

What Pastors Need to Know about Church Finances and Record Keeping

By

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- I. Items to keep in your permanent church file
 - A. Articles of Incorporation
 - B. Current copy of Constitution and Bylaws
 - C. A copy of all real estate deeds
 - D. A copy of your federal employer identification number
 - E. A copy of all insurance records
 - F. A copy of leases, contracts and notes
- II. What to check yearly
 - A. Make sure that your non-profit corporation is “active” with the California Secretary of State (California Business Portal)
 - B. If your church controls other non-profit corporations that are not churches, be sure to file annual forms 990 and 199.
 - C. Occasionally ask someone to run a preliminary title report on each of your real estate properties to check for liens, etc.
 - D. File your real estate property exemption with your County each year.
 - E. Be sure your insurance is paid on time.
- III. Almost all church financial conflicts take place in two areas
 - A. Failure to pay employment taxes
 - B. Failure to have segregation of duties in handling church finances
- IV. How to handle the weekly bookkeeping for a church
 - A. Have a safe at the church if you have a permanent building.
 - B. After the offering is received from the congregation, have the head usher and a board member place the funds in a protected envelope with the signatures of a least two people. The offering is then placed in the safe.
 - C. Later, have at least two people count the offering, listing the persons who gave, and what funds the money was given to.
 - D. Have a different person, usually the treasurer, take the funds to the bank and obtain a receipt showing the total amount given.
 - E. Give the receipt from the bank and the usher’s count to the pastor or other staff member to initial indicating that the usher count and the bank receipt are the same amount.
 - F. A bookkeeper should write checks for all bills to be paid.
 - G. The pastor, or treasurer, should sign the checks of all bills that have been approved by the board for payment.
 - H. All those handling funds should be people who pay tithes.
 - I. Monthly reports, including a profit and loss statement along with a balance sheet, should be prepared for board approval each month.
 - J. Advertise to membership that the books of church are open to inspection.
 - K. Hazards of two signature checks and best way to protect funds.
 - L. Have bank statements reviewed by a third party.

M. If at all possible have some bookkeeping functions done by an outside person.

N. Make sure bookkeeper takes a vacation.

O. Departmental Issues

1. Have all cash deposited into main church account. Do not permit department heads to handle their own accounting.
2. Have set policies of how funds are to be disbursed for each department head.

M. Send out giving receipts at least once a quarter.

V. Personal Finances for the Minister

A. Should pastoral salaries be known to all members?

B. Should the pastor know the individual giving of each person?

C. Do not borrow money from members of your own congregation.

D. Have a salary review committee review your salary package once a year. October is a good month.

E. Place funds into your MBA account in Springfield each year. Starting with \$1,000 at age 25 and adding \$200 every month until age 65 earning 6% interest will equal \$409,256.