

Part Three: Position Descriptions

The key financial leadership roles within most congregations include the treasurer, the financial secretary, and the chairperson of the committee on finance. This section provides a description of each of these positions. A valuable resource that provides a more in-depth description of the responsibilities of each position is *The United Methodist Church Financial Records Handbook*, published each quadrennium by The United Methodist Publishing House.

The Treasurer

As treasurer of the church, you have the unique responsibility of carrying out most of the financial decisions made by the committee on finance. The *Discipline* (§258.4b) charges you with broad responsibility in three general areas:

- **Fund Disbursement.** “The church treasurer(s) shall disburse all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine.”
- **Reporting.** “The church treasurer shall make regular and detailed reports on funds received and expended to the committee on finance and the church council.”
- **Monthly Remittances to the Conference Treasurer.** “The treasurer(s) shall remit each month to the conference treasurer all World Service and conference benevolence funds then on hand (see “The Connectional Nature of Apportionments” in part 2, page 26). Contributions to benevolence shall not be used for any cause other than that to which they have been given.”

More specifics on each of these areas are provided below, but first a word about how the treasurer interacts with others in positions of church leadership.

Relationships

As treasurer of the church, you will work with a number of people and groups within and outside the church to make your ministry more effective—and enjoyable. As treasurer, you will:

- be a member of the charge conference, the church council or board, and the committee on finance.
- work with the financial secretary. You will receive from the financial secretary a deposit slip indicating the amounts deposited, along with a statement summarizing the sources of all cash received and the purposes for which they were given.
- work with the chairperson of the committee on finance. Any questions about policies or procedures in handling funds should be cleared with the chairperson. You

will provide a regular report to the committee, and that becomes the basis of the report from the committee on finance to the church council or board.

- work with the treasurer of the annual conference. Immediately after election as treasurer of your church, correspond with the conference treasurer to clarify your responsibility in transmitting funds to the annual conference.
- work with your pastor, who is responsible for all phases of the work of the local church.

Disbursing Funds

The way you manage the money within your care will either build up or tear down the trust of those who give to the church. You symbolize the financial management system of the church. Careful record keeping, watching the performance of invested funds, and timely remittance of special collections will encourage givers to trust the church by giving more. Work with the committee on finance to establish procedures for the authorization and payment of bills (which bills to pay in what order), investment of “idle” funds, and remittance of special offerings. Specifically, you are to:

- prepare checks to pay the bills of the church. Ideally, you should not be a signer of these checks at all, but minimally should not be the “single signer.” Someone else, frequently the person who is authorized to sign checks, should approve the bills for payment. All disbursements should be supported by adequate documentation that clearly establishes the legitimacy of the payment to be made. Invoices should include a description of the goods or services obtained or provided, including the names of the person or persons initiating the purchase. Purchase orders should be used for major purchases (level to be set by the committee on finance), with the appropriate signature of the individual authorized to approve such a purchase.
- prepare all payroll checks (again, you should not be a signer of these checks at all, but minimally should not be the “single signer”). The payroll checks should also be approved to ensure the amount of pay is correct. As described in the “Appendix: Laws and Regulations,” federal taxes and Social Security (FICA) are to be withheld and paid on all employees except your pastor(s). “IRS Publication 15 (Circular E) Employer’s Tax Guide” provides withholding tables and explains procedures for withholding and remitting payroll taxes. If state and local taxes are to be withheld from employees’ wages, be certain that you have the proper information and follow the recommended procedures.
- keep track of all disbursements using accounting software, a spreadsheet, or a manual system to do so, and maintain an organized filing system for backup documentation.
- supervise cash balances to ensure that adequate cash is maintained in the checking account and recommend to the committee on finance that any excess cash be invested.
- prepare and file all payroll-related tax returns, including 941s, W-2s, state and local withholding taxes, 1099s, etc. As described in the section on tax filing in the

Appendix, your church may need to pay and file tax returns to a variety of entities. “IRS Publication 15” also provides guidance on the filing requirements and preparation of tax returns.

- promptly remit on a monthly basis to the conference any apportioned or other mission funds on hand (see “Connectional Nature of Apportionments,” page 26).

Reporting

Regular reporting of all receipts and disbursements that flow through your books in an accurate and easily interpreted way is one of the most important responsibilities of the treasurer. Generally, this reporting includes two primary statements, the **statement of cash receipts and disbursements** and the **fund activity report**. You report to the committee on finance and, if requested, to the church council or board. In addition, you may need to report to outside agencies, such as the IRS, as described in the Appendix.

Specifically, you are to:

- maintain an adequate system to file and store documentation and receipts related to disbursements.
- receive summary cash deposit information related to contributions from the financial secretary.
- prepare and present to the committee on finance each month a report that summarizes **cash receipts and disbursements** for the month and year-to-date. Beginning cash on this report must be the same as ending cash on the prior month’s report. Ending cash for each account on this report must agree with the reconciled bank statements. If possible, prepare this report to provide a comparison with prior year(s) and with amounts budgeted.
- prepare and present to the committee on finance each month a report on the cash activity that took place in each fund. This **fund activity report** should include the beginning balance of each fund, the amounts of receipts and disbursements in the fund, any transfers between funds, and the ending balance in the funds. The ending balance for all funds should agree to the total ending cash presented on the report summarizing cash receipts and disbursements.
- prepare and present to the committee on finance an annual statement of **cash receipts and disbursements** at year-end and an annual **fund activity report**. If possible, prepare this report to provide a comparison with prior year(s) and with amounts budgeted. (Note that if your church uses the accrual basis of accounting, all of these reports mentioned will be different, as described in part 2.)
- establish and maintain a system to retain financial records in accordance with government regulations as described in the Appendix.
- report to all appropriate government agencies as described further in the Appendix.

What’s Not Your Job?

It is also important to be aware of what is not included in your role as treasurer. As treasurer, here are some key tasks that you are *not* to do:

- Do not be personally involved in counting or depositing the offering or other cash.
- Do not serve on the committee conducting the annual audit.
- Do not serve as the financial secretary of the church.

Further, if you—as treasurer—have been authorized to perform any one of these tasks, you are not to do the other two:

- approve payments for expenditure,
- sign checks,
- reconcile bank accounts.

The Financial Secretary

The position of financial secretary is one of the most important and sensitive offices in the church. You were nominated to this position and elected by the charge conference with the conviction of your fellow members that you have the special gifts for this position. The information you compile about contributions to the church is important to both donors and to the church. Donors rely on you for accurate data to include on their tax returns. The church, particularly the treasurer, depends on you to report accurately both the amount and the purposes for which each gift was given so that the donor's intent can be honored. The pastor relies on you to provide insights when people stop giving or dramatically change their pattern of giving, and what pastoral attention might be needed in those situations.

The *Discipline* charges the financial secretary with broad responsibility for three general areas:

- **supervise the offering count;**
- **promptly deposit cash from offerings** in the bank in accordance with procedures established by the committee on finance, and give a record of each deposit to the treasurer;
- **keep records of contributions.**

More specifics on each of these areas are provided below, but first a word about how the financial secretary interacts with others in positions of church leadership.

Relationships

The financial secretary of the church works with a number of people and groups within the church to make the job more effective—and enjoyable. As financial secretary, you will:

- be a member of the committee on finance; if you are a paid employee, you serve on this committee without a vote. You will report to the committee each month about the status of giving to the church.
- work with the treasurer. You will give the treasurer a deposit slip that indicates the amounts deposited to the bank each time the offering is received, along with a statement summarizing the sources of all cash received and the purposes for which donations were given.
- work with the chairperson of the committee on finance. Any questions about policies or procedures in handling contributions should be cleared with the chairperson.

- work with the congregation by providing accurate data about their giving. This normally takes the form of quarterly and annual giving statements.
- work with your pastor, who is responsible for all phases of the work of the local church.

As financial secretary, you cannot also serve as the treasurer or be closely related to the treasurer.

Supervise the Offering Count

You are responsible for ensuring that the offering is accurately counted. An important part of this is making sure that the offering is kept intact and secure until it is ready to be counted. In many churches, the offering is received on Sunday, but the count does not occur until Monday. With help from the committee on finance, you need to develop a process that makes sure that the offering is safeguarded from the point it leaves the sanctuary until it is deposited into the bank. Here are some internal control suggestions to consider as you develop the process:

- If the offering leaves the sanctuary during the service, it should be carried by two unrelated ushers to the church office and immediately locked in a safe.
- Under no circumstances should you or anyone else take the offering home.
- The offering should remain locked in a safe at the church until the count takes place and then until it is ready for deposit.

The committee on finance will appoint at least two people (preferably more) to assist in counting and depositing.

- Counters cannot be related to the treasurer, to one another, or to you.
- The count should never be conducted by just one counter. There should always be at least two unrelated people performing the count.
- Preferably, the counters should be rotated from one week to the next.
- Preferably, the count should take place in a secure location at the church as soon as possible following the offering.
- Checks made out to the church should be restrictively endorsed.
- Counters should be trained in how to perform the count accurately.
- A preformatted count sheet should be used to help the counters accurately record the details of the offering.
- Offering envelopes have long proven their value and are used by many congregations. They provide privacy to the contributor, a dated reminder to encourage regularity in giving, a basis for posting contributions to individual records, and a record for reference when a question arises about individual contributions.
- Congregations that offer electronic giving will want to provide a way for those who opt to give in that manner to participate in the offering. A card that indicates that an attendee has “given electronically” can be available in the bulletin or in pews. Full color “I’m a UMC e-Giver” cards are a free download at <http://www.umcdiscipleship.org/resources/im-a-umc-e-giver-cards>.

Deposit Cash Promptly

As soon as the count is accurately completed, the offering should be deposited intact in the bank. In addition, a record of the deposit must be provided to the church treasurer.

- Deposit the entire offering intact. While it is tempting to pay for minor church expenses out of the offering, it is not a good idea to do so. Rather, the treasurer should pay expenses with a check.
- It is best for two unrelated people to take the deposit to the bank. If only one person drops off the deposit, that person should not have access to the count sheet or deposit summary, and a second unrelated person should reconcile the deposit slip from the bank with the count sheet to ensure that the amount counted agrees with the amount deposited.
- Give a summary of the deposit to the treasurer. This needs to include details about how much was contributed to the operating (or general) fund, how much was given to the building fund, and so on. The summary does not include how much each donor gave.

Keep Records of Contributions

A critical part of your job is to keep an accurate record of the amounts contributed to the church. A variety of prepared forms are available from Cokesbury to simplify this task. Some churches design their own forms and have them printed to fit their specific needs. You must also communicate to donors by providing them with giving statements, usually on a quarterly basis. IRS requirements for reporting to donors are in the Appendix.

- Keep a separate giving record for each donor.
- Post contributions made by donors to their giving records as soon as possible after the offering is taken. Update the giving records using the information appearing on the offering envelope or check.
- Quarterly, if possible, provide a giving statement to each donor to recap his or her giving for the period. This statement should provide as much detail as possible. For internal control purposes, donors should be given a contact person who can answer questions about discrepancies between the giving statement and their personal records. The contact person should be someone other than you. The committee on finance should identify someone to investigate any concerns that are not easily resolved.
- At the end of the year, provide an annual giving statement to each donor to recap his or her giving for the year. This should be distributed to donors as soon as possible after year-end, ideally before the last day of January, to expedite the preparation of income tax returns.

What's Not Your Job?

It is also important to be aware of what is *not* included in your role as financial secretary. As financial secretary, here are some key tasks that you are *not* to do:

- Do not serve on the annual audit committee.
- Do not serve as the treasurer of the church.

As financial secretary, if you are authorized to perform any one of the three tasks below, you are not to do the other two:

- approve payments for expenditures,
- sign checks,
- reconcile bank accounts.

The Chairperson of the Committee on Finance

The chair of the committee on finance has the broad responsibility of leading the financial direction of the church. The *Discipline* charges you and the committee with oversight of all of the following areas, most of which have been described in depth in part 2:

- compile an annual budget;
- develop and implement plans to raise sufficient income to meet the budget;
- administer the funds received according to instructions from the church council;
- guide the treasurer and financial secretary by following directions established by the church council;
- recruit and assign counters to work with the financial secretary in counting the offering;
- provide for bonding for the treasurer (and others dealing with cash);
- establish written financial policies to document internal controls;
- review the adequacy and effectiveness of internal control policies annually;
- make provisions for an annual audit of the financial statements of the church and all its organizations and accounts;
- provide a report to the annual charge conference on the audit;
- recommend to the church council proper depositories for the church's funds;
- use contributions as donors intend;
- report to the church council annually on all designated funds that are separate from the operating budget.

Other duties are detailed below, but first a word about how you interact with others in positions of church leadership.

Relationships

As the chairperson of the committee on finance, you will work with a number of people and groups within the church to make your ministry more effective—and enjoyable. As chair, you will:

- be a member of the charge conference and the church council or board;
- work with the financial secretary, answering questions and providing guidance;
- offer leadership and direction to the treasurer;
- work with your pastor, who is responsible for all phases of the work of the local church.

Other tasks not listed above that should be considered by the committee on finance include those that follow. (Remember that these three tasks are not specifically assigned by

the *Discipline*, and the guidance given is that whoever is given authority to perform any one of these tasks should not do either of the other two: approval of payment for expenditures; signing checks; reconciling bank accounts.)

- Designate the people who can sign checks on behalf of the church. (It is important to have more than one person.) Your bank should be told who has this authority.
- Designate the person or persons who can authorize and approve disbursements.
- Designate an individual to facilitate the monthly reconciliation of all bank accounts on a timely basis.

At monthly meetings, the committee on finance should perform the following tasks in addition to other new business that may be before the committee:

- Check the treasurer's **report on cash receipts and disbursements** to see that the beginning cash balance on the current month's report is the same as the ending cash balance on the prior month's report to ensure that the report is complete and includes all transactions.
- Compare the reconciled bank balance to cash as presented on the **report on cash receipts and disbursements**.
- Compare current period cash receipts with year-to-date receipts and with receipts in the same month in the prior year, and evaluate for accuracy. Also compare current period cash receipts with budgeted receipts for the period.
- Inspect each line of current period cash disbursements with both the year-to-date amount and with the same month in the prior year, and evaluate for reasonableness. Also compare current period cash disbursements with budgeted disbursements for the period.
- Evaluate the monthly ending cash balance and compare it with the cash budget. Based on budgeted cash requirements for the coming months, assess the adequacy of cash for the future.
- Examine the **fund activity report** provided by the treasurer and discuss any transfers that took place between funds, disbursements out of restricted funds, and any funds with negative balances.

As was suggested on page 12, when planning your first meeting, make sure each meeting begins with a spiritual foundation: a prayer or a short devotion. Frame your meeting in a reflection on God's abundance, not on issues of scarcity. Deal honestly and openly with challenges your church faces, but be positive about a God who provides—not for everything we want, but for everything we need.

Though it has been stated already, the financial ministries of the church are *ministries* first. You have a sacred trust to envision and encourage a church in an attitude of abundance and a practice of responsible stewardship.

Appendix: Laws and Regulations

Financially vital congregations understand the laws and regulations that apply to them and endeavor to comply with these requirements. To help your committee develop competency in this best practice area, this appendix provides an overview of various tax laws that relate to churches. Not all laws may apply to your specific situation. Your church may wish to consult a tax professional for additional guidance.

Taxes

Tax Status

Your church is tax exempt under Section 501(c)(3) of the Internal Revenue Code as a subordinate organization of the greater United Methodist Church. You do not need to do anything for this status since a “group tax exemption ruling” covers all local United Methodist churches. This means that contributions to your church are tax deductible by the donor. If you are a new congregation, your district office will assist you in completing paperwork to request inclusion in The UMC group tax exemption.

Employer Identification Number (EIN)

Your church should have an EIN issued by the IRS. This nine-digit number is required to open a bank account, file tax returns, or participate in the group tax-exemption ruling discussed above. If your church does not have an EIN, you can request one from the IRS by completing **Form SS-4 Application for Employer Identification Number**.

Federal Form 990

There are a number of tax filing requirements that may or may not apply to your congregation. “IRS Publication 1828, Tax Guide for Churches and Other Religious Organizations” provides an excellent resource for determining which requirements apply to your church.

- One return that is *not* required is **Form 990**. Most non-profit entities are required annually to file a federal **Form 990 Return of Organizations Exempt from Income Tax** (or a shorter version of the Form 990), but churches are specifically exempt from this requirement.
- **Form 990-T Exempt Organization Business Income Tax Return** is *most likely not* required to be filed by your church. It does apply to churches that generate gross income of \$1,000 or more per year from an unrelated business. If your congregation continuously conducts an activity that could be considered a trade or business that

is not substantially related to the church's exempt purpose, you should consult with a tax advisor to determine if this qualifies as unrelated business income.

State and Local Sales Tax

The fact that your church is federally tax-exempt does not necessarily mean that it is exempt from all sales tax. Forty-five states collect statewide sales and use tax, and many cities and local governments add local sales tax. Check with your conference office or with your state, since each state has different rules about whether and when a church is exempt from paying sales tax.

States that exempt churches from *paying* sales taxes on purchases normally require some type of sales tax exemption certificate and also require that the item be purchased directly by the church using a church check rather than by a representative of the church using personal funds. Furthermore, not all items purchased by the church may be exempt from sales tax by your state. Many states exempt items purchased by the church that are used in conducting ministry, but do not exempt items purchased for the parsonage, for example. If you are located in a sales tax state, be sure to obtain a sales tax exemption certificate because it may save your congregation money.

It is also important to remember that *paying* sales tax is different from *collecting* sales tax. The seller collects sales taxes when the sale is made. Many states require churches to have a sales tax permit and to collect sales taxes on the sale of tangible property, which might include the sales of items at a fundraiser or auction, food at a church dinner, books for a Bible study, or CDs during a concert. Once it has collected taxes, the church must prepare and file a state sales tax return and remit the sales tax to the state in accordance with the filing requirements of the state. Check with your conference office or with the state to determine the rules that apply to your congregation.

Employment Taxes

While the details of the compensation packages of your pastor and church staff are the responsibility of the staff/pastor-parish committee, usually it is left to the treasurer to prepare paychecks and file any necessary employment tax returns. Clergy employment taxes are a very complex area of tax law that demands your familiarity.

Employment taxes for your pastor(s). You are not required to withhold federal or state income taxes for your pastor, but you can do so to assist him or her. You will likely do so only if you have other church employees for whom you are withholding income taxes. If you do withhold income taxes for your pastor, include those amounts on the forms that you file quarterly for your other employees. You are not required to withhold and match FICA tax (Social Security and Medicare) for your pastor. Your pastor pays this tax as a self-employed person, paying both the employee and the employer share.

At the end of the year, prepare a **Form W-2** for your pastor. In box 1 (Wages, Tips, and Other Compensation), include the amount that you paid your pastor in compensation, but not any amounts that you paid to him or her for a housing allowance. It is highly recommended that you report the amount paid for housing in box 14 (Other). If you have

chosen to withhold federal income tax for your minister, that amount goes in box 2 (Federal Income Tax Withheld). Boxes 3 through 6 should be left empty since the pastor pays his or her own FICA.

“IRS Publication 517 Social Security and Other Information for Members of the Clergy and Religious Workers” can answer many questions about the rules that apply to your pastor. Additionally, several excellent resources are listed at the end of this Guideline that provide more information about this complex area.

Employment taxes for all non-ordained employees. Your church may have other employees, such as a church secretary, janitor, and organist. If so, you must prepare and file on their behalf all returns required of any other employer, except for FUTA (Federal Unemployment Tax Act), since churches are specifically exempt from FUTA. Prepare and file:

- Federal income tax withholding.
- FICA (Social Security and Medicare): Half of this tax is withheld from the employee and half of it is paid by the church.
- State and local income tax withholding: Not all states and cities have income taxes, so this may not apply to your church.

Like any other employer, you must remit these withheld taxes on a timely basis to the proper taxing authority and file the appropriate tax returns both quarterly and at the end of the year. “IRS Publication 15 (Circular E) Employer’s Tax Guide” provides withholding tables and explains procedures for withholding and remitting payroll taxes.

Form 1099-MISC

If your church pays an unincorporated entity \$600 or more in any calendar year for rent, prizes or awards, fees, or compensation to non-employees, you may be required to furnish that individual or entity with a **Form 1099-MISC** by January 31 of the following year and file the appropriate copies to the Internal Revenue Service by February 28. Exercise care in determining whether the individual providing services to the church is an employee (who should be included in all payroll tax filings described above) or self-employed (and should receive a **Form 1099-MISC** at year-end). Several factors are considered in determining whether a worker is an employee. For more information and examples of the common law employer–employee relationship, see “IRS Publication 15-A, Employer’s Supplemental Tax Guide.”

Special Funds

Good Samaritan/Benevolence Fund

If your congregation wants to support needy individuals within the community, perhaps with money for utilities or food, it should establish a Good Samaritan/Benevolence Fund for this purpose. The committee on finance should establish a written policy for handling requests from individuals in need. Without an approved policy, donations given by

church members to support this purpose might be considered nondeductible by the IRS. It is important to prohibit donors from specifying or controlling payments from the benevolence fund.

Pastor's Discretionary Fund

Your congregation may provide the pastor with funds to be used at his or her discretion, either through the operating budget or through special offerings. Typically, the pastor uses this money confidentially to support persons in need. To administer this fund correctly and to ensure that it has no tax consequence to the pastor, the committee on finance should develop a written policy and sound internal controls. Most important, the pastor must document how the funds are spent (without providing names of recipients), must never spend the funds personally, and must limit the amount given based on the church's policies. This fund must be included in the annual church audit, and the treasurer should require a signed request form when replenishing the fund.

Accountable Expense Reimbursement Plan

Establish an accountable reimbursement plan to cover the church expenses that pastor(s) and staff pay for personally. These are church expenses that, for whatever reason, the clergyperson or staff have paid for personally and that should be reimbursed to them. The way in which these expenses are paid back is critical, since reimbursements under a non-accountable plan can result in the payment of unnecessary taxes. Fortunately, the rules applying to churches for expense reimbursement are the same as those that businesses must follow, so if your place of employment has such a plan, you may be familiar with how it functions. The website of the General Council on Finance and Administration (<http://www.gcfa.org/gcfa-resources>) provides excellent resources on this topic, including several sample plans.

To summarize, without an accountable plan, amounts reimbursed to your pastor or other employee for business-related expenses may be considered by the IRS to be additional compensation and subject to income tax. With an accountable reimbursement plan in place, however, there are no tax consequences to the employee that result from reimbursement. The IRS defines an accountable reimbursement plan as meeting three requirements: (1) the expense is related to the church; (2) the church requires the pastor or other employee to substantiate expenses incurred; and (3) the church requires the pastor or other employee to promptly return any excess amounts.

The plan should be a written policy that specifies the types of church expenses that will be reimbursed, provides guidelines for the kind of documentation that must be provided, and stipulates a timeline for submission of receipts for reimbursement. Either the committee on finance or the staff/pastor-parish relations committee should establish the plan and consult the district superintendent or conference treasurer to ensure compliance with IRS requirements.

Once an accountable reimbursement plan is in place, the process for implementing it is simple. Each year during the budgeting process, the anticipated amount of clergy/staff business expenses should be estimated in conjunction with the staff/pastor-parish relations

committee and included in the budget. Throughout the year, clergy and staff submit their receipts for reimbursement. To increase internal control, it is wise to have reimbursement requests submitted to the staff/pastor-parish relations committee for authorization rather than directly to the treasurer. Once a request has been authorized as a legitimate expense with adequate documentation, the treasurer can prepare a check to reimburse the pastor or staff person.

It is important for the staff/pastor-parish relations committee and the committee on finance to recognize that if they are unwilling to reimburse the pastor and staff for church-related expenditures, they are asking these individuals to pay church expenses out of their own pockets. This is unfair to your pastor and members of your staff. It also results in an inaccurate representation of how much the operations of your church truly cost.

Recordkeeping Requirements

Churches are required by the IRS to maintain accounting records that substantiate activity. Generally this includes official documents, minutes, property records, general ledgers, receipts and disbursements journals, payroll records, banking records, and invoices. Most experts agree that accounting records and contribution data should be maintained a minimum of seven years, while property records, licenses, permits, minutes, and annual reports and financial statements should be retained permanently.

Charitable Gift Acknowledgments

Your church must issue appropriate written acknowledgment of charitable gifts made by donors; likewise, your church must *not* provide a gift acknowledgement for something that does not meet the IRS definition of a charitable gift. To be a charitable gift, the transfer of cash or property to your church must be unconditional, cannot be made to benefit a specific individual, and cannot personally benefit the donor.

For example, if a parishioner makes a cash contribution to your church as part of a tornado relief offering and insists that the gift be given to a specific family, it does not qualify as a charitable contribution. When members purchase tickets to a church fundraising dinner, the purchase does not qualify as a donation. If the price of the dinner ticket is greater than the fair market value of the dinner, however, the excess paid is a contribution. “IRS Publication 1771, Charitable Contributions: Substantiation and Disclosure Requirements” provides an excellent resource on the requirements surrounding donations.

The church needs to provide donors with timely, written acknowledgement of gifts. In order to deduct a charitable contribution on their tax return, donors who make a monetary donation must have substantiation by either a bank record (such as a cancelled check) or a written communication from the church showing the name of the church, the date of the contribution, and the amount. When a single donation is \$250 or more, the donor must have written acknowledgment from the church. This written document should include the church’s name and provide the following data:

- the name of the donor.
- the date and amount of each contribution of \$250 or more during the year.

- If no tangible goods or services were provided to the donor in exchange for the contribution, a statement to that effect should be included. Churches normally do provide “intangible religious benefits” through their ministry, such as Communion on Sunday. These benefits do not reduce the amount of the charitable contribution to the donor.
- If any tangible goods or services were provided to the donor in exchange for the contribution, the written statement must inform the donor that the amount of the contribution is limited to the excess of the donation above the value of goods or services from the organization and provide the giver with a good faith estimate of the fair market value of the goods or services.

The IRS does not provide or require a specific form for the written acknowledgment, but does mandate that it be provided to the donor on a timely basis. Most churches typically provide annual giving statements no later than January 31. The statement need not include the donor’s social security number and may be provided to donors electronically.

Examples of a giving statement might include the following:

- “Other than intangible religious benefits, no tangible goods or services were provided to the donor in exchange for the contribution detailed above.”
- “Thank you for your cash contribution of \$50 for the Annual Food Pantry Fundraiser on November 1. In exchange for your contribution, you received our annual Food Pantry Cookbook, which has an estimated fair market value of \$10.”

Non-Cash Donations. Some non-cash donations to the church might be encouraged (such as items donated to a rummage sale), whereas others should be discouraged or refused. An important best practice described in part 2 of this Guideline is the creation of a gift acceptance policy to protect the church against unwanted non-cash donations.

When non-cash donations are accepted, the church should provide an acknowledgement to the donor if the items are easily valued at \$250 or more. The receipt should acknowledge that all items received were in good condition. It is important to remember that *the responsibility for valuing the donated property rests with the donor*, not the church.

Property donated to the church with a claimed value of greater than \$5,000 presents additional requirements, including a qualified appraisal by the donor and acknowledgement of the gift by the church on **IRS Form 8283**, which the donor must attach to his or her tax return. Any accepted vehicle donation also has additional acknowledgement requirements. Your conference treasurer may be able to provide guidance on these processes.

Resources

2017–2020 United Methodist Church Financial Records Handbook, published each quadrennium by The United Methodist Publishing House. Search in “Supplies” at www.cokesbury.com.

Beyond the Collection Plate: Overcoming Obstacles to Faithful Giving by Michael Durall (Nashville: Abingdon Press, 2003), ISBN: 9780687023158.

The Church Money Manual: Best Practices for Finance and Stewardship by J. Clif Christopher (Nashville: Abingdon Press, 2014), ISBN: 9781426796579.

Faith & Money: Understanding Annual Giving in Church by Michael Reeves and Jennifer Tyler (Nashville: Discipleship Resources, 2003), ISBN: 9780881774108.

Funding Your Ministry by Scott Morton (Colorado Springs: NavPress, 2007), ISBN: 9780972902373.

Giving to God: The Bible’s Good News About Living a Generous Life by Mark Allan Powell (Grand Rapids: Wm. B. Eerdmans, 2006), ISBN: 9780802829269.

Guidelines: Stewardship 2017–2020 by Ken Sloane (Nashville: Cokesbury, 2016).

“The Local Church Audit Guide,” available from the resource section of the General Council on Finance and Administration. For more information, visit www.gcfa.org.

Measures Evaluation Tool at www.umvitalcongregations.org in the “Setting Goals” tab.

Ministry and Money: A Practical Guide for Pastors by Janet T. and Philip D. Jamieson (Louisville: Westminster/John Knox Press, 2009), ISBN: 9780664231989.

Propel: Good Stewardship, Greater Generosity by Clayton L. Smith (Nashville: Abingdon Press, 2015), ISBN: 9781630883683.

Rich Church, Poor Church: Keys to Effective Financial Ministry by J. Clif Christopher (Nashville: Abingdon Press, 2012), ISBN: 9781426743368.

Simple Rules for Money: John Wesley on Earning, Saving, and Giving by James A. Harnish (Nashville: Abingdon Press, 2010), ISBN: 9780687466160.

A Spirituality of Fundraising by Henri Nouwen with John S. Mogabgab (Nashville: Upper Room Books, 2011), ISBN: 9780835810449.

Whose Offering Plate Is It? New Strategies for Financial Stewardship by J. Clif Christopher (Nashville: Abingdon Press, 2010), ISBN: 9781426710131.

UMC Agencies & Helpful Links

General Board of Church and Society, www.umc-gbcs.org, 202-488-5600; Service Center, 1-800-967-0880

General Board of Discipleship (d/b/a Discipleship Ministries), www.umcdiscipleship.org, 877-899-2780; Discipleship Resources, <http://bookstore.upperroom.org>, 1-800-972-0433; The Upper Room, www.upperroom.org, 1-800-972-0433; email: info@umcdiscipleship.org

General Board of Global Ministries, www.umcmmission.org, 1-800-862-4246 or 212-870-3600; email: info@umcmmission.org

General Board of Higher Education and Ministry, www.gbhem.org, 615-340-7400

General Board of Pension and Health Benefits, www.gbophb.org, 847-869-4550

General Commission on Archives and History, www.gcah.org, 973-408-3189

General Commission on Religion & Race, www.gcorr.org, 202-547-2271; email: info@gcorr.org

General Commission on the Status & Role of Women, www.gcsrw.org, 1-800-523-8390

General Commission on United Methodist Men, www.gcumm.org, 615-340-7145

General Council on Finance and Administration, www.gcfa.org, 866-367-4232 or 615-329-3393

Office of Civic Youth-Serving Agencies/Scouting (General Commission on United Methodist Men), www.gcumm.org, 615-340-7145

The United Methodist Publishing House, www.umph.org, 615-749-6000; Curric-U-Phone, 1-800-251-8591; Cokesbury, www.cokesbury.com, 1-800-672-1789

United Methodist Communications, www.umcom.org, 615-742-5400; EcuFilm, 1-888-346-3862; InfoServ, email: infoserv@umcom.org; *Interpreter Magazine*, www.interpretermagazine.org, 615-742-5441

United Methodist Women, www.unitedmethodistwomen.org; 212-870-3900

For additional resources, contact your annual conference office.