

# Finance Committee

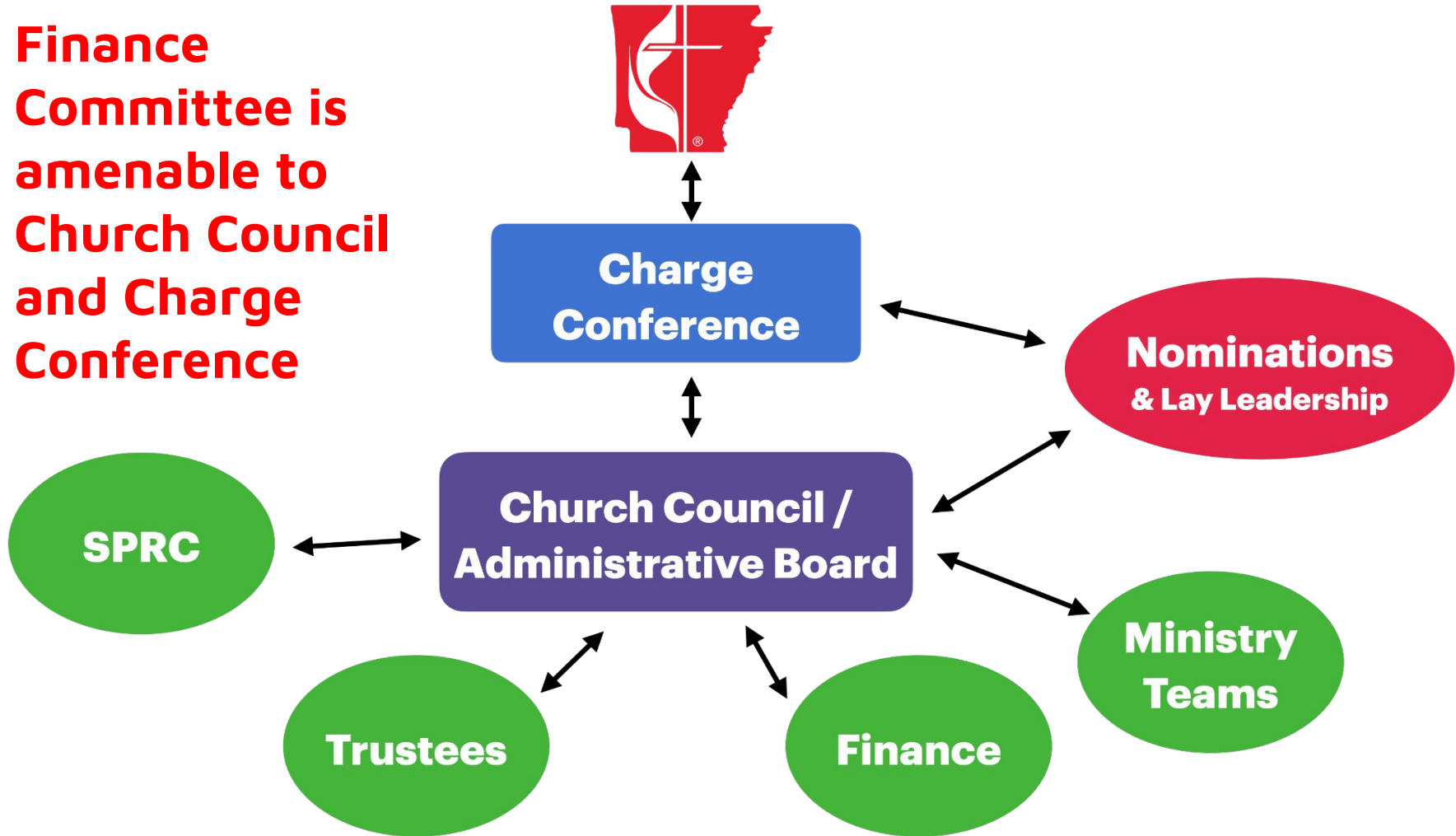
Stewardship of God's Resources



**The church facilities, endowments, vans, equipment, and bank accounts are for the fulfillment of God's mission.**

**The Finance Committee (and other BOD administrative committees) operate as institutional fiduciaries, and the members of this committee needs to focus on STEWARDSHIP of God's resources and the MISSION of the church.**

**Finance  
Committee is  
amenable to  
Church Council  
and Charge  
Conference**



# Finance and Stewardship

consider.....

**What is your current  
FINANCIAL PRACTICE  
concerning Budgeting,  
handling money, receiving  
and disbursing funds,  
telling the congregation  
about the church's  
financial status?**

**What is your current  
STEWARDSHIP PRACTICE  
concerning  
celebrating the "Wins"  
and the Mission, and  
seeking donations and  
tithes?**

# Finance Committee: Basic Responsibilities ¶258.4

- Budgeting
- Administration of funds & compliance with donor intent
- Stewardship, fundraising, and income generation
- Reporting to the congregation
- Audit and Internal Control Policies
- Ensure Financial Secretary and Treasurer compliance



# Finance: Membership ¶258.4

- a designee of the trustees to be selected by the trustees
- the chairperson of the ministry group on stewardship
- the lay leader
- the financial secretary;
- the treasurer
- the church business administrator
- and other members to be added as the charge conference may determine
- the chairperson
- the pastor(s)
- a lay member of the annual conference
- the chairperson of the church council
- the chairperson or designee of the S/PPRC



# Financial Secretary

- ACCOUNTS RECEIVABLE
- Oversees counting
- Receives funds
- Keeps donor records

# Treasurer

- ACCOUNTS PAYABLE
- Keeps records
- Prepares reports
- Disburses funds

# Finance: Budgeting

- ❖ Create a **Budget and leverage assets** based on the mission and vision of the church (*Create a Work Team*)
- ❖ Develop and implement plans that will raise sufficient **income** to meet the budget, in partnership with the Pastor (*and perhaps a Stewardship Team*)
- ❖ **Administer** the funds in partnership with the Pastor using Guiding Principles and the congregation's Mission, Vision, and Goals





# Finance: Budgeting (cont'd)

## Additional Considerations ¶ 258.4

- Contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose. <sup>(11)</sup>
- After the budget of the local church has been approved, additional appropriations or changes in the budget must be approved by the church council.
- The committee shall prepare annually a report to the church council of all designated funds that separate from the current expense budget.

(11). See Judicial Council Decision 976.

# Finance: Reporting

- ❖ Transparency is vital!!!
- ❖ Regular reporting to the entire church using methods designed for the membership, not the church's guests
- ❖ Work with the Pastor (or designee), Finance Secretary, and Treasurer to provide the financial reports the Board needs to fulfill its responsibilities.



# Finance: Audits

- ❖ Make provision for Annual Audit of all accounts and organizations
- ❖ A local church “audit” is defined in ¶258.4 as an independent evaluation of the financial reports and records and the internal controls of the local church by an audit committee composed of persons unrelated to the persons involved in the processes or by an independent certified public accountant (CPA), accounting firm, or equivalent.
- ❖ Use the audit/financial review guides provided by the ARUMC or GCFA.



# Finance: Internal Controls

The Finance Committee creates policies and guidelines to protect the church's assets as an act of stewardship. In the Fraud Triangle, the only component that the church can impact is "opportunity."

Pressure

Rationalization

The  
Fraud  
Triangle

Opportunity



# Finance: Internal Controls (cont'd)

- ❖ Identify who collects, counts, records, and deposits all monies, with appropriate separation of duties
- ❖ Identify the counting team - not less than two non-family members should count and verify offerings (258.4a)
- ❖ Distribution on contribution records
- ❖ Authorization process for purchases
- ❖ Check signing policy
- ❖ Bank reconciliation
- ❖ Reimbursement policy with documentation
- ❖ Petty cash disbursement & accounting



# Finance: Stewardship as Discipleship

- ❖ A Budget is a spiritual document that identifies the missional priorities of the congregation.
- ❖ The Finance Committee members need to focus on STEWARDSHIP (which is a part of Discipleship) and not SCARCITY.
- ❖ When creating stewardship plans, include other leaders who are gifted in communicating discipleship, and the congregation's vision and mission. Stewardship is about a whole lot more than dollars and cents.



# The Conference Tithe

- **What is the role of the local church in this Tithe Initiative?**

It is the responsibility of pastors and local church leaders to keep the Arkansas Tithe Initiative and its importance before their congregation by teaching and preaching the biblical call to tithe as the scriptural way of giving to and caring for God's church and God's children. The local church is also the instrument through which 10% of the contributions made to it are remitted to the conference (this covers district, conference and general church).

- **How will my church determine its tithe?**

Each church will determine its 10% tithe of the previous month's adjusted revenue. A remittance form guides churches to make the appropriate calculations and then send their tithe to the conference.



# The Conference Tithe (cont'd)

- **What about income for building projects, memorials and such? Are they excluded?**

Yes. We understand that not all money received by the church becomes part of the general budget. To honor the intention of these gifts they are excluded from the calculation of your church's tithe. Excluded funds include: PPP loans, capital campaigns; memorials, endowments and bequests; and amounts received from Special Sundays, General Advance Specials, World Service Specials, Conference Advance Specials and other forms of directed benevolent (charitable) giving.

*For a full list of excluded items see the Arkansas Conference Monthly Revenue Report form.*





# Pastor Compensation Form

- An official agreement between the local church(es) Charge Conference, the pastor, and the Annual Conference.
- Compensation is recommended annually by the S/PPRC; Charge Conference is required to make changes to the compensation
- ARUMC now uses the Appointive Fiscal Year (July 1-June 30), in alignment with ¶624
- Information reported on this form is used for several purposes:
  - Setting pastoral compensation for the charge.
  - Pension consideration with Wespath (CONFERENCE)
  - Reporting compensation to the Internal Revenue Service (LOCAL CHURCH)
  - Reporting compensation to the Appointive Cabinet



# What's 501c3 all about?

**501c3 is a part of the Internal Revenue Code**

**All UMCs are covered by a blanket letter ruling given to GCFA. The only requirement is to be chartered. Go to [www.umgroupruling.org](http://www.umgroupruling.org).**

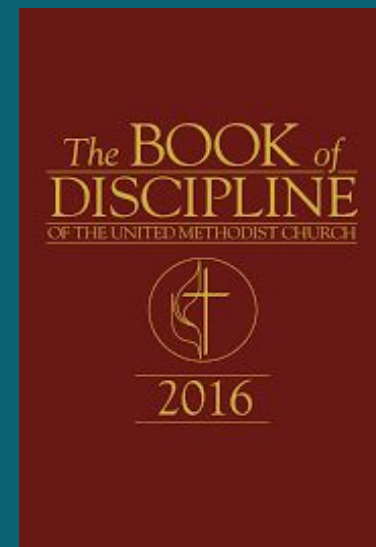
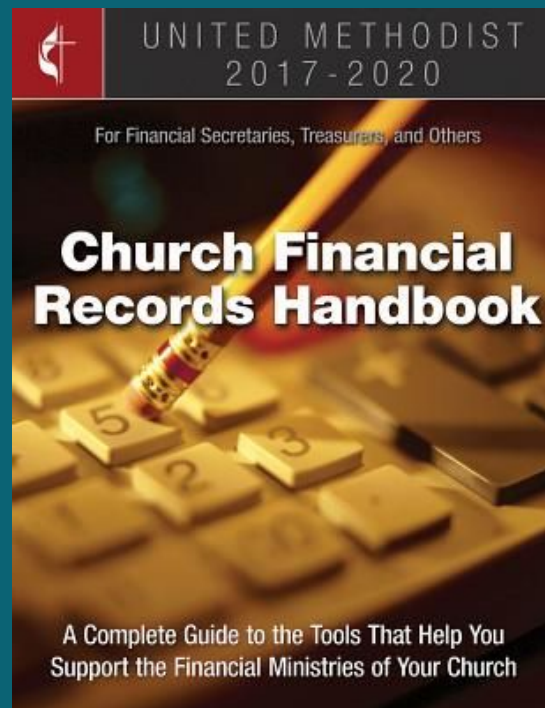
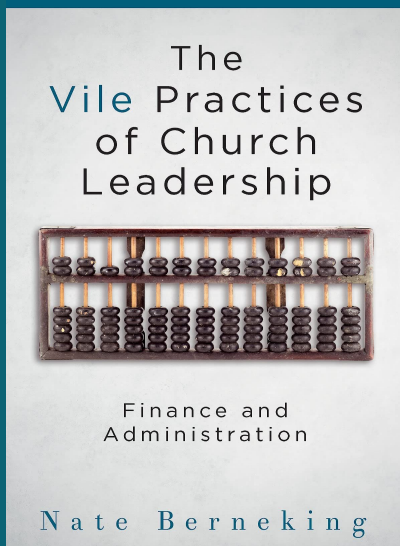
**You will need your congregation's  
IRS employer ID number (EIN)**



# Recommended Resources



Cokesbury  
Resources for the Christian Journey



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[Our Conference](#) ▾
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## Administrative Services

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- FLSA Guidance
- Arkansas Tithe Initiative
- Benefits
  - Arkansas Conference
  - Board of Pension & Health Benefits
  - Clergy Housing Allowances
  - Health Insurance Guidelines
  - Virgin Pulse Fitness Program
  - Employee Assistance Program (EAP)
  - Privacy Practices
- Sexual Misconduct Reporting
- Technology Services

**Correspondence ONLY:**

The United Methodist Church  
 Office of Finance & Administration  
 PO Box 3611  
 Little Rock, AR 72203-3611  
 Fax: (501) 324-8043

**Business and Finance Resources**

- [Department of Labor](#) United States
- [Development Fund](#), United Methodist
- [Internal Controls in United Methodist Churches](#)
- [Internal Controls in United Methodist Churches, Agreed Upon Procedures](#)
- [Internal Revenue Service](#)
- [Small Business Health Options Program \(SHOP\) Marketplace](#)
- [Occupational Health & Safety Administration \(OSHA\)](#)
- [Wespath](#) (formerly the UMC General Board of Pensions and Health Benefits)
- [UMC Giving](#)

**Tithe, Other Designated Giving and Clergy Benefits Payments:**

Arkansas Conference  
 P.O. Box 55588  
 Little Rock, AR 72215

ARUMC.org

# Center for Administrative Services

- **Tithe Reporting and Submission Information**
- **Sample financial and internal control policies**
- **Information on benefits and Wespath**
- **Conference Policies on Clergy Housing and Parsonages**
- **Sample Charge Conference Docs**
- **Annual Statistics**
- **GCFA Local Church Audit Guide**