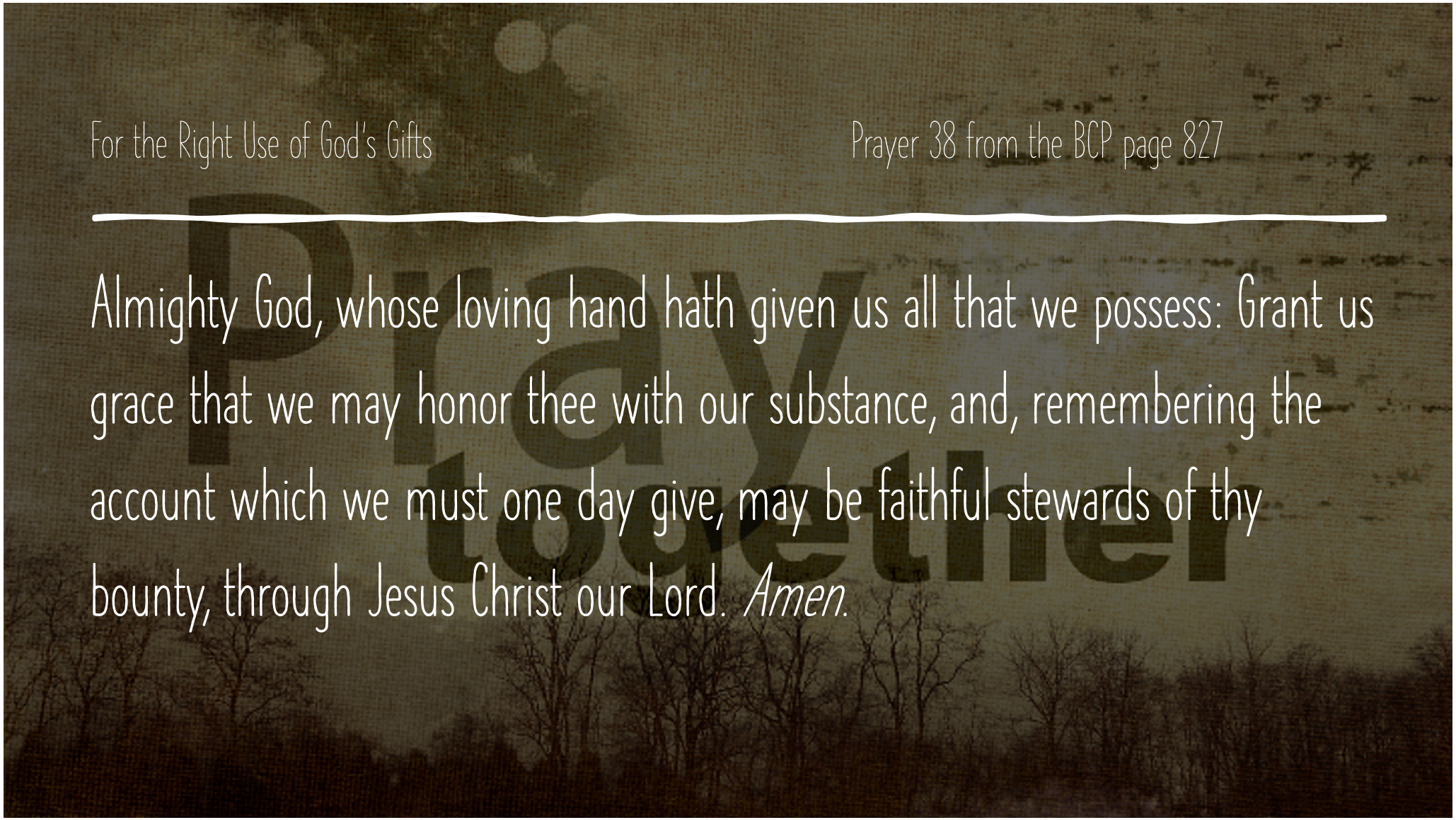
TREASURERS
TRAINING
Just Breathe

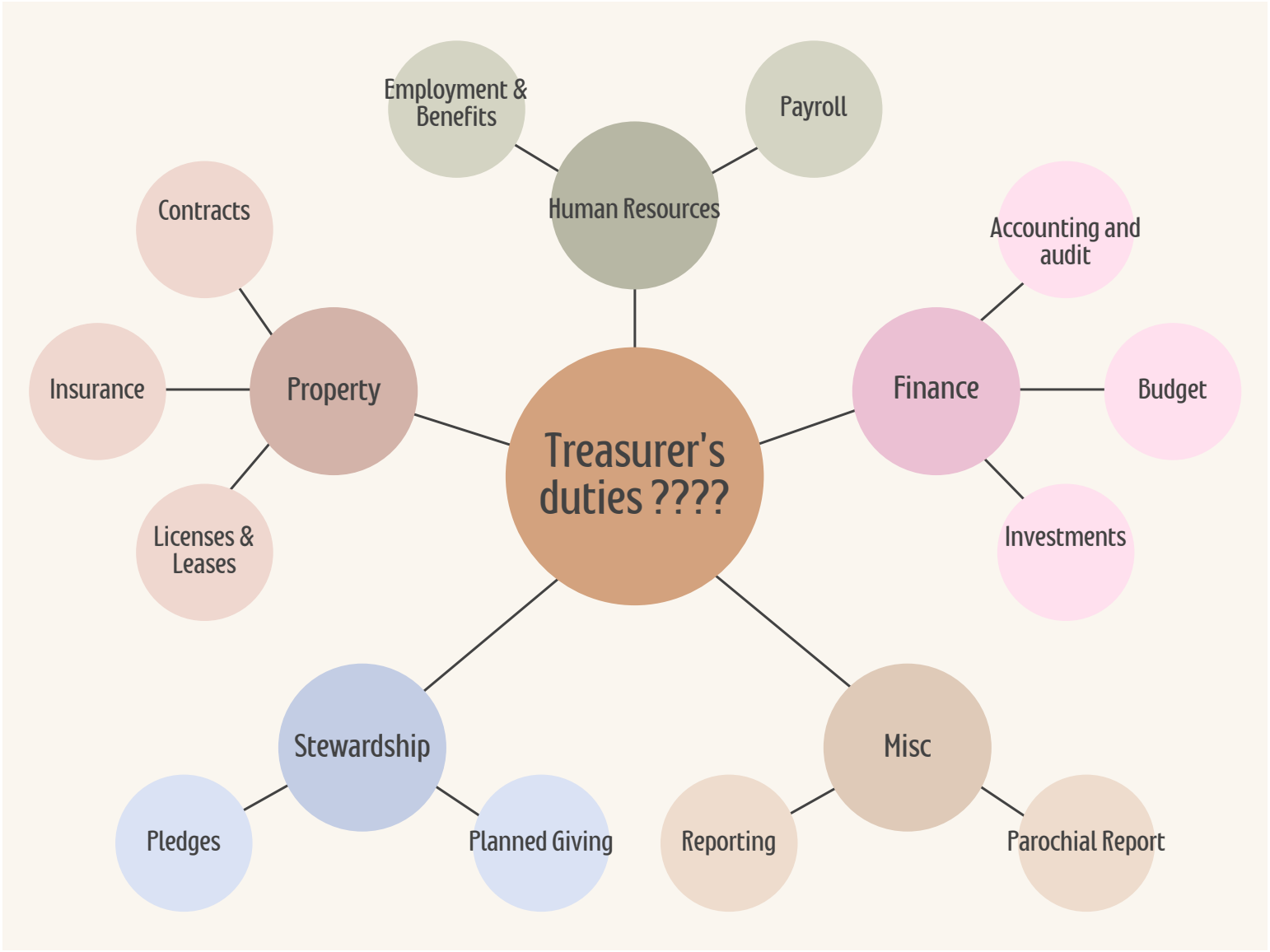



For the Right Use of God's Gifts

Prayer 38 from the BCP page 827

Almighty God, whose loving hand hath given us all that we possess: Grant us grace that we may honor thee with our substance, and, remembering the account which we must one day give, may be faithful stewards of thy bounty, through Jesus Christ our Lord. *Amen.*

LAUNCH THE TREASURER'S DUTIES POLL!


Treasurer's duties ????
Human Resources
Employment & Benefits
Payroll
Property
Contracts
Insurance
Licenses & Leases
Finance
Accounting and audit
Budget
Investments
Stewardship
Pledges
Planned Giving
Misc
Reporting
Parochial Report

# Business side of church

## FINANCE

- Chart of accounts
- Audit vs AUP review
- Budgets
- Investments
- Payables
- Receivables
- Financial Statements
- Bank Reconciliation

## MISC

- Reports to vestry
- Reports to congregation
- Parochial Report

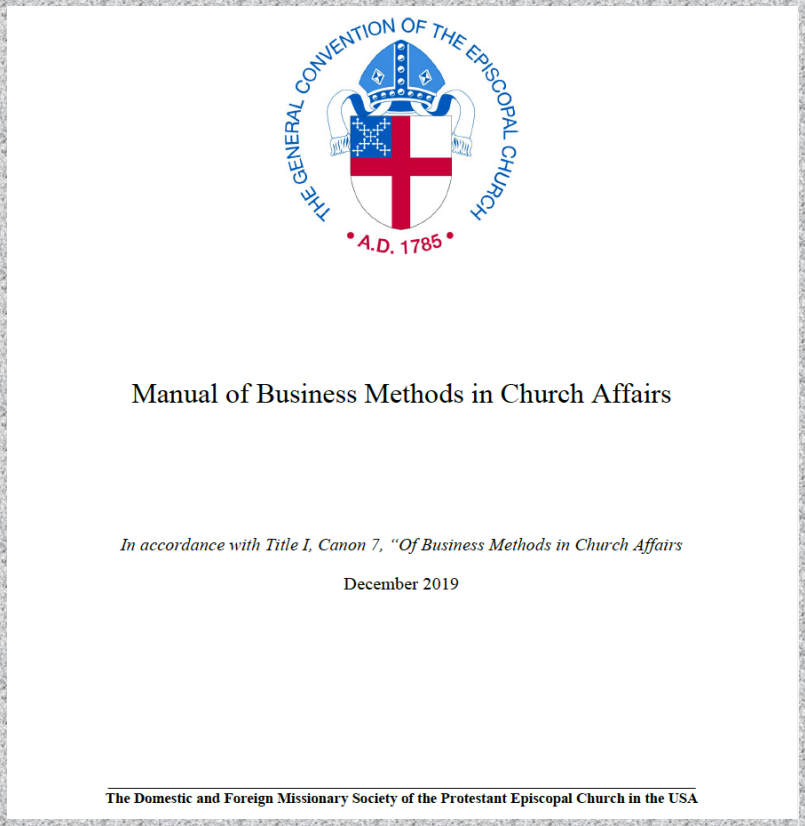
## PROPERTY

- Contracts
- Insurance
- Licenses vs Leases
- Loans

## EMPLOYMENT AND BENEFITS

- New hire forms
- Pension
- Health Insurance
- Exempt vs Non-exempt
- Contractor vs. Employee
- TDI or Short Term Disability
- Workers' Compensation

# The Manual of Business Methods in Church Affairs can be found on the Forms & Documents webpage under Finance



THE GENERAL CONVENTION OF THE EPISCOPAL CHURCH
A.D. 1785

Manual of Business Methods in Church Affairs

*In accordance with Title I, Canon 7, "Of Business Methods in Church Affairs*

December 2019

The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the USA


**Chapter I: Financial Management**
Budget methods, process. implementation and review. Cash management, long-term financing, and investment management.

**Chapter II: Internal Controls**
Segregation of duties, documentation, payroll, purchasing, banking, information technology, safeguards.

**Chapter III: Bookkeeping**
Bookkeeping for cash, payroll, loans, investments and discretionary funds. Journaling, general ledger, depreciation, and financial statements.

**Chapter IV: Taxes and the Episcopal Church**
Payroll taxes, travel and business expense reporting, tax exempt status, unrelated business income tax.

**Chapter V: Clergy Discretionary Funds**
Guidelines for structure and use of a class of temporarily restricted or designated funds generally known as clergy discretionary funds.

**Chapter VI: Audit Guidelines for Congregations**
Purpose, pre-audit preparation, approved auditors, filing, audit program checklist, sample audit reports.

**Chapter VII: Risk Management and Insurance**
Physical assets and revenues, civil liability, management liability, workplace injuries, safeguarding against criminal acts, employee welfare.

**Chapter VIII: Parochial Reports**
Background, filing, canons.

**Chapter IX: Records Management**
Keeping business records, classes of records, electronic management, retention and disposition, general retention schedule.

**Appendices**

**Appendix A: Forms**
Forms commonly used by treasurers of congregations, instructions for obtaining copies, samples of generic forms.

**Appendix B: Glossary**
Definitions of commonly used financial management terms.

# FINANCES

- General Ledger chart of accounts (standardized for parochial report)
- Audit vs. Agreed Upon Procedures (AUP) review
- Budgets
- Investments
- Payables & Receivables
- Financial Statements
- Bank Reconciliation
- GET

# Financial Management Best Practices

- Budgeting – Allocating church resources for the achievement of goals and objectives
- Cash management – Sufficient cash flow
- Investment management
- Long-term financing
- Bookkeeping – Chapter III of the Manual
- Financial statements
  - -Statement of Activities
  - -Statement of Financial Position

LAUNCH THE BANK RECON POLL!

# "Red Flags"

- Recurring operating deficits
- Pledge Income
  - -Number of pledges
  - -Average pledge amount
  - -Declining total pledges
  - -Percentage of pledges to normal operating income
- Ratio of "Congregational Support" to Normal Operating Income
  - -Pledges, open plate, special envelopes, etc.
- Reliance on rental and other income
- Use of Investments/endowments for operations
  - -Percentage of endowment draw to total endowment
  - -Percentage of endowment income to Normal Operating Income
- Pension arrears

# Internal Controls

A system of internal controls consists of all measures used by an organization to safeguard its resources and ensure accuracy, efficiency and reliability in accounting and operating information. They are designed to prevent or identify inadvertent errors as much as they are intended to prevent the deliberate theft or misuse of funds. Without an appropriate system it is not possible to assure the reliability and integrity of the records or reports generated by an organization.

- Adequately safeguard the cash, property, and other assets
- Ensure that all financial transactions are appropriately documented and approved by authorized staff
- Ensure that funds are expended in accordance with donor requirements and limits
- Ensure that financial reporting is accurate, timely, and conforms to policies

# Internal Controls

- Internal Control Questionnaire
- Conflict of Interest
- Segregation of duties
- Authority Levels
- Documentation and record keeping standards
- Independent reviews
- Cash – Petty cash and cash in house pending deposit
- Payroll
- Personnel
- Procurement
- Information Technology
- Electronic Banking

# Parochial Reporting

- Why do we do this anyway?
- How and when to file
- Congregational Vitality – Responsive vs. reactive

Parochial Reporting Online due March 1 at https://reports.dfms.org

Contact Rae Costa at rcosta@episcopalhawaiid.org if you are having trouble logging in to your Parochial Report.

# Church Audits

The Canons permit the auditing of congregational accounts by "an independent Certified Public Accountant or by such committee as shall be authorized by the Finance Committee, Department of Finance, or other appropriate diocesan authority."

- Dioceses - CPA Audit required
- Large Churches - CPA Audit recommended
- Medium/Small Churches - Committee Review allowed
- What does a committee review look like?

# Church Financial Reviews

- Scope of the review
- Statements to be reviewd
- Objectives of the review
- Contents of the review report
- Filing of the review report

LAUNCH THE TAXES POLL!

# Taxes and the Church

- GET
- IRS 501(c)(3) Status
- Employee vs independent contractor
- Payroll taxes
- Travel and business expense reporting
- Unrelated business income tax
- Jeopardizing tax exempt status

LAUNCH THE CASH RESERVES POLL!

# PROPERTY

- Contracts
- Insurance
- Licenses vs Leases
- Loans

# Property and Capital Planning

- Property guidelines and checklists
  - Forms and Documents webpage
- Site walk-through to assess property condition
- Capital planning tool
- Creation of a maintenance fund
- Prioritization of projects
- Vendor database for contractors – comparable bids
- Assistance finding additional funding
- Review of bids for a project

# MISC. - REPORTING & RESOURCES

- To vestry or bishop's committee and congregation
- To Diocesan Support Center
  - 2023 Clergy Compensation Review Committee report (reminder will go out in November/December 2022) along with housing allowance and reporting of compensation to CPG
  - 2022 year end financial statements (reminder will go out in January/February of 2023)
  - 2022 actual payroll numbers for 2022 Workers' Compensation premium adjustments (reminder will go out in January/February 2023)
  - 2023 Church Leaders contact information (reminder will go out in January 2023 as you prepare for your congregation's annual meeting)
- 2022 Parochial Report online due Feb. 28, 2023
- TECH's Forms and Documents webpage

# HUMAN RESOURCES

- Refer to HR101 slides (link in chat box)
  - New hire forms
  - Pension
  - Health Insurance
  - Exempt vs. Non-exempt
  - TDI or Short Term Disability
  - Workers' Compensation

# Additional Diocesan Resources

- Stewardship and legacy giving resources
    - https://www.tens.org/ password: James1:17

Business office staff:

- Danny Casey, Controller dcasey@episcopalhawaii.org
- Rae Costa, Operations Manager rcosta@episcopalhawaii.org

Q & A