



Central District Conference Treasurer's Handbook

November 2008

Introduction

The Central District Conference of Mennonite Church USA Treasurer's Handbook is designed for congregational treasurers and finance committees in their many functions. It is also a tool to help congregations as they plan and implement their giving to churchwide ministries, their area conference, and other Mennonite organizations.

From the table of contents you can see there are a number of resources to assist congregations with their budgeting process. The handbook also provides a number of sample policies and procedures which are in use by other conferences and congregations. As your congregation comes across additional policies and procedures they can be added to the handbook. Why write policies and procedures when others have done so and you can adapt them for your use?

The Treasurer's Handbook is an incomplete document. It will always be "in process" as we develop new tools and new resources. The handbook is available in Microsoft Word so that users can adapt the information as appropriate for their setting and can be obtained by contacting the Central District Conference office.

Special thanks go to Marty Lehman of MC-USA and Donald Bacher of Pacific Northwest Mennonite Conference for their help in this compilation.

As you use the handbook and have suggestions for improvements and additions, please contact us at

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1015 Division St
Goshen, IN 46528
800-662-2264; 574-534-1485
Fax: 574-534-8654
Email: office@mcusacdc.org

Chris Habegger, conference treasurer
for the Stewardship Committee of Central District Conference

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3) PASTOR SALARY GUIDELINES

We ascribe to the Mennonite Church USA (MC-USA) guidelines for pastor salary and benefits. They are updated yearly on the website www.mennoniteusa.org under the “Leaders” section. The goal of these guidelines is to help provide a financial guide that is supportive of pastors and their families and also fair to the congregation. Our commitment to quality ministry is reflected in part in the level of compensation offered to those who serve our congregations as pastors and the process that is used in determining it.

4) PAYING THE MINISTER

The minister should be paid as an employee (W-2) rather than an independent contractor (1099-MISC).

Better off because:

- Value of various fringe benefits will be non-taxable including the cost of employer-paid health premiums
- IRS audit risk is lower
- Avoids additional taxes and penalties that often apply to self-employed ministers

Ministers have a “dual tax status”

- IRS considers them employees under the IRS guidelines
- Employees for federal income tax report but self-employed for Social Security
- Not subject to Social Security and Medicare taxes even though they report their income taxes as employees and receive a W-2 from their church. They pay the “self-employment tax.”

Expense Reimbursement

- Reimbursement for expenses makes them tax free
- Build the into the salary when possible

Common minister business expenses

- Business related meals
- Supplies
- Robes and other ceremonial garments specifically required; not adaptable to general usage as ordinary clothing
- Business gifts
- Education expenses
- Professional publications and books
- Computer and software
- Special use clothing and laundry
- Long distance calls and extra phone lines for business
- Professional dues (including tithe to church or denominational offices in come circumstances where it is required to maintain a minister’s credentials)
- Accountable reimbursement plan requirements
- Only those employee business expenses that are accounted for or are substantiated within 60-days incurred (amount, date, place and business purpose for each expense)

5) HOUSING ALLOWANCE

Who gets it

- When received as compensation for ministerial services
 - Ordained, commissioned or licensed
 - Administers sacraments
 - Conducts religious worship
 - Management responsibilities in local church/denomination
 - Considered a religious leader by church/denomination

How

- Written designation of the amount in advance as a housing allowance
- Adopted – Must be determined by board action (in minutes) before compensation actually earned.
 - Safety Net Housing Allowance Designation: “If we forget to do this, then automatically we will designate 50% (or other) for housing allowance of any minister we ever hire.”

Church & Clergy Tax Guide 2006 Edition

Illustration 6-2, page 209

AMENDING THE ALLOWANCE

If your minister's housing expenses are more than expected and will likely exceed the housing allowance, then the church can amend the allowance and make it larger.

When an amendment may be appropriate

- A minister purchases a new home
- Unexpected home repairs
- Major remodeling
- Purchase of new furnishings
- Purchase of new appliances
- The mortgage interest rate under an adjustable rate mortgage is increased
- Prepayment of a mortgage loan
- A “balloon” payment on a mortgage loan
- Increase in property taxes
- A tax assessment is imposed on the minister's property to pay for public improvements
- Increase in property insurance

How to amend

- Proper authorization – authorized by the same group that designated the original housing allowance
- In writing – recorded in the minutes
- Prospective application – it takes effect on the date it is approved. It cannot apply retroactively

Pay Social Security on housing allowance – Box 14 on the W-2

It is preferred that the housing allowance be a separate check, but at a minimum, it should be itemized on the paystub.

Sample Parsonage Allowance Resolution

The following resolution was duly adopted by the board of directors of First Church at a regularly scheduled meeting held on December 15, 1993, a quorum being present:

Whereas, section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income "the rental value of a home furnished to him as part of his compensation," or a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses incurred in maintaining a church-owned parsonage; and

Whereas Rev. John Smith is compensated by First Church exclusively for services as a minister of the gospel; and

Whereas First Church provides Rev. Smith with rent-free use of a church-owned parsonage as

compensation for services that he renders to the church in the exercise of his ministry; and

Whereas, as additional compensation to Rev. Smith for services he renders to the church in the exercise of his ministry, First Church also desires to pay Rev. Smith for expenses that he incurs in maintaining the parsonage; therefore, it is hereby

Resolved, that the annual compensation paid to Rev. John Smith for the calendar year 1994 shall be \$40,000 of which \$5,000 is hereby designated to be a parsonage allowance pursuant to section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$5,000 as a parsonage allowance shall apply to calendar year 1994 and all future years unless otherwise provided.

Sample Housing Allowance Resolution

The following resolution was duly adopted by the board of directors of First Church at a regularly scheduled meeting held on December 15, 1993, a quorum being present:

Whereas, section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses in owning or renting a home; and

Whereas Rev. John Smith is compensated by First Church

exclusively for services as a minister of the gospel; therefore it is hereby

Resolved, that the total compensation paid to Rev. John Smith for the calendar year 1994 shall be \$50,000 of which \$10,800 is hereby designated to be a housing allowance pursuant to section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$10,800 as a housing allowance shall apply to calendar year 1994 and all future years unless otherwise provided.

6) HIRING STAFF:

EMPLOYEE VS INDEPENDENT CONTRACTOR

At least four recognized tests for determining whether a minister or lay worker is an employee or self-employed for federal income tax reporting purposes:

1. "Common Law Employee" test

- An employee if:
 - Employer controls and directs the individual towards a specific outcome using specific details and means of accomplishing the specific outcome
 - Employee is subject to the will and control of the employer not only as to what shall be done but how it shall be done
 - Employer may not actually direct or control but has the right to
 - Employer furnishes the tools and space for the work to be done

- 2. The "20-factor" test (see example)
- 3. The "7-factor" test (see example)
- 4. The "12-factor" test (see example)

*Church & Clergy Tax Guide 2006 Edition
Chapter 2, pages 66-70ff*

7) RECEIPTING DESIGNATED CONTRIBUTIONS

What is a Charitable Contribution?

Must satisfy these six requirements:

- A gift of cash or property
- Claimed as a deduction in the year in which the contribution is made
- The contribution is unconditional and without personal benefit to the donor
- The contribution is made “to or for the use of” a qualified charity
- The contribution is within the allowable legal limits
 - Up to 50% of the donors adjusted gross income
 - Non-cash property equals the fair market value
- The contribution is properly substantiated

All Contributions

Pension Protection Act of 2006 requires:

- All cash contributions, regardless of amount, must be substantiated with
 - Either a bank record (such as a cancelled check)
 - A written communication from the charity showing the charity’s name, date of the contribution, and the amount of the contribution.
- These recordkeeping requirements may not be satisfied by maintaining other written records, i.e. offering envelopes.

The acknowledgement must contain:

- Name of charity
- Amount of cash contribution
- Description (but not the value) of non-cash contribution (a good faith estimate of value)
- Statement that no goods or services were provided by the charity in return for the contribution
- Description and good faith estimate of the value of goods or services, if any, that the charity provided in return for the contribution
- Statement that goods or services, if any, that the charity provided in return for the contribution, consisted entirely of intangible religious benefits (e.g. admission to a religious ceremony)

What constitutes a tax deductible contribution?

- A gift is not considered a contribution “to” a charity if the facts show that the charity is merely a conduit to a particular person.
- The test in each case is whether the organization has full control of the donated funds, and discretion as to their use, so as to ensure that they will be used to carry out its functions and purposes.
- If the taxpayer’s contributions to the fund are distinctly marked by him so that they may be used only for a specific individual or are received by the fund pursuant to a commitment or understanding that they will be so used, they may NOT be deducted by the taxpayer.
- For purposes of determining that a contribution is made to or for the use of a charitable organization rather than to a particular individual who ultimately benefits from the contribution, the organization must have full control of the use of the donated funds and the contributor’s intent in making the payment must have been to benefit the organization and not the individual recipient.

Deductible if:

- The purpose is an approved project or program of the church (e.g. building fund)

Not deductible if:

- Donor specifies that it must be spent for a specified individual unless the church exercises full administrative control over the donated funds to ensure that they are being spent in furtherance of the church's exempt purposes.

Examples include:

- Benevolence funds
 - Policy – welcome to make “suggestions,” but any suggestions are deemed advisor rather than mandatory and that the board has full control and discretion.
- Scholarship funds
 - Specifying a particular student will not be deductible
 - Must benefit a “large and indefinite class of beneficiaries”
- Foreign Missionary
 - OK if designate a specific missionary as long as church has full administrative and accounting control over the funds (act as a missions agency)

Designated Contributions Summary

Designated contributions are those made to a church with the stipulation that they be used for a specified purpose. If the purpose is an approved project or program of the church, the designation will not affect the deductibility of the contribution. However, if the donor stipulates that a contribution be spent on a designated individual, no deduction ordinarily is allowed unless the church exercises full administrative control over the donated funds to ensure that they are being spent in furtherance of the church's exempt purposes. However, contributions to a church or missions agency that specify a particular missionary may be tax-deductible if the church or missions agency exercises full administrative and accounting control over the contributions and ensures that they are spent in furtherance of the church's mission.

2008 Church & Clergy Tax Guide, Chapter 8, pg. 359

8) RECEIPT EXAMPLES



3405 Kizer Avenue NE
 Albany, OR 97322
 (541) 926-1443
 (541) 926-0522 Fax
 amc@proaxis.com

January 10, 2007

For the calendar year January 2006 through December 2006, our records indicate that you made the following cash contributions. Should you have any questions about any amount reported or not reported on this statement, please notify the church office manager within 90 days of the date of this statement. Statements that are not questioned within 90 days will be assumed to be accurate, and any supporting documentation retained by the church may be discarded. *No goods or services were provided to you by the church in connection with any contribution, or their value was insignificant or consisted entirely of intangible religious benefits.*

11:37 AM
 01/10/07
 Accrual Basis

Albany Mennonite Church
Offering Detail Report for
January through December 2006

	Type	Date	Num	Memo	Account	Amount
Jan - Dec 06						
	Deposit	1/3/2006	3685	Deposit	4100 · Offerings	-30.00
	Deposit	1/9/2006	3687	Deposit	4100 · Offerings	-30.00
	Deposit	1/17/2006	3689	Deposit	4100 · Offerings	-30.00
	Deposit	1/23/2006	3695	Deposit	4100 · Offerings	-30.00
	Deposit	1/30/2006	3696	Deposit	4100 · Offerings	-30.00
	Deposit	2/13/2006	3701	Deposit	4100 · Offerings	-30.00
	Deposit	2/27/2006	3708	Deposit	4100 · Offerings	-30.00
	Deposit	3/13/2006	3712	Deposit	4100 · Offerings	-100.00
	Deposit	3/20/2006	3713	Deposit	4100 · Offerings	-30.00
	Deposit	3/27/2006	3720	Deposit	4100 · Offerings	-30.00
	Deposit	4/10/2006	3729	Deposit	4100 · Offerings	-60.00
	Deposit	4/17/2006	3730	Deposit	4100 · Offerings	-30.00
	Deposit	4/24/2006	3734	Deposit	4100 · Offerings	-30.00
	Deposit	5/1/2006	3741	Deposit	4100 · Offerings	-30.00
	Deposit	5/8/2006	3745	Deposit	4100 · Offerings	-30.00
	Deposit	5/15/2006	3747	Deposit	4100 · Offerings	-30.00
	Deposit	5/22/2006	3749	Deposit	4100 · Offerings	-30.00



PACIFIC
NORTHWEST
MENNONITE
CONFERENCE

1650 SE Main Street
Albany, OR 97322
541.926.2789

Receipt

Total Contribution for Income Tax Purposes

\$50.00

U.S. Dollars

Albany Mennonite Church
Harley Brenneman, Treasurer
3405 Kizer Avenue NE
Albany, OR 97322

Contribution Period
2003

Donald R. Bacher, Treasurer

Attach this copy to your income tax form



PACIFIC
NORTHWEST
MENNONITE
CONFERENCE

1650 SE Main Street
Albany, OR 97322
541.926.2789

Receipt

Keep this copy for your records

Albany Mennonite Church
Harley Brenneman, Treasurer
3405 Kizer Avenue NE
Albany, OR 97322

Contribution Period
2003

Contribution Details

\$50.00

U.S. Dollars

Date	Program	Amount
1/24/03	Hispanic Ministries	\$50.00

Total: \$50.00

COPY

Thank you for your support.



Albany
Mennonite
Church

3405 Kizer Avenue NE
Albany, OR 97322
(541) 926-1443
(541) 926-0522 Fax
amc@proaxis.com

Receipt for Contribution 2006

6/7/06

Received from:

- In-kind
- Check
- Cash

Comments: Miscellaneous household items

Donor's Estimated Value (Optional):

This serves as a receipt for donor tax purposes. Albany Mennonite Church does not certify the Donor's Estimated Value.

No goods or services were exchanged for this contribution.

Received by:

Donald Bacher
Office Manager

9) DEPOSITS AND EXPENSES

- Goals: 1. Protect your staff who handle church funds
2. Protect the church's assets

Survey by Church Law & Tax Report indicates churches have suffered embezzlement:

- 3% of smaller churches (0 to 100)
- 15% of large churches (751 to 1000)

What can be done?

Separate duties for internal control purposes – different people doing jobs will reduce chances of errors and potential for theft.

- Collect offering/count offering
- Sign checks
- Bookkeeping
- Contribution records
- Approval for payment

Regularly reconcile (MONTHLY)

CASH RECEIPTS (Guidelines)

In general

- Restrictively endorse all checks "for deposit only" immediately
- Make deposits as soon as possible
- Prohibit cashing checks or paying expenses out of currency received

The individuals responsible for counting the deposit

- Suggest more than 2 people always in control of funds
- Sign count sheets
- Keep count sheet so you know who made counts

CASH DISBURSEMENTS

1. Those having access to modify or adjust accounting records or handling cash should not also be a signer of checks
2. All paid invoices should be marked as paid, together with the date paid and the check number, and filed (if you use voucher checks, the bottom voucher should be attached)
3. Payments should be made from ORIGINAL invoices, not from statements, to avoid duplication of payment (Mennonite Publishing House is a good example)
4. Payment should only be made when approved by department head

10) RECORD EXAMPLES

Albany Mennonite Church
Offering Deposit Record

Date: _____

Worship Service Other _____

Checks:
How Many? _____ Total Amount \$ _____

Bills: Total Amount \$ _____

Coins: Total Amount \$ _____

Total Deposit Total Amount \$ _____

Please Print Name Please Print Name

Signature Signature

For Office Use Only

Deposit Date: _____ Additional Bill Total: _____

Offering Total Verified: _____ Additional Coin Total: _____
Initials

Deposit Total: \$ _____ Additional Check Total: _____

Total All Additions: _____

Please Print Name Title

Signature



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MENNONITE
CONFERENCE

COPY

TRAVEL REIMBURSEMENT

Travel costs are allowed for necessary expenses related to attending Board and Committee meetings. Reductions should be made for travel which combines personal and Conference business.

Reason for Travel: _____

Charge to Account No: _____ Account Name: _____

DATE _____ Departing: _____ PLACE _____
 _____ Arriving: _____ Lodging \$ _____

Check if Round Trip Mileage: _____ miles @ \$0.36 \$ _____

Car Rental \$ _____

PLEASE ATTACH ALL RECEIPTS

Airfare \$ _____

Gas \$ _____

Meals \$ _____

_____ Other \$ _____

_____ Other \$ _____

_____ Other \$ _____

Less cash advance \$ _____

Total reimbursement allowed \$ _____

Total reimbursement requested \$ _____

Date submitted _____ Signature _____

Name (Please Print) _____

Address _____

Address _____

E-mail address _____ Phone _____

Submit completed form with receipt for each item to: Donald Bacher
 PNMC Treasurer
 1650 SE Main Street
 Albany, OR 97321

Revised: 1/9/03

Note: Mileage reimbursement changes regularly. On July 1, 2008 the IRS changed the current rate to 58.5 cents per mile

11) YEAR-END CHECKLIST

1. Housing allowance
2. W-2 forms
3. Notice to donors
4. Handling end of year contributions

Type of contribution	Report for 2007	Report for 2008
Checks written in December of 2007 and deposited in church offering in January 2008		X
Checks written and deposited in church offering in January 2008 but "backdated" to December 2007		X
Checks written and deposited in church offering in December 2007 but "postdated" to January 2008		X
Checks written in December 2007 and deposited in the mail and postmarked in December 2007, but not received by the church until January 2008	X	
Checks written in December 2007 and deposited in the mail in December 2007 but not postmarked until January 2008, and not received by the church until January 2008		X

12) RECORD RETENTION

How long should I keep church records?

The following are MINIMUM requirements

Form W-2	At least 4 years after filing the return
Form W-4	At least 4 years after filing the return
Form 941	At least 4 years after filing the return
Form 1099-MISC	At least 4 years after filing the return

RETENTION POLICY & PROCEDURE

Develop a records retention policy

Reasons to keep church records

1. Legal requirements
2. Litigation
3. Needs of the organization
4. Historical importance

BACKUP
BACKUP
BACKUP



QuickBooks Online Backup Service Pricing

QuickBooks Online Backup Service, powered by Connected™, offers your business an easy, low-cost alternative to protect your data remotely. This chart shows your pricing options:

To begin your 30-day FREE Trial, click on the Try Now button or link for the plan you'd like. You will be downloading a 2.5 MB executable file that will launch the QuickBooks Online Backup Service. This product is for Windows PC users only.

Select a Service Plan	Storage Space	Price after Your Free 30-day Trial
QuickBooks Essential Data Backup Automatically backs up all of your QuickBooks data, plus manually back up other data you choose, too.	Up to 400MB	\$99.95 per year Try Now
QuickBooks Premium Data Backup Greater storage space to protect your QuickBooks data and other documents, spreadsheets, and selected digital photos.	Up to 4GB	\$189.95 per year — Save 10% compared to monthly fees. Try Now For monthly billing (\$17.95 per month), click here .
QuickBooks Complete PC Backup The most complete storage space! Protects all of your QuickBooks data files, documents, spreadsheets, selected photos and digital music. ²	Up to 10GB	\$269.95 per year — Save 10% compared to monthly fees. Try Now For monthly billing (\$24.95 per month), click here .

Notes

¹ \$8 a month is based on a 12-month subscription of \$99.95.

² Will not automatically backup media files such as MP3s, or MPG movie files.

SPECIAL NOTE to Healthcare Users: Online backup services are not intended as HIPAA solutions and your use of the Online Backup Service will not assist with or ensure HIPAA compliance. For more information on HIPAA.

Terms and conditions, features, support, pricing and service options subject to change without notice.

<http://quickbooks.intuit.com/commerce/catalog/product.jhtml?prodId=prod000000000007994350>

13) Payment of Honorarium

Honorarium is given and arranged by the agency, department, or board for involvement in such activities as Celebration of Church Life, Leadership Assembly, workshops, seminars, orientations or similar involvements.

Eligibility

Conference board and agency personnel who serve in activities involving significant travel expense and preparation time are eligible to receive honorarium.

Honorarium is not given for activities which fall within the reasonable expectations of one's assignment.

Honorarium is not normally given to fully supported appointees, or Conference or program board staff who work half time or more, or to board members or appointees when serving as devotional leaders or song leaders at regular board meetings.

When a staff person participates in an activity on work time, no honorarium is called for; when he or she serves on personal time, honorarium should be considered.

Level of Honorarium

We view our involvement in the work of Conference programs to be on a Christian service basis. Remuneration should be commensurate with actual costs.

When honorarium is paid, out-of-pocket expenses for travel, mileage of 15 miles or more (use IRS business rate), food, or lodging should also be provided.

Receiving of Honorarium

Honoraria for engagements related to work assignments may be kept personally if the person covers his or her own out-of-pocket expenses and does the engagement in addition to the normal duties of the regular work assignment. It is also acceptable to turn in honorarium and request expense reimbursement.

Time Reimbursement

We recommend that consideration be given when a lot of time is necessary for travel and preparation in addition to the time taken off from the speaker's regular work.

Considerations For Honorarium

- .The speaker's expertise.
- .The number and length of presentations.
- .Preparatory time.
- .Travel, food, and lodging should also be provided.

SUGGESTED GUIDELINE

Major Messages - \$150

(Conference sermon, Celebration of Church Life)

Major Worship Period - \$50-\$90

(Celebration of Church Life)

Bible Study Leader - \$100

Conducting a Workshop - \$60-\$80

Repeat Message or Workshop - \$50

(at same event)

Other Major Presentations - \$100-\$125

(Sunday morning sermons, district events, etc. depending on the length of presentation, setting in which it is delivered, preparation time, or other determining factors.)

Other Short Involvements - \$30-\$50
(brief devotional, panel participant)

NOTE: Some resource speakers are part of a speakers' bureau, with honorarium set by the organizations they represent.

Congregations

We suggest that Central District Conference congregations use these or similar guidelines for visiting speakers, teachers, evangelists, etc.

Suggested Protocol

Before the date is confirmed, inquire from the resource person about honorarium needs, expectations, or if they or their agency have a set honorarium.

Honorarium is often an awkward subject for resource people in Christian ministry. It is your responsibility to encourage resource people to be honest about their needs and to offer honorable compensation.

Review of Guidelines

Any comments, questions, suggestions regarding this honorarium policy are invited.

The Honorarium Policy is reviewed and updated annually by the Stewardship Committee of the Central District Mennonite Conference.

(Note: This information was borrowed from the Lancaster Conference honorarium Policy)

14) Congregational Financial Management-Spending Plans

(From *The Giving Project*)

The Giving Project suggests a fourfold process of financial methodology:

1. **Estimating congregational giving.** There are a variety of well-tested materials available to churches who commit to estimating giving. Some churches use an every-member visit, others a phone-calling campaign, still others a 'pony express' route. Some might use their small group structures. Most of these methods are effective, but only for about three years at a time. After three years the method becomes a little too familiar and planners start cutting corners, and with the corners goes the soul and enthusiasm for that method. When the method is changed every three years a fresh perspective is kept, energy is maintained, and participation remains high. However, we recommend that whatever you do, collect these giving estimates in worship just as you would any offering.
2. **Setting percentages for distribution according to congregational mission.**
 - a. Maintain a center for worship (local ministry) – 10 to 25 percent of spending plan. Less than this percentage, buildings tend to fall into disrepair. More than this, they become debt-bound or lose sensitivity to ministry opportunities.
 - b. Be generous with those called to serve the congregation (staff) – 40 to 60 percent of spending plan. Less than this percentage, and staff verges on burnout. More than this and churches tend to lose ministry of the laity and experience fiscal stress.
 - c. Help needy people in the congregation and around the world (benevolences) – 15 to 50 percent of spending plan. Less than this percentage and churches become too internally focused to be any good at expanding God's kingdom. More than this and problems develop with investing in the nurture and discipling of those who attend the congregation.
3. **Linking distribution percentages with the congregational vision for the next year.** Two things happen when a congregation agrees on percentages for distribution.
 - a. First, the church can allocate line items within each of the categories, in accordance with the mission and goals of the congregation.
 - b. Second, the church may create an almost unlimited potential for being generous. Note the example below.
 - i. A church plans to spend \$100,000
 - 25 percent (\$25,000) has been earmarked for needy people in the community and around the world. The rest is divided between local operations and staff compensation.
 - 25 cents of each dollar collected is earmarked immediately. The remaining 75 cents is used as needed.
 - ii. When the church actually collects \$100,000
 - \$25,000 is already distributed to its promised mission endeavors.
 - \$75,000 is raised for local operations and staff compensation.
 - Whatever other money is collected on top of the \$100,000 can be given totally to mission.
 - The church experiences unlimited potential because 25% of the regular offering is always given to mission; once the entire estimate is collected all giving can be designated to additional special mission projects; and people have more freedom to do all their giving in worship with the local congregation.
4. **Following through.**
 - a. **Build good decision-making processes.** Many congregations find they have difficulty talking about money not because they are poor stewards, but because they have a poor decision-making process.

- b. **Link integrity to following-through on decisions.** When decisions are made, the congregation needs to “stay the course” and follow through with decisions made. For example, a congregation decided to start a second service on an experimental basis and reevaluate after six months. Two months into the process there was pressure to discontinue the second service, rather than waiting the entire six months.
- c. **Report your spending effectively.** Have your reports match the spirit and style of your spending plans.
- d. **Communicate ideals but expect reality.** Ideally, everyone will agree with these changes in congregational financial management. Realistically, some will still prefer older patterns because they’re familiar. Ideally, everyone will understand these methods. Realistically, some won’t make the effort. Ideally, everyone participates in giving estimates, and in working with spending plans. Realistically, it takes time for older patterns to pass on. Don’t be abrupt with making change. Treat the passing with dignity.

Other spending plan considerations:

Endowments: Some churches have enhanced their giving potential by endowing operational expense like building maintenance, or investing in people development through scholarship programs or foundations. Don’t try to endow staff salaries, mission, or program, because that just perpetuates a meet-the-budget mentality. Reports and use of endowments should be kept separate from a congregation’s giving estimates and spending plan. It is wise to pass a policy on endowment before one is given to your congregation. It is a lot easier to make solid decisions when no outside pressure is forcing the issue. Endowments are more useful in the long term if their restrictions are minimal. Needs change over time, and many times endowments suddenly find themselves without a program.

Fiscal Year: Many churches connect their fiscal year to the calendar year. But one of the problems with this is trying to round up giving estimates and put together a spending plan during the busy Advent season. The second problem is that it makes the fiscal year begin during the congregation’s weakest giving months. Traditionally, January, February, and June are months during which a congregation’s cash flow is stressed. Late spring and September through December are usually the strongest income months. When a fiscal year begins during the weaker months, right away it looks like your income is behind the estimate of giving. You spend the year feeling as if you must play catch up, particularly at the end of the year. But you can easily correct these problems when a fiscal year begins during the strongest months.

Sample Congregational Spending Plan

Congregation’s estimated giving	\$194,000.00
Other expected income	\$ 6,000.00
Total income	\$200,000.00
Current reserve fund	\$ 16,436.17
(8.22% of estimated giving)	
Maintaining our center of worship (20% of funds)	\$ 40,000.00

Utilities
Building repairs
Custodial supplies
Insurance
Music
Sunday school curriculum
Vacation Bible School
Committee expenses

Being generous with our staff (48% of funds) \$ 96,000.00

Staff salaries
Staff benefits
Business expenses
Office supplies and equipment
Postage
Phone

Helping needy people in the church and around the world (32% of funds) \$64,000.00

Church schools
Denominational missions
Local food pantry
Prison ministry
Church planting
Denominational and area conference support
Local ministries

Total spending plan \$200,000.00

Sample Congregational Narrative Spending Plan

Our mission is to proclaim the reign of God in worship, in our engagement in mission, and in our community life. We will strengthen our discipleship to this task this next year by:

1. *Proclaiming the reign of God in our worship through planning and hosting as many as 65 worship events.* We will use \$75,000 in doing so. This includes some of the expenses to maintain a gathering place for worship, supplies, compensation for time spent to develop messages from Scripture for our spiritual growth, administration, and miscellaneous expenses when we host a wedding or a funeral.
2. *Proclaiming the reign of God by engaging in mission through nine ministry organizations.* People from our church are connected to these ministries and we choose to invest in their efforts. The mission committee is the resource for this work. Our donations to the below-listed organizations and the costs for mission education means we will use \$77,000 of collected money for this end. This \$77,000 represents our corporate firstfruits giving to extend God's kingdom around the world. It is 38.5 percent of each dollar you have estimated you will give next year, and that percentage will be set aside from every dollar collected during our worship services. These ministries include:
 - a. Church planting in Gary, Indiana (Harry and Betty Smith have relocated to assist in this effort).
 - b. Our connection to area conference and denominational resources (Rhonda Becker serves on the area conference education committee).
 - c. Prison ministry (Thom Dean and Jack Granger are volunteers).
 - d. Our support of the Kranke family, who serve as missionaries through Mennonite Mission Network in Chile.
 - e. The food pantry (directed by Sara Fernandez).
 - f. Church schools (we have six students attending the local Mennonite college and three at the local Mennonite high school).
3. *Proclaiming the reign of God through our community life.* This includes the pastoral care we provide for members and friends of our community, Christian education, our fellowship dinners, a significant portion of our pastor's ministry and administrative time, the work of the trustees, fellowship committee, Sunday school superintendents, and a share of maintaining the building in which we meet. We expect to use \$48,000 for these things.

We hope to receive more than the \$200,000 we collectively estimated we would give in worship this next year. When and if this happens, we look forward to extending even more generosity than we dreamed.

**15) Worship, stewardship, and the budget:
One congregation's attempt at firstfruits giving and the 1 percent challenge.**

One congregation designed a process to help their congregation to consider lifestyle issues, stewardship, the meaning of the lordship of Christ, and firstfruits giving. They also wanted to take on their denomination's challenge to increase their giving by 1 percent of their income each year.

Summary of giving estimate and spending plan process

1. A stewardship committee (chair of trustees, treasurer, elder, pastor, and any additional at-large members invited by the trustees) meets in early fall to make plans for highlighting stewardship throughout the year.
2. Two Sundays to highlight stewardship in worship are planned for the fall. For those Sundays, there will be a coordination of worship, sermons, and classes on stewardship for all age levels.
3. An invitation is extended to order offering envelopes – one way to encourage giving in a firstfruits manner.
4. A packet of materials is distributed in mid-to-late November containing selected references and anecdotes on stewardship, spending plan highlights and process, samples of the 1 percent commitment, and a giving estimate form.
5. Stewardship Sunday is observed on the first Sunday of December. Celebration of stewardship and the collection of giving estimates is part of the worship service that day. Pastors send a letter the week before, reminding the congregation of the celebration. Telephone calls are made (as needed) following that Sunday, reminding people to return the forms.
6. The stewardship committee reports to the trustees and to the administrative council the amount of estimates received and determines any necessary adjustments to the spending plan. The annual business meeting is held in January to review the spending plan approved by the trustees and the administrative council and to seek approval of the total congregation.
7. The results of the giving estimates and the spending plan process were as follows:
 - a. A balanced spending plan equal to the estimates received was presented, discussed and approved.
 - b. Total estimates: 85 (79 adults and 6 children). 90% of families regularly attending estimated this giving.
 - c. \$259,000 was estimated, up 3.4% from the previous year. Average estimate: Adults (family unit) - \$3,280 and children \$150.
 - d. Further breakdown estimates:
 - i. 11 new estimates.
 - ii. 40 estimated more than the prior year.
 - iii. 48 estimated they would give on a firstfruits basis.
 - iv. 20 estimated they would give 1% more of income.
8. People new to the church received information about the congregation's financial management with no expectations. The information is also part of membership classes, at which time leaders encourage one to begin estimating.

A "typical family"

Annual income	\$50,000
Giving to church – 5%	\$ 2,500

The request for (year)

1. Make God number one in your life.
2. Give to God on a firstfruits basis.
3. Work toward giving at least 10% of your income through the church offering plate.
4. Give at least 1% more of income next year.

Next year's income (5% raise) \$52,500

Giving to church – 6% \$ 3,150*

*You would be giving \$12.50 more each week. The annual total would be a 26% increase over the dollar amount actually given the previous year!

16) Household income

In the 2005 study of household giving, we learned income levels of Mennonite Church USA members.

<u>Household Income</u>	<u>Percentage</u>
Below \$20,000	13.3%
Between \$20,000 and \$40,000	28.7%
Between \$40,000 and \$60,000	28.5%
Between \$60,000 and \$80,000	14.5%
Between \$80,000 and \$100,000	8%
Between \$100,000 and \$150,000	3.7%
Between \$150,000 and \$250,000	2%
Over \$250,000	1.3%

In the same study we learned that members contribute (all their charitable giving) at different levels:

Give less than 1%	2.5 %
Give between 1 and 5%	18.7%
Give between 6 and 9%	19.2%
Give approximately 10%	31%
Give more than 10%	28.7%

Example: Menno Congregation

100 Members – 46 households

	tithe – 10%	7%
6 households – income of \$15,000	\$9,000	\$6,300
13 households – income of \$30,000	\$39,000	\$27,300
13 households – income of \$50,000	\$65,000	\$45,500
7 households – income of \$70,000	\$49,000	\$34,300
3 households – income of \$90,000	\$27,000	\$18,900
2 households – income of \$125,000	\$25,000	\$17,500
1 household – income of \$200,000	\$20,000	\$14,000

1 household – income of \$300,000	<u>\$30,000</u>	<u>\$21,000</u>
Total (income \$2,640,000)	\$264,000	\$184,800

If members give ten percent of their income, Congregation A should be able to support a spending plan of approximately \$264,000. If members give at a rate of 7% of their income the spending plan is reduced to approximately \$184,000.

Some additional information from this study:

- There is a strong correlation between the level of giving and a person’s theological and political views.
 - Individuals who are more conservative, both politically and theologically, are more generous.
 - Individuals who are more liberal, both politically and theologically, are less generous but more likely to give all their charitable dollars to Mennonite organizations.
- Variables found as predictors of giving to charity:
 - Active in congregational life
 - Giving “out of a habit of giving back to God a part of what has been given to me”
 - Older in age
 - Increased “financial ability to give in recent years”
 - Persons giving less are more motivated to give for special needs
- Predictive model for giving to Mennonite organizations:
 - Personal commitment to the church
 - A “habit of giving”
 - A giving “worldview” that extends beyond the local congregation
 - Less focus on autonomy of local congregation
- Perspectives of members of age less than 41 years old:
 - They give to charity, but at a lower percentage
 - They are not less likely to give to Mennonite organizations
 - They are less likely to be in a “habit of giving” and less likely to respond to “firstfruits”
 - Feel limited by the concept of “firstfruits”
 - A strong intention to one day make a significant gift
 - Want their giving to make a difference – want to change lives for Jesus
- Perspectives of members in multi-racial congregations:
 - More likely to be active in their congregations
 - More likely to give a higher percentage of their income to charity
 - Less likely to be giving a majority of their charitable dollars to Mennonite organizations
 - No other statistical differences found

17) I'm confused with all the new names for the organizations

Below is a chart of old and new names:

Mennonite Church (old)	Mennonite Church USA (new)
Mennonite Church General Board	Mennonite Church USA Executive Board
Mennonite Church General Board (staff)	Mennonite Church USA Executive Leadership
Mennonite Board of Congregational Ministries (MBCM)	Mennonite Church USA Executive Leadership
Mennonite Mutual Aid (MMA)	Mennonite Mutual Aid (MMA)
Mennonite Board of Education (MBE)	Mennonite Education Agency (MEA)
Mennonite Board of Missions (MBM)	Mennonite Mission Network (MMN)
Mennonite Publishing House (MPH), including the Herald Press book imprint	Mennonite Publishing Network (MPN), including Herald Press book imprint, Faith & Life Resources imprint for curriculum and periodicals
Herald Press	Mennonite Publishing Network (MPN), including Herald Press book imprint and Faith & Life Resources imprint for curriculum and periodicals
Minority Education Fund	Racial Ethnic Leadership Education Fund (RELE)
Women's Missionary and Service Commission (WMSC)	Mennonite Women USA
Associate Groups	Constituency Groups: Mennonite Women USA, Mennonite Men, African American Mennonite Association (AAMA), Iglesia Menonita Hispana (IMH), Native Mennonite Ministries
Mennonite World Conference (MWC)	Mennonite World Conference (MWC)

General Conference Mennonite Church (old)	Mennonite Church USA (new)
General Conference Mennonite Church General Board	Mennonite Church USA Executive Board
General Conference Division of General Services (DGS)	Mennonite Church USA Executive Leadership
Commission on Education (COE)	Mennonite Church USA Executive Leadership
Commission on Overseas Missions (COM)	Mennonite Mission Network
Commission on Home Ministries (CHM)	Mennonite Mission Network
Faith and Life Press	Mennonite Publishing Network (MPN)
Women in Mission	Mennonite Women USA
Mennonite Men	Mennonite Men
Higher Education Council	Mennonite Education Agency (MEA)
Mennonite World Conference (MWC)	Mennonite World Conference (MWC)

18) What are some of the different giving tools currently available?

Making financial transactions electronically has become quite customary in the United States. We use credit cards, debit cards and electronic fund transfers instead of cash and checks as preferred ways to pay bills, transfer funds from one account to another – and give to the church and church organizations. Many members of Mennonite Church USA have adopted these same electronic methods for making financial gifts.

You now have three options for making contributions electronically to congregations and organizations affiliated with Mennonite Church USA:

- **Electronic Funds Transfer** (Firstfruits Direct Giving) – Through automatic, monthly withdrawals from your checking account, Electronic Funds Transfer enables you to make ongoing contributions to your congregation, area conference or denominational organizations. Once you have set up an Electronic Funds Transfer program with your bank or other financial institution, you can give regularly to your congregation and other church organizations as you designate without writing a check. This Web site provides a starting place to participate:
http://www.mennoniteusa.org/First_fruits_d_g.htm.
- **Online Giving** – Mennonite Church USA Executive Leadership, in partnership with Mennonite Foundation, provides an online Web site to receive gifts you designate from credit and debit cards. All Mennonite Church USA organizations, including congregations, are included in this Web site:
<http://giving.mennoniteusa.org/>.
- **Contributions Direct** – This is a free service from Mennonite Financial that enables members to make regular, systematic contributions to congregations or other charitable organizations automatically. Signing up for this service enables the member to use Electronic Bill Payment for all other on-line personal bill payment transactions for free as well. To sign up, go to the Mennonite Financial website at www.mennonitefinancial.com and click on "Internet Branch" link.

19) What are the advantages of electronic giving?

- It helps members of congregations to receive all the benefits of giving electronically while also enabling them to participate in the offering during worship. See suggestions at the Web site by clicking on “For the Offering Plate.”
- It provides a stable source of year-round income for congregations, area conferences, and other Mennonite organizations.
- It facilitates giving for those who prefer to use electronic banking.
- It enables donors who give via credit card to receive rewards, such as airline miles, that are offered by credit card companies.
- For people who travel frequently, it provides an opportunity to make monthly donations to their congregations and other parts of the church.
- It supplies an immediate receipt for tax purposes, with the receipt e-mailed to the donor as soon as the gift is made.
- It decreases administrative costs (receiving, counting, depositing funds, etc.) for church treasurers and staff members at organizations.
- It saves costs associated with printing and mailing checks and receipts.

20) Check writing options

I want to write one check to support all the churchwide ministries beyond my area conference.

Option 1:

Send your check to Central District Conference with instructions on how you'd like the money divided.

Undesignated checks will be divided as follows:

- 50% Central District Conference

The remaining 50% is distributed:

- 17% Mennonite Church USA
- 73% Mennonite Mission Network
- 10% Mennonite Education Agency

Central District uses the following form for designations. You will receive a new form with each receipt.



(You may enclose this form with your next contribution.)

From: _____ church;
 _____ name;
 _____ address;
 _____ city;

To: Central District Conference
 1015 Division St
 Goshen, IN 46528-2000

Designations:

Central District Conference \$ _____
 MC USA Exec. Bd. Ministries \$ _____
 Menn. Missions Network (MMN) \$ _____
 Menn. Education Agency (MEA) \$ _____

Camp Friedenswald \$ _____
 Menn. Central Comm. \$ _____
 Menn. Publishing Network \$ _____
 Menn. Disaster Service \$ _____
 Assoc. Menn. Biblical Seminary \$ _____
 Bethany Christian Schools \$ _____
 Bluffton University \$ _____
 Chicago Menn. Learning Center \$ _____
 Goshen College \$ _____
 Other: _____

Undesignated:

\$ _____

Undesignated funds will be disbursed as follows:

CDC - 50%

The remaining 50% will be disbursed as follows:

MC USA - 17%; MMN - 73%; MEA - 10%

Option 2:

Address your check to Mennonite Church USA and send it to

722 Main Street, PO Box 347

Newton, KS 67114-0347

Mennonite Church USA will divide the check as follows:

- 66% Mennonite Mission Network
- 15% Mennonite Church USA Executive Leadership
- 14% Mennonite Education Agency
- 3% Mennonite Publishing Network
- 2% Racial Ethnic Constituency Groups

NOTE: All checks, including estate gifts, addressed to Mennonite Church USA with no designations will be divided along the above formula. For members from the “old” Mennonite Church tradition this may be confusing as the term Mennonite Church generally meant General Board. In Mennonite Church USA this term means the check will be divided.

I want to write separate checks

You are welcome to write separate checks and send them directly to the churchwide agencies, area conferences, etc. Mennonite Education Agency, Mennonite Mission Network, and Mennonite Publishing Network are all 501(c)(3) organizations who can receive direct contributions.

Mennonite Church USA Executive Leadership, PO Box 347, Newton, KS 67114-0347

Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621

Mennonite Mission Network, PO Box 370, Elkhart, IN 46515-0370

Mennonite Publishing Network, 616 Walnut Ave, Scottsdale, PA 15683-1999

Mennonite Women, Mennonite Men, African American Mennonite Association,

Iglesia Menonita Hispana, Native Mennonite Ministries: PO Box 347, Newton, KS 67114-0347

21) Which Mennonite Church USA organizations should my congregation include in our spending plan/offering schedule?

Below are the organizations and programs we recommend you include:

- Mennonite Church USA Executive Leadership, PO Box 347, Newton, KS 67114-0347
- Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Mennonite Mission Network, PO Box 370, Elkhart, IN 46515-0370
- Mennonite Publishing Network, 616 Walnut Ave, Scottsdale, PA 15683-1999
- Racial Ethnic Constituency Groups, PO Box 347, Newton, KS 67114-0347
 - African American Mennonite Association (AAMA)
 - Iglesia Menonita Hispana (IMH)
 - Native Mennonite Ministries
- Your Area Conference (Central District Conference)

Your congregation might also want to consider supporting:

- Mennonite Men, PO Box 347, Newton, KS 67114-0347
- Mennonite Women, PO Box 347, Newton, KS 67114-0347
- Mennonite Colleges/Universities and Seminaries: Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
- Racial Ethnic Leadership Education Fund (RELE): Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621

If your congregation supported Mennonite Board of Congregational Ministries (MBCM), that organization is no longer a stand-alone organization but is now part of Executive Leadership. Many of the MBCM functions and programs continue, but within Mennonite Church USA Executive Leadership. You can continue to support these ministries through a separate check or included in your gift to Mennonite Church USA Executive Leadership.

Some congregations are also supporting Intercultural Relations. Like the former MBCM, these ministries are under the leadership of Mennonite Church USA Executive Leadership Intercultural Relations team. Again, these ministries can be supported through a separate designation or added to your gift to Executive Leadership.

You can write checks directly to any of these organizations or you can send one check with specific designations to Mennonite Church USA, PO Box 347, Newton, KS 67114-0347.

22) What are the costs related to our churchwide ministries?

There are different ways to think about how much it costs to operate the organizations of Mennonite Church USA. One way is to look at the churchwide ministries' budgets and divide by 115,000 Mennonite Church USA members. For example, the Executive Leadership budget is \$2,000,000. Two million divided by 115,000 equals \$17 per person/member.

Using the formula above, the costs are as follows:

- Mennonite Church USA Executive Leadership - \$17 per member
- Mennonite Education Agency - \$4.50 (including RELE) per member
- Mennonite Mission Network - \$ 56.50 per member
- Mennonite Publishing Network - \$2 per member
- Racial/Ethnic Constituency Groups - \$1.50 per member

These figures can not be taken too literally since the budgets of the above organizations do not come entirely from contributed dollars.

23) Mennonite Education Agency Unified Giving program

Mennonite Education Agency has a program that allows congregations and area conferences to support MEA and all its higher education institutions: Associated Mennonite Biblical Seminary, Bethel College, Bluffton University, Eastern Mennonite University and Seminary, Goshen College, and Hesston College.

The program asks congregations and area conferences to identify themselves as “designated” or “unified.”

“Designated” congregations contribute to the colleges/universities, seminaries and/or MEA. All of these funds remain with the designated institution(s) or MEA.

“Unified” congregations may send one check to any of the colleges/universities, seminaries or MEA and the money is divided among all of them using an agreed-upon formula.

If your congregation or area conference is unclear if you are “designated” or “unified,” check with MEA: info@MennoniteEducation.org; 1-866-866-2872 (toll free).

All checks may be sent through area conferences and MEA or directly to the institution(s).

Addresses:

Mennonite Education Agency, 63846 CR 35, Suite 1, Goshen, IN 46528-9621
Associated Mennonite Biblical Seminary, 3003 Benham Ave., Elkhart, IN 46517
Bethel College, 300 E 27th St, North Newton, KS 67117
Bluffton University, 1 University Drive, Bluffton, OH 45817
Eastern Mennonite University and Seminary, 1200 Park Rd, Harrisonburg, VA 22802
Goshen College, 1700 S Main, Goshen, IN 46526
Hesston College, PO Box 3000, Hesston, KS 67062

24) Frequently asked questions:

How often should we send gifts to churchwide organizations?

Most congregations send gifts on a quarterly or monthly basis. Both of these work well for organizations.

Who do I contact when I have questions?

Central District Conference

Emma Hartman, conference administrator
1015 Division St
Goshen, IN 46528
574-534-1485 (direct)
800-662-2264 (toll free)
Fax: 574-534-8654
Email: office@mcusacdc.org

Mennonite Church USA contact:

Marty Lehman, director of communications and development
574-523-3046 (direct)
866-866-2872 (toll free)
MartyL@MennoniteUSA.org

What are some good software church programs?

A recent survey of conference treasurers came up with this list of programs being successfully used:

Quickbooks for non-profits

Church ProPlus

Quicken (suggested for smaller churches)

25) Resources for further reference

<http://www.clergysupport.com>

Christianity Today International, 465 Gundersen Drive, Carol Stream, IL 60188 publications
(www.churchlawtoday.com)

- *Church & Clergy Tax Guide*
- *Church Law & Tax Report*
- *Church Treasurer Alert!*
- *The Church Guide to Internal Controls*

Internal Revenue Service (www.irs.gov)

- Forms & publications
 - publication 517 – information for clergy
 - publication 1828 – Tax Guide for Churches and Religious Organizations
- Tax Guide for Churches and Religious Organizations (www.irs.gov/charities/churches/index.html)

Church and Clergy Tax Guide by Richard Hammar, Christian Ministry Resources, www.churchlawtoday.com
800-222-1840

Financial Stewardship Resources, Inc. www.financialstewards.org

Giving magazine produced by the Ecumenical Stewardship Center, of which Mennonite Church USA is a member denomination. Web site is <http://www.stewardshipresources.org/tabid/123/Default.aspx>.

<http://bic-church.org/resources/treasurers/us.asp>. – Brethren in Christ site which includes some helpful forms.

Generous Living piece from James Martin of Lancaster Conference

MMA Budget and Debt Counseling services

http://www.mma-online.org/financial_services/debt_counseling.html.