



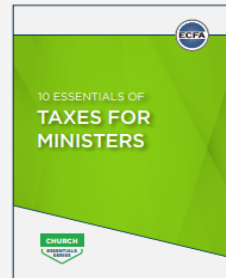
ECFAPress eBooks in the Church Series



10 Essentials of Forming a Church

Churches are formed to give followers of Christ the opportunity to worship together, grow in faith, and meet the needs of the local community. There are also practical legal and financial consequences that arise when organizing a church. This resource highlights ten of the most common issues that surface

when forming a church and offers insights to address them.



10 Essentials of Taxes for Ministers

This resource provides a cogent overview of the ten most basic fundamentals of clergy tax. Clergy who understand these ten fundamentals will have a better understanding of the Federal tax issues impacting them. Some of these crucial issues include the clergy housing allowance, expense

reimbursements, social security tax, and more.



10 Essentials of Social Security for Ministers

Social security tax is one of the most complicated issues for many clergy in the U.S. It all starts with two types of social security—and a minister might be subject to both types of social security in the same tax year. The tax forms do not provide a convenient way to calculate the amount subject to social security tax.

Understanding these ten fundamentals provides a good grasp of the social security basics that are often puzzling to ministers.



10 Essentials of the Minister's Housing Exclusion

The minister's housing exclusion provides an income tax advantage to nearly every minister—in some instances ministers can save thousands of dollars per year using this tax provision. Maximizing this benefit requires coordination with the church, keeping good records of housing

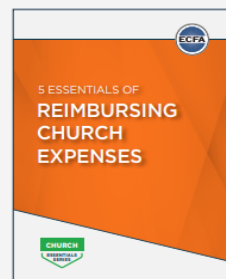
expenses, and applying the housing exclusion limits provided in the tax law. If you understand these essentials, you will have a sound understanding of the housing exclusion basics for ministers.



10 Essentials of Giver-Restricted Gifts to Churches

Givers often make gifts to churches for specific purposes and many of these gifts are in response to resource-raising opportunities shared by churches. These gifts, often called “designated” or “restricted,” must be expended consistently with giver intent. This resource outlines the way churches can

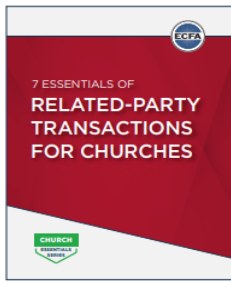
handle giver-restricted gifts with integrity.



5 Essentials of Reimbursing Church Expenses

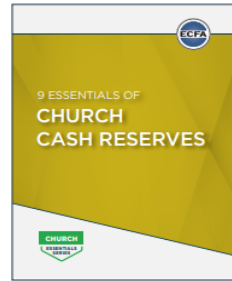
How a church handles the payment of business expenses incurred by staff speaks volumes about the integrity of the church. Adequate substantiation is the starting point to qualify business expense reimbursements for tax-free treatment. This resource covers the steps for churches to maximize

stewardship for both the church and staff.



7 Essentials of Related-Party Transactions for Churches

Conflict of interest situations are common with churches—when a person who is responsible for promoting church interests is involved at the same time in a competing personal interest. A church should only enter into related-party transactions if strict guidelines are met. Even then, the risk of misperceptions may cause church leaders to choose to avoid related-party transactions.



9 Essentials of Church Cash Reserves

Adequate cash reserves are necessary for a church to pay its obligations on time in spite of fluctuations in monthly revenue. Still, developing and maintaining appropriate cash reserves is often one of the most overlooked and misunderstood issues for a church. This resource provides an overview of the different types of reserves and how a church may achieve them.



8 Essentials of Compensating Ministers

Setting the compensation of ministers should meet high standards that will enhance our Christian witness. These standards include utilizing comparability data to ensure reasonable compensation, approving compensation independently of the person whose compensation is being set, and properly documenting

compensation, including fringe benefits. This resource covers all of this and much more.



9 Essentials of Church Fringe Benefits

Fringe benefits are taxable and must be included in the recipient's taxable pay except for those the law specifically excludes. Therefore, it is important for churches to design fringe benefit plans to model stewardship for the church and structure fringe benefit plans to allow employees to maximize compensation.

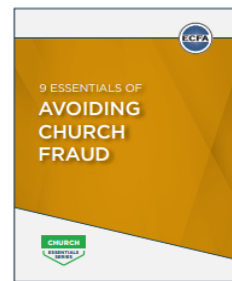
This resource will help you understand how to effectively use fringe benefits.



10 Essentials of Church Budgeting

Preparing and utilizing budgets for a church is not as easy as it might seem. There may be several types of budgets: operating, cash, and capital. Budgets provide the guardrails to build cash reserves and keep expenses within certain limits, and assure there is adequate cash to pay operating, mortgage, and capital

expenses. This resource provides the keys to maximize the benefits from church budgets.



9 Essentials of Avoiding Church Fraud

Fraud and misuse of church resources can create sensational news and cause a diminished witness for Jesus Christ. While it is almost impossible to eliminate all fraud, churches should find a reasonable balance between preventive efforts and risks. This resource helps churches understand how to identify fraud risks and

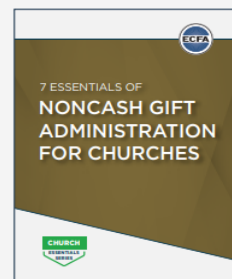
implement fraud prevention.



7 Essentials of Cash Gift Acknowledgments for Churches

It is a privilege for churches to express appreciation to givers for their generosity. Thanking givers for their contributions seems simple. But it is often not so. The complexity comes because U.S. tax law only allows charitable deductions for certain gifts, and charitable gift acknowledgments must meet strict

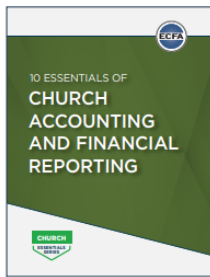
substantiation requirements. This resource guides a church through these challenging issues.



7 Essentials of Noncash Gift Administration for Churches

Most gifts to churches are in an electronic form with some additional gifts coming in the form of checks and currency. Noncash gifts—gifts of stock, real estate, other property, plus gifts of services—are often very helpful to fulfill a church's mission. Most of these gifts are tax-deductible, but some are not. This resource is helpful in

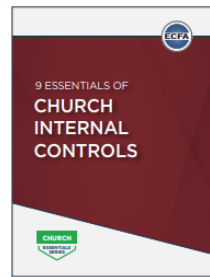
addressing accounting and charitable gift receipting of noncash gifts.



10 Essentials of Church Accounting and Financial Reporting

The accounting for church financial resources is the basis for accurately documenting revenue and expense. A sound accounting system provides the data to determine if a church is on track in comparison to the budget. It is also important to provide the appropriate

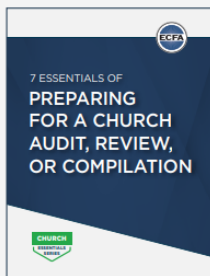
financial reporting to the right audience. This resource covers the basics for optimizing the church accounting system and providing meaningful reporting.



9 Essentials of Church Internal Controls

Setting the compensation of church leaders should meet high standards that will enhance our Christian witness. These standards include utilizing comparability data to ensure reasonable compensation, approving compensation independently of the person whose compensation is being set, and properly documenting

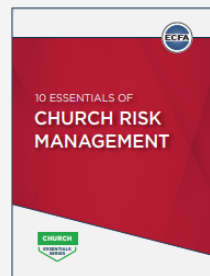
compensation, including fringe benefits. This resource covers all of this and much more.



7 Essentials of Preparing for a Church Audit, Review, or Compilation

Though the process can be intimidating, there are many ways to maximize the benefits of an audit. Independent reporting offers assurance to donors and in some cases, identifies weaknesses that may otherwise go undetected. Determine what level of CPA engagement is right for

your church and prepare with confidence.



10 Essentials of Church Risk Management

There are a variety of risks in a congregation and all of them ultimately can have a financial impact. Risks range from property to people. It is not enough to understand risks exist. Churches must be able to prioritize and mitigate identified risks. This resource is designed to help you begin to think more intentionally about

risks in your congregation and where you may need to focus more attention.



8 Essentials of Retirement Planning for Ministers and Churches

Retirement planning is important for ministers. The church should play an active role in the planning process for both ministers and staff. This resource will assist the church and the minister to better understand the stages of retirement and the resulting financial needs. It will also

provide practical tips on selecting and implementing a plan that encourages participation by ministers and staff to prepare adequately for traditional retirement years.



6 Essentials of Copyright Law for Churches

A church's intellectual property includes the sermons preached at its services, the original curriculum and other writings it produces, the original music if it produces, and the video and audio recordings of its services. But who owns this intellectual property? This resource addresses the ownership of sermons and other kinds of

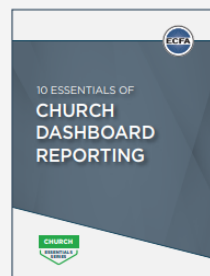
intellectual property commonly generated by churches.



5 Essentials of International Financial Activity for Churches

A church that sends funds internationally incurs significant legal and compliance requirements. The church must retain control and discretion over the use of the funds just as much as if the funds were expended in the U.S. This resource covers the special rules for screening and vetting international grant recipients, reporting

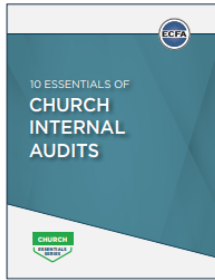
when a church has a financial interest or signatory authority over certain financial accounts, and carries significant cash in or out of the U.S.



10 Essentials of Church Dashboard Reporting

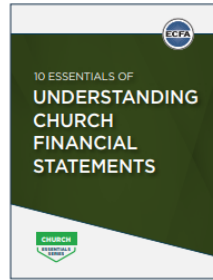
Dashboards are really nothing more than user-friendly tools for displaying performance measures. What is working well? What went wrong? How can the church improve and further fulfill its mission? Dashboards are not only a powerful tool for staff to communicate important information to the board, but also for

alerting staff to internal or external changes that could affect the way programs are administered.



10 Essentials of Church Internal Audits

Internal audits are very meaningful to a church whether or not an external CPA audit is performed. Internal audits are often performed by a committee of individuals with accounting expertise. Improvements in internal controls and accounting procedures is often a result of this process. And, in some instances, fraud or the misuse of church funds may be identified and/or prevented.



10 Essentials of Understanding Church Financial Statements

Church financial statements consist of a lot of numbers—probably hundreds of numbers or more of numbers. Some numbers or combinations of numbers are much more important than other numbers. So which numbers are the key ones? How can a church board discern the key financial data—positive and less than positive? This resource provides many of the answers you need to understand church financial statements.



5 Building Blocks of Church Financial Integrity

When it comes to building a church's financial integrity, many leaders simply don't know where to start. Some think that establishing a strong financial foundation is too difficult, or perhaps only possible for large churches. The good news is building a church's financial integrity is not as complicated as some might think. It is all about properly adding one building block at a time.