



HEART AND TREASURE

Reframing and Explaining Church Finance

- Wayne Presbyterian Church, Bridge Pastor, Head of Staff, Wayne, PA
- Wayne Presbyterian Church, Director of Finance
- First Presbyterian Church, Pastor, Logan, OH
- Austin Presbyterian Theological Seminary
- Presbyterian Church of Bella Vista, Associate Pastor, Bella Vista, AR
- Ordained Teaching Elder, April 2014
- M. Div. - Union Presbyterian Seminary at Charlotte
- Springs Leasing Corporation, Controller, Charlotte, NC
- Ernst and Young, Carolinas Healthcare System – forerunner of Atrium Health
- B.S. Accounting – University of North Carolina at Charlotte
- B.A. Psychology – Otterbein University, Westerville, OH

REV. ELIZABETH (LIZ) WAGNER

- **19** 'Do not store up for yourselves treasures on earth, where moth and rust consume and where thieves break in and steal; **20** but store up for yourselves treasures in heaven, where neither moth nor rust consumes and where thieves do not break in and steal. **21** For where your treasure is, there your heart will be also.
- **24** 'No one can serve two masters... You cannot serve God and wealth.

MATTHEW 6: 19-21, 24



- Christ Calls and Equips the Church... giving it all that is necessary for its mission in the world... F-1.0202
- Christ Gives the Church Its Life... its unity and mission, its order and discipline... F-1.0203

BOOK OF ORDER

THE FOUNDATIONS OF PRESBYTERIAN POLITY



- “Faith and money lie at the core of all religious institutions, and although faith can exist without money, religious institutions cannot.” G.W. Bowersock, *Money and Your Soul*
- Because of the taboo of discussing faith and money in polite company, the topic is often avoided. Many clergy receive very little training in their ministerial formation to address these topics and many laity may not be eager to take up the difficult task of making sense of God and [wealth] without direct encouragement. David P. King, *Faith and Money: What We Know about Congregational Finances*, *Theology Today*, 2021 Vol. 78(3)

FAITH AND MONEY



For where your treasure is, there your heart will be also.

Matthew 6: 21

For where your heart is, there your treasure will be also.

A church's finance practices link Heart and Treasure.

REFRAMING CHURCH FINANCE TO SUPPORT STEWARDSHIP AND BUDGETING



Telling the truth is the funniest joke in the world.

George Bernard Shaw



- Insurance: Each council shall obtain property and liability insurance coverage to protect its facilities, programs, staff, and elected and appointed officers. G-3.0112
- Finances: Each council shall prepare and adopt a budget to support the church's mission within its area. G-3.0113

BOOK OF ORDER G-3.0112 AND G-3.0113



In addition to those responsibilities described in G-3.0113, the session shall:

- Prepare and adopt a budget
- Authorize offerings for Christian purposes.
- Provide full financial information to the congregation.
- Elect a treasurer.
 - For a specific term as decided by the session.
 - Shall supervise the treasurer's work.
 - Shall receive a report of congregational funds, at least annually.

BOOK OF ORDER
G-3.0205

Sessions may provide the standard financial practices of the congregation, but shall observe the following procedures:

- All offerings shall be counted and recorded by at least two duly appointed persons, or by one fidelity bonded person;
- Financial books and records to reflect all financial transactions shall be kept and shall be open to inspection by authorized church officers;
- Periodic reports of all financial activities shall be made to the session at least annually.

BOOK OF ORDER
G-3.0205

- Session-elected treasurer should be central contact for all church finances.
- The Treasurer's Responsibilities
 - Oversight of church financial records
 - Preparation of financial reports
 - Preparation of budget as directed/with input from session
 - Compliance with councils of church, presbytery, synod, GA, and governmental reporting requirements
 - Schedule and oversee annual financial review or audit
 - Monitor internal controls

CHURCH TREASURER

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

The treasurer should keep all essential financial information secure.

- Federal I.D. Number and State I.D. Numbers
- Tax Exempt, State and Local Withholding Identification Information
- Bank and investment account numbers and bank contacts
- Loan information
- Church software data, passwords and support phone numbers.

CHURCH RECORDS

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

Financial Report to Session

Month of _____

Month

Year to Date

Receipts

\$ _____

\$ _____

Disbursements

\$ _____

\$ _____

Cash Balance

\$ _____

\$ _____

FINANCIAL REPORTS TO SESSION

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA



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George Bernard Shaw

CHURCH OF THE COVERED DISH by Thom Tapp



“Sorry, our finances aren’t as good as I thought. I had the chart up-side-down.”

Experts have identified six common weaknesses in church financial practices:

1. The handling of incompatible duties.
2. Lack of crisp organization structure.
3. Absence of qualified personnel – often leading to excessive length of service.
4. Lack of accounting procedures manual.
5. Absence of monitoring accounting and finance activities.
6. Unrealistic or unrealized expectations of behavior.

INTERNAL CONTROL PROBLEMS IN CHURCHES

EFFECTIVE CHURCH ACCOUNTING, RICHARD VARGA. 2022. PG. 65 FF.

- Income functions should be handled separately from the disbursement functions.
- No one person should handle all aspects of a transaction from beginning to end.

INTERNAL CONTROL-SEGREGATION OF DUTIES

EFFECTIVE CHURCH ACCOUNTING, RICHARD VARGA. 2022.
GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

Red Flags:

- Financial reports are not shared
- Bank statements are not reconciled,
- Congregational giving statements are not issued,
- Financial tasks are not appropriately shared
- Requests for financial information are met with defensive, elusive or angry responses.

Volunteers who are familiar with church finances or provide financial services for a church should serve within specific time limits. They should not be replaced by relatives.

Churches with limited talented volunteer pools may consider swapping or sharing finance volunteers with each other.

THE DIFFICULT NEWS



Check with your presbytery business office guidance on these items:

- Adequate coverage limits
- Presbytery Master Insurance Policy
- Having replacement cost insurance is vital to the financial health of a church.

RISK MANAGEMENT

SMART CHURCH FINANCES, GEORGE HILLMAN, JR. AND JOHN REECE
GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

- Churches are affected by the Civil Rights Act of 1964, which bans employment discrimination based on race, color, religion, gender or national origin.
- Lay employees are classified as exempt or non-exempt based on their duties and/or the percentage of time spent in exempt duties.
- Most people who work at a church, regardless of the nominal amount paid or the minimal number of hours worked, are employees.

PERSONNEL

EVERY NONPROFIT'S TAX GUIDE, CH. 4 – VOLUNTEERS, EMPLOYEES & INDEPENDENT CONTRACTORS, STEPHEN FISHMAN, 2022
GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

Contents of Employee File (including clergy)

- Letter of employment, signed copy, which includes salary, benefits and employment status.
- Copies of background checks, W-4, I-9, two forms of identification
- Name and phone number of emergency contact.
- Copies of completed benefits enrollment forms.
- Copy of church issued credit card and signed acknowledgement of policy.
- Copy of Annual Clergy Terms of Call – signed after congregation vote.

PERSONNEL

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

- All full-time installed ministers must be a member of the Board of Pensions (BOP) which provides health insurance, pension and death/disability coverage.
- Ministers are considered 'Self-Employed' for Social Security purposes and are considered an 'Employee' for Federal Tax purposes.

SPECIFIC ISSUES OF CLERGY PAY

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

- Form 941 – Quarterly Return of Federal Taxes Withheld, Income and FICA
- State and Municipal Quarterly Returns that mirror the Federal
- W-2 – Annual Wage and Tax Statement issued to employees
- W-3 – Transmittal Form filed with IRS, summary of W-2s
- 1099- MISC – Miscellaneous Income
- 1099-NEC – Non-employee Compensation

PAYROLL RELATED TAX FILINGS

EVERY NONPROFIT'S TAX GUIDE, CH. 4 – VOLUNTEERS, EMPLOYEES & INDEPENDENT CONTRACTORS, STEPHEN FISHMAN, 2022

GUIDELINES FOR FINANCIAL ACTIVITY, PRESBYTERY OF PHILADELPHIA

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"The Bishop called - he'd like to see a copy of that sermon you gave last Sunday."



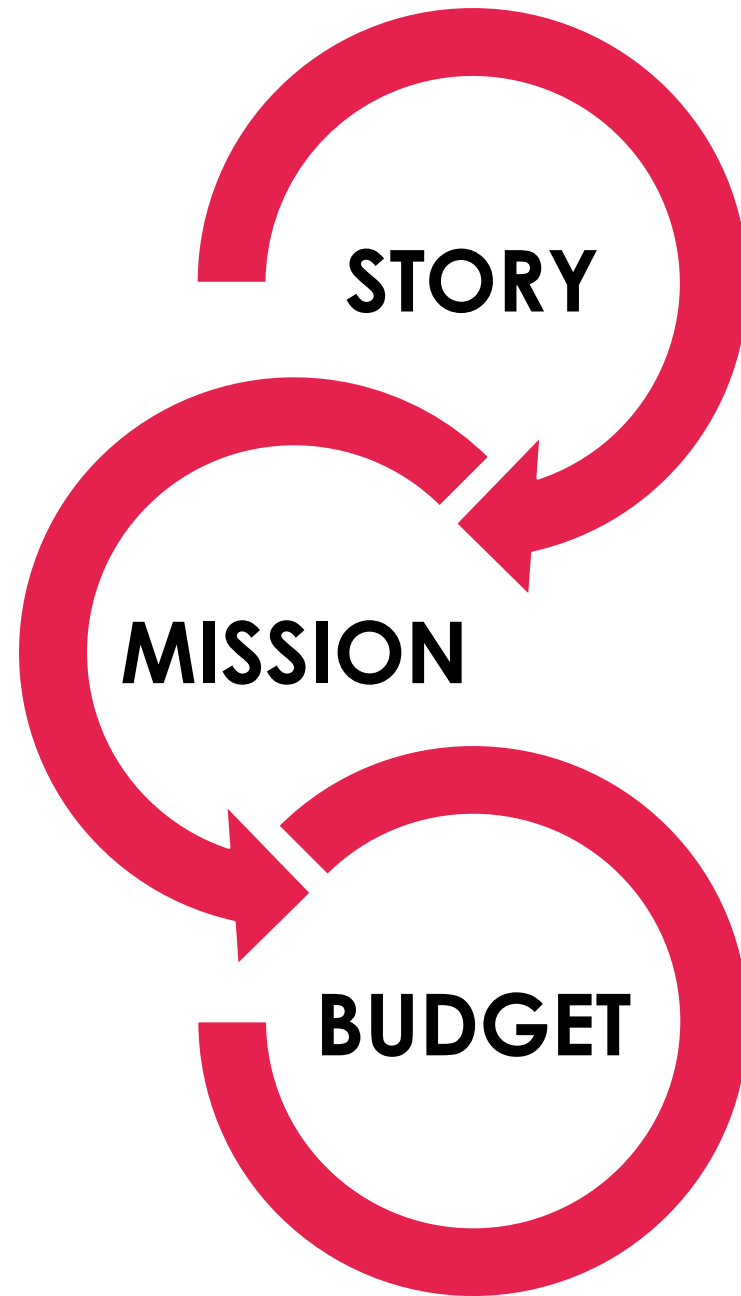
YOUR BUDGET TALKS

Jim Wagner, Director of Business Administration, Presbytery of Philadelphia



For where your treasure is, there your heart will
be also. *Matthew 6:21*

For where your heart is, there your treasure will
be also. *A church's budget is the link between Heart and
Treasure.*



WHO ARE YOU?

- What Energizes your Congregation
- Lead with Abundance & Generosity
- Embrace your Resources
 - People
 - Property
 - Community-Inside & Outside
- How do your resources align with your story



MISSION STATEMENT


- Clarifying what you do
- State your objectives and how you reach them
- Communicate what you are doing **now**
- Proclaim **why** you do what you do



MISSION IMPACTS GIVING

- Increased Visibility – Increased Generosity
- Claiming generosity impacts the giver and receiver
- Do **not** be confined by:
 - Traditions
 - Processes





“We are a Presbyterian (PCUSA) church striving to love God and our neighbors by proclaiming the Gospel and ministering to the practical needs of the community.”

“We are a family of believers pursuing a personal relationship with Christ and seeking fellowship with one another, guided by the truth of the Holy Bible, and furthering God’s work in Christ’s name.”

“We are people journeying together, working to shape lives of justice and love. To do this, we choose to center ourselves in the God Who is Love, to follow Jesus, and to be transformed by the Spirit of the Living God.”

“Living out Love for God, Neighbor, Self, Strangers, Enemies, and Family.”

CONGREGATIONAL GIVING

TRADITIONAL UNDERSTANDING OF STEWARDSHIP

- It's a 365-day endeavor
- Think **GENEROSITY** – Inspire **GENEROSITY**
- **COMMUNICATE ACHIEVEMENTS !**
 - Year-Round Celebrations
 - Multi-Media
 - Motivate with awe



WHAT MAKES CHURCH BUDGETING CHALLENGING

- Talking about money
- 1 or 2 people speak louder
- Pastors are not equipped
- Church is viewed as “different”
from other non-profits
- Secrecy
- One size does not fit all





Story/
Mission

+

Expenses



Budget
Framework

USE ALL YOUR RESOURCES



- People
- Money
- Property

CLAIMING & TELLING YOUR STORY

- Show the Alignment
- Connect all the dots
- Celebrate
- Motivate



Books:

Church Finance, 2nd Edition, Michael e. Batts, CPA. Church Law & Tax, 2019.

Every Nonprofit's Tax Guide, Stephen Fishman.

Smart Church Finances, George M. Hillman, Jr. and John Reece. Lexham Press, 2020.

Guidelines for Financial Activity. Presbytery of Philadelphia, April 2019

Effective Church Accounting, Richard J. Varga. Harper and Row Publishers, 1989.

The Business of the Church, John W. Wimberly, Jr. Roman & Littlefield, 2010.

Websites:

Board of Pensions of the Presbyterian Church www.pensions.org

Church Financial Leadership Academy – Presbyterian Foundation <https://churchfla.com>

Internal Revenue Service www.irs.gov

My email address: wagnerelizabethr@gmail.com

RESOURCES

¹ God of the fertile fields,
shaper of earth that yields
our daily bread:
forth from your bounteous hand
come gifts your love has planned,
that all in every land
be clothed and fed.

² We would be stewards true,
holding in trust from you
all that you give;
help us in love to share,
teach us like you to care
for people everywhere,
that all may live.

³ As grows the hidden seed
to fruit that serves our need,
so your reign grows.
Let all our toil be used,
no gift of yours abused,
no humble task refused
your love bestows.

⁴ God of the countryside,
dear to the Christ who died
to make us one:
we pledge our lives anew
in faithful love to you.
Guide all we say and do.
Your will be done.

GOD OF THE FERTILE FIELDS

HYMN #714

(TUNE TO *MY COUNTRY TIS OF THEE*)

