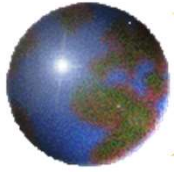


Church & School Treasurers Relations

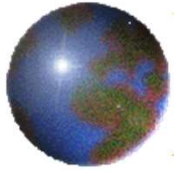
Presented by: Dave Colburn, MBA
Dennis Millburn, MSM

NAD Conference & Academy Treasurers Orientation
March 8, 2018



Our Experience Represents:

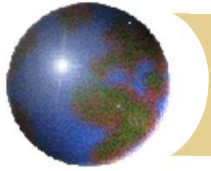
4 Local conferences	31 years
1 Union Conference	12 years
2 Boarding academies	7 years
1 Day academy	<u>5</u> years
	55 years



Presentation Outline

- ⊕ Local church and school treasurers
- ⊕ Conference relations to churches and schools
- ⊕ Problem resolutions

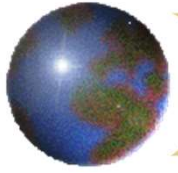
*Prevention is key to success



Importance of Church & School Treasurers

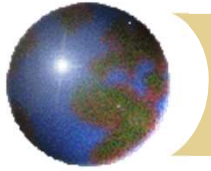
- ❖ *“The treasurer of the local church or school can justly be said to be the most important link in the chain of individuals charged with the handling of funds in the Seventh-day Adventist church organization.”*

- ❖ Sample Conference Treasurer's manual



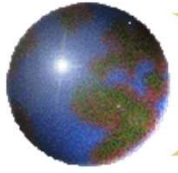
Qualifications of a Treasurer - 1

- ✿ The task of church or school treasurer is a sacred work. The greatest care should be exercised in electing individuals to this and other church offices who exhibit the personal qualifications and skills to properly carry out these sacred duties.



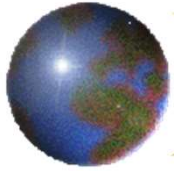
Qualifications of a Treasurer -2

- ✿ The treasurer should be a church member of moral and religious fitness, dedicated to service, and willing to learn. The treasurer should be a person of good judgement and sound integrity who is able to relate well with others. Attention to detail and accuracy are important skills for a treasurer. Confidentiality is a must.



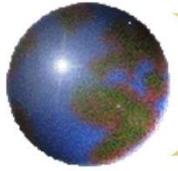
Qualifications of a Treasurer - 3

- ✿ The treasurer should be one who faithfully supports the church in all respects, including regular church attendance and with their tithes and offerings.



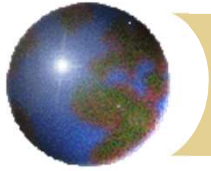
Church Treasurer Job Description

- ⊕ Receipt funds
- ⊕ Deposit timely
- ⊕ Record regularly
- ⊕ Issue receipts
- ⊕ Pay Expenses
- ⊕ Maintain Checkbook
- ⊕ Remit to conference
- ⊕ Balance ledger, checkbook monthly
- ⊕ Report regularly to church
- ⊕ Organize record
- ⊕ Cooperate with pastor, finance committee on budget



Confidentiality & Donor Intent

- ✦ The position of the treasurer is one that carries trust. Donors are revealing personal information each time they turn in a tithe envelope. It is the duty of the treasurer to keep this type of information confidential.
- ✦ *“Neither the treasurer or church board has the authority to divert any funds from the objective for which they were given.”* SDA Church Manual 2010 p. 82

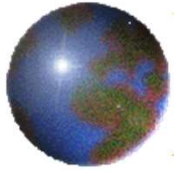


Tithe and Offering Use

- ✦ **Handout** – Explains Tithe and Offerings with Biblical and Spirit of Prophecy references as to rationale for giving and how the funds are used.

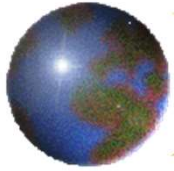
“Reference Guide to Informed Giving”

Can be custom designed for Local conference use and distributed in mass to churches or sent out to homes.



Offering Schedule and Loose Offering

- ✦ The North American Division has an offering schedule distributed to the conferences and local churches and should be followed as a participant of the denomination.
- ✦ ***"When an offering is taken for worldwide missions or for any general or local enterprise, all money placed in the offering plate (unless otherwise indicated by the donor) shall be counted as part of that particular offering."*** SDA Church Manual 2010 p. 82
- ✦ This policy is based on the world mission concept on which the church was founded and flourishes, and is in accordance with the biblical model of spreading the Good News to all the world.



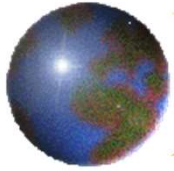
Reporting Responsibilities



- ✦ Monthly remittances are to be sent to be received by the conference by the 10th of the month.
- ✦ The church board should receive a financial report at each meeting with the status of cash, loans, offering trends and expense information.
- ✦ Church members should receive their annual donor receipt by the 31st of January each year as well as an annual report of the church financial condition and budget for the new year.
- ✦ The pastor should be provided with ongoing communications with the treasurer as to unusual requests and give approval, if needed, prior to the next board. He/she should also receive an ongoing copy of the members giving patterns as it relates to their spiritual condition.

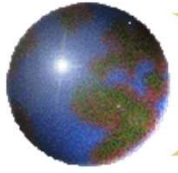
Time Is Money





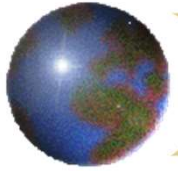
Restricted vs. Unrestricted Funds

- ✦ Donations given by a donor that are earmarked by the donor for a specific purpose are known as **restricted** donations and would include programs such as church expense, building fund, evangelism, Sabbath school expense.
- ✦ Donation given by the donor for unspecified use by a church are **unrestricted** funds such as church budget. Those funds are deemed “board allocated”. That allocation may at times need to be adjusted to meet changing needs.



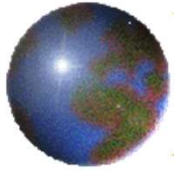
Receiving and Custody of Funds

- ✦ Upon collection the funds would be taken to a secure location by the deacons and loose funds counted in joint effort with someone other than the treasurer in a process called “**dual custody**” to safeguard theft. The tithe envelopes would likewise be verified as to their content.
- ✦ It is important that the funds received are secured as soon as given until they are deposited in the bank.



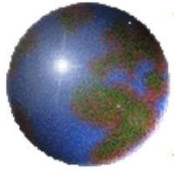
Bank & Financial Accounts

- ❖ No financial accounts should be opened or closed without board approval and placed in the name of the church or school using the appropriate Federal Tax Identification number.
- ❖ It is recommended to have three names on the signature card including the treasurer, pastor, principal, elder or assistant treasurer. Preference as to the number required to sign checks would be a local decision.



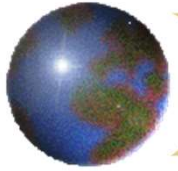
Courtesy Payroll -1

- ❖ Employee vs. Independent Contractor – Churches and schools often hire employees to perform certain functions for their organization, such as secretaries, treasurers, custodian, teacher aides.
- ❖ Employers are required to withhold appropriate taxes from employees and remit the tax to the IRS and state departments of revenue. Employers are required to comply with wage and hour regulations and submit a 941 form quarterly, issue W-2 forms at the end of the year and provide Workers compensation insurance to cover job-related injuries.



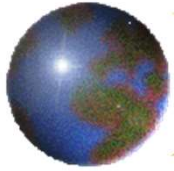
Courtesy Payroll -2

- ❖ Some have incorrectly classified workers as “independent contractors” therefore have not felt the need to withhold taxes and perform other necessary reporting. Neither the employer nor the worker can “deem” the worker to be an independent contractor. Each case must be evaluated by the legal definition.



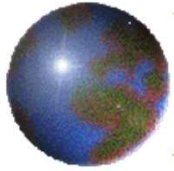
Courtesy Payroll -3

- ✦ Once an employee has been legally determine as such the conference is willing to provide the payroll service with the expertise to handle this process on a reimbursement basis that can be calculated prior to running through payroll and funds should be submitted by the church/school to the conference prior as well.
- ✦ If an independent contractor receives more than \$600 a year then the church or school is required to issue that individual a 1099-MISC form at year end.



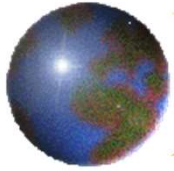
Organization, storage, and retention of records

- ✦ **Tithe envelopes** organized by week, wrapped with adding machine tape and banded. Kept till audited.
- ✦ **Donor receipts** organized alphabetically, Kept for 6 years
- ✦ **Bank statements, checks, reconciliation** filed sequentially, Kept for 6 years.
- ✦ **Invoices and receipts** for paid bills filed sequentially, Kept for 6 years
- ✦ **Copies of board minutes**, Kept for 6 years (Clerk has permanent)
- ✦ **Financial statement, Audit reports**, Kept permanently for Archival purposes
- ✦ **All documents** kept **in a secure location** away from member access.



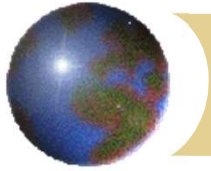
Audit Review of Church Records

- ✦ NAD policy specifies audit reviews should be done at least every two years. However, IF there appears a reported discrepancy, consistent late remittance reports or other irregularities, an audit should be done immediately to avoid possible fraud or mishandling of funds.
- ✦ A review gives opportunity to: use it as a “help session” for a struggling or untrained treasurer, ensure that the records are in balance, verify treasury systems are in place, ensure that the denomination, conference and local church policies are in place.
- ✦ The audit records can be done onsite or taken to the conference designated location at the convenience of the volunteer treasurer.



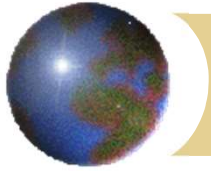
Church School Subsidies

- ✦ The conferences typically subsidizes heavily the local church school teacher's salaries.
- ✦ That percentage is good to keep before the school boards
- ✦ The denominational limit is that tithe can be used up to 30% of the conference's budget for elementary schools.
- ✦ The local church must also subsidize the school from its budget which will vary with the ability of the church and number of teachers.
- ✦ In the case of constituent schools the churches subsidy distribution will be based on a proration of tithe, number of students, membership in some predetermined method.
- ✦ Some conference have placed limits on teacher support based on the number of students enrolled.



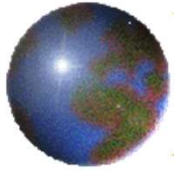
Church/School Budgeting

- ✦ Budgeting is an educated guess as to future funding which provides a framework for giving departments a budget to work with.
- ✦ Budget income conservatively
- ✦ Budget expense items conservatively controlled by people.
- ✦ Budget expense items liberally not controlled by people such as utilities.
- ✦ If software allows, weight the budget by inserting in the months when income will be recognized and expenses incurred, thereby giving each months statement a more accurate picture of how the organization is progressing.
- ✦ Monitor the activity compared to budget and if a department is over talk to them that month so that the year end will be in line with the budget. The overseeing treasurer will then not be surprised at year end and the department head will understand there is a limit.



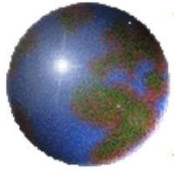
Statement Presentation

- ✦ The statements should be presented every time a board meeting is scheduled. It should be timely.
- ✦ It should include comparatives of last year in balance sheet. Income and expenditures compared to budget.
- ✦ In case of schools, delineation of current/old student a/r accounts.
- ✦ The presentation should include the conference offerings, in and out, as well as restricted funds and church budget activity.
- ✦ If off-record financial obligations exist, that should be presented on a separate page such as mortgage balance at the revolving fund or bank loans, certificates of deposit or saving accounts.
- ✦ Presentations should use trending key financial ratios.



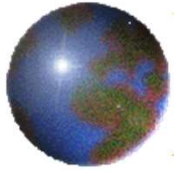
Unique Issues for Computer Users

- ✦ Each conference decides its preference of computer software that it will encourage and possibly support. Consistency enables a faster and more efficient audit review. Some churches may select another provider with outside support.
- ✦ Until the denomination is able to provide one consistent software and support, the conference and churches will have to decide what is best for them.



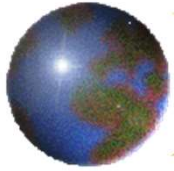
Relations With Academy Treasurers-1

- ✦ The conference treasurer has an important responsibility to:
- ✦ Select a qualified academy treasurer or monitor an existing one, as this has been one of the most variable funding expenditures of the conference's budget.
- ✦ To accomplish this the conference administration needs to work closely with the academy administration to assure the proper collection procedures are in plan and accounting being done accurately and on time.
- ✦ When the academy sees itself as an integral part of the conference operation there is more by in. That can be accomplished by involving the academy administration in conference finance committees and budgeting.



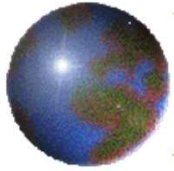
Relations With Academy Treasurers -2

- ✦ The academy treasurer's first responsibility must be to write up reasonable student financial plans and monitor their collection.
- ✦ The academy treasurer's second responsibility is to provide accurate timely records and financial statements.
- ✦ The third is to reimburse monthly the local conference for academy salaries, assuming the conference is handling payroll.
- ✦ Then and only then, the treasurer can devote his/her time to teaching a class, doing supervision, class sponsors and other duties assigned to the rest of the staff.



Conference Relations With Churches and Schools -1

- ✦ Up to this point we have talked about the church and schools and what their responsibilities are. Now what is our responsibility as overseers in relations to them?
- ✦ First of all prevention is better than reparations.
- ✦ Education is the key to prevention of problems.
- ✦ Our recommendation is to: **prepare your own treasurers manual**, have a meeting and **go over each point, answer their questions**, develop a **relationship of trust** and **helpfulness** with them. Be a **resource** and **encouragement** to them. Express **appreciation** to them. Give them a **reward** for jobs well done.



Conference Relations With Churches and Schools - 2

- ✦ Once you have your manual prepared, have a meeting with ALL your treasurers and go over the manual 4-5 hours, provide lunch. Perhaps you would have several meetings in the regions of your conference. Give them a copy of the book as a reference. Invite your pastors to come as well as it will effect their management and board decisions.
- ✦ After that hold an annual meeting for only the new treasurer and anyone who wants to come back.
- ✦ For language groups you may want to have a second annual meeting with them if there is a language or understanding barrier. Arrange for a translator to be present.
- ✦ For instance how to use a calculator.

Using a calculator



7 8 9

4 5 6

0 1 2 3 +

Thumb

Finger 1

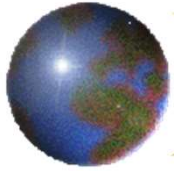
Finger 2

Finger 3

Finger 4

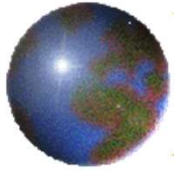


Es Importante!
This is an important job
And God will help you.



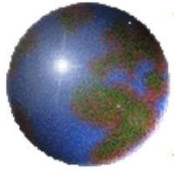
Once They Know We Care....

- ✿ Once we have developed a relationship with them and loyalty to you, knowing that you have their back, now you can feel free to initiate any contact with lateness in remittances, reimbursements and other reporting needs.



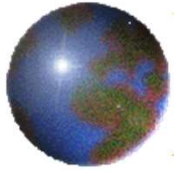
Problem Resolutions – Late Remittances

- ✦ If you can reward them for 10 of 12 months reports on time with no late reports to it! Better to be positive than negative.
- ✦ If consistent reports are late, as mentioned earlier call them and if that doesn't remedy the situation then send an auditor to help them or detect the problem.
- ✦ There will always be late reports each month due to their work schedules, sickness, death in family, problem with software, language barriers, vacations out of town.
- ✦ **BUT at year end**, give them a heads up that you want to see all the reports in by January 8 or, whenever. If they are not in by the 8th call them and get the tithe figures or get them whatever help they need. Success can be had and past experience has given 99-100% participation even if only the tithe amount can be reported.



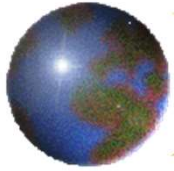
Problem Resolution – Pastoral Conflict

- ✦ If a treasurer tells you their pastor told them to do something illegal or out of policy then you may need to get involved.
- ✦ Encourage them to talk to the pastor and share the concepts you gave them in the manual and try to let them resolve it.
- ✦ You need to be supportive of the pastor and yet true to legality and policy so you may need to call the pastor as well if it is a big item and the treasurer and pastor can not resolve it.
- ✦ Make sure the treasurer is not purposely being combative and wants to be an obstructionist by always saying “the conference told us we can’t do that”.
- ✦ The treasurer should be flexible enough to give the benefit of the doubt and you may need to communicate that to them.



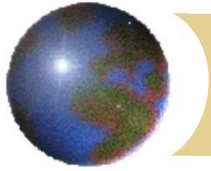
Problem Resolution – Overdue Payments

- ❖ Collections will always be a challenge because some churches/treasurers either don't have the money because they are not good money managers or donations are low, get busy and don't get around to it, don't think they owe it, think it is too much or a thousand other reasons. But they must be paid.
- ❖ Usually, the main charges to local churches and schools are building insurance charged from Adventist Risk Management or church school teacher salary charges.



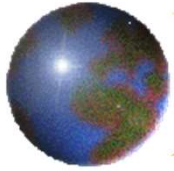
Problem Resolution – Teacher Charges

- ⊕ Teacher charges can be handled easily by: Requiring that **ALL charges** on the conference AR to the school must be **paid in full by February 28 AND a balanced budget** in hand **OR** the school **must reduce their teacher number by one** for the next school year. A certified return receipt request is made with the January 31 billing reiterating this requirement. This must be Executive committee approved and communicated to all churches and schools prior to the year starting.
- ⊕ Rational: 7 of the 10 billings are made in January so the majority of the year is over, teacher contracts have not been made by February 28, so in fairness to the teachers they need as much advance notice as possible, if they are to lose their job. This places the burden on the local church and school to come up with the money or realize they have a problem always “hoping that next year will be different”.



Problem Resolution – Property Insurance Charges

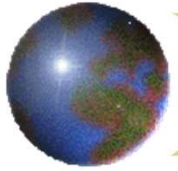
- ✦ This is a hard one to resolve for the same reason other payments aren't made.
- ✦ The conference paid pastor or principal should be talked to and encouraged to get this resolved.
- ✦ Some conferences unable to collect have had to resort to deducting the premiums from any claims that the church has had to collect their money.
- ✦ There is **DANGER** is **writing off ANY charges** as this encourages the churches to plan not to pay the next year and faithful churches who have paid feel cheated that they did not get that benefit.
- ✦ There appears no leverage the conference has for insurance billing in arrears except for drastic measures.



Problem Resolution – Revolving Fund Loans

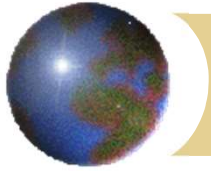
- ✦ Again prevention is better than a cure.
- ✦ Before a loan is authorized it should be in policy with a reasonable plan approved by the conference, who is cosigner with the local church or school.
- ✦ Some Unions mandate that if loans payments exceed an acceptable number of days past due the Union invoices the conference or deducts that local entity loan payment from the conference assessments to bring the local entity current.
- ✦ It behooves the conference to not make too many exceptions for the local entities based on the globalized past experience of payments compared to entities annual tithe.





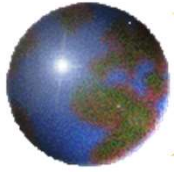
Problem Resolution – Student A/R

- ✦ In trying to help the collection problems of a local school or academy again preventions is better than a cure.
- ✦ The key here is to work out an **agreed reasonable financial plan** with the parents/guardians **ahead of time**. **AND an aggressive statement and collection process** followed explicitly during the first semester is vital to conditioning the parent/guardian to learn that they have to be timely.
- ✦ Use of third-party tuition collection companies is a great idea.
- ✦ Late payment notices, **calls**, emails should all be utilized.
- ✦ This should be **followed up with an anticipated test permit policy** requiring the **billing to be caught up before semester exams** are taken.



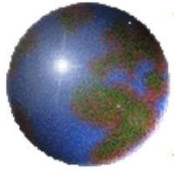
Resources

- ❖ A digital sample local church manual is available detailing the summarized principles presented here for those conferences who do not have one and wish to borrow or customize it to their local needs.
- ❖ Also a digital copy of the Reference Guide to Informed Giving is available
- ❖ Just leave your email address and specify which you want.



Questions?





*Thank You For Your Time and
God Bless You In Your Financial
Leadership Role!*

✦ Dave Colburn & Dennis Millburn

✦ dcolburn@southernunion.com

✦ dsmillburn@gmail.com