

Genesee Conference

Church Treasurer's Handbook

May, 2004

‘God sees us from a long way off.
God runs to us with grace and compassion,
forgiveness and generosity. It is God who says,

*“This child of mine was dead and has come to life again;
was lost, and has been found.”* Luke 15:24

God's compassion is God's way of helping us know Whose we are.
When people discover Whose they are,
they grow a genuine spirit of generosity.’

Genesee Conference Church Treasurer's Handbook

It's all about God!

The Great Commandment

“Love the Lord your God with all your heart and with all your soul and with all your mind” . . .
and . . . “Love your neighbor as yourself.” (Matthew 22:37,39)

The Great Commission

“Go and make disciples of all nations, baptizing them in the name of the Father
and of the Son and of the Holy Spirit, and teaching them to obey
everything I have commanded you.” (Matthew 28:18-20)

Vision

of the Free Methodist Church of North America

A healthy biblical community of holy people, multiplying disciples, leaders, groups,
and churches.

Our Vision Path

Every church a healthy church with Spirit-filled leadership working a plan to fulfill our expected
outcomes: Congregations which are . . . prayer-saturated, worshipping, discipling, evangelizing,
reproducing, culture-engaging, active in world mission, and purpose-driven.

Mission

The Mission of the Free Methodist Church is to make known to all people everywhere God's
call to wholeness through forgiveness and holiness in Jesus Christ, and to invite into membership
and to equip for ministry all who respond in faith.

Genesee Conference Purpose . . .

. . . is to call to service, to equip, send, and mobilize clergy and laity for leadership and fulfilling
the mission of the Free Methodist Church within our geographic area; we are called to be
participants in the worldwide ministry of the Free Methodist Church, and to carry out other
initiatives appropriate as an Annual Conference in advancing the Kingdom of God.

Local Church Purpose

Examples . . .

. . . to make disciples for Jesus Christ and to nurture them through loving and caring relationships
. . . to bring people to Jesus Christ and build them up in that relationship
. . . to know God and make Him known

The Church Treasurer . . .

. . . is part of a team of stewards that enables local churches and the greater church to carry out

the vision, purpose, and ministry which God has placed before us.

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We are a Connectional Church

Being connectional
is about
being part of a team!

Each local Free Methodist Church
is part of the Free Methodist denomination.

*Being part of a denomination means being connected;
each church is part of a larger team.*

How are we connected?

****Board of Bishops**

along with World Ministries Center and World Missions staff is located in Indianapolis, Indiana. There are 4 regions in the U.S. and your church is in the East Region. Bishop Richard Snyder is bishop of the East Region and Europe.

****Regional**

Your church is in the North East Region which consists of 3 Annual Conferences – Susquehanna in central NY, Genesee in western NY, and Keystone in western PA.

****Conference**
western NY.

Your church is in Genesee Conference-

Mitch Pierce is Conference Superintendent of the North East Region.

****District**

Your church is in a particular district within the Conference—Erie-Niagara, Southern Tier, South-East, Pearce, Monroe-East, Monroe-Urban, Monroe-West, or South-West. Districts are led by District Leaders.

****Local**

Your local church

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It's all about Ministry!

As Church Treasurer you have a significant role in the ministry of finances and stewardship in your church. This ministry is a significant foundation on which your church is able to carry out its vision, purpose, and ministry—the particular way God has called your church to carry out the Great Commission.

It's a team ministry! You are part of a team in your church—a team of all those involved in the ministry of finances and stewardship. Depending on your particular church's structure this will include financial secretary, treasurer, tellers, finance / stewardship committee, trustees, official board, and pastor.

You are also part of a larger team of all those working with finances and stewardship in the Genesee Conference—other church Treasurers, Conference Treasurer and Assistant Treasurer, Conference Administrator, Conference Bookkeeper, WAVE Administrator, and Board of Administration. Together you serve as stewards of the financial resources in your church and the Conference.

God calls us to be good stewards of the resources He gives us. Financial accountability is part of good stewardship. You are accountable in your ministry as Treasurer. Stewardship is about being a good steward / manager of the finances and responsibilities entrusted to you.

You are accountable to the leadership of your church—pastor, finance committee, and board.

Most importantly, you are accountable to God. Keep the vision in front of you that God will be able to look upon you and say, “Well done, good and faithful servant.”

Accountability will flow naturally when your heart is focused on serving God with passion and a healthy biblical attitude and when you carry out your ministry with integrity and competency. Ask questions, seek guidance, and get training as needed!

Prayer is the key to your ministry! Prayer is the beginning, middle, and end of your

ministry tasks. We serve a God who is much greater than the facts and figures of finances. Pray before you start recording income, paying bills, balancing the checkbook, preparing the monthly budget report, etc. Praise God for the income, the needed cash flow, the ability to pay bills, and for His blessing your church financially. Pray for particular needs such as meeting monthly income goals. It's easy to be anxious about income, cash flow, paying bills, and meeting budget. Dwell on Philippians 4:4-7 . . . "Do not be anxious about anything; but in everything, by prayer and petition, with thanksgiving, present your requests to God." Go to God in prayer. Believe by faith that He will provide!

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God blesses the church with **Income**

Each church has a particular structure for receiving income, but a few basics apply.

Receiving income and disbursing funds (paying bills) should be separate tasks performed by different people. A suggested model is a Financial Secretary to receive, record, and deposit income with a Treasurer to disburse funds, record transactions, and prepare reports for board and pastor.

Offering given in worship should be received by at least two ushers. They, or elected tellers, will count loose offering before placing it in church safe, handing it directly to Financial Secretary, or taking it to a night depository at a bank.

Giving Statements

Giving statements are records of individual donor's giving. A giving statement should be kept for each person / giving unit with identified giving. Giving is identified through the names on checks, names on offering envelopes, or use of an offering envelope with an assigned number.

Record the date, check # or cash, total amount given, and category / categories of giving such as general budget, building fund, or missions.

Giving statements should also include name of church, name of Financial Secretary or other person recording giving on the statements and also the following: "Any goods or services you may have received in connection with this gift were solely intangible religious benefits."

Giving statements are to be sent out at the end of each calendar year for income tax purposes. Churches may choose to send out giving statements quarterly—enabling people to check on accuracy of giving record and to encourage people to reflect upon their level of giving.

Particular issues arise concerning the donation of good and services (versus money) and also donations / gifts made to a church but specified for a particular person. If you are not familiar with how to handle these particular situations, ask questions and read resources.

Confidentiality is essential in dealing with individual donors' giving amounts. Also, keep yourself free from any unhealthy attitude regarding someone's level of giving or lack of giving!

Praising God is essential when you observe new giving units, people stepping up to tithing, or receive unexpected gifts.

A significant decrease in a person's giving signals a problem. Reporting the change to the pastor is essential (without discussing specific dollar amounts). The pastor needs to know when a person's giving drops significantly or stops altogether. It can be an indication of loss of income due to unemployment, family financial difficulties, faith issues, or anger towards the church / pastor. Tell the pastor; let him / her find the appropriate way to make contact. Pray about the situation.

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Responsibility to the Local Church

You are part of the finance ministry team of your church. In your role as treasurer you are responsible for issuing monthly reports on a timely basis for review and prayer and praise by the pastor, finance committee, and board. Monthly reports should show income, expenses, comparison against budget, cash flow, loan payments and balances, any aged payables, breakdown of general budget expenses, and also any income or expenses in special funds.

A few guidelines:

--Be sure to report all financial activity in your church

--Be alert to recipients of financial reports. Make the reports understandable and concise.

Example: Reports to the Finance Committee may be more in depth and detailed.

These are the people working most closely with finances and usually possessing good financial knowledge.

Example: Reports to the Board may be simple and more general. Not all board members possess a high level of financial knowledge.

"Keeping the Books"

General Accounting Procedure

In "keeping the books" your responsibilities include:

--Recording income -receiving weekly income report from Financial Secretary, maintaining receipts journal, recording income in general ledger, issuing monthly income report

--Receiving & reviewing invoices -Know what each invoice is for; did the church actually receive the goods or services?

--Payment of expenses (including payroll) -A general principal is to pay all expenses by check.

Every check written should have a printed document to support it or a written memo explaining the expense. Beyond paying invoices, maintain a cash disbursements journal / check register, and record expenses in general ledger.

- Maintaining General Ledger -Carefully record income and expenses in appropriate fund accounts according to the church budget (payroll, maintenance, office expense, etc.)
- Issuing Monthly Financial Report -Prepare clear and concise reports on a timely basis which show income, expenses, comparison against budget, cash on hand, and which includes all church funds.
- Advocating for an Annual Audit -An annual audit (internal or external) is important for accountability for the treasurer and the church. Talk it up to make sure it happens!
- Dealing with other accounting and finance items as they apply to your church—petty cash, pastor expense account, loans, savings accounts, investments, and insurance.

Ask questions, utilize resources, and seek training if you are unsure of any aspect of accounting procedures for a church.

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Responsibility to the Greater Church

You are part of the team of people in the Genesee Conference who deal directly with finances in local churches and the conference. As a local church treasurer you are responsible for reporting and making timely payments to the conference and denomination in two ways:

--Monthly Report from Local Church Treasurer to Conference

(for Missions, Donations, and Pastors' Insurance & IRA payments to Conference)

The **Monthly Report Form from Local Church Treasurer to Conference** is the avenue through which the local church sends monies designated for missions, donations to conference specified for ministries such as Retired Pastors' Christmas Gift Fund or Covenant Acres and also makes payments to the conference for pastors insurance-life, disability, accidental death & dismemberment and IRA retirement. Forms and payments are due by the 5th of the month (for previous month's report). A pastor's social security # must be used for all payments to the pastor's IRA. Use of the monthly report form ensures that funds will be directed to their proper use. If you need help in figuring these insurance payments, understanding missions or other donations, or need forms, contact Marv Newton at 716-693-1450 (day) or 716-694-1613 (evening).

--Treasurer's Report Form to WAVE - Fair Share

Fair Share is the monthly amount each church pays to support the greater, connected church. It is based on a church's income. Some refer to Fair Share as an apportionment. Fair Share in the Genesee Conference is 12.5% of all monthly income received by a church less any mortgage, mission, or pass thru money. Distribution of the Fair Share is 10.5% to the WAVE and 2% to Genesee Conference.

The 10.5% WAVE portion is broken down as follows:

37% goes to pay the active pastors Pension Fund

32% goes to UMC (United Ministries for Christ) – Home Ministries

30% goes to WAVE for salaries, administration, district leader training, etc.

The 2% Genesee Conference portion is for local ministries and administrative costs of the Conference.

Fair Share is due no later than five days after the end of the month (due by the 5th of the next month). The monthly amount is figured by filling out the **Treasurer's Report Form to WAVE**. The amount, once calculated, is to round to the nearest whole dollar. If you have questions or need forms, contact Kathryn Martin at 585-594-8800 or ksmartin1@juno.com.

Keep the vision of the greater church in front of you—the Genesee Conference and the Free Methodist Church of North America and its worldwide outreach. With that vision in mind, paying Fair Share makes sense. It's not a "have-to" and "why?". Rather it's a "we want to!" because we are connected to a greater church.

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Payroll and Taxes

. . . the area of least confidence for many church treasurers!

Churches as employers are responsible for:

- Obtaining W-4's from all employees
- Withholding FICA (social security and medicare) for non-ministerial employees
- Paying employer's portion of FICA
- Withholding Federal and State taxes for non-ministerial employees and for pastors who are issued W-2's
- Reporting and making timely deposits of employment taxes
- Filing of 941 Quarterly Tax Report (federal) and Quarterly NY-45 Report (state)
- Filing year-end W-3 report
- Issuing W-2's to all employees by January 31 of the new year
- Sending W-2's and W-3 to IRS by February 28 of the new year
- Issuing payroll checks regularly and on-time

As treasurer the above items are part of your responsibilities. If you are unsure of any aspect of payroll and taxes, ask questions, read resources, and seek training.

Your church may choose to use a payroll service for some or all of the above aspects of payroll and taxes.

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Supporting Your Pastor

--Pastoral Financial Support Package

Churches are encouraged to be generous in supporting their pastor(s). Pastors are professional leaders with bachelor, master, and doctoral degrees. Plus they have a particular high calling from God to be pastors in the Free Methodist Church. Bishop Snyder has said that when a church begins to be generous with its pastor, then God blesses the church financially. Approach pastoral support in a way that glorifies God!

The guidelines for the financial support package for pastors can be found in the Genesee Conference Policy Manual (at back of handbook). Ask questions and seek guidance for any portion of the package you may not understand.

In figuring a pastor's salary, figure it as an annual salary with consideration for conference minimum salary requirement, local church budget, local community cost of living, and with respect for the pastor's education and experience.

Church treasurers are involved in developing and disbursing pastor salary / support packages. Be a leader and a catalyst for generosity. Know the various aspects of the financial support package and be ready to explain them and answer questions. Share the pastoral support package info with the leaders of your church particularly those developing the budget.

Special note:

When you are determining the pastor's compensation, be sure to consider how it will affect the pastor's taxes and social security taxes (self-employment taxes)

There are many factors when determining this:

- Whether the pastor lives in a parsonage or owns a home
- Whether the church has established expense accounts or salary allowances
- Whether the pastor is ordained or not ordained
- Whether the pastor receives a W-2 or a 1099 at year end
- Whether the pastor is bi-vocational
- Whether the pastor's spouse is employed outside the home
- Whether the pastor has opted out of social security in the past

Consider getting professional advice from one of the recognized individuals listed below who are part of Genesee Conference:

Jon Costello
585-682-4257
jon.costello@usa.net

Steve Wilkins
585-594-2026
SPWilkins@aol.com

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You are part of a team!

Resources

The Genesee Conference is blessed with many and various people who are able and willing to be resources to you as a church treasurer. Contact them. No question is too small; no concern is unimportant. A simple phone call or email begins to build a relationship among the team members and helps you in your ministry!

--Monthly Report from Treasurer to Conference

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|--|--------------|------------------------|
| Marv Newton – Conference Administrator | 716-693-1450 | marvnewt@aol.com |
| Ellen Horton – Conference Bookkeeper | 716-492-0325 | jonellenhorton@aol.com |

--Treasurer's Report Form to WAVE - Fair Share

Kathryn Martin – Site Administrator 585-594-8800
ksmartin1@juno.com
Karen McKeown – Bookkeeper 585-594-9488
Marv Newton – Conference Administrator 716-693-1450 marvnewt@aol.com

--Taxes & Payroll / Payroll Service

Marv Newton – Conference Administrator 716-693-1450 marvnewt@aol.com
Jon Costello – Honorary BOA member 585-682-4257 jon.costello@usa.net
Steve Wilkins – Conference Asst. Treasurer SPWilkins@aol.com
A sampling of churches using payroll services: Nash Road FMC 716-692-8683
Allegany FMC 716-372-0388 Northgate FMC 585-343-4011

--Pastor Salary & Taxes / IRS Guidelines

Jon Costello – Honorary BOA member 585-682-4257 jon.costello@usa.net
Steve Wilkins - Conference Asst. Treasurer 585-594-2026 SPWilkins@aol.com
Jon Horton – pastor who lives in a parsonage – BOA member, Pastor at Yorkshire FMC
716-492-1364 jonellenhorton@aol.com
Tom Stroup – pastor who owns own home – BOA member, Pastor at Brockport FMC
585-637-9785 tcstroup@frontiernet.net
Rick Ireland – pastor who rents home – District Leader, Pastor at Nash Road FMC
716-692-8683 raireland@aol.com

--Local Church Treasurers / Accounting Procedures

Marv Newton – Conference Administrator, Treasurer of Tonawanda FMC
716-693-1450 marvnewt@aol.com
Judy Cornman – Conference Secretary, Treasurer of Allegany FMC
716-372-0388 admn.allegany@att.net
Linda Schmidt – Treasurer of Northgate FMC
l.schmidts@rochester.rr.com

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Resources (cont'd.)

Resources which go in-depth beyond this handbook:

- **Church and Nonprofit Tax & Financial Guide** – Dan Bushby – Zondervan Publishing
- **Minister's Tax & Financial Guide** – Dan Bushby – Zondervan Publishing
- **Income Tax Guide for Ministers & Religious Workers** – B. J. Worth

- Various **Tax Guides available from IRS:**

www.irs.gov 1-800-829-3676

- Publication 15, Circular E – Employer’s Tax Guide
- Publication 517 – Social Security & Other Information for Members of the
Clergy & Religious Workers
- Publication 525 – Taxable and Nontaxable Income
- Publication 533 – Self-Employment Tax
- Publication 17 – Your Federal Income Tax
- Publication 1771 – Charitable Contributions Substantiation & Disclosure
Requirements
- Publication 1828 – Tax Guide for Churches & Religious Organizations
- Publication 1828 SP – Same as above but in Spanish

Quote on cover page is from: Giving and Stewardship in an Effective Church
by Kennon L. Callahan, Jossey-Bass Publishers, 1992, p. 22.

Thank you for serving!

**Thank you for your ministry and leadership—for
your significant role
in helping your church
carry out its ministry, purpose, and vision!**

**"God is not unjust; he will not forget your work
and the love you have shown him
as you have helped his people
and continue to help them."**

Hebrews 6:10