

Duties of the Church Treasurer

The Role of the Treasurer

Custodian of church funds

Supervises

Counting,

Receipting,

Posting, and

Banking of Funds

Member of the Church Board

Member of the Finance Committee

Will need an assistant and counters

The Role of the Treasurer: Reports through monthly financial Statements To the Pastor, To the Church Board, Reports to the Conference Office with the Monthly Remittance Report, Reports to the Church in Business Meetings periodically.

Confidentiality

Access to church donation receipts is restricted

Authorized to see donation receipts are:

- Church Treasurer

- Pastor

- First Elder

- Assistant Church Treasurers

- Conference Treasurer

- Auditor

Storage of Records

See Policy on Document Retention

Tithes and Offerings

Two or More Counting

Safekeeping of church money until deposited

Date stamp and initial all envelopes

Receipting

Encourage use of Offering Envelopes for all donations

Total Offering Envelopes = Total Deposit

Personal Receipts

No strict rule for time of distribution

Issued at least once per year

Must comply with IRS Substantiation Requirements

Banking

Bank Account in Church's Name

Separate Tax ID

Deposit funds weekly

Review and reconcile bank statement monthly

Accounts Payable

Authorization generally given in Church Budget

Special projects or non-budgeted items must be authorized by: Church Board, or Church Business Meeting

Accounts Payable

Use Checks for all Disbursements

Do not Issue Checks to Cash

Do not Issue Cash from Offering Plate

Disable Void Checks

Two Signatures on Checks

Receipts for all Disbursements

Do not Disclose Assistance to Members

Do not Issue Blank Checks

“Neither the Church Treasurer nor the church board has the authority to divert any funds from the objective for which they were given.” Church Manual, page 60

“The funds for auxiliary Organizations...are held in trust... and they too many not be borrowed or in any way diverted by the treasurer or the church board from the objective for which they were raised.”

Transactions

There should be a standing church policy (copy should be provided) or a board action recorded on the minutes authorizing all major transactions, such as:

Investment decisions

Transfer of funds

Major expenditures

LOANS from Church Funds

“...No loans of church funds should be made to any private party at any time for any purpose.”

(GC Auditing Service - Local Church Accounting Manual, paragraph 205.04)

All checks should be issued to an individual or an organization

If cash is required for a transaction:

Issue the check to an individual. That individual will then be responsible for providing appropriate supporting documentation for the disbursement.

If cash is needed regularly for day to day transactions request board approval to implement an Petty Cash System

(see Petty Cash Authorization Form & Petty Cash Replenishing Form)

Constructive Remuneration

Payments issued to a third party on behalf of an individual as agreed, based on services performed for the church is income for that individual

Checks Issued to the Treasurer

All checks issued to the Treasurer should be approved by another board authorized officer (i.e. Pastor, First Elder, etc.)

Supporting Documentation for Benevolence Assistance

A document stating that a committee, or the church board approved the disbursement of funds for benevolence assistance, should be attached to the payment voucher. The document should be signed by someone other than the treasurer

Backup for Disbursements

Require original receipts. Copies of receipts may cause duplicate reimbursement. Once funds are reimbursed to the payee the receipts belong to the church.

Expense Reimbursement or Allowance

A fixed periodic allowance paid to an individual is taxable income (Non-Accountable Plan). A periodic expense reimbursement is non-taxable income (Accountable Plan)

Receipts or invoices are required

Reimbursements or Advanced Checks

Please attach a calculator tape to the receipts/invoices with the total reimbursed or use the Detail of Receipts for Reimbursement or Advanced Check Form

Missing Supporting Documentation

Checks issued to individuals who do not provide proper supporting documentation will be considered income for services provided and reported to the IRS on a 1099MISC form if checks total \$600 or more

Paying Rent to a Third Party (for a Bible Worker or a Church Plant)

Issue a 1099MISC form if the recipient of the payments is not a Corporation or a Church

Evangelism Recap Report

Make copies of invoices/receipts to submit with recap
Retain originals in church files

Paying Individuals for Services

Before receiving payment, each person providing a service to the church must complete either: W-4 and I-9 forms to be paid as an Employee through payroll, W-9 to be paid as a "bonafide" Independent Contractor (someone who is in the business of providing that particular type of service), or W-8 to be paid as a Non-Resident Alien (i.e.: foreigners)

When paying speakers you can only reimburse for travel and materials:

Reimbursed expenses: Travel (mileage, airfare, fuel, etc.), Lodging Meals (per diem) Materials (receipts or invoices must be provided or payment will be taxable income). Payments for speaking must be run through payroll.

Paying Individuals for Services 1099MISC Forms

The Church Treasurer must provide a 1099misc for all independent contractors.

Donations for Other Non-Profit Organizations

The Church Treasurer has no authority to state that the funds donated "through" the church to be sent to other organizations will be used for the intended purpose. The Church Treasurer is only authorized to issue receipts for organizations listed in "The Seventh-day Adventist Year Book."

Projects Overseas

"When an American church spends money outside the United States, the IRS requires it to (1) retain control and discretion over the use of the funds, (2) maintain records establishing that the recipient used the funds exclusively for exempt purposes, and (3) limit spending to specific projects that exclusively further the church's exempt purposes.

http://www.churchexecutive.com/2003/11/Tax_Issues.asp

Donations for Projects Overseas

- [An individual] can deduct contributions to a U.S. organization that transfers funds to a charitable foreign

organization if the U.S. organization controls the use of the funds by the foreign organization, or if the foreign organization is just an administrative arm of the U.S. organization.

Donations for Projects Overseas

- Funds may be sent to Northern California Conference, or
- To the General Conference

Donations should be a minimum of \$100

Attention:

Overseas Projects

12501 Old Columbia Pike

Silver Spring, MD 20204

MISSION TRIPS

Proper supporting documentation must be secured for all expenses related to a Mission Trip, whether in the U.S. or abroad. Individuals who are given funds for expenditures during the trip, must account for all monies spent. Unsupported expenses will be reported as taxable income to that individual.

Contributions

Contributions you Cannot Deduct

1. A contribution to a specific individual.
2. A contribution to a nonqualified organization.
3. The part of a contribution from which you receive or expect to receive a benefit
- 4. The value of your time or services**
5. Your personal expenses
6. Appraisal fees
7. Certain contributions of partial interests in property

<http://www.irs.gov/publications/p526/ar02.html#d0e1190>

IRS Publication 526 – Charitable Contributions (page 6)

Contributions you cannot deduct:

Contributions for specific individuals

Funds donated to a non-profit organization are not tax-deductible if the recipient is specified by the donor

IRS Publication 526 – Charitable Contributions (page 6)

Contributions you cannot deduct:

Contributions from which you benefit:

Tuition, or amounts you pay instead of tuition, even if you pay them for children to attend parochial schools or qualifying nonprofit day-care centers. You also cannot deduct any fixed amount you may be required to pay in addition to the tuition fee to enroll in a private school, even if it is designated as a “donation.”

IRS Publication 526 – Charitable Contributions (page 6)

Contributions you cannot deduct:

Contributions for specific individuals

Funds donated to a non-profit organization are not tax-deductible if the recipient is specified by the donor

Receipts for Contributions

The IRS requires that a receipt be issued for each contribution of \$250 or more. Annual receipts issued to members should be a detailed receipt and not summary.

Quid-Pro-Quo Contributions

IRS requires that a disclosure report be issued for donations of this nature if the amount received is \$75 or more

Receipts for Non-Cash Contributions

First, obtain Church Board Approval for donation. Issue a letter to the donor on the church’s letterhead acknowledging receipt of the item donated. Do not state a dollar amount in the letter, unless there were actual receipts or invoices by donor.

No transaction is required in the books

File a copy of the letter with church records

Issue a form 8283 for donations of more than \$500.

Contact Ingrid Wray for a letter stating the Non-profit status for your church.

How to Handle Donations of Vehicles to the Church

The Board must approve the receipt of the Donation. A form 8283 must be provided to the donor. If the vehicle is sold within 2 years, the sale of the vehicle must be reported both to the donor and to the IRS (use form 8282). The donor must adjust his/her tax return to report the actual sale value of the vehicle

Guidelines for Internal Control

Rotate Count "Teams."

Assign various Deacons to collect offerings.

Make immediate deposits.

Reconcile bank account monthly.

More than one signature for large disbursements.

Encourage donors to use tithe envelopes.

Require initials on tithe envelopes.

Guidelines for Internal Control

Loose offerings counted by two or more individuals that are not related.

Issue periodic contribution receipts.

Encourage member/donors to review receipts.

Disbursements must be authorized and supported.

Pay expenses by check.

Monthly financial reporting to church board.

Periodic Audits.