



Training Series

Church Finance

Presentation available for download at UMFF.org under "How We Serve", "Resources"

Agenda

- Authority & Secrecy
- Budgets & Reporting
- Tax Exempt Status
- Employment Taxes
- Clergy Taxes
- Audits
- Checks & Balances
- Insurance
- Rental of Property
- Pastoral Compensation
- Housing Allow / Exclusion
- Clergy Health Benefits
- Clergy Pension Benefits
- CPP (Death & Disability)
- Reimbursement Accounts
- Discretionary Accounts
- Apportionments
- Job Descriptions
 - Financial Secretary
 - Treasurer
 - Finance Committee
- Record Retention
- Investments
- Resources

Authority & Secrecy

- *The Book of Discipline (BoD)* is the authoritative governing document for United Methodist Churches.
- On-line version available at www.cokesbury.com/book-of-discipline-book-of-resolutions-free-versions
- The **Charge Conference** is the oversight body of the church BoD ¶ 247
- The **Church Council** functions as the executive agency of the Charge Conference. BoD ¶ 244.1
- BoD ¶ 722 requires all meetings, except for SPRC, to be open
- BoD ¶ 258.4.d requires all financial statements of the church and all its organizations and accounts to undergo an annual audit.
 - Finance committee must provide “full and complete report to the annual Charge Conference”.
 - Membership of Charge Conference includes all members of Church Council.
 - All church financial statements are therefore open to all members of the Church Council.
- Details of financial giving should be shared only with those that have “a need to know”
 - Financial Secretary
 - Pastor (BoD ¶ 340.2.c.2.c now clarifies that pastor shall have access to such records)
- BoD ¶ 244.3
 - “The pastor shall be the administrative officer and, as such, shall be an ex-officio member of all conferences, boards, councils, commissions, committees, and task forces, unless otherwise restricted by the Discipline.”
 - Pastor is “member” of all committees except Trustees and SPRC
 - Pastor has full access to all information for committees and sub-committees
- Opinion: No one person can make unilateral decisions of significance. Such decisions are made by the Church Council and executed by committees.

Budgets & Reporting

- Essential component of a well-run church
 - Facilitates projection of income and expenses
 - Provides yardstick to measure progress in meeting goals
 - Presents a snapshot of financial matters to congregation
- Prepared annually:
 - By Finance Committee member with expertise
 - Based upon input from Church Council and Committees
 - Published in advance & approved by the Church Council
- Should reflect all income and expenses including apportionments
- Periodic financial reporting can strengthen Stewardship efforts; some consider lack of reporting to be drag on efforts to promote giving
- UMFF offers a separate training session on building a budget

Sample Budget Calendar

(based upon a calendar fiscal year)



January	February	March
April	May	June
July	August	September
October	November	December

- February thru December:
 - Furnish Church Council & Committees with “Budget vs. Actual” report with explanations of variances
 - Project amounts to year-end
 - Determine actions needed to bring spending in line with Budget
- October:
 - Request Committee Chairs to provide input for next year’s Budget
 - Obtain from NYAC: Apportionments, HealthFlex, Pension, CPP
- November:
 - Compile & distribute draft budget to Church Council
- December / January:
 - Revise as necessary & obtain Church Council Approval
 - Communicate budget to congregation
 - Budget does not require Charge Conference approval

Sample Budget Format

First United Methodist Church								
2023 Budget Worksheet								
	2024 Budget	2023 Budget	2023 Actual	Increase / (Decrease)		Pre- School	Source	Budget Notes
				2023 Budget	2023 Actual			
Income								
I-1 · Pledges	\$ -	\$ -	\$ -				Stewardship	
I-2 · Non Pledge Regulars	-	-	-				Fin. Sect	
I-3 · Loose Plate	-	-	-					
I-4 · Christmas/Easter Offering	-	-	-					
I-5 · Facility Rent	-	-	-					
I-6a Preschool Facilities Donation	-	-	-			Yes		
I-6b Preschool Insurance	-	-	-			Yes		
I-7 · Fund Raising Projects/Tag Sale	-	-	-				M&O	
I-8 · Designated Contributions	-	-	-					
I-9 · Misc, Other Income	-	-	-					
I-10 · Interest Income	-	-	-					
I-11 · Cell Tower Income	-	-	-				Trustees	
Sub-total	\$ -	\$ -	\$ -					
A · Administration								
A-1 · Administrative Salary			\$ -			Yes	SPRC	
A-2 · Office Supplies			-			Yes		
A-3 · Office Equipment			-			Yes		
A-4 · Postage			-					
A-5 Communications			-					
A-5a · Telephone - Church			-					
A-5b · Telephone - Parsonage			-					
A-5c - Cable/Internet - Parsonage			-					
A-5d - Other			-					
A-7a · Church's Share of FICA			-					
A-8 · Administration - Misc.			-					
A-9 · Payment Desig. Contribution			-					
A-11a - Workmans Comp			-			Yes	NYAC	
A-11b · Insurance Property & Liability			-			Yes	NYAC	
A-11d · Umbrella Policy			-			Yes	NYAC	
Sub-total	\$ -	\$ -	\$ -					

Sample Budget vs. Actual Report

First United Methodist Church						
2023 Financial Results						
Year-to-Date Through July 31st						
	A	B	C	D	E	
	YTD Actual	Deposits / Bills Outstanding	Adjusted YTD Actual	YTD Budget	Variance (Fav / Unfav)	Comments
Income						
I-1 · Pledges						
I-2 · Non Pledge Regulars						
I-3 · Loose Plate / Visitor Donations						Includes a \$1,500 donation in June
I-4 · Christmas/Easter Offering						
I-5 · Facility Rent						
I-6a · Preschool Facilities Donation						
I-6b · Preschool Insurance						
I-7 · Fund Raising Projects/Tag Sale						Cancellation of fund-raising dinner
I-8 · Designated Contributions						
I-9 · Misc, Other Income						
I-10 · Interest Income						
I-11 · Cell Tower Income						
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	
A · Administration						
A-1 · Administrative Salary						
A-2 · Office Supplies						
A-3 · Office Equipment						
A-4 · Postage						
A-5 · Communications						
A-5a · Telephone - Church						
A-5b · Telephone - Parsonage						
A-5c · Cable/Internet - Parsonage						
A-11a · Workmans Comp						
A-11b · Insurance Property & Liability						
A-11d · Umbrella Policy						
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	

Tax Exempt Status



- The UMC denomination is a **Tax Exempt Religious Organization** under Section 501(c)(3) of tax code
- **Group Tax Exemption ruling granted to GCFA in 1974**
 - Exempt from Federal Income Tax
 - Generally exempt from filing Form 990 (Return for Organizations Exempt from Income Tax)
 - Donors may deduct contributions on tax returns (timely acknowledgement required)
- **All NYAC churches / ministries covered by group ruling**
- Churches may request a specific IRS inclusion letter. Process is automated www.umgroupruling.org/einstart
- Churches may elect to be included on *GuideStar*, a database of IRS-recognized Not-for-profits.



Employment Taxes



- Understand difference between “employee” & “independent contractor”
- Significant back taxes, fines and penalties for improper classification
- How the individual wants to be classified is irrelevant
- **IRS 20 Questions Test**
 - Work hours. Do you set the worker’s hours? (Independent contractors work when they want)
 - Instructions. Do you have the right to give the worker instructions about when, where, and how to work? (This shows control over the worker.)
 - Integration. Are the worker’s services so important to your business that they have become a necessary part of the business? (This may show that the worker is subject to your control.)
 - Services rendered personally. Must the worker provide the services personally, as opposed to delegating tasks to someone else? (This indicates that you are interested in the methods employed, and not just the results.)
- **Must withhold & remit Federal, State, Local & Social Security taxes for:**
 - Secretary & other lay employees
 - Organist
 - Sexton
 - Child-care providers (e.g. nursery care during church services)
- **Use of outside vendor (ADP, Paychex, etc) or software program that is updated regularly is critical. Ensures current withholding rates are used & that quarterly payroll records are accurate.**

Clergy Taxes

Ordained, commissioned, or licensed ministers have dual tax status:

- 1) They are “employees” for tax *reporting* purposes (MUST BE ISSUED A W-2, NOT A 1099)
- 2) They are “self-employed“ for tax *remittance* & Social Security tax purposes

No mandatory income tax withholding (may be done voluntarily)

Social Security taxes are never to be withheld for clergy

Clergy should be making quarterly estimated payments of Federal, State, Local and self-employment taxes. Self employment taxes must include the value of a parsonage.

Move Costs:

- Tax Cut and Jobs Act suspended both the tax exclusion and the deduction related to moving expenses for taxable years 2018 until 2025.
- Reimbursement (or direct payment) of move costs now taxable to the recipient
- Must be reported on W-2

Audits



- **Annual Audits are required by the BoD:**
 - Section 258.4 c) makes it *mandatory* that every local church finance committee "shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the annual charge conference." (Example: Trustees, UMM, Endowments, Checking, Pre-school, Brokerage)
- **GCFA publishes the “Local Church Audit Guide” and a related FAQ**
Find them online at: www.gcfa.org/forms-and-assets
- **Audits:**
 - Receipts greater than \$2.0M – Audit performed annually by independent CPA
 - Receipts between \$1.0M & \$2.0M – Audit performed every two years by independent CPA*
 - Receipts between \$500k & \$1.0M – Audit performed every three years by independent CPA*
 - Receipts less than \$500k – Audit procedures performed by independent qualified member of church

** In the interim years, a “review” should be performed by independent qualified member of church
- **Meant to be a process that provides reasonable assurance that good stewardship is practiced handling & accounting for funds & other assets of the church.**
 - Needs to be “independent”
 - All accounts of all organizations must be included or separately audited
- **Audit reports provided to District Superintendent at Charge Conference.**

Audits (continued)

Why do an Audit?*

- Because the BoD requires it!
- To protect the people the church elects to offices or financial responsibility from unwarranted charges of careless or improper handling of funds
- To build the trust and confidence with the financial supporters of the church in the way their money is being accounted for.
- To set habits of fiscal responsibility to assure that when there is turnover in personnel there will be continuity in accountability
- To ensure that gifts made to the church with special conditions attached are consistently administered in accordance with the donor's instructions
- To provide checks and balances for monies received and disbursed

Conducting an audit is not a symbol of distrust

- Mark of responsibility
- Good stewardship demonstrated for all to see
- Message to church donors that you care about their gifts

* From the Local Church Audit Guide

Check & Balances

- Financial Secretary(ies) & Treasurer must be separate unrelated people.
- Finance committee should designate at least two persons (not related and not the Treasurer) to count offering & give record of receipts to both Financial Secretary and Treasurer (*BoD* ¶ 262.4 a).
- Adequate bonding on church members handling money. (*BoD* ¶ 258.4b)
- Deposit funds promptly. Funds should not wait to be deposited until the usual depositor returns from an absence.
- Consider the establishment of a night-drop for Sunday collections
- Review bank signatories annually
 - Remove those that have left their role immediately
 - Clergy should not be signatories on any account (one exception)
- Bank statements must not be reconciled by individuals that have signing authority on the accounts.
- All church mail should be addressed to the church address, not to individuals.

Check & Balances (continued)

- Adopt policy that all checks require two signatures
- If you see something on a statement or report that does not make sense, question it.
- Do not ignore mail from municipal officials or tax / regulatory authorities.
- Pastors are entitled to question and understand all financial activities of the church - but they must not personally manage any of them.
- Minimize the use of petty cash. Establish procedures for the permissible uses of petty cash and maximum amount that may be used at one time.
- Vendor invoices should be approved by the ordering party prior to payment.
- Two areas of finance that should be kept confidential:
 - Records of giving by person
 - Pastor's use of a Discretionary Account (not the Reimbursement Account



Insurance

- Possibly the single-most important action a church can take to protect its assets, people and ministry
- Each church is required to bind its own insurance
 - Property, Liability, Automotive, Umbrella
 - Umbrella coverage is required if operating a preschool
 - Ensure policy has updated and accurate values for costs to rebuild church structures and replace contents.
 - Obtain bids every few years to ensure that premiums are competitive in the marketplace.
 - Report claims to your insurer immediately.
- All churches and church-controlled preschools participate in the Conference’s policy for *Workers’ Compensation*.
- Save expired insurance policies for potential future claims
- Minimum Insurance requirements can be found at nyac.com “click on “Resources” and scroll down to “Local Church Policies”



Rental of Property

- **Tax-free status:**

- Rental of real property by a church does not jeopardize tax-free status.
- Many churches rent steeples to telecommunication companies & facilities to outside groups.
- As long as income is used for 501c3 purpose of the organization (religious activities) & rental income does not constitute primary source of income, rentals are allowed.
- Creation of leases and use of terms such as landlord / tenant / rent is not problematic.



- **Income Taxes:**

- Outside income is usually subject to UBIT (unrelated business income tax)
- Exemption for the rental of real property.
 - If there is no debt on property, all rental income is excluded from UBIT and not taxable.
 - If there is debt on property income could be subject to UBIT but only if less than 85% of the facility is used for exempt (church) purposes.
- Rental of parking lots is not considered rental of real property and is taxable

- **Property Taxes:**

- Churches should assume that any property rented (to any organization) will be put back onto property tax rolls.
- Example - if church rents the entire 2nd and 3rd floors of a three story education building to a preschool, municipality could make the case that 2/3rds of the building is taxable for property tax purposes.

- **Approvals:**

- Any property leased for a term of more than 30 days must comply with approval requirements of ¶ 2540 & 2541 of *The Book of Discipline*.

Pastoral Compensation

- Every active pastor under Episcopal appointment (appointed by Bishop) is eligible for a minimum salary, reimbursement account & certain benefits.
- Minimum salary schedule available on website: “Resources,” “Forms”
- “DS Hires” are not eligible for minimum salary, healthcare or pension
- “Retired” pastors that continue to serve do not accrue further healthcare or pension benefits & accordingly, such costs are not billed to the church.
- Staff Parish Relations Committee makes recommendation to Charge Conference regarding Pastoral Compensation based upon:
 - Local cost of living
 - Other forms of compensation (e.g. housing)
 - Other compensation-related obligations
 - Other church related obligations
 - Performance



Housing Allowance / Housing Exclusion

- Churches are required to provide housing to clergy either in the form of a parsonage or a *Housing Allowance*.
- Per IRS rules, clergy are not taxed on housing including the value of parsonages, housing allowances and / or housing expenses.
- A **Housing Allowance** is cash that is paid to the pastor, in addition to salary. It is usually paid when no parsonage can be provided.
- A **Housing Exclusion** is an amount of salary that the pastor designates to treat as non-taxable because it relates to housing. It is not paid to the pastor but instead deducted from income for W-2 purposes.
 - If a pastor is provided a parsonage with the church paying all associated expenses, it would be unusual for the pastor to have a large *Housing Exclusion*.
 - A *Housing Exclusion* must be signed by the pastor and the church prior to the income being earned that is being excluded.
 - Generally speaking, a pastor and church should sign the Housing Exclusion prior to January 1st of each year (or July 1st if being reappointed).

Housing Allowance / Housing Exclusion Examples

	<u>Pastor A</u>	<u>Pastor B</u>
Salary	\$40,000	\$40,000
Parsonage	Yes	No
Housing Allowance	N/A	\$10,000
Housing Exclusion	\$2,000 *	\$5,000
Total Compensation	\$40,000	\$50,000
Amount Reported on W-2	\$38,000	\$35,000

Available at NYAC/Resources (under “Pastors”)

- Housing Allowance Exclusion Worksheet
- Housing Allowance Q&A's
- Housing Allowance Resolution

* Housing costs paid by the pastor personally such as furniture



Clergy Health Benefits



- Must be under Episcopal appointment at $\frac{3}{4}$ time or greater to be eligible.
- Conference participates in plan provided by Wespath – “HealthFlex”
- HealthFlex costs are allocated based on a “uniform rate” regardless of number of dependants or participation of eligible clergy
- Uniform rate charged to churches for 2023 & 2024 is \$19,200
- Pastors will choose one of six medical plans, three voluntary dental plans and two vision plans
- Pastor contribution can be withheld pre-tax if church adopts Section 125 Cafeteria Plan – (www.nyac.com/section125plans)
- Clergy may elect a Medical Reimbursement Account (up to \$3,050 pre-tax in 2023)
- MRA is “use it or lose it” but one may rollover \$610 into new plan year
- Policies are set annually by Conference Board of Pension & Health Benefits

Clergy Pension Benefits



A) For clergy under Episcopal appointments serving at least 75%:

- Current plan known as CRSP (Clergy Retirement Security Program)
- CRSP has both a Defined Benefit & Defined Contribution component
- 11.8% of Plan Compensation for DB / DC administered by Conference
- If clergy contributes 1% to UMPIP an additional 1% is contributed to CRSP DC

B) For clergy under Episcopal appointments serving less than 75%:

- 10.8% UMPIP (DC) contribution administered by church with Wespeth directly
- Increases to 11.8% for clergy that contribute 1% to UMPIP

Contributions are based upon “Plan Compensation,”

- Plan Compensation defined as salary plus either:
 - a) 25% of salary if parsonage provided, or
 - b) actual housing allowance, plus any other allowances paid.

Comprehensive Protection Plan (CPP)

- **Eligibility:**
 - Full-time Episcopal appointment
 - Must earn at least 25% of the Denominational Average Compensation (DAC)
- **Benefits:**
 - Disability: 70% of plan compensation offset by Social Security benefits
 - Death Benefits (Active):
 - Participant: \$50,000
 - Death Benefits (Retired):
 - Participant: \$20,400*
 - Other Death Benefits (Active or Retired):
 - Spouse: \$15,300*
 - Surviving Spouse: \$10,200*
 - Child under 18: Annual payment of \$8,100
- **Cost:**
 - 3.0% of Plan Compensation



* Amounts different for those that retired prior to 1/1/13 and are based upon percentage of DAC in the year of death

Pastor Reimbursement Account

- Required by BoD & NYAC for those under Episcopal appt.
- Provided to cover various costs related to performing ministry
- Church determines amount but 2023 minimum is \$6,000.
- Minimum prorated for service (e.g. half-time pastor gets \$3,000)
- Church should have policy with clear guidelines
- Account cannot be divided into installments and paid to pastor
- Disbursement requests must be accompanied by receipts
- Funds remaining at end of year expire
- Examples of Professional Expenses:
 - Auto / travel
 - Books / periodicals
 - Continuing education
 - Conference fees
 - Dues / memberships
 - Electronic devices (cell phones, PDA's, tablets, etc.)
 - Meals (business only)
 - Move costs that exceed reimbursement
- *Webinar hosted by GCFA September 12th www.gcfa.org/webinars*



Pastor Discretionary Account

- Optional - Not required by BoD or NYAC
- Funded by church budget or special donations
- Details of spending not required to be disclosed by Pastor
- Spending must be documented carefully by Pastor with records maintained in the event of an audit
- Disbursements must only be for ministry-related expenses
- In the event that funds were not spent on ministry such amounts are considered taxable income to the Pastor
- Funds remaining at end of year can be “rolled-over” into next year



Shared Ministry Apportionments

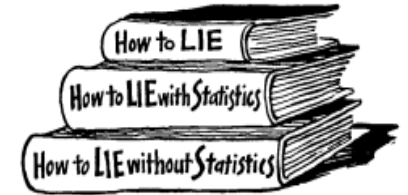
Statistical Tables



- **Three tables:**
 - Table 1 – Membership data
 - Table 2 – Financial data
 - Table 3 – Stewardship data
- **Used by the both the Conference & General Church for general information, decision making & to set apportionments**
- **The following Table 2 line items form the basis for apportionments:**
 - Salaries paid to Clergy
 - Allowances paid to Clergy
 - Accountable Reimbursements
 - Salary & Benefits for church staff
 - Program expenses
 - Office expenses
- **Data is collected via an on-line system, which is available from mid-December for approx. 6 weeks**

Shared Ministry Apportionments

Statistical Tables



What happens to the reports we fill out each year?

Does anybody actually use these reports?

Does it make a difference if I simply “plug in” some figures that look good?

Why they matter:

- The BoD requires pastors “to give an account of their pastoral ministries to the charge and annual conferences...”
- Data used by Bishop and Cabinet in appointment making process
- Helps to identify success stories within the Conference
- Allows congregations to see themselves as part of a larger picture
- Tool that can be used by church leaders:
 - Have we taken in new members?
 - Who isn’t attending this year that was last year? What are the reasons?
 - Is our average pledge where we feel it should be?

Allows the UMC to monitor the membership and financial health of the denomination

Shared Ministry Apportionments

Basics



- Apportionments = Church's Share of Conference Budget
- Budget:
 - built on desire and commitment to meet needs of God's family
 - smaller gifts combined into larger ones effect transformative change throughout the world
 - reflects priorities established by the Annual Conference
 - represents requests from Boards, Committees, Agencies and staff presented to and reviewed annually by CF&A
- Once approved at Annual Conference – Finance office apportions budget to each church based upon Conference formula
- Apportionments based upon certain church expenses reported on a two year lag – not membership rolls
 - Example: Church expenses incurred in 2023, reported in early 2024 will be used to calculate apportionments assessed for 2025
- The 2023 Conference budget is \$7,498,440.

Shared Ministry Apportionments Calculation

**3 OUT OF 2
PEOPLE
HAVE
TROUBLE
WITH
FRACTIONS**

$$\frac{\text{Apportionment Base of Church}}{\text{Apportionment Base of Conference}}$$

(sum of apportionment bases of all churches)

$$= \text{Apportionment factor: } xx.x\%$$

$$\times \text{Conference Budget}$$

$$= \text{Apportionment } (\$)$$

Example:

$$\frac{\$125,000}{\$32,000,000} = 0.00390625$$

$$\times \$8,000,000 = \$31,250$$

Apportionment Base (Table II):

- Amount paid to Pastor
- Amount paid to Assoc. Pastor
- Accountable Reimbursements
- Salary & Benefits for staff
- Program expenses
- Office expenses

Shared Ministry Apportionments

Adjustments



- Apportionment formula set by Annual Conference
- Some churches surprised by their apportionments
- Effort undertaken to scrub submissions for obvious errors & large variations
- Conference has no reserve for “mistakes”
- Once numbers are finalized & communicated it is impossible to make adjustments since they would impact all other churches in the conference (approx. 400)
- Review of data prior to submission is therefore critical
- *Preliminary* apportionments posted in May
- Church leaders asked to review data
- *Final* apportionments posted at end of June (www.nyac.com “Finance,” “Apportionments”)

NYAC Apportionment Data

Available at www.nyac.com/apportionments

The New York Annual Conference / Finance / Apportionments

Apportionments

[2024 Preliminary Apportionments](#)

[2023 Final Apportionments for all six districts](#)

[2022 Final Apportionments](#)

Go here to view the final apportionments for the Conference (all six districts)

[2021 Final Apportionments](#)

Go here to view the final apportionments for the Conference (all six districts)

[Understanding Apportionments](#)

Click here to download a pdf describing how apportionments are calculated and used by the Conference

[Treasurer's Remittance Report](#)

Click on the link to download the form for 2023: [Word](#) | [Fillable, savable pdf](#)

[Fitting the Budget Together](#)

Click here to read an article about the 2020 budget, and how it all fits together



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Church Statements

New York Annual Conference
of The United Methodist Church
20 Soundview Ave
White Plains, NY 10606
www.nyac.com
For questions on this statement, please contact Fran Collins at 914-615-2223



New York Annual Conference
of The United Methodist Church

First United Methodist Church

Statement Date: 3/31/2012
Church Number: 35103
% of budget year passed* 25%

Current Year Apportionments	Monthly		Annual		Unpaid Balance	Annual % Paid
	Budget	Payments	Budget	Payments		
World Service/Conf Ben	603.33	603.33	7,240.00	1,809.99	5,430.01	25%
Clergy Support	915.83	915.83	10,990.00	2,747.49	8,242.51	25%
Administration	619.33	619.33	7,432.00	1,857.99	5,574.01	25%
Ministerial Education	99.75	99.75	1,197.00	299.25	897.75	25%
Black College	39.75	39.75	477.00	119.25	357.75	25%
Missional Priority	35.00	35.00	420.00	105.00	315.00	25%
African University	8.92	8.92	107.00	26.75	80.25	25%
Total Current Year Apportionments	2,321.91	2,321.91	27,863.00	6,965.72	20,897.28	25%

Benevolences	Contribution This Period	Contribution Year to Date
Bishop's Partners in Mission	500.00	1,500.00
Haiti - ERT	700.00	2,100.00
Youth Service Fund	200.00	600.00
Total Benevolences	1,400.00	4,200.00

Integrity in Pensions	Monthly		Annual		Unpaid Balance	Annual % Paid
	Budget	Payment	Budget	Payments		
Integrity in Pensions	500.00	500.00	6,000.00	500.00	5,500.00	8%

Prior Year Apportionments	Payments This Month	2012 Unpaid Apportionment		Payments Year to Date	Unpaid Balance	% Paid
		Total	to Date			
Prior Year Unpaid Apportionments	200.00	8500.00	200.00	8300.00	2%	

Total All Payments	Received This Period	Received Year to Date
	<u>\$4,421.91</u>	<u>\$11,865.72</u>

* This information is included to allow a comparison between the % of the annual budget that has been paid vs. the % of the year that has elapsed

- Mailed to churches monthly
- Provides budget for apportionments
- Provides a record of actual giving:
 - Apportionments
 - Benevolences
 - Integrity in Pensions
 - Prior year apportionments

Positions Required in All Congregations

Every congregation must make provision for including these functions according to the BoD, ¶244. Positions may be combined except for the financial functions. "The positions of treasurer and financial secretary should not be combined and held by one person, and the persons holding these positions should not be immediate family members (¶258.4)."

- **Nominations and Leader Development Committee** (¶258.1)
- **Pastor/Staff-Parish Relations Committee** (¶258.2)
- **Trustees** (¶258.3 and ¶2524 to 2550)
- **Finance Committee Chairperson** (¶258.4)
- **Lay Leader** (¶251.1)
- **Lay Member of Annual Conference** (¶251.2)
- **Financial Secretary** (¶258.4)
- **Church Treasurer** (¶258.4)
- **Membership Secretary** (¶234 and ¶235 to 242)
- **Leadership Team** (also called Church Council, Administrative Board) Chairperson (¶251.3)

Financial Secretary

Role:

- Receives, records, & deposits funds in timely, thorough & confidential manner
- Works with Treasurer & Finance Committee to develop policies & procedures to ensure funds are available to support the ministry of the congregation

Qualifications:

- Skills in financial record keeping; ability to keep detailed, accurate records & maintain appropriate confidentiality; ability to work with individuals & ministry teams.
- Skills in identifying new revenue sources along with an understanding of biblical stewardship & management of all resources that God provides.

Responsibilities:

- *Deposits money as soon as possible after it is received*
- *Works according to guidelines established by Finance Committee to receive funds, record them, & report them to the Treasurer and Finance Committee*
- *Maintains records of how much money is given & by whom*
- *Checks records against those of the Treasurer and keeps records in good order for audit*
- *Arranges for collecting offerings received during worship services & other church gatherings making certain that more than one person is involved in collecting & counting money.*

More information available at:

- www.umcdiscipleship.org/resources/financial-secretary

Treasurer

Role:

- Disburses funds in a responsible and timely manner, with funds identified and bills paid when due, as directed by the church council.

Qualifications:

- Should demonstrate skills and interest in financial matters; have the ability to keep detailed, accurate records and maintain appropriate confidentiality; have an understanding of biblical stewardship and management of resources that God provides.

Responsibilities:

- *Disburses all money contributed to the local church budget, keeping accurate records of how money is spent.*
- *Manages disbursement of funds according to the guidelines established by the committee on Finance and SPRC. This includes maintaining compliance with all disciplinary requirements and applicable governmental tax guidelines.*
- *Works with the Financial Secretary to check the records, quarterly, and keeps records in good order for an annual audit.*
- *Works with the Financial Secretary and chair of the committee on finance to make regular financial reports to the committee on finance, church council, and the charge conference.*

More information available at:

- www.umcdiscipleship.org/resources/church-treasurer

Finance Committee

Role:

- An effective finance team proposes a budget & raises, manages, distributes the financial resources to support the mission & ministry of the congregation.

Qualifications:

- Ability to listen to & communicate with people of all ages who have ideas about the mission and ministry of the congregation. Skills with financial matters along with understanding of Biblical stewardship & management of the resources God provides.

Structure:

- Comprised of chairperson, pastor, lay member of annual conference, chairperson of church council, chairperson or rep. from staff-parish committee, a representative of the trustees, lay leader, financial secretary, treasurer and others determined by the charge conference.

Responsibilities:

- *Compile annual budget to support mission and vision of the church. Submit budget to church leadership for review & adoption*
- *Provide reports that show how the church is doing vs. budget*
- *Develop & implement plans to raise sufficient income to support the approved budget*
- *Establish written financial policies for the church*
- *Recommend proper depositories; carry out leadership team's directions about administration & disbursement of funds; follow procedures for the church treasurer and the financial secretary.*
- *Arrange for annual audit of financial records of church & all its accounts.*

More information available at:

- www.umcdiscipleship.org/resources/finance-committee2

Record Retention (suggestions)

Document	How Long to Keep (minimum)
• Articles of Incorporation, amendments, bylaws	Permanently
• Background checks for those responsible for youth & vulnerable adults	Permanently
• Certificate of incorporation and corporate records	Permanently
• Minutes	Permanently
• Property records	Permanently
• Contracts and leases	Permanently
• Insurance policies, including expired policies	Permanently
• Insurance letters/correspondence	Permanently
• Audit reports	Permanently
• Employment applications (for current employees)	Permanently
• Bank statements, reconciliations & cancelled checks	7 years
• Invoices from vendors	7 years
• Giving (stewardship records)	7 years
• W-2 and 1099 forms	7 years
• Housing allowance forms	7 years
• Business correspondence	7 years
• Personnel records (after termination)	7 years

Record Retention



- Important for church to discuss & adopt a record retention policy
- Think about where files will be kept, the security of the environment & the physical conditions.
- Avoid maintaining archives in parishioners homes & in attics or basements where damage can easily occur.
- Reasons to keep documents include legal requirements, future litigation, the needs of the organization & historic importance.
- Retaining insurance policies is of particular importance since lawsuits can reach back many years.
- General Commission on Archives & History Record Retention Guidelines: <http://www.gcah.org/resources/managing-records-of-the-annual-conference-and-local-church>

Investments

United Methodist Frontier Foundation: www.umff.org

- Methodist based organization offering investment management to over 400 churches in NYAC & Upper NYAC
- Funds managed by SEC-registered investment advisers
- Offer high quality equity and fixed-income portfolios
- Assistance in the creation / adoption of church Investment Policies
- Investments comply with *Social Principles of The United Methodist Church*
- Also offers:
 - Capital Campaign and Planned Giving consultation
 - Church & Clergy Financial Training
 - Annual Ministry Grants



Contact:

Executive Director: Ellen Knudsen
UM Frontier Foundation
20 Soundview Ave
White Plains NY 10606
914-615-2239



Resources

Communication:

Ensure that church leaders are receiving communications from the Conference.
Names & e-mails must be provided in on-line Charge Conference Summary Report

Websites:

New York Annual Conference: www.nyac.com

Wespath: www.wespath.org

General Commission on Archives and History: www.gcah.org

General Council on Finance & Administration: www.gcfa.org

Professional Administrators of the United Methodist Connectional Structure (PAUMCS) www.paumcs.org

UMC Giving: www.umcgiving.org

GCFA General Church Reports (Ex: Apportionments, General Agency Finances, General Church Budget): www.gcfa.org/reports