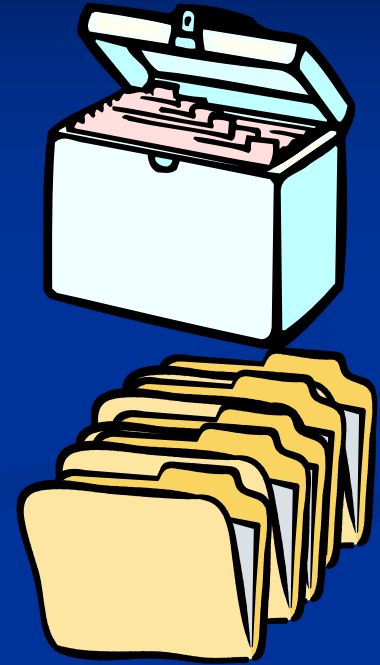


Church Treasurer Training

Setting Up A System

- Obtain a file box
 - *From Wal-Mart or Office Max, etc.*
- Find a shoebox size box for tithe envelopes.
- Set up folders
 - 1 for each month (12 total) for receipts and invoices.
 - 1 for bank statements
 - 1 for budget
 - 1 for board minutes
 - 1 for any savings accounts, CDs, or loans
 - 1 for any other paperwork pertaining to the church; for example, your Federal tax identification number, sales tax exemption certificate, and any other correspondence relating to the church books.



Offerings

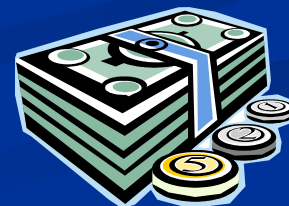
- It is very important to deposit the money from the offerings in the bank EVERY WEEK, within two business days.
- Make sure the entire amount of the offering is deposited.
- Make sure that your funds are kept in a secure location until they are deposited.
- Have two people count loose offerings when collected.

APRIL					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
Offerings Received →						★
17	18	19	20	21	22	23
DEPOSIT MADE						
24	25	26	27	28	29	30

Entering Envelopes



1. Have a tithe envelope for every offering. It is a good idea to put your Sabbath School offerings and church offerings in separate tithe envelopes and label them.
2. Run a calculator tape of all your envelopes. Keep this tape.
3. Enter your envelopes into the computer. Make sure your computer total agrees with your deposit ticket.
4. File deposit ticket with envelopes.
5. Adventist Giving – adventistgiving.org



Things to remember about offerings

- You must enter the offerings into the computer exactly the way that they are recorded on the tithe envelope.
- Loose offerings for church should be collected according to the annual Offering Schedule put out by the conference.
- The loose offering on a World Budget Sabbath should always go to World Budget.
- Sabbath School Missions and Sabbath School Expense offerings should be kept separate.
- Non-tax deductible funds should be receipted into a non tax-deductible account. Examples are payments for health food or devotionals or pathfinder expenses, or donations specified for the benefit of a particular individual.
- Offerings should be deposited intact. No cash should be taken from the weekly offering for expenses or assistance.
- Loose offerings should be counted by at least two people immediately after collection, or alternatively locked in a secure location until counting can be done.

Donor Intent **MUST** be followed

- “When an offering is taken for worldwide missions or for any general or local enterprise, all money placed in the offering plate (unless otherwise indicated by the donor) shall be counted as part of that particular offering. All offerings and gifts contributed by individuals to the church for a specific fund or purpose be used for that purpose. 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 p. 89

Sabbath School Missions and Expense

- “Many Sabbath Schools take offerings for Sabbath School expense. With the exception of that expense fund, all Sabbath School offerings are for the support of the mission fields and are to be passed on in their entirety by the treasurer to the conference. These funds include the regular weekly Sabbath School offering, the Thirteenth Sabbath Offering, Sabbath School Investment, and Birthday-Thank Offering. Each is to be identified as a separate fund in the financial system of the church.... No mission funds may be retained by the church or conference. The Sabbath School expense offering and the mission offering, where the calendar of offerings is being used, shall not be taken as one offering and divided according to an agreed-upon formula or percentage.” Church Manual Pg. 106.

Offering Corrections

- NSF checks: (Insufficient Funds/Returned Checks.) Call the individual to verify intent.
 - If the check is to be deposited a second time, or a replacement check is to be deposited, fill out a separate deposit slip for the check. Do not enter anything on the computer.
 - If you need to reverse the NSF check in the current month, just delete the original entry in the Offering Detail Entry. (The original deposit + the returned check notice are your backup for the deposit.)
- If you need to reverse the NSF check in a month after the check was entered on the computer, do a “negative tithe envelope” on a non-Sabbath date. The returned check notice is your backup for the reversal. This removes the donation from the donor’s receipt.
- Other: For other corrections, such as voiding a check, use the Asset Adjustment Entry option.

Online Giving Dates

- The transfer CUTOFF date is the date you use to enter the donors. So, you will only have two entry dates each month for the donor entry dates- usually the 15th and the 30th (or 31st)
- Sometimes the Transfer report is not generated until late in the day on the 30th or 31st. That means you cannot enter the last cutoff date until you get that report at the end of the month.
- The money is not deposited to your bank account until a few days later. That is called the Deposit Date on the Transfer report.

Transfer report

Rocky Mountain Conference SDA Church
2520 S Downing St
Denver, CO USA

Deposit Date: 11/06/2023

Cutoff Date: 10/31/2023

Other Donation FAQs

1. Can I give someone a tax deductible receipt for expenses that they pay or supplies that they purchase for the church?

- No. The proper way to handle this is to write the church member a check reimbursing them for the expenses. If they then choose to donate that money back to the church, that is their decision.

2. Someone donated a piano (example) to the church. Can I give her a tax deductible receipt for that?

- No. You may write them a letter thanking them for the donation of a piano to your church, referencing the date of donation and a description of the donated item, but you should NOT assign a value to the piano. It is up to the donor to assign an appropriate value when claiming it as a charitable deduction on her tax return.

3. One of our church members donated his time working on our new church building. Can I issue him a tax receipt for the value of his time?

- NO. The IRS has made it clear that donated services are NOT tax deductible.

4. One of our church members would like to support a certain student by donating tuition through the church. Can they receive a tax deduction for that?

- **No.** Donations given for the benefit of a specific individual are never tax deductible, even when given through the church. This includes tuition, special assistance, and pastoral appreciation gifts.

RMC Pastor's Gift's

- Pastors cannot receive any financial compensation regardless of the amount, it must be run through payroll.
- If they are full time additional compensation can be a policy violation issue.

Pastors From Other Conferences Receiving Gifts

- If the pastor is from another conference, preaching at a church in RMC territory, it is a policy violation.
- The church can still offer to pay for travel/hotel expenses but no additional compensation beyond that.

Pastors Outside of the Country Receiving Gifts

- It is not allowed to gift pastors that are outside of the country gifts as it is in violation of Federal laws.
- The church can still offer to pay for travel/hotel expenses but no additional compensation beyond that.

Writing Checks



- All church expenses should be paid through the church checking account. NEVER pay expenses in cash unless it is absolutely necessary.
- When writing a check, make sure that you have a receipt or invoice!! This is VERY important. You must have some type of backup for every check you write.
- If you're asked to write a check to someone in need of special assistance, before you write the check it must be voted and approved by the Church Board. A copy of the board minutes needs to be included with the treasurer report.
- After you write the check, write the check number and date on the receipt and file it in your monthly file in check order.
- Electronic Transactions: Many churches today are using debit or check cards, or have their bills paid by automatic deduction. Make sure you document these transactions just as clearly as if they were a check. Your bank statement is not sufficient documentation.

Guidelines for Credit/Debit cards

- The use of credit or debit cards should be closely monitored because of the potential for abuse. Cardholders should be approved by the church board.
- The cards should only be used for church-related expenses, NEVER for personal use. Personal use of the church credit card, even if done with the intention of repayment, is considered a misappropriation of church funds, and could potentially be a reportable offense.
- Receipts should be turned in for all transactions. The credit card statement alone is NOT sufficient substantiation.

REMEMBER!

- Your remittance check to the conference should always be the last check written in the month, even if technically you are writing it in the subsequent month. In other words, do not write any checks for the new month until you have written the check to the conference. Why? It keeps all the business for one month together and makes it easier to balance your books.
- The important formula to remember:
Checkbook = Bank Reconciliation = Computer
Make sure these three numbers agree every month!!

REPORTING

- What reports should I give to the church board?
 - 1) The Financial Statement for the month.
 - 2) The Check Report for the month.
 - 3) Other specific reports the board might request.
- What reports should I give to the church members?
 - 1) You should provide them with a detailed receipt of their donations as soon as possible after the close of the year.
 - 2) You should also provide them with a receipt at other times upon their request.
- What reports should I give to the pastor?
 - You should provide him with whatever information he needs if he asks for it. Although you are required as treasurer to keep donor information otherwise strictly confidential, the pastor does have the right to view this information.

■ What reports should I give to the conference?

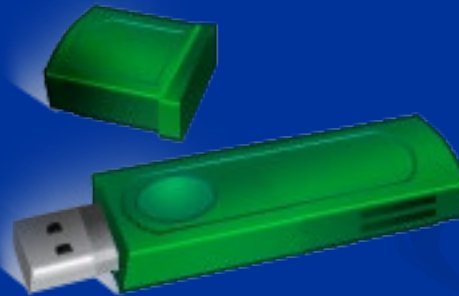
You should print two sets of the following reports.
Keep one set for the church files and send one set to the conference.

1. Check Report
2. Transfer Report
3. Financial Statement for the month
4. Remittance report signed by church treasurer
5. Offering Detail Report (full report, not consolidated)
6. Bank reconciliation report

■ Send the check and reports to the Conference in time for them to be received by the 10th of the month.

Backing up your database

- **MUST:** Use a flash drive (sometimes called a memory stick or thumb drive).



Reconciling Your Bank Statement

- Keeping your bank reconciliations current is one of the MOST important things to do as treasurer. Many of the problems I found while auditing could have been avoided if the treasurer had reconciled their bank statement EVERY MONTH.
- The EMS Donation Accounting Program provides a bank reconciliation feature that is very simple and easy to use.

Example of Bank Reconciliation using Donation Accounting software

Test Seventh-day Adventist Chu Donation Accounting
09/26/14-1:34:52 PM Bank Rec Report for Checking Account

Page 1

02/28/13	1789	Name, No	-61.75
02/28/13	1799	Name, No	-75.24
02/28/13	1801	Name, No	-30.50
02/28/13	1802	Name, No	-409.50
02/28/13	1812	Rocky Mountain Conference	-66.00
02/28/13	1814	Name, No	-191.96
02/28/13	1816	Name, No	-21.39
02/28/13	1817	Name, No	-37.87
02/28/13	1825	Name, No	-200.00
02/28/13	1829	Name, No	-116.25
02/28/13	1830	Name, No	-100.00
02/28/13	1832	Name, No	-459.78
02/28/13	1837	Name, No	-380.00
02/28/13	1844	Rocky Mountain Conference	-10,271.29
02/28/13	423	Misc Charge: Church Budget	-3.50
Total Outstanding Transactions as of 02/28/13			-12,425.03
Posted Balance of Account as of 02/28/13			23,496.20
less Outstanding Transactions			-12,425.03
Cleared Balance			35,921.23
Bank Statement Balance			35,921.23
Difference			0.00

After completing your reconciliation

- Attach the bank reconciliation printout to your bank statement.
- Have the pastor sign and date the reconciliation before filing.
- We recommend that you receive your cancelled checks back in some form with your bank statements. Many banks now provide check images along with the statement. The conference auditor should be able to review your cancelled checks during the church audit.

After doing your reconciliation

- Make sure that you enter any corrections into your checkbook and your computer.
- Make sure that your checkbook balance, your reconciled bank balance, and the balance in your computer all agree.
- Attach the bank reconciliation to the statement and have your pastor sign off on it before filing.

Procedure to follow when Difference is not zero

1. Check your bank reconciliation report from the PREVIOUS month. Each outstanding item should either be listed on your CURRENT bank statement OR on the CURRENT bank reconciliation report. If not, that means you have clicked off an item by mistake that is not on the bank statement.
2. To UNCLICK the item: from the main menu, select Utility, then Unmark Cleared Transaction, select Check or Deposit. The reference number will be the check number or if it is a deposit, you will enter the date of the deposit. The message you will receive says “item not found”. Ignore the message and go back to the Reconcile Bank Statement option and you will see the item displayed there.
3. If number 1 is ok, then check each item on the CURRENT check report against the CURRENT bank statement. Check each item very carefully, because the bank will sometimes clear an item for a different amount than what you have entered on the computer.
4. Be sure to check the asset adjustments listed at the bottom of the Check Report against the bank statement. Also, check the asset adjustments listed at the bottom of the Offering Detail Report against the bank statement.

Procedure Continued

1. Be sure every item on the bank statement has been clicked off of the Reconcile Bank Statement screen. (But do not click off any item unless it is on the bank statement).
2. If the bank has added interest or charged a service charge of some sort, you must enter those amounts as an Assets Adjustment. If it is interest: from the main menu, select Entry menu, then Asset Adjustment, then interest or other credit. If it is a service charge: from the main menu, select Entry menu, then Assets Adjustment, then Service Charge or other debit. The reference number is assigned automatically.
3. Check the deposit amounts on the bank statement against the weekly deposit amounts shown on the “Remittance” report (the one you sign).
4. If you discover that you have clicked off an item by mistake, follow the directions under No. 1 above.

Other payment issues



- Payments for services to individuals, contractors, or unincorporated businesses totaling \$600.00 or more in a calendar year must receive a 1099-NEC form by January 31 of the following year.
- Examples: Mowing, janitorial services, snow plowing, repairs and maintenance, land improvements.
- Many times churches incorrectly classify employees as independent contractors, most frequently church janitors.
- There are several tests to determine whether someone is an employee or an independent contractor.
- Contact Human Resources at the conference office for assistance. Remember that all employment forms must be filled out prior to the employee's **FIRST** day of work.
- Also be aware that due to current law, employees working 28 hours or more a week are required to be added to healthcare insurance.

Other important things to know

- It is strongly recommended that you have at least two persons designated by the board as being able to sign checks, in case of emergencies.
- Have your board establish a limitation on purchases needing board approval. For example, a board could stipulate that any purchases over \$100, or \$200, or \$500, must be approved by the board before purchase.
- **NEVER make loans to anyone from church funds, even if authorized to do so by the church board.**
- Make sure your church or company has its own Federal tax identification number.

Church and School core Treasurer Standards

- Amounts are deposited every week when there are funds available for deposit
- The deposit ticket must equal the amount entered into the church or school accounting records.
- Cash and coin must be counted by two individuals not related with their signatures on the receipt.
- Bank reconciliations must be done monthly and signed off on by pastor or principal or their designee.
- Offerings must be receipted to the account they are designated or restricted for.

Treasurer Standards Continued

- All disbursements need appropriate backup (receipts, etc.)
- Disbursements that fall outside the normal voted budget need special board votes.
- All credit and debit card expenditures must be supported by purchase receipts and have appropriate approvals. There should only be one of each in circulation for the entity.
- Disbursements written to the treasurer need a signed approval by the pastor or head elder.
- A list showing disbursements made during the month must be presented to the board.

Treasurer Standards Continued

- Financial reports should be presented each month to the board and voted into the minutes.
- A budget should be presented and voted into the minutes once per year.
- No person should be paid by the church unless they qualify as an independent contractor. Otherwise, they need to be treated as an employee and paid through the conference. Please contact the conference's HR department.
- PLEASE NEVER PAY ANYONE IN CASH.
- No work can be done in exchange for receiving a credit on a student's school bill.
- All independent contractors must receive a 1099-NEC.

Treasurer Standards Continued

- All donors must receive a receipt of their donations at least once per year. The receipts must specify that they received “No Good or Services” as a result of their donation. These must be issued no later than January 31. If receipts cannot be directly delivered, they **MUST** be mailed by January 31. This is an IRS requirement.
- Charitable donation receipts cannot be given to a donor who specifies that their Student Aid donation benefit a specific student.
- Check to see if Church Remittance and School Billings are made on time. This is important.

Record Retention Information

- 2 full years (if audited)
 - Tithe envelopes
- 7 full years (if audited)
 - Tithe receipts, bank statements, paid invoices.
- Permanent
 - Tax exemption letters/certificates, general ledger, insurance information, building project information, all other.
- **DO NOT THROW RECORDS AWAY!** Make sure that records are destroyed when disposed of, usually by shredding.

Church and School Audits

- “The treasurer’s books and other financial records relating to the work of the treasurer, the church school treasurer, and the treasurer of any other organization may be called for and inspected at any time by the conference auditor or by the pastor, district leader, first elder, or by any others authorized by the church board, but should not be made available to unauthorized persons (see p. 147).” Church Manual P. 91.
- An audit may be intimidating but it is nothing to fear. Having your books audited is a good thing. These policies are in place to help protect the treasurer from allegations. Following these policies reduces the risk of embezzlement. If policies are not followed this can increase the risk of embezzlement along with hurting the creditability of the church and the treasurer.

We always want to help!

- Rocky Mountain Conference - (303) 733-3771
 - Darin Gottfried, VP for Finance – daring@rmcsda.org
 - Jodi Coulter, Associate Treasurer – jodic@rmcsda.org
 - Susan Inglish, Accountant – susani@rmcsda.org
 - Tamara Mallory, Accountant – tamaram@rmcsda.org
 - Michel Briggs, Conference Auditor/Risk Manager – michelb@rmcsda.org
 - Donna Joiner, Donation Accounting Support – donnaj@rmcsda.org
 - For Federal tax identification numbers, sales tax exemption certificates, and 501(c)3 documentation - Contact Haremy Cordova - haremyc@rmcsda.org
 - For employment issues – Human Resources Director – hr@rmcsda.org

Resources

- Offering Calendar link-
<https://www.rmcsda.org/departments/stewardship-ministries/offertory-readings/>
- Common Law Test- <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>
- Seventh-day Adventist Church Manual -
<https://www.adventist.org/resources/church-manual/>
 - Church Finance – Chapter 12 (pp. 141-147)
 - Responsibilities of Church Treasurer (pp. 88-91)