

Becoming an Effective Treasurer

Internal Controls

Process for assuring achievement of organizational objectives

Control environment → Identification and analysis of risks → Control activities → Information and communication → Monitoring

Budget

- Financial plan; used to monitor financial activities
- Line item budget vs. narrative budget

Handling Income

- Two unrelated people
- Several people on rotating basis
- Written acknowledgements or statements should be sent to donors
- Designated and restricted gifts: honor donor intent, track separately

*Now you are the body of Christ, and each one of you is a part of it. And in the church God has appointed first of all apostles, second prophets, third teachers, then workers of miracles, also those having gifts of healing, those able to help others, **those with gifts of administration**, and those speaking in different kinds of tongues.*

(1 Corinthians 12:27-28 NIV)

IRS Substantiation Rules

- Single contributions of \$250 or more
- “Quid pro quo” contributions of \$75 or more
- Donations of property – describe property, but do not state value

Written Statement should include:

- ✓ Name of organization
- ✓ Amount of cash contribution
- ✓ Description (but not the value) of non-cash contribution
- ✓ Statement that ...
 - “no goods or services were provided in return for the contribution”
 - OR
 - Description and good faith estimate of the value of goods or services provided in return
 - Except for “intangible religious benefits”

Handling Expenditures

- Supported by proper documentation, receiving and approval, separation of duties
- Sales tax exemption
- Use of credit cards

Credit card best practices:

- ✓ Policy
- ✓ Personal expenses not allowed
- ✓ Cash advances not allowed
- ✓ Set reasonable limits
- ✓ Signed agreement with cardholders

Payroll and Taxation

- Employees vs. Independent Contractors
- Housing allowance for clergy

Housing Allowance

- *Must be requested in writing*
- *Approved by the official body of the congregation (congregation council)*
- *Recorded in minutes of meeting*
- *Operates prospectively (i.e. declared ahead of actual expenditures)*
- *Reported on W-2 as information item in box 14.*

Lesser of:

- *Amounts actually paid for housing and related expenses*
 - *The fair rental value of the home*
 - *The amount actually paid or declared by the congregation as the housing allowance*
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Expense Reimbursement

- Accountable plan vs. Non-accountable plan

Accounting System and Financial Statements

Basis of Accounting – Cash vs. Accrual

Financial Statements

- Statement of Financial Position (Balance Sheet)
- Statement of Activities (Statement of Revenue, Expenses, and Changes in Net Assets)
- Management Reports

Fund Accounting

Track the specific designations of contributions and ensure that the funds are used for the stated purpose.

Audit

An Audit Committee of three voting members shall be elected by the Congregation Council. Audit Committee members shall not be members of the Congregation Council. Term of office shall be three years, with one member elected each year. Members shall be eligible for reelection. (C13.03)

Balance Sheet As of February 28, 2018		Statement of Activities For the period ending February 28, 2018	
Assets		Income	
Cash		Offerings	18,500.00
Checking	3,578.00	Program Income	376.00
Savings	58,972.00	Rent	1,000.00
Accounts Receivable	250.00	Interest	15.00
Prepaid Expenses	384.00	Total Income	19,891.00
Fixed Assets		Expenditures	
Church Building	800,000.00	Mission Support	1,850.00
Furnishings and Equipment	100,000.00	Program Expenses	1,790.19
Accumulated Depreciation	(158,000.00)	Personnel Expenses	11,100.00
Total Assets	805,184.00	Building and Grounds	3,580.38
Liabilities		Administrative Expenses	2,188.01
Accounts Payable	385.00	Total Expenditures	20,508.58
Funds Held for Others	2,800.00	Net Income over Expenditures (617.58)	
Net Assets			
with Donor Restrictions	25,294.00		
without Donor Restrictions	776,705.00		
Total Liabilities and Net Assets	805,184.00		

Statement of Activities For the period ending February 28, 2018							
	YTD This Year	YTD Last Year	Variance	YTD Budget	Variance	Annual Budget	Remaining
Income							
Offerings	18,500.00	17,200.00	1,300.00	17,400.00	(16,100.00)	120,000.00	(136,100.00)
Program Income	376.00	425.00	(49.00)	333.33	(382.33)	2,000.00	(2,382.33)
Rent	1,000.00	-	1,000.00	2,000.00	(1,000.00)	12,000.00	(13,000.00)
Interest	15.00	12.00	3.00	16.67	(13.67)	100.00	(113.67)
Total Income	19,891.00	17,637.00	2,254.00	19,750.00	(17,496.00)	134,100.00	(151,596.00)
Expenditures							
Mission Support	1,850.00	1,720.00	(130.00)	2,000.00	2,130.00	12,000.00	9,870.00
Program Expenses	1,790.19	1,940.07	149.88	1,700.00	1,550.12	10,000.00	8,449.88
Personnel Expenses	11,100.00	10,320.00	(780.00)	12,000.00	12,780.00	72,000.00	59,220.00
Building and Grounds	3,580.38	3,174.66	(405.72)	4,933.33	5,339.05	23,600.00	18,260.95
Administrative Expenses	2,188.01	2,292.81	104.80	2,750.00	2,645.20	16,500.00	13,854.80
Total Expenditures	20,508.58	19,447.54	(1,061.04)	23,383.33	24,444.37	134,100.00	109,655.63
Net Income over Expenditures	(617.58)	(1,810.54)		(3,633.33)		-	

Resources

ELCA Office of the Treasurer

- Congregational Treasurers' and Bookkeepers' Financial and Accounting Guide
- Congregational Audit Guide
- Internal Control Best Practices
- Contingency Planning for Congregations

Evangelical Lutheran Church in America (www.elca.org)

- > About
 - > Office of the Treasurer
 - > View Financial Resources
 - > Congregations
 - > Financial and Accounting Guide

Administration Matters

A bi-monthly e-newsletter for congregational leaders

www.elca.org > News > ELCA Blogs > Administration Matters

Saint Paul Area Synod, ELCA

www.spas-elca.org

Resources > Forms and Reports

- Information for Treasures and Accountants
- Generic Remittance Form for Directing Money to the Saint Paul Area Synod

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Christianity Today

www.churchlawandtax.com

- Church & Clergy Tax Guide
- Essential Guide to Church Finances

Internal Revenue Service

www.irs.gov

- Tax Guide for Churches and Religious Organizations (Publication 1828)
- Charitable Contributions—Substantiation and Disclosure Requirements (Publication 1771)
- Compliance Guide for 501(c)(3) Public Charities (Publication 4221-PC)
- Travel, Entertainment, Gift, and Car Expenses (Publication 463)
- Business Expenses (Publication 535)

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