinds of things which ought to be looked at often enough to avoid problems with the church’s finances.

If you have any further questions, please feel free to contact the Treasurer of the Presbytery of San Jose, Edd Breeden, by email at [edd@breeden.us](mailto:edd@breeden.us).

**Questions you might like to ask and answer during a financial review:**

1. Do you know where the church By-Laws are located? Have they been updated in the last 5 years? Is there a copy on file at the Presbytery office?
2. Have the bank accounts been reconciled to the computer program?
3. Are the signature cards current at the bank?
4. Are the IDs and Passwords available somewhere at the church office for the online banking, computer program, bill pay process, etc.? (i.e. knowing the codes helps if and when someone gets ill, dies, leaves, or gets disgruntled)
5. Do you know where the Deposit Box keys are and who can access it?
6. Do you have more than one unrelated counters for the offering?
7. Do you have separate people “receiving/depositing monies” and “writing checks?”
8. Do you have a recording system to keep track of individual giving throughout the year, with date of gift, purpose of gift, etc.? Do you send annual statements with name of the church, the giver, and the required IRS disclaimer?
9. How do you know that all money reported to a giving member was actually given, deposited and properly receipted? Are all monies deposited immediately upon receipt or if received during the week, included in the next Sunday’s offering?
10. Are there any missing check numbers, i.e. voided, lost, etc.?
11. Do all of the recipients of checks seem appropriate?
12. Do you require a PO system at your church and is it followed? If so, are invoices matched to the bank statement, computer, checks, etc.? If not, how do you determine who has the authority to purchase on behalf of the church and do you need a policy for this?
13. Are restricted funds and designated funds handled appropriately?
14. If you have a petty cash system are the monies accounted for with receipts and entries in the computer? Likewise, if your church uses church owned or allows staff to use personal credit cards, are these statements reconciled regularly?
15. Does the session receive a monthly financial report?
16. Does your church have a policy for memorial gifts, i.e. do they go to the general fund or to a special fund? Does the congregation know the policy?
17. Does your church have a donation policy? Do you accept all designations by donors and are they honored?
18. Does the budget have places that consistently run over budget? Why?
19. Does someone review the adequacy of Insurance annually?
20. Do you have a locked fireproof file cabinet for past records, like employee files, bank records, important papers, session minutes, etc.?



21. Do you update employee files on each employee? Are all forms filed annually; W2, 1099, 941, 990 if needed, etc.?
22. Does the payroll reflect appropriate policy, including overtime and legal breaks?

NOTE: A 16-page Review Checklist is available by contacting Edd Breeden at [edd@breeden.us](mailto:edd@breeden.us) and asking for the PDF Checklist he has available.

## **FINANCIAL REVIEW COMMITTEE CHECKLIST.**

**Adapted from the Handbook for Treasurers of the Christian Church (Disciples of Christ)**

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1. Cash Receipts: The committee should review the procedures used to record receipts, how the Sunday offering is counted and tallied, and how other organization treasurers receive and account for funds. Time is very important in recording receipts; either the Sunday offering or mail receipts, and a test check should be made to determine if the funds have been recorded on a timely basis. A check should also be made when designated funds are received to insure that they are properly credited and disbursed according to the wishes of the donor. Several of the individual contribution records should be tested to determine if all contributions have been properly recorded.
2. Cash Disbursements: Copies of the budget adopted by the session for the period being audited should be made available to the committee along with any adjustments that were made during the period. With this basic document the committee can then determine if disbursements, either by cash or by check, have been properly charged to the budget category. If there have been disbursements not related to a budget item, then the session's authority for the disbursement should be obtained from the minutes of the session.
3. If there are items in the terms of call of the clergy or other staff which are permitted to accumulate from one year to the other, it should be determined that these funds are being properly escrowed for future use with the limits established for the particular kind of funds. An audit check of current terms of call for clergy and other employment agreements for other staff should be reviewed to determine if the full obligation of the commitment has been met, i.e. all pension and/or annuity premiums paid, continuing education allowance paid or escrowed, social security paid, etc.
4. Verification of Bank Statements: Verification of bank statements should be done by the audit committee so that the statement can be reconciled with the cash receipts and disbursements.

5. **Securities and Investments:** If the congregation has securities and investments, an annual inventory should be made and be a part of the audit report so that all securities and other financial instruments are accounted for at least once each year. The committee should also determine that all coupons on bonds, etc. have been redeemed.
6. **Debt Amortization:** To help in determining the financial condition of the congregation, the amortization schedule for all debts of the congregation should be reviewed to determine that the payments have been made on time, and a written verification should be obtained from the lender to insure that the balances shown on the church records agree with those of the lender.
7. **Petty Cash:** As soon as practical after the close of the books for the period to be audited, a member of the committee should physically count the petty cash as these funds are a part of those to be accounted for by the audit.
8. **Membership Contribution Records:** The final statement for the year should be sent by the audit committee and/or the committee may send a letter advising the individual donor that any discrepancies should be reported to the audit committee. Spot testing should also be done to determine that the entries have been properly recorded.
9. **Insurance Policies:** If no other committee or board is charged with the review of the adequacy of the insurance coverage, this may very well be assigned to the audit committee. With the rapidly escalating costs for replacement, and the incidents of vandalism, thefts, etc., all insurance policies should be reviewed by competent officers to determine the adequacy of the coverage and the reasonableness of the premiums being paid. Insurance brokers are a good resource for reviewing adequacy of coverage and will gladly provide proposals of costs. This needs to be done annually. See the [Chapter 6 on Insurance and Risk Management](#) for complete information.

## **JOB DESCRIPTION, TREASURER**

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**Church** \_\_\_\_\_  
**Name of Person** \_\_\_\_\_

### **Position Description**

**Job Title:** Church Treasurer

**Reports to:** Finance Committee

**Position Status:** One-year term.

**Purpose:** The Church Treasurer works with the Finance Committee to help implement the policies of the church's finances.

**Authority:** The Church Treasurer, as needed, shall have access to all income and expense reporting, payroll data, and other pertinent financial data of the church to help carry out their purpose.

**Accountability:**

- Accountable to the members of the congregation for ensuring that God's gifts are managed with sound and generally-accepted financial accounting policies and procedures.
- Accountable to the Session and the Finance Committee for providing reports and recommendations in a timely manner.
- Maintain strict privacy of financial data to protect the integrity of the Church and the privacy of the Congregation.

**Qualifications:** The Church Treasurer should have experience with Church Budgets, Non-Profit laws, GAAP, Financial Software, and a basic understanding of the church operations.

**Job Responsibilities and Duties:** The primary responsibilities include oversight of:

1. The Bookkeeper, if the church has one and does not have the Treasurer do this part of the job.
  - a. If the church has a Bookkeeper they report to the Treasurer and does most of the work listed in 2,3,4 below.
2. Receipt and disbursement of all funds contributed to the local church budget, keeping accurate records of how funds are spent.
  - a. Work with the Church Financial Secretary in any way needed to help with the accurate recording of individual gifts and other contributions.
  - b. Check all invoices for accuracy and appropriateness before paying.
  - c. Keep responsible persons apprised of their budget-to-date numbers.
3. Monthly reconcile the bank account(s) as appropriate.
4. Prepare accurate monthly financial reports indicating the financial well-being of the congregation.
5. Work according to the policies and procedures established by the Session and the Finance Committee.
6. Serve as an ex-officio member and report regularly to the Finance Committee and when needed the Session and/or the Congregational Meetings.

7. Provide all needed information to the Finance Committee as they prepare the draft and final Budget for the approval of the Session.
8. Assist the Financial Committee with resources to educate the congregation in the areas of Christian Stewardship.
9. Ensure there are adequate records documenting the assets of the church for insurance and other purposes.
10. Make recommendation for the investment of excess funds (if any).
11. Ensure that all church property is appropriately covered by insurance for casualty and liability losses.
12. Ensure that all governmental taxes, reporting forms, and regulations are met on a timely basis.
13. Maintain confidentiality of all financial information pertaining to giving and givers.

I have read and received a copy of my job description. I understand this overrides anything I have been given or told in the past. I further understand that I am expected to follow my job as outlined above, and that if I have any questions concerning what is expected of me, I will speak with my immediate supervisor.

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

## **JOB DESCRIPTION, FINANCE COMMITTEE.**

[\(Return to Table of Contents\)](#)

**Church** \_\_\_\_\_

**Name of Person** \_\_\_\_\_

### **Position Description**

**Job Title:** Finance Committee.

**Reports to:** Pastor and Session.

**Position Status:** One-year term.

**Organization:** The Finance Committee shall consist of least three persons, from which a Chairperson shall be elected. Ex-officio members would include Session liaison, Financial Secretary(ies), and the Treasurer. This Committee will meet quarterly or as necessary to fulfill the statement of purpose.

**Purpose:** The Finance Committee under the direction of the Session is to assume total oversight for the finances of the congregation. This shall include developing and monitoring a church budget, financial recording and reporting, disbursement of monies, investment planning, auditing, and record keeping. This includes the development and implementation of sound financial practices and procedures.

**Authority:** Committee members, if needed, shall have access to all income and expense reporting, payroll data, and other pertinent financial data of the church to help them carry out their purpose.

**Accountability:**

- Accountable to the Church for ensuring that God’s gifts are managed with sound and generally-accepted financial accounting policies and procedures.
- Accountable to the Session for providing reports and recommendations in a timely manner.
- Accountable to the Treasurer for integrity and open communication.
- Maintain strict privacy of financial data to protect the integrity of the Church and the privacy of the Congregation.

**Qualifications:** The member of the Finance Committee should have minimal experience with Church Budgets, reading of Financial Reports, and a basic understanding of the church.

**Job Responsibilities and Duties:** The primary responsibilities include oversight of:

1. Receipt and disbursement of all funds.
  - a. Weekly offerings, Designated monies, Deposits. Etc.
  - b. Developing a policy for verifying expenses, writing checks, keeping records.
  - c. Adequately manage the Payroll needs of the church.
    - i. Payroll company and benefits packages.
    - ii. Policies for expense accounts and allowances.
2. Monthly report to the Session of the financial condition of the church and other critical information from the Finance Committee.
3. Financial recording and reporting of member giving.
  - a. Recruit, train and schedule offering counters.
  - b. Provide quarterly and annual financial statements.
  - c. Provide individual gift receipts for larger gifts. (i.e. over \$250.00)
4. Regular evaluation of the church’s financial picture and report to Session.
  - a. Evaluate giving patterns and seek ways to increase giving.
  - b. Evaluate expenses by budget category and seek ways to decrease unnecessary spending.

- c. Make projections in July as to the possible outcome of the budget by December and report to Session for their awareness and action.
  - d. Identify potential problems and report to Session and implement corrective actions as appropriate.
5. Annual Budget preparation and submission to the Session for approval.
  6. Audit, Review committee – recruit members and ensure audit is completed in a timely manner.
    - a. The audit committee will consist of 3 members with financial knowledge not related to anyone officially or ex-officially on the Finance Committee.
  7. Financial records will be audited/reviewed at least every three years or more often if deemed necessary by this committee or the Session.
  8. Investment of church funds with checking, savings, and investment accounts as seems beneficial to the church.
  9. Insurance – review and maintain policies and be the point of contact for insurance representatives.
  10. Annually evaluate the work of this committee and its job description and suggest/make necessary changes.
  11. Provide for professional growth of members as needed through conferences, conventions, and continuing education.
  12. Provide regular financial updates to the congregational meetings and an annual report to the congregation.
  13. Develop an ongoing Stewardship Training program in the church so the members have the tools necessary for healthy giving.

I have read and received a copy of my job description. I understand this overrides anything I have been given or told in the past. I further understand that I am expected to follow my job as outlined above, and that if I have any questions concerning what is expected of me, I will speak with my immediate supervisor.

Signature \_\_\_\_\_ Date \_\_\_\_\_

**JOB DESCRIPTION, FINANCIAL SECRETARY.**

[\(Return to Table of Contents\)](#)

**Church** \_\_\_\_\_ **Name of Person** \_\_\_\_\_

**Position Description**

**Job Title:** Financial Secretary

**Reports to:** Church Treasurer

**Position Status:** As Needed, *three-year* term.

**Purpose:** The Financial Secretary is to receive and deposit all funds taken into the church treasury and forward the detailed information to the Church Treasurer for use in the support of the mission and ministry of the congregation.

**Authority:** The Financial Secretary shall have access to the portion of the accounting software that allows for data entry for contributions, printing of individual statements, and other portions as seems necessary to help carry out their purpose.

**Accountability:**

- Accountable to the members of the congregation for ensuring that God's gifts are managed with sound and generally-accepted financial accounting policies and procedures.
- Accountable to the Church Treasurer and the Finance Committee for providing reports and recommendations in a timely manner.
- Maintain strict privacy of financial data to protect the integrity of the Church and the privacy of the Congregation.

**Qualifications:** The Financial Secretary should have experience with Church Budgets, Non-Profit laws, GAAP, Financial Software, and a basic understanding of the church operations.

**Job Responsibilities and Duties:** The primary responsibilities include oversight of:

1. Work according to the policies and procedures established by the Session and administered by the Finance Committee.
2. Receive, record and receipt funds from all sources and report them to the Church Treasurer.
3. Collect offerings weekly and count, ensuring more than one person is involved collecting and counting at any given time.
4. Ensure funds are deposited in a bank as soon as possible after they are received. Deposits should be made within three days of receipt.
5. Establish a procedure to collect and record funds received other than through regular offerings, including funds received by mail or electronically.
6. Produce individual charitable gift report summaries of all donations received during a calendar year and mail within two weeks of the end of that year. (Quarterly reports may be made as deemed appropriate.)

7. Maintain confidentiality of all financial information pertaining to receiving, recording and depositing of funds.

Signature \_\_\_\_\_ Date \_\_\_\_\_

## **CASH DISBURSEMENTS POLICY AND PROCEDURES (sample)** [\(Return to Table of Contents\)](#)

This is the policy of \_\_\_\_\_ Presbyterian Church to pay vendors by check for goods and services purchased by the church. Below are policies adopted by the session to carry out this policy:

1. The treasurer will see that credit arrangements are set up with vendors. It is suggested that purchases normally be made only from these vendors where credit has been established.
2. Disbursements will be made after receiving a check request form (voucher). The voucher must be signed by a person authorized to make the request and have an original invoice or other supporting documentation attached.
3. The church shall obtain taxpayer ID numbers from unincorporated vendors. Payments of \$600 or more to unincorporated vendors in any year will be reported on a Form 1099.
4. Checks will be written and payments disbursed at least every two weeks, please plan carefully around those dates.
5. Checks will be signed by \_\_\_\_\_. Checks over \$ \_\_\_\_\_ require two signatures. Current bank resolutions and signature cards are on file at the bank and copies are held with other backup information in the safe or file at the church office.
6. Petty Cash – Purchases under \$20 may be paid from petty cash. All receipts shall be maintained for all petty cash disbursements. Petty cash should be reconciled on a monthly basis. Petty Cash will be kept in a secure location designated as \_\_\_\_\_.
7. Church credit cards will be obtained for the use of \_\_\_\_\_. Receipts for credit purchases will be turned in with detailed information regarding the purchase. The treasurer will match receipts with bills before paying and will record the expenses in the church financial records.
8. Discretionary funds will normally be paid to the vendor on the recipient's behalf. Example: Pay rent or utilities to the gas and electric company or landlord on behalf of an individual. Food vouchers or



grocery store gift certificates will be purchased and issued to an individual.

9. Bank accounts shall be reconciled monthly by someone who is not authorized to write or sign checks.
10. Blank checks should be stored in a safe or locked storage.
11. Other items unique to your church...

## **CONFLICT OF INTEREST POLICY (sample)**

**Adapted from the Handbook for Treasurers of the Christian Church (Disciples of Christ)**

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### **I. Introduction.**

The \_\_\_\_\_ Presbyterian Church (Church) exists legally as a nonprofit, church-related corporation. This means that we are required by law to operate for the benefit of the church and its ministries rather than to serve private interests. In an effort to achieve the highest organizational integrity and ethical standards possible and ensure that investor and donor interests take precedence over any private interests, the Church has developed this Conflict of Interest Policy (the “Policy”) with which all officers, directors and employees with policy-making roles must comply. Cooperation with and support of this Policy are essential to its success. Questions or comments about the Policy should be addressed to the \_\_\_\_\_ (Session Moderator).

### **II. Definitions.**

1. Interested Person. Any officer, director, or employee with a policymaking role who has a direct personal interest, as defined below.
2. Family. Your spouse, children, parents, or any other persons included in your household.
3. The Church. The \_\_\_\_\_ Presbyterian Church.
4. Personal Interest. A person has a Personal Interest if the person has:
  - a. directly or indirectly, through business, investment or family – an ownership or investment interest in any entity with which the Church has a transaction or arrangement,
  - b. or a compensation arrangement with the Church or with any entity or individual with which the Church has a transaction or arrangement,
  - c. or a potential ownership interest, investment interest, or compensation arrangement with any individual or entity with which the Church is negotiating a transaction or arrangement.
5. Compensation. Compensation includes direct and indirect remuneration, both current and deferred, as well as gifts or favors, which you in good faith believe to have a value greater than \$100.

### **III. Avoidance of Conflicts.**

Church officers, directors and covered employees may, on occasion, find that they have Personal Interests that have the potential to conflict with the best interests of the Church. Where such conflicts exist (as an example: serving on the board of or being employed by another ministry of the Church) the conflict should be acknowledged as early as practicable when matters being discussed and/or decisions being taken might be affected by the actual or perceived conflicting roles.

The board may determine which employees (in addition to employees with policy-making roles) are covered by this policy and may determine that other persons shall be subject to this policy, such as substantial contributors and others who may, under certain facts and circumstances, have the ability to apply substantial influence on any material decision of the Church.

### **IV. Disclosure of Conflicts.**

The Church celebrates the active involvement of our board members and staff in a multitude of the ministries of the Church. Your commitment and involvement with other manifestations of the Church provide opportunities to enhance your ministry with and service to the Church.

There are occasions when other relationships within the Church and/or other Personal Interests may create an actual or perceived conflict with the best interests of the Foundation. When conflicting interests are present, they must be disclosed and properly handled so as to minimize any possible actual or perceived harm to the interests of the Church. All Church officers, directors and covered employees must complete the Policy's written disclosure form, attached hereto as [Exhibit A](#), at least annually. In addition, they will be asked to update this form whenever any new interests or changes in previously reported interests develop. In some situations, an officer, director or covered employee may not have or recognize an interest potentially in conflict to the Church's interest until faced directly with a particular issue. In those situations, the person has a duty to make a prompt oral disclosure of the interest as well as a more formal written disclosure as soon as possible thereafter. When disclosure is required, the covered person shall disclose all facts material to the subject conflict of interest. Disclosure shall be made to Session.

### **V. Procedures for Handling of Conflicts** (Personal Interest other than as donor or member/employee of a church affiliate)

The Church's minister may appoint a disinterested person or a committee of the board consisting of disinterested persons to assess the fairness or reasonableness of the terms of the proposed transaction or arrangement or to investigate alternatives to a proposed transaction or arrangement and to report to the full session.

No transaction or arrangement between the Church and a covered person that involves a material conflict of interest requiring disclosure under this Policy and no arrangement under which the Church shall pay compensation to a covered person for services shall be approved or authorized

by or on behalf of the Church unless such authorization is provided by the Board or a duly empowered committee of the Board observing the following procedures:

- a. **Disinterested Approval.** If a personal interest potentially in conflict with a particular issue or transaction is to be discussed and/or voted on at the Session or committee meeting, the interested person shall be given the opportunity to disclose material information to the board or committee and to respond to any questions from others. Following such presentation and response to questions, the interested person shall leave the relevant meeting while the issue or transaction is discussed and/or voted on. When the interested person is a director, the interested person shall not be included in any count of persons for the purpose of establishing a quorum of the Board or any Board committee acting on the issue or transaction.
- b. **Records of Proceedings.** The minutes of any meeting from which a person is excluded for all or part of a meeting due to an actual or potential conflict of interest shall reflect the following: the nature of the conflict, the absence of the conflicted individual during the pertinent portions of the meeting, the names of the persons who are present for discussion and voting on the issue or transaction in question, the content of the discussion, and a record of any vote. Minutes or other records of the session or such committee may also include any documentation deemed pertinent by the directors to the determination of whether the compensation authorized is reasonable or as to the value received, and provided, by the Church, in the pertinent transaction or arrangement.
- c. **Approval May be Withheld.** The Church shall not approve any transaction, relationship, or compensatory arrangement if it appears to the session or committee considering such matter that the interested person has, directly or indirectly, received or will receive economic benefit from the Church that exceeds the value (not the cost) of the benefit provided the Church. No compensation arrangement for an employee shall be approved if it appears to the session or committee considering such matter that the employee has received or will receive greater than a reasonable amount of compensation.
- d. **Inadvertent Errors.** Inadvertent errors in complying with these procedures shall not invalidate any decision on an issue or any transaction, provided that prompt corrective measures (to the extent possible) are taken after such errors are discovered and brought to the attention of the session.

#### **VI. Procedures for Handling Conflicts** (Personal Interest as donor or Elder or member/employee of a Church affiliate)

The ministry and mission of the Church is enhanced through meaningful representation by persons who are donors and/or members, employees, or other stakeholders. It is expected therefore, that interested persons who have a

Personal Interest will exercise their assigned responsibilities faithfully in the best interests of the Church and those who are served by the Church.

- a. Except as otherwise provided in this Policy, interested persons will have voice and vote on Church policies, programs and services to the extent their general responsibilities dictate, provided that any conflict of interest or potential conflict of interest has been disclosed prior to any vote.
- b. Elders, committee members, or officers with a potential conflict of interest shall abstain from a vote on all matters affecting a substantial personal interest.
- c. An elder, committee member, or officer may request that disinterested session or committee members determine by a majority vote whether a matter of substantial personal interest exists. A determination of substantial personal interest would require the interested elder, committee member or officer to abstain from voting on matters for which the determination was requested.
- d. Inadvertent Errors. Inadvertent errors in complying with these procedures shall not invalidate any decision on an issue or any transaction, provided that prompt corrective measures (to the extent possible) are taken after such errors are discovered and brought to the attention of the session.

## **VII. Violations of Policy**

If the session has reasonable cause to believe that an officer, elder, or covered employee has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person the opportunity to explain the alleged failure to disclose. If, after hearing the response of the person and making such further investigation as may be warranted under the circumstances, the session determines that the person has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and/or corrective action. Such action may include suspension or termination of the person's service for the Church, either as elder, officer, or covered employee.

## **CONFLICT OF INTEREST POLICY (sample) Exhibit A** **Adapted from the Handbook for Treasurers of the Christian Church** **(Disciples of Christ)**

### **Disclosure Form**

Pursuant to the purposes and intent of the Church's Conflict of Interest Policy (the "Policy"), a copy of which has been furnished to me, I hereby state that I and/or members of my immediate Family have the following affiliations or Personal Interests, or have taken part or, to the best of my knowledge, may be expected to take part in transactions or activities which, when considered in conjunction with my position in relation to the Church, might constitute an

actual or perceived conflict of interest. (Check NONE if applicable, or report interest in the space provided, attaching additional pages if necessary.)

**1. Investments and relationships:** List and describe, with respect to yourself or your immediate Family or household, all Personal Interests in outside entities (the "Conflict Entities") from or with which the Church does or may be expected to: purchase goods or services, invest funds, transact business, or compete for donated funds. *Describe/Explain or check* : \_\_\_NONE

**2. Proprietary Information:** List and describe any situations in which you may use or disclose any information gained through your affiliation with or service to the Church which could result in personal profit or advantage to you or members of your Family. *Describe/Explain or check* : \_\_\_NONE

**3. Gifts, Gratuities, and Entertainment:** List and describe any instances within the past twelve months in which you or members of your Family have accepted gifts, gratuities, favors, free services, special discounts, bargain purchases, entertainment, travel, education, or training from a conflict entity which you in good faith believe to have a value greater than \$100. *Describe/Explain or check* : \_\_\_NONE

**4. Other:** List and describe any other direct or indirect interest that you or members of your Family have that could appear to constitute a conflict of interest or appear to influence your judgment, advice or decisions on behalf of the Church in any way. *Describe/Explain or check* : \_\_\_NONE

*I agree that I have the continuing, affirmative duty to report immediately and completely any new interests, as well as any changes in previously reported interests, which may appear to constitute a conflict of interest under the current policy or which might appear to affect my ability to exercise impartial, ethical judgment on behalf of the Church.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

## **PROCEDURES FOR COUNTING OFFERINGS (sample plan)**

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1. The elders or deacons should oversee the counting.
2. Two people appointed by the session should always process the offering to avoid any possible mishandling of monies.

3. Your church might choose to have only one counting team, however many churches have four teams and each are responsible for one Sunday (week) per month.
4. All offerings taken during the week shall be the responsibility of the counting team designated for the following Sunday.
5. The counters assigned to the counting teams are responsible for securing their replacements should they be unable to serve on their designated Sunday of the month. No one should be allowed to be on a counting team except by approval of the session.
6. Counters who are from the same family shall not serve on the same counting team at the same time unless an emergency situation arises.
7. The confidentiality in handling members' gifts and contributions shall be respected.
8. No records shall be retained by the Counting Committee but shall be passed on to the Financial Secretary and the Treasurer for posting to the church's records and documentation to support each member's gifts and contributions received.
9. The Financial Secretary will provide a set of written instructions for the Counting Committee so that the counting of cash receipts from offerings and the preparation of the bank deposit will be done in a uniform and consistent manner to assure accuracy of the cash count. There is no right way to count the money but a systematic approach assures that each week the process is handled the same.
10. The Sunday offering may not be taken to a counter's home for making the cash count.
11. The insurance coverage of the church on the officers or those persons designated by the session to have access to the assets of the church requires that the cash be kept on the church premises until deposited in a financial institution designated by the session.
12. The Financial Secretary will be responsible to reconcile the amount shown on the counter's sheet as the total of the offering received with the bank deposit slip validated by the bank and the amount credited on the bank statement. The counters will assist in resolving any discrepancies that appear.

## **ELECTRONIC FUNDS TRANSFER AND CREDIT CARDS**

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A variety of companies now provide for churches to take credit card payments and contributions. This process requires you to have an agreement with a credit card processing company and a way to transfer that money to your bank accounts. The method of payment can range from smart-phone access to a "button" on your web page where credit cards are processed to have

a device connected to your offering plate so someone in the congregation can connect to their phone and swipe their credit card to your account.

This program should be explored in depth before you sign up with a particular company so you know the costs you will incur and how you will retrieve your money and the information about who gave, how much was given and any special designations the giver planned for the money.

Programs for the processing of credit cards can be found at:

The Presbyterian Foundation: [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org). Look under Resources to find the link to Online Giving.

Hubbard Press: <http://hubbardpress.pcusa.org>. On the home page look for Electronic Funds Transfer. Donors and congregations both benefit from a system of regular support that reduces paperwork and avoids “catch-up” periods for members.

Many other companies: Look on a Google search for “online giving.”

## **ENDOWMENT AND GIFTS PLAN (sample)**

**Sample provided by the Presbytery of San Jose.**

**[\(Return to Table of Contents\)](#)**

\_\_\_\_\_ Presbyterian Church  
(Approved by Session \_\_\_\_\_ on \_\_\_\_\_)

### INTRODUCTION

Christian stewardship involves the faithful management of all the gifts God has given us - time, talents, the created world, even our money. For many people, the stewardship of money means current income and its use. Stewardship is concerned equally, however, with accumulated, inherited and appreciated resources.

Those who came before us have provided a meaningful heritage of religious experiences and physical facilities. We have been entrusted with the continuing duty of the benevolent, educational and mission work of the Christian Church. It is also our obligation to provide for the continued care and upkeep of the structures erected and paid for by our predecessors. These buildings that serve us today are a tribute to their vision, faith and sacrifice.

To aid in expanding our work and mission as Christians to our community and world, to provide perpetual care and upkeep for the physical facilities of the \_\_\_\_\_ Presbyterian Church, and to seek and receive gifts, bequests, memorials and other contributions for these purposes, we therefore create, adopt and establish an endowment and gifts plan.

This plan is to be administered in such a way that it does not diminish responsible continued support and involvement of church members.

### **ARTICLE I ESTABLISHMENT OF PLAN**

Because Presbyterians are called to be stewards of all the gifts of God, an Endowment and Gifts Plan for the \_\_\_\_\_ Presbyterian Church (the "Church") is hereby established effective \_\_\_\_\_(DATE).

## **ARTICLE II OBJECTIVE OF PLAN**

The objective of the Plan is to encourage gifts, bequests, and other planned giving to St. Andrew Presbyterian Church and to provide a mechanism for the use of such gifts to further the mission of the Church and the work of Jesus Christ.

## **ARTICLE III CREATION OF FUNDS**

The Church hereby creates three separate Funds, as described below. These Funds shall be used by the Session for needs beyond the normal operating budget of the Church and shall be held separate from all other Church funds. The Funds are not intended to exist and be maintained in competition with the normal stewardship programs of the Church, and it is not contemplated that the assets of the Funds will be used in discharging current budgeted operating expenses of the Church. Separate accounts may also be established within each Fund for a specific purpose(s).

**3.1 Facilities Reserve Fund.** The principal and income from the Facilities Reserve Fund shall be used to provide perpetual care and upkeep for the physical facilities of the Church. The expenses related to routine maintenance and normal housekeeping are not intended to be the subject of Fund disbursement since these items should be included in the normal annual operating budget. In addition, the annual Church budget may make a contribution to the Facilities Reserve Fund. The Facilities Reserve Fund should be used only for major repair or capital improvements. The Operations Committees shall make recommendations to the Session for the use of these funds. The Session shall, in its sole and absolute discretion, determine and direct the use of this Fund in accordance with this paragraph.

**3.2 Mission Fund.** The principal and income from the Mission Fund shall be used by the Session for the Church's extended mission work and outreach of a special, nonrecurring, or occasional nature. These funds, including the initial tithe, can be used as initial salaries for personnel not to exceed three years. Other potential uses might include but are not limited to: Christian education; special outreach programs to youth, elderly, disadvantaged or homeless people in the community; mission-oriented and evangelistic projects; ecumenical projects; and causes of St. Andrew Presbyterian Church. The Outreach or Enrichment Committees shall make recommendations to the Session for the use of these funds. The Session, shall in its sole and absolute discretion, determine and direct the use of this Fund in accordance with this paragraph.

**3.3 Endowment Fund.** The principal of the Endowment Fund shall be invested in perpetuity for growth and income. 4% of the ending value of the Endowment Fund will be equally divided between the two funds at the end of the calendar year to the extent that 4% does not erode the principle. We will



take a three-year average and may spend 4% of the average or of the current fund balance whichever is lower. The Session can redirect funds as they deem necessary. The purpose of the Endowment Fund is to expand and enrich the mission of the Church, not to support the annual budget.

**3.3.1 Contingency Clause.** In the event of a crisis, the Session may access the Endowment Funds for the use of the Church. This will require a 75% vote of Session at two consecutive regularly scheduled Session meetings and a majority vote of the congregation present, at a duly called meeting. Funds can either be borrowed with set interest and timeframe of repayment or accessed and used.

#### **ARTICLE IV ENDOWMENT COMMITTEE**

An Endowment Committee (Committee) shall be established to advise the Session on the management and investment of the three Funds.

**4.1 Additional Responsibilities.** The Committee shall also have the following responsibilities:

**4.1.1** To acquaint Church members and friends with the opportunity of making gifts and bequests to these Funds.

**4.1.2** To annually present to the Session for its approval, a current financial report, on the status of the Funds for the previous fiscal year.

**4.1.3** To report quarterly to the Operations Committee on the status of the Funds and their uses for the previous quarter.

**4.1.4** To regularly review the allocation of the investment of the Funds to assure appropriate growth and income objectives that are commensurate with the long term mission of the Church and advise the Session of any problems or significant changes to any of the Funds.

**4.1.5** To consult with a financial advisor regarding the performance and allocation of resources, assuring the safekeeping, management, investment and transfer of all funds and properties comprising the Funds.

**4.1.6** To review gifts of unusual nature or ones that may impose a liability to the Church and make recommendations to the Session on whether to accept or refuse such gifts.

**4.1.7** To discharge other responsibilities related to the Funds as may be assigned to the Committee by the Session.

**4.2 Membership.** The Endowment Committee shall consist of three active members of the Church. The Committee will include at least one member of Session, and at least one member at large, preferably the treasurer. Each will serve a three-year term and may serve no more than two consecutive terms. Persons elected to serve on the Committee should have a genuine interest in the present and future ministries of the Church. Church members with investment, legal, tax and financial expertise may be prime candidates for this Committee. Vacancies on the Committee shall be filled by special election or appointment, whichever is appropriate, as provided above. The Committee shall elect its own chair and other officers as it determines appropriate.

**4.3 Meetings.** Endowment Committee meetings involving election of officers, decisions on financial investments, and recommendations to the Session shall have a quorum present. A quorum is two people.

**4.4 Liability.** No member of the Endowment Committee shall be liable hereunder for any matter or action, except for his or her own bad faith, gross negligence, or willful misconduct.

## **ARTICLE V ASSIGNMENT OF GIFTS RECEIVED**

Although prospective donors should be encouraged to place as little restriction as possible on the gift in order that long-range goals set forth in the Plan may be achieved, gifts to the Plan may be either undesignated or designated.

**5.1 For Undesignated gifts** of more than \$20,000 it is suggested that monies be allocated to the three established funds including tithing.

50% to Endowment

30% to Missions (including a 10% tithe)

20% to Facilities

This is a default system, but Session has the right to direct the funds as they deem necessary. At the beginning of each year, the Endowment Committee shall evaluate the need to continue this division of undesignated gifts between these Funds. Changes to this system will be reported to congregation.

**5.1.1** If an undesignated gift less than \$20,000 in value is received by the Church, the financial needs of the Church shall be evaluated by the Endowment Committee as to whether the provisions of Paragraph 5.1 are appropriate for this gift, and make a recommendation for use of this gift to the Session. If the Session determines that the provisions of Paragraph 5.1 are not appropriate for the gift, the Session shall, at its discretion, use the gift as it deems most appropriate, possibly including current operating budget.

**5.2. For Designated gifts.** A donor may designate bequests or gifts into one or all of the three Funds or into any other Special Funds.

**5.2.1** A donor may request a restriction on the use of the gift. The Church will make every reasonable attempt to comply with the donor's restrictions, and may establish a Special Projects Account, if appropriate, subject to the Church's existing policies. Special Project Accounts are generally intended to be short term in nature, and should, whenever possible, last no longer than three (3) years.

**5.2.2** The Endowment Committee may counsel with any donor who has indicated an intention to make a designated gift, if the donor's restrictions, conditions, form, or uses do not appear to be consistent with the Church's existing policies or missions. The Session has the power to decline a gift if the restrictions, conditions, form, or uses are deemed inappropriate or create additional liability to the Church.

**5.2.3** If a donor has designated a gift for a particular purpose, and if that purpose is or becomes contrary to the policies or missions of the Church, or if the amount of the gift is substantially greater than the need of the

Church for that particular purpose, the Church shall attempt to use the gift, or the amount in excess of the need of the Church, for a purpose as close as possible to that designated by the donor. If no such use can in good faith be found (within 3 years), the principal, the balance, and the income from the gift shall be reviewed by the Endowment Committee to be placed in one of the three funds. Similarly, if the unused balance of the designated gift is reduced to a level that limits the gift's effectiveness, this balance shall be placed in the Endowment Fund. If reasonably possible, the donor's approval will be requested and obtained prior to movement of these monies.

**5.3 Disposition of Gifts Other Than Cash.** The Endowment Committee shall recommend to the Session a plan for the disposition of gifts such as real estate, stocks, and bonds in a timely manner.

## **ARTICLE VI INVESTMENT OF THE FUNDS**

The Committee shall work with an investment advisor to determine the financial goals for these Funds.

**6.1 Fiscal Year.** The fiscal year of each Fund shall coincide with the Church's operating budget fiscal year.

**6.2 Investments.** The investments shall be a combination of publically traded stocks and investment grade corporate bonds or government treasuries and various interest bearing cash accounts. All investments shall be of a liquid nature with the assets being available within three business days of sale. The allocation balance of the investments should range between a minimum of 35% stock to 70% stock. At no time will more than 5% of the portfolio be invested in any one company, i.e. if the church should buy shares of GE it should also look at the holdings of their mutual funds to see if they own GE and limit their share purchase so the overall investment in GE is less than 5%.

**6.3 Accrual of Income.** The income, defined as interest and dividends and capital gains, from the Endowment Fund will be reinvested unless money is to be spend from the Fund within the next quarter.

**6.4 Inter-Fund Transfers.** The Session may approve the transfer of all or any portion of the Facilities Reserve Fund or the Mission Fund, or both, exclusive of principal and income of designated gifts to those Funds, between each Fund or to the Endowment Fund. The principal of the Endowment Fund, however, cannot be transferred except as stipulated in 3.3.1.

## **ARTICLE VII AMENDMENTS**

The provisions of this Plan may be amended only at a regularly scheduled monthly Session meeting at which 75% of the Session members are present and only by an affirmative vote of two-thirds of those present.

Amendments shall be effected by such vote only after readings of the proposed amendment(s) at the preceding two consecutive regularly scheduled monthly Session meetings. Amendment action by the Session is to be preceded by notice to the congregation, in the newsletter and by posting on the bulletin board, of the text of any proposed amendment(s) and the rationale therefore; such notice is to be provided concurrently with the readings called for above.

## **ARTICLE VIII CHURCH CONSOLIDATION, MERGER, OR DISSOLUTION**

If at any time the Church shall be lawfully merged or consolidated with any other church, all of the provisions with respect to the Endowment, Facilities and Mission Funds Policy shall be deemed to have been made for and on behalf of such merged or consolidated church which shall be entitled to receive all the benefits of said funds and shall be obligated to administer the same in all respects in accordance with the terms hereof.

In the event of the dissolution of the Church, the Session shall have the responsibility for the final disposition of all assets of the Endowment and Support Funds Program in consultation with The Presbytery of \_\_\_\_\_ and in keeping with all rules, policies and guidelines of the Presbyterian Church (U.S.A.)

## **ENDOWMENT FUND INFORMATION SHEET.**

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- Fund Name (the name you will use to remember the givers)
- Date Created \_\_\_\_\_ Original Value \_\_\_\_\_
- Given by Whom \_\_\_\_\_
- Address \_\_\_\_\_
- Phone Number \_\_\_\_\_
- Restrictions: (is this fund [Restricted](#) or [Unrestricted](#); what are the specific restrictions or designations)
- Nature of the gift: (i.e. stock, bequest, cash, real property, other.)
- Special Instructions: (can the principle be spent, under what conditions? what can the interest / gain be used for? what exceptions exist?)
- History: Why was this given, who for, what were their special interests. Information to help honor the givers. If given with a designation, quote the designation from the letter or from the will or trust.

## **HOW CAN I INCLUDE THE CHURCH IN MY WILL OR TRUST?**

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I, \_\_\_\_\_, request my attorney to include the following distributions in my/our trust at the time of my / our death.

Upon the death of the Grantor, and after the payment of the Grantor's just debts, funeral expenses, and expenses of last illness, the following distributions shall be made:

*Specific Distributions.* The following specific distributions shall be made from the assets of the Trust.

\$ \_\_ (amount or %) \_\_ shall be distributed to \_\_\_\_\_ (*name of church*) \_\_\_\_\_ . If this church does not survive the Grantor, this bequest shall be distributed

\_\_\_\_\_ to the Presbytery of \_\_\_\_\_ or \_\_\_\_\_ with the residuary assets of the Trust.

Name, address, phone number and contact person of church

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Name, address, phone number and contact person of Presbytery

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Other designated distributions (include name, address, phone number and contact person):

2. \_\_\_\_\_, \_\_\_\_\_
3. \_\_\_\_\_, \_\_\_\_\_
4. \_\_\_\_\_, \_\_\_\_\_

## **ETHICS POLICY (sample)**

**Adapted from the Handbook for Treasurers of the Christian Church (Disciples of Christ)**

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It is the policy of \_\_\_\_\_ Presbyterian Church that its employees and board members uphold the highest standards of ethical, professional behavior. To that end, these employees and board members shall dedicate themselves to carrying out the mission of this organization and shall:

1. Hold paramount the safety, health and welfare of the public in the performance of professional duties.
2. Act in such a manner as to uphold and enhance personal and professional honor, integrity and the dignity of the profession.
3. Treat with respect and consideration all persons, regardless of race, religion, gender, maternity, marital or family status, disability, age or national origin.
4. Engage in carrying out Church's mission in a professional manner.
5. Collaborate with and support other professionals in carrying out the Church's mission.
6. Build professional reputations on the merit of services and refrain from competing unfairly with others.
7. Recognize that the chief function of the Church at all times is to serve the best interests Christ our Lord.

8. Accept as a personal duty the responsibility to keep up to date on emerging issues and to conduct themselves with professional competence, fairness, impartiality, efficiency, and effectiveness.
9. Respect the structure and responsibilities of the session, provide them with facts and advice as a basis for their making policy decisions, and uphold and implement policies adopted by the session.
10. Keep the community informed about issues affecting it.
11. Conduct organizational and operational duties with positive leadership exemplified by open communication, creativity, dedication, and compassion.
12. Exercise whatever discretionary authority they have under the law to carry out the mission of the Church.
13. Serve with respect, concern, courtesy, and responsiveness in carrying out the Church's mission.
14. Demonstrate the highest standards of personal integrity, truthfulness, honesty, and fortitude in all activities in order to inspire confidence and trust in such activities.
15. Avoid any interest or activity that is in conflict with the conduct of their official duties.
16. Respect and protect privileged information to which they have access in the course of their official duties.
17. Strive for personal and professional excellence and encourage the professional developments of others.

## **FULLY ACCOUNTABLE EXPENSE REIMBURSEMENT PLAN (sample)**

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*This is a sample that can be adapted, if necessary, for your unique situation.*

The \_\_\_\_\_ Presbyterian Church, adopted this policy at a regularly scheduled meeting of the Session on \_\_\_Day\_\_\_\_\_, \_\_\_Month\_\_\_\_\_ Year\_\_\_\_\_ with a quorum present.

This constitutes a fully accountable expense reimbursement plan for its ministers, employees and volunteers, in accordance with the rules and regulations of the Internal Revenue Service. These regulations provide that an employee "need not report on his/her tax return" expenses paid or incurred by the employee solely for the benefit of the church for which such employee is required to and does account to the church and which are charged directly or indirectly to the church.

Accordingly, all property, goods and services purchased under this Accountable Expense Reimbursement Plan belong to the church, not the

individual. In addition to the rules and regulations of the IRS, the following requirements for expense reimbursement apply:

1. Reimbursements shall be paid out of church funds and not by reducing pay checks by the amount of business expense reimbursements.
2. The church shall not include in an employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy.
3. Any excess reimbursement paid out to employee and not properly accounted for must be reimbursed to the church within 120 days.
4. All mileage expenses will be reimbursed at the current year IRS rate. Documentation must accompany the request that lists the time and place, odometer readings, identification of business and statement of business purpose. Note: No job commuting miles will be reimbursed.
5. Receipts are required for any reimbursement of expenses.
6. Requests for reimbursement for meals or entertainment must include the business relationship among the parties to sufficiently explain the business purpose and why the expense was incurred on behalf of the church. Guidelines for determining reasonable meal expenses shall not exceed \$\_\_\_\_\_/breakfast, \$\_\_\_\_\_/lunch and \$\_\_\_\_\_/for dinner.
7. When necessary, the church will provide cash advances for allowable and appropriate business expenses. By accepting an advance, the minister, employee, or volunteer agrees to comply with the requirements of the plan and will document the expenses and return excess payments within 5 business days.
8. Requests for reimbursement or cash advances will be made on an expense report, signed by the payee, approved in the same manner required for all checks and submitted for payment. Reimbursement requests should be approved by someone other than the payee.
9. Expenses will be charged to a particular program area that is associated with the reason for the expense. Professional development expenses will be charged to an appropriate personnel account.
10. Requests for reimbursement must be made within 30 days of the expense.
11. Original receipts and documentation of the request for reimbursement will be retained by the church to substantiate the expense.

*Acknowledgement.*

I have received a copy of the Church's Fully Accountable Reimbursement Plan and understand that it provides guidelines and summary information about the church's reimbursement policy, procedures and rules of conduct. I understand that it is my responsibility to maintain adequate and accurate records and forward all supporting expense reports, receipts and documentation to the church.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## **GIFT ACCEPTANCE POLICY**

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For the \_\_\_\_\_ Presbyterian Church

### **INTRODUCTION**

Christian stewardship involves the faithful management of all the gifts God has given us - time, talents, the created world, even our money. For many people, the stewardship of money means current income and its use. Stewardship is concerned equally, however, with accumulated, inherited and appreciated resources.

Those who came before us have provided a meaningful heritage of religious experiences and physical facilities. We have been entrusted with the continuing duty of the benevolent, educational and mission work of the Christian Church.

To protect the interests of the \_\_\_\_\_ Presbyterian Church (hereinafter referred to as “the CHURCH”) and the persons and entities who support its causes, these policies are designed to assure that all gifts to CHURCH are used to provide maximum benefit to all parties involved.

The goal of this policy is to encourage giving to the CHURCH without encumbering the CHURCH with gifts that cost rather than benefit the CHURCH. The goal is also to avoid gifts that the donor restricts in a manner inconsistent with the goals of the CHURCH. This Policy offers guidance which seeks to encourage and receive gifts, bequests, memorials and other contributions for these purposes; we therefore create, adopt and establish this GIFT ACCEPTANCE POLICY.

To facilitate the receipts of gifts and bequests, the CHURCH must be capable of responding quickly and in the affirmative where possible to all gifts offered by prospective donors. Unless stated otherwise, the Board of Elders (“BOARD”) intends that these policies apply to all gifts.

### **DEFINITIONS**

- A. A *DESIGNATED GIFT* is any gift which a donor gives with a “restriction” placed on the future use of the monies given or the monies gained from the sale and or investment of the gift. This can also be called a “restricted gift.” Any designation must accompany the gift in writing directed to the BOARD. “In Writing” can mean a memo on the check, but an accompanying letter spelling out to the BOARD the actual desire of the donor would be preferred.
- B. *DESIGNATED FUNDS* are specific designations that the BOARD will determine as they are needed. Any designated fund, when created, will clearly state the uses of the fund, as well as the length of time the fund



will be in existence. When that time has passed the BOARD may either extend the time period or transfer any remaining funds to the GENERAL FUND.

- C. *AN UNRESTRICTED GIFT* is any gift which a donor gives without a “restriction” placed on the future use of the monies given or the monies gained from the sale and or investment of the gift. This can also be called an “undesignated gift.”
- D. *AN ENDOWMENT FUND* may be set up by the BOARD at some time they so determine and the ENDOWMENT FUND will be money set aside for the purpose of preserving the principle and only spending a portion of the growth and interest according to this POLICY.
- E. *MEMORIAL GIFT* is any gift given by a donor in memory of another person. Memorial gifts will be acknowledged to both the donor and the family of the deceased and will be placed in the GENERAL FUND and the money used for such purposes as the BOARD deems necessary. If the gift comes with a designation attached, the gift will be handled according to this POLICY.

## **POLICY**

- A. All monies given to the CHURCH will be used for the benefit of the CHURCH at the discretion of the BOARD. The BOARD will identify from time to time Designated Funds to which donors can contribute and the BOARD will use the Designated Funds for the restricted use. The BOARD will make these Designated Funds known to the donors. A note in the memo line of the check or a written notice to the BOARD will direct the BOARD to use the money for the designated purpose.
- B. If a donor would like to contribute to a designation where the BOARD does not have a Designated Fund, the donor may request, in writing, the BOARD consider a new Designated Fund to be used for the purposes the donor wishes. The BOARD shall consider this request in accordance with this Gift Acceptance Policy and notify the donor of their decision before accepting the gift.
- C. The CHURCH shall at all times reserve the right to refuse a gift from an individual or from an estate when it is not in the best interest of the CHURCH. When the gift comes from a will or trust, the BOARD shall review any restrictions upon the gift, any possible conflicts the gift might pose, or if the gift might create an undue financial burden upon the CHURCH. If any of these concerns apply, the BOARD reserves the right to refuse the gift or contact the family and discuss possible other uses for the gift.
- D. THE BOARD will regularly publish the following notice to the potential donor base:
- E. “All donations to the CHURCH are subject to the Church’s Gift Acceptance Policy. The CHURCH will treat the donor’s designations as suggestions unless the BOARD has approved the designations before receiving the gift. Copies of the Policy are available in the Church Office.”

- F. "All contributions are solicited with the understanding that the CHURCH has complete discretion and control over the use of all donated funds."
- G. Any "Unrestricted Gifts" to the CHURCH will be used by the BOARD in the highest and best use at the time.

### **GIFTS**

- A. Cash Gifts, either cash or check, will be accepted. Checks should be made payable to the \_\_\_\_\_ Presbyterian Church.
- B. Publicly Traded Securities will be accepted, however, the donor needs to know that the CHURCH may immediately sell such securities,
- C. Any security not publicly traded will be accepted only if the BOARD determines there is a readily available market for their disposition and the security does not present any ongoing cost or liability to the CHURCH.
- D. Real Property will be accepted provided the property is not encumbered by a mortgage; the donor has a current appraisal of the property for the CHURCH. Usually, residential property within the State of \_\_\_\_\_ will be accepted. However, the CHURCH has the right to refuse any Real Property which has environmental, historic, or other inhibiting strings attached.
- E. Tangible Personal Property such as jewelry, artwork, collections, and other personal property will usually not be accepted by the CHURCH unless the value is greater than \$1,000 and there exists a market for the property.
- F. Other Property of any description including mortgages, notes, copyrights, royalties, easements, whether real or personal, shall only be accepted by further action of the BOARD.

### **DEFERRED GIFTS**

- A. Bequests in the Will and Living Trust of the donors should be welcomed and encouraged by the church.
- B. The donors of the CHURCH are encouraged to name the CHURCH as a partial or full beneficiary of any Life Insurance Policy.

### **ENDOWMENT FUND**

- A. Monies set aside for principle preservation will be designated as the ENDOWMENT FUND and only a portion of the growth and interest will be used.
- B. At the end of every year the value of the fund shall be determined and a portion of the money, up to 4% shall be set aside for use as determined by the BOARD.
- C. If the BOARD does not have a determined use for the money it can be returned to the Endowment Fund as principle.

### **GIFTS AND ENDOWMENT COMMITTEE**

- B.** At the discretion of the BOARD a Gifts and Endowment Committee can be established to oversee the work of this policy as follows:
- C.** To acquaint donors and friends with the opportunity of making gifts and bequests to the Church's Funds.
- D.** To present to the BOARD an update on the status of the funds, the investments being used and the monies available for expenditure.
- E.** To regularly review the allocation of the investments to assure appropriate growth and income objectives commensurate with the long term mission of the CHURCH.
- F.** To consult with appropriate Financial Advisors regarding the performance and allocation of resources, assuring the safekeeping, management, investment and transfer of all funds and properties comprising the Designated Funds of the CHURCH.

**AMENDMENTS TO THIS POLICY**

- A.** This POLICY is established and will be amended from time to time by the BOARD of the CHURCH.
- B.** All amendments to this POLICY shall be read and discussed at a regularly scheduled meeting of the BOARD and voted on at the next regularly scheduled meeting of the BOARD. An affirmative vote of two-thirds of the board members present will be required to approve an amendment.

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**INVESTMENT POLICY (sample)**

**Adapted from a Sample Policy used by the Presbytery of San Jose.**

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**FOR \_\_\_\_\_ PRESBYTERIAN CHURCH**

**PURPOSE**

The Finance Committee (Committee) of \_\_\_\_\_ Church (Church) adopts the following Investment Guidelines Statement (IGS) to be implemented by the Committee to describe the objectives and strategies for investing the monies entrusted to the Church.

**RESPONSIBILITY**

The Session of the Church (Session) will have the responsibility of approving and amending this IGS.

The Committee will be responsible for implementing this IGS including enlisting the help of investment advisors and brokers, opening and closing

accounts, and changing specific investments as needed to carry out the objectives stated in this IGS.

**CONFLICT OF INTEREST**

To avoid any conflict of interest in the investment process, any person listed on our investment accounts and authorized to trade on our behalf must have prior approval from the Session before purchasing any specific investment vehicle, pursuing any new strategy of investment, or agreeing to any fee structure on accounts. Thus the Session will approve all firms with which the Committee invests, all investment tools, all investment strategies, and all fee structures.

Anyone authorized to trade will make trades within these guidelines, including those mentioned below and will have the online account IDs and passwords available to at least one other person at the Church.

**INVESTMENT OBJECTIVES**

The Committee will act as good fiduciaries, making every attempt to preserve capital and yet provide a prudent total return over a 5 – 7 year time horizon as compared with the well accepted benchmarks of the financial markets.

**INVESTMENT STRATEGIES**

The Committee will maintain a diversified portfolio of high quality securities and fixed income vehicles that have a history of providing a competitive stream of returns consistent with the objectives.

**INVESTMENT RISK**

Risk Profile: The Church’s risk level is Conservative to Moderate: meaning comfortable with fluctuations in the portfolio value, and the possibility of larger declines in value, in order to seek to grow the portfolio over time to meet the needs of both capital growth and needed distributions.

**ASSET ALLOCATION**

The actual average asset allocation over a three to five year period should be within the following minimum and maximum levels for each category:

<b>Asset Category</b>	<b>Range of Exposure</b>	<b>Initial Target</b>
Cash	5.00 to 15.00%	10%
Fixed Income	20.00 to 60.00%	50%
Equity Assets	30.00 to 70.00%	40%

**CASH ASSETS**

These can range from bank accounts, savings accounts, money market accounts and other such instruments. These accounts can be located in local banks, brokerage houses, or online accounts.

**FIXED INCOME ASSETS**

These will include investing in CD’s, B+ rated or better Investment Grade Corporate Bonds, US Government securities, etc.

**EQUITY ASSETS**

The equity investments should be limited for the most part to broad range investments rather than individual company stock, i.e. mutual funds, ETF's, money managers, etc. At all times these investments should be maintained as investments in liquid assets that are tradable on the open market.

At no time does the Committee wish to engage in the investments commonly known as "derivatives" (i.e. futures, forwards, swaps, etc.) nor in most of the "derivatives" known as options. (As appropriate, "covered calls" on a limited number of securities can be used to increase income and rebalance the portfolio.)

The hope would be to maintain a diverse portfolio among sector categories, market capitalization, and domestic & international markets, as seems appropriate to the Committee at any given time.

At no time will more than 5% of the portfolio be invested in any one company, i.e. if the church should buy shares of GE it should also look at the holdings of their mutual funds to see if they own GE and limit their share purchase so the overall investment in GE is less than 5%.

### **SPENDING POLICY**

Under most circumstances the spending of the portfolio assets will be limited to 4% of the rolling average value of the portfolio of the three preceding year end numbers. Larger distributions for major projects of the Church may be authorized by the recommendation of the Committee and a vote of the Session.

### **AMENDMENT OF THESE GUIDELINES**

Amendment of these guidelines is possible after advance written notice of any proposed amendment is given to all Committee members, prior to the meeting of the Committee. A vote by a majority of Committee members present at the meeting to concur with the amendment will be seen as a recommendation to the Session for approval. Only after the Committee has voted and the Session has approved, will a change in investment tools, strategies, or fee structures be acceptable.

## **SUGGESTIONS FOR RECORDS RETENTION.**

### **[\(Return to Table of Contents\)](#)**

- Accident reports and claims. 7 years.
- Accounts payable ledgers/schedules. 7 years.
- Accounts receivable ledgers/schedules. 7 years.
- Articles of Incorporation Permanently
- Internal reports (miscellaneous). 3 years.
- Audit report of accountants. Permanently.
- Bank deposit slips. 3 years.
- Bank reconciliation. 1 year.

- Bank statements (not including canceled checks). Permanently.
- Brokerage statements (annual). Permanently.
- Budgets. 3 years.
- Capital stock and bond records: ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc. Permanently.
- Cash books. Permanently.
- Checks (canceled but see exception below). 7 years.
- Checks, canceled for important payments, i.e., taxes, purchases of property, special contracts, etc. (Checks should be filed with the papers pertaining to the underlying transaction). Permanently.
- Contracts, mortgages, notes & leases (expired). 7 years.
- Contracts, mortgages, notes & leases (still in effect). Permanently.
- Copyright registration. Permanently.
- Correspondence (routine) with customers/vendors. 1 year.
- Correspondence (general). 3 years.
- Correspondence (legal and important matters only). Permanently.
- Deeds, mortgages, and bills of sale. Permanently.
- Depreciation schedules. Permanently.
- Duplicate deposit slips. 3 years.
- Employee expense reports. 3 years.
- Employee payroll records (W-2, W-4, annual earnings records, etc.). 7 years.
- Employee personnel records (after termination). 7 years.
- Employment applications. 3 years.
- Expense analyses and expense distribution schedules. 7 years.
- Financial statements (end of year, other months optional). Permanently.
- Freight bills. 3 years.
- Garnishments. 7 years.
- General & private ledgers (and end of year trial balances). Permanently.
- Insurance Policies (expired). 7 years.
- Insurance records, current accident reports, claims, policies, etc. Permanently.
- Internal audit reports (in some situations, longer retention periods may be desirable). 3 years.
- Inventories of materials and supplies. 7 years.
- Invoices to customers. 7 years.
- Invoices from vendors. 7 years.
- Journals. Permanently.
- Magnetic tape and tab cards. 1 year.
- Minute books for director and stockholders, including bylaws and charter. Permanently.
- Notes receivable ledgers and schedules. 7 years.
- Payroll records and summaries, including payments to pensioners. 7 years.

- Petty cash vouchers. 3 years.
- Property appraisals by outside appraisers. Permanently.
- Property records: including costs and depreciation reserves. Permanently.
- Purchase orders. 7 years.
- Retirement and pension records. Permanently.
- Savings bond registration-records of employees. 3 years.
- Stenographer's notebook. 1 year.
- Stock and bond certificates. Permanently.
- Subsidiary ledgers. 7 years.
- Tax returns and worksheets, revenue agent's reports and other documents relating to determination of income tax liability. Permanently.
- Telephone logs/message books. 7 years.
- Time cards. 7 years.
- Trade mark registrations. Permanently.
- Training manuals. Permanently.
- Voucher register and schedules. 7 years
- Voucher for payments to vendors, employees, etc. (Includes allowances and reimbursements of employees, officers, etc. for travel and professional expenses). 7 years.
- Withholding tax statements. 7 years.

## **POLICY STATEMENT FOR LEASING CHURCH PROPERTY.**

**Borrowed from the Presbytery of San Jose.**

**[\(Return to Table of Contents\)](#)**

### **Regarding churches allowing outside groups to use their facilities**

#### **Why the church needs a Lease Agreement with all Tenants?**

A church is exposed to liability potential (accidents, injury, damage, theft, etc.) anytime a third party (vendor, service provider, individual, or organization) comes onto the church's grounds. Whether or not the church created the conditions which resulted in the injury or just neglected to take the steps necessary to mitigate their role in the incident, the church and their insurance company might find themselves in court. Proper steps, including lease agreements can help to alleviate the church's liability in these situations.

Annually, the Session of the church should review all contracts and leases in effect as well as revisit any groups which the church has adopted as adjunct mission programs for the purpose of liability insurance coverage.

#### **Who is a third party?**

**Vendors and Service Providers** – anyone who comes on the premises to help the church maintain the buildings and grounds or to help facilitate the running of church or guest programs. (Including, but not limited to: landscapers, janitorial services, wedding service providers, caterers, photographers, maintenance crews, contractors, etc.) Note: Check with your Insurance Company and your Master Policy but all contractors should be licensed and bonded.

**Individuals or Organizations** – anyone who uses space for meetings, parties, and events. (Including, but not limited to: schools, pre-schools, tenants, people renting your parking lot, other churches, community and neighborhood organizations, support groups, mission projects, book clubs, ceremonies, receptions, concerts, etc.)

### **Should we use the Short Term Form or the Long Term Form of the Standard Lease Agreement?**

As a rule of thumb, the finance committee suggests:

***Use the Long Term Form whenever the use will last longer than a weekend or is a recurring use.***

***Use the Short Term Form for all uses of a weekend's length or less.***

***A form is not needed when the user includes a member of the church and they are engaged in normal church related activities; such as weddings, memorial services, parties, etc.***

***However, it would still be a good practice if the church would acknowledge these events in their Session Minutes either by the adoption of the future calendar or on an individual basis in the consent docket.***

### **Weddings and Funerals**

A wedding or funeral for a church member or their family and/or the service will be performed by one of the pastors of the church does not need to be formalized with a Standard Lease Agreement. However, if the facility is being rented out to non-members for a wedding or funeral with a guest pastor, they should be asked to sign the short form.

Be sure to include in the description of the use of facilities and time of use all time related to decorating, caterer coming early to set up, rehearsal, etc. They will not be using the facility for just the wedding.

***Remember that weddings often include outside service providers such as florists, photographers, caterers, etc. These providers should have their own liability insurance, worker's compensation insurance, and should obtain from their Insurance Company a certificate of insurance naming the church as an additional insured before the wedding.***

### **Adopting an outside group as a mission project of the church?**

Any use out of the Normal should be listed in the Session Minutes and approved. What the Session is doing when they allow a group to use the



church facilities without having their own insurance is accepting liability for whatever happens. As long as the Session has reviewed the situation and accepted this liability, they can adopt this use as a mission project of the church, and the insurance of the church should cover all liability.

***Each church should verify this with their own insurance company before they proceed to use this as policy.***

The kinds of groups you might adopt under your own insurance liability would include AA meetings, mission organizations, community groups, neighborhood groups, parties, other churches, Bible Study Fellowship, Community Bible Study, etc.

**“Any time a third party comes onto the church property, it is important for the church to think through the following:**

- a. do we have a written agreement that protects the church from negligence caused or created by this third party,***
- b. has the church been named as an additional insured on the third party’s liability workers compensation, or auto liability policies, and***
- c. does the church have certificates of insurance from the third party?***

**Understandably, churches will be faced with situations where one or more of these controls cannot be obtained from a third part. At that point, the church leadership needs to carefully weigh the risks of the situation and make a wise decision as to whether or not that third party will be allowed to use or provide services within the church. All three of these controls should be sought out and obtained with few, if any exceptions.”**

*From an informational bulletin by Zurich Services Corporation*

## **STANDARD LEASE AGREEMENT (Long Form)**

**Borrowed from the Presbytery of San Jose**

**[\(Return to Table of Contents\)](#)**

*This form should be filled out and sent to the Financial Affairs Committee of Presbytery for their review before the church enters into an agreement with an outside group.*

This Lease Agreement (the "Lease") is made and entered into effective as of \_\_\_\_\_, 20\_\_, by and between the Presbytery of \_\_\_\_\_, a non-profit \_\_\_\_\_ corporation (the “Presbytery”), and \_\_\_\_\_ Presbyterian Church, a non-profit \_\_\_\_\_ corporation (the “Church”) (the Presbytery and the Church hereinafter collectively referred to as the "Landlord"), and \_\_\_\_\_ (the "Tenant").

WHEREAS, the Presbytery is the owner of certain real property hereinafter described;  
WHEREAS, the Church has certain interests and rights to such property and the use thereof by virtue of its relationship to the Presbytery; and  
WHEREAS, Tenant desires to lease such real property.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. **Premises.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the space specified in Exhibit A attached hereto (the "Premises") located at \_\_\_\_\_.
2. **Tenant Status.** Tenant represents that it is organized as a nonprofit or governmental entity and that it has provided written evidence of such status to Landlord upon or prior to execution of this Lease. Tenant agrees that within fifteen (15) days of demand by Landlord, it will supply Landlord with such further evidence of such nonprofit or governmental status as Landlord shall reasonably require, in the absence of which Tenant shall be in default under this Lease.
3. **Parking.** Tenant shall be entitled to parking privileges in Landlord's parking lot adjoining the Premises at such times that Tenant is entitled to use the Premises, subject to Landlord's ongoing needs for use of the parking lot.
4. **Storage.** Tenant may store items of personal property (subject to the restriction on "Dangerous Materials" contained in this Lease) in the following location at the Premises: \_\_\_\_\_ . All items shall be stored at Tenant's sole risk, and Landlord shall not be liable for any loss of or damage to any stored items.
5. **Term.** The lease term shall commence on \_\_\_\_\_, 20\_\_ and shall terminate on \_\_\_\_\_, 20\_\_.
6. **Lease Payments.** Tenant shall pay to Landlord monthly lease payments of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) each, payable in advance, on the first day of the term of this Lease and on the same day of each month thereafter. Such payments shall be made to Landlord at \_\_\_\_\_ or at such other place as may be designated from time to time by Landlord. All payments by Tenant under this Lease shall be made payable to the Church.
7. **Late Payments.** Monthly payments not paid within ten (10) days of when due shall give rise to a late fee of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).
8. **Security Deposit.** Upon execution of this Lease, Tenant shall pay to Landlord a security deposit of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to be held by Landlord throughout the term of the Lease as security for Tenant's performance under the Lease. If Tenant is in default under this Lease (including but not limited to the failure to pay rent), Landlord may use, apply, or retain all or any part of the security deposit to cure the default or to compensate Landlord for all damage sustained by Landlord as a result of the default, without prejudice to any other remedy. Upon any application of all or any part of the security deposit resulting from Tenant's default, Tenant shall immediately on demand pay to Landlord the sum necessary to restore the security deposit to the original amount provided above. Landlord shall return the security deposit to Tenant (less any amounts retained by Landlord as permitted herein) within thirty (30) days after the expiration of the term of this Lease and return of possession of the Premises to Landlord if, at such time, Tenant has performed all terms, covenants, and conditions of this Lease. Landlord

may commingle the security deposit with its general and other funds. Tenant shall not be entitled to any interest on the security deposit.

9. **Possession.** Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.
10. **Use of Premises.** Tenant may use the Premises only for the following purposes:

\_\_\_\_\_  
Tenant may use the Premises only on the following days and during the following hours:  
\_\_\_\_\_. Tenant may not use the Premises for any other purpose or at any other time without the prior written consent of Landlord. In addition, Tenant may not use any other portion of Landlord's facility at any time without the prior written consent of Landlord. Tenant shall not perform any acts or carry on any practices that may injure the Premises, or be a waste, or a nuisance. Tenant shall not make any alterations to the Premises without the prior written consent of Landlord.

11. **Condition of Property.** Tenant has inspected the Premises and hereby accepts the Premises "AS IS," in the condition existing as of the date hereof. Tenant acknowledges that neither Landlord nor any other person has made any representation or warranty with respect to the Premises or any other portion of the facilities, including but not limited to the suitability of the Premises or any other portion of the facilities for the conduct of Tenant's activities. Tenant agrees and acknowledges that Landlord has no obligation, as a condition to this Lease, to renovate or remodel or to otherwise construct any tenant improvements or alterations in the Premises.
12. **Common Area.** The term "common area" means the various areas designed for common use or benefit within the building or buildings in which the Premises are located and the adjacent grounds, including, but not by way of limiting, walks, corridors, entrance areas, facilities such as washrooms, drinking fountain, toilets, and stairs. The common area shall at all times be subject to the exclusive control and management of Landlord. Subject to reasonable rules and regulations that may be promulgated by Landlord from time to time, the common area is made available to Tenant for its reasonable nonexclusive use in common with Landlord or other tenants.
13. **Maintenance.** Except as otherwise provided in this Lease, Landlord shall have the obligation to maintain the Premises in good operating condition during the term of the Lease. The above notwithstanding, Tenant shall be responsible for cleaning the Premises after each use and restoring the Premises to their condition prior to use. Landlord shall have thirty (30) days after notice from Tenant to commence to perform its maintenance obligations under this paragraph, except that Landlord shall perform such obligations immediately if the nature of the problem presents a hazard or emergency. If Landlord does not perform its obligations within the time limitations in this paragraph, Tenant's sole remedy shall be to institute suit against Landlord, and Tenant shall not have the right to withhold from rent any sums expended by Tenant. Tenant waives the provisions of Sections 1941 and 1942 of the California Civil Code with respect to Landlord's obligations for tenant ability of the Premises and Tenant's right to make repairs and deduct the expenses of such repairs from rent.
14. **Damage to Premises.** Tenant will be liable for any damage to the facilities and/or furnishings in or about the Premises resulting from the acts or omissions of Tenant or

- Tenant's guests. Tenant shall immediately report any such damage to Landlord. In the event of such damage, the repairs will be carried out by Landlord and paid for by Tenant.
15. **Access by Landlord to Premises.** Landlord shall have the right to enter and use the demised Premises for the purposes and activities of the Landlord at times other than those specifically granted herein to the Tenant subject to the terms and conditions of this Lease. In addition, Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the facilities to prospective buyers, mortgagees, tenants, or workmen. Landlord will endeavor to give reasonable notice to Tenant before entering the Premises during Tenant's times of use. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent.
  16. **Utilities and Services.** Landlord shall be responsible for all utilities and services in connection with the Premises.
  17. **Property Insurance.** Landlord and Tenant shall each be responsible to maintain appropriate insurance for their respective interests in the Premises and property located on the Premises.
  18. **Liability Insurance.** Tenant shall maintain during the term of the Lease at Tenant's expense, in companies and through brokers approved by Landlord, public liability insurance with personal injury limits of at least \$1,000,000 for injury to one person, and \$1,000,000 for any one accident, and a limit of at least \$1,000,000 for damage to property. Landlord shall be named as an additional insured on such insurance policy. Tenant shall deliver to Landlord a certificate of the insurance carrier to the issuance of such policy. The insurance policy shall provide that such policy will not be terminated by the insurance carrier on less than thirty (30) days written notice to Landlord. Tenant shall promptly advise, and have the insurance carrier advise, Landlord of any change in, additions to, or termination of any such policy; and upon any termination of such policy, Tenant will forthwith provide a new policy upon the terms and conditions set forth above.
  19. **Indemnity Regarding Tenant's Use and Activities.** Tenant assumes responsibility and liability for and agrees to indemnify, hold harmless, and defend Landlord from and against any and all claims, losses, liabilities, injuries (including death), obligations, damages, and expenses, including reasonable attorney's fees, if any, which Landlord may suffer or incur that are occasioned wholly or in part by or result from any acts or omissions by Tenant or Tenant's agents, employees, guests, licensees, invitees, subtenants, assignees or successors, or that for any cause or reason whatsoever arise out of or relate to Tenant's use of the Premises or Tenant's activities, including without limitation claims of sexual misconduct, harassment, abuse, or molestation. Tenant shall forthwith notify Landlord in writing with a full description of the facts; the place, circumstances, nature and results; and the names and addresses of involved parties with regard to any occurrences on the Premises which involve any injury to person or property. Tenant will provide Landlord promptly with copies of any claims for damages of any sort, including complaints in any court actions involving such claims.
  20. **Compliance with Laws.** Tenant shall, at its sole cost and expense, comply with all requirements of all municipal, state, and federal authorities now or hereafter in force pertaining to its use of the Premises. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether the Presbytery or the Church be a party thereto or not, that Tenant has violated

any such legal requirement shall be conclusive of that fact as between Landlord and Tenant.

21. **Dangerous Materials.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.
22. **Taxes.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:
  - a. **Real Estate Taxes.** Landlord shall pay all real estate taxes and assessments for the Premises.
  - b. **Personal Property Taxes.** Tenant shall pay all personal property taxes, and any other charges levied against the Premises, which are attributable to Tenant's use of the Premises.
23. **Mechanics Liens.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises, and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to give actual advance notice to any contractors, subcontractors, or suppliers of goods, labor, or services that such liens will not be valid.
24. **Defaults.** Tenant shall be in default of this Lease, if Tenant fails to fulfill any Lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within fifteen (15) days (or any other obligation within ten (10) days) after written notice of such default is provided by Landlord to Tenant, Landlord at its option may take possession of the Premises without further notice and remove Tenant and its effects, and Tenant shall then quit and surrender the Premises to Landlord, but without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses suffered by Landlord by reason of Tenant's defaults. Landlord's rights under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.
25. **Holdover.** If Tenant, with Landlord's consent, remains in possession of the Premises after expiration or termination of the Lease, then such holding over shall be construed as a tenancy from month to month, subject to all conditions, provisions, and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy.
26. **Keys.** Landlord will assign \_\_\_\_ sets of entrance keys to Tenant. Tenant will not copy any keys provided by Landlord and will carefully supervise the use of keys provided to maintain security of the Premises.
27. **Assignability/Subletting.** Tenant may not assign or sublease any interest in the Premises without the prior written consent of Landlord, which shall not be unreasonably held. Landlord's consent to one assignment or subletting shall not be deemed to be a consent to any subsequent assignment or subletting. Landlord's consent to an assignment or sublease shall not relieve Tenant of its obligations under this Lease. Any transfer of this Lease from Tenant by merger, consolidation, or liquidation shall constitute an assignment for purposes of this Lease.



**LANDLORD**

Presbytery of \_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_ **Presbyterian Church**

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**TENANT**

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**Description of Space to Be Leased to Tenant**

[to be completed]

**The landlords should receive a certificate of insurance from the tenant before they begin to use the facilities.**

**STANDARD LEASE AGREEMENT (Short Term Form)**

**Borrowed from the Presbytery of San Jose**

[\(Return to Table of Contents\)](#)

*(For outside groups seeking a One Time Use, Maximum of Three Days, all others should use the Long Form and send to Financial Affairs Committee for review before entering into an agreement.)*

This Lease Agreement (the "Lease") is made and entered into effective as of \_\_\_\_\_, 20\_\_, under an agreement with the Presbytery of \_\_\_\_\_, a non-profit corporation (the "Presbytery"), between \_\_\_\_\_ Presbyterian Church, a non-profit corporation (the "Church") (the Presbytery and the Church hereinafter collectively referred to as the "Landlord"), and \_\_\_\_\_ (the "Tenant" – could also be a vendor or contractor).

**For good and valuable consideration, the parties agree as follows:**

1. **Premises.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the following space in the church facilities:

\_\_\_\_\_  
\_\_\_\_\_  
For the following purposes:

2. **Term.** The lease term shall commence on \_\_\_\_\_, 20\_\_ and shall terminate on \_\_\_\_\_, 20\_\_.
3. **Lease Payments.** Tenant shall pay to Landlord a sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) including a non-refundable/refundable (cross out the appropriate choice) security deposit of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).
4. **Condition of Property.** Tenant has inspected the Premises and hereby accepts the Premises "AS IS," in the condition existing as of the date hereof.
5. **Damage to Premises.** Tenant will be liable for any damage to the facilities and/or furnishings in or about the Premises resulting from the acts or omissions of Tenant, Tenant's guests or Tenant's third party vendors and service providers. Tenant shall immediately report any such damage to Landlord. In the event of such damage, the repairs will be carried out by Landlord and paid for by Tenant.
6. **Liability Insurance.** Tenant shall obtain for the term of the Lease at Tenant's expense, in companies and through brokers approved by Landlord, public liability insurance with personal injury limits of at least \$1,000,000 for injury to one person, and \$1,000,000 for any one accident, and a limit of at least \$1,000,000 for damage to property. **Landlord shall be named as an additional insured on such insurance policy.** Tenant shall deliver to Landlord a certificate of the insurance carrier to the issuance of such policy before the beginning date of the term of this lease.
  - a. Tenants that hire service providers, individuals or subcontractors will also provide evidence of their current liability insurance, current Worker's Compensation insurance, appropriate auto liability coverage and evidence that the church has been named as an additional insured for the time of the Lease Agreement.
7. **Indemnity Regarding Tenant's Use and Activities.** Tenant assumes responsibility and liability for and agrees to indemnify, hold harmless, and



defend Landlord from and against any and all claims, losses, liabilities, injuries (including death), obligations, damages, and expenses, including reasonable attorney's fees, if any, which Landlord may suffer or incur that are occasioned wholly or in part by or result from any acts or omissions by Tenant or Tenant's agents, employees, guests, licensees, invitees, subtenants, assignees or successors, or that for any cause or reason whatsoever arise out of or relate to Tenant's use of the Premises or Tenant's activities, including without limitation claims of sexual misconduct, harassment, abuse, or molestation. Tenant shall forthwith notify Landlord in writing with a full description of the facts; the place, circumstances, nature and results; and the names and addresses of involved parties with regard to any occurrences on the Premises which involve any injury to person or property. Tenant will provide Landlord promptly with copies of any claims for damages of any sort, including complaints in any court actions involving such claims.

8. **Compliance with Laws.** Tenant shall, at its sole cost and expense, comply with all requirements of all municipal, state, and federal authorities now or hereafter in force pertaining to its use of the Premises. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether the Presbytery or the Church be a party thereto or not, that Tenant has violated any such legal requirement shall be conclusive of that fact as between Landlord and Tenant.
9. **Dangerous Materials.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.
10. **Keys.** Landlord will assign \_\_\_\_ sets of entrance keys to Tenant. Tenant will not copy any keys provided by Landlord and will carefully supervise the use of keys provided to maintain security of the Premises.
11. **Safe Environment.** Tenant agrees that it will comply with the following statement, as required by the Safe Church Task Force of the Presbytery:  
*"Organizations using the facilities of the Church shall provide a safe and nurturing environment for children, youth and vulnerable adults and those who work with them. They must abide by the current Safe Church Policy of the Church or provide proof that their organization has a similar policy in place."*
12. **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
  - d. \_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Lease effective as of the day and year first above written.

**LANDLORD**

**TENANT**

\_\_\_\_\_ **Presbyterian Church** \_\_\_\_\_

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_

**Church Use Only**

\_\_\_\_\_ The Session of the Church on \_\_\_\_\_ (date) adopted this Tenant as a mission program of the church and waives item #6. This agreement was reviewed by the following two people before approval was granted.

\_\_\_\_\_

**AMENDMENT TO THE LEASE**

[\(Return to Table of Contents\)](#)

*This form should be filled out and sent to the Financial Affairs Committee of Presbytery for their review before the church enters into an agreement with an outside group.*

**Effective Date:** \_\_\_\_\_

This Amendment to The Lease (the "Amendment") is made and entered into on the Effective Date above, by and between the Presbytery of \_\_\_\_\_, a non-profit \_\_\_\_\_ corporation (the "Presbytery"), and \_\_\_\_\_ Presbyterian Church, a non-profit \_\_\_\_\_ corporation (the "Church") (the Presbytery and the Church hereinafter collectively referred to as the "Landlord"), and \_\_\_\_\_ (the "Tenant").

**RECITALS**

- A. Landlord and Tenant have previously entered into that certain Standard Lease Agreement, dated \_\_\_\_\_ (the "Lease") for use of specific property at the Church location.
- B. Landlord and Tenant now desire to amend the Lease as set forth below. In the event of any inconsistency between the Lease and this Amendment, the terms and conditions of this Amendment shall supersede and control.
- C. All capitalized terms not defined in this Amendment shall have the same meaning as set forth in the Lease.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. **Term.** The Term of the Lease is hereby extended to (date)

\_\_\_\_\_.

2. **Base Rent.** As of the Effective Date of this Amendment the monthly Base Rent shall be \$ \_\_\_\_\_.

3. **Other Terms.** All other terms and conditions of the existing Lease will remain in full force and effect.

**IN WITNESS WHEREOF,** Landlord and Tenant have executed this Amendment to The Lease as of the Effective Date.

**TENANT LANDLORD SIGNATURES:**

By (Church): \_\_\_\_\_ By (Presbytery): \_\_\_\_\_  
Print name: \_\_\_\_\_ Print name: \_\_\_\_\_

By (Tenant): \_\_\_\_\_  
Print name: \_\_\_\_\_

**MISSION FUNDING**

**Shared Mission Support**

[\(Return to Table of Contents\)](#)

Your gift to shared Basic Mission Support strengthens and promotes the mission of the entire church. Your generosity will share God's Work and Words around the world through mission personnel, Christian education, evangelism and new church development and ministries with all God's children.

**Directed Mission Support**

[\(Return to Table of Contents\)](#)

Directed Mission Support is gifts given to particular programs chosen by the donor. Your gifts support PC(USA) mission co-workers, Christian education, worship and stewardship, new church development and redevelopment, Presbyterian camps, ministries in higher education and the production of resources and services to strengthen congregations.

As people of God's mission, Presbyterians are making a difference as we carry God's word and works to all His children.

For a copy of the *Presbyterian World Mission Giving Opportunities* visit [www.pcusa.org](http://www.pcusa.org). There is a pledge form inside the book.

\*\*Please note: Projects in the *Presbyterian World Mission Giving Opportunities* are already budgeted. Focusing your commitment on a specific project allows you the opportunity to choose how your dollars are utilized. It will not increase the amount dedicated to each project.

### **Extra Commitment Opportunities** [\(Return to Table of Contents\)](#)

More than 1000 mission projects in the United States and around the world are supported through the *Extra Commitment Opportunities* program. From day care centers to scholarships, from the Miraj Heart Institute in India to the Mobile Health Fair Ministries of the Synod of the Covenant, from Lar Betel Orphanage to the Older Adult Ministry Network, the arms of Presbyterian mission embrace the world. ECO projects are supported through gifts from individuals and monies over and above sessions' adopted budgets. For a copy of the *Extra Commitment Opportunities Catalog*, visit [www.pcusa.org](http://www.pcusa.org).

### **Churchwide Special Offerings** [\(Return to Table of Contents\)](#)

Churchwide special offerings provide valuable fundraising and mission interpretation opportunities. These offerings serve as a significant way for the church to identify and respond to priority needs. Churchwide special offerings are a key component of the church's funding of ongoing programs and are an essential part of the Churchwide Funding Plan.

For more information on Special Offerings look up special offerings on the website, [www.pcusa.org](http://www.pcusa.org) or see <http://specialofferings.pcusa.org>.

**There are four churchwide** special offerings in the calendar year:

- Christmas Joy taken in December supports 8 racial ethnic schools and the PCUSA Board of Pensions assistance programs.
- Peacemaking Offering taken in October supports Peacemaking efforts at various levels of the church.
- Pentecost Offering taken in May supports Youth programs and Evangelism and Outreach.
- One Great Hour of Sharing Offering taken Palm Sunday or Easter Sunday supports Hunger Program, Disaster Assistance, and Self-Development of People.
- Other Specific Appeals include Theological Education Fund, Special Disaster Assistance, and Presbyterian Women Appeals.

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