

THE RIVER CONFERENCE



Financial POLICIES

VALUES: Love God and Love our neighbor as ourselves.

VISION: To bring the hope of God's kingdom to earth by being the hands of Jesus. Our vision encompasses five intentional means: Spiritual ❖ Educational ❖ Medical ❖ Ecological/agricultural ❖ Economic development

MISSION: To be a convergence of God's grace cascading to...

Make disciples ❖ Mobilize leaders ❖ Meet human needs ❖ Multiply churches
(locally, nationally,
and globally)

This document is designed to help churches with the business end of doing ministry. All the forms contained here are available for download from

<https://www.theriverconference.org/accounting-resources.html>

This is an overview of how financial matters of your church are handled. This is intended to keep the church, pastors, and treasurers compliant with the IRS's, FMC's and The River Conference's policies. Such policies may change, and we will update you when they do.

It is the responsibility of the local church to keep accurate employment, corporate, and financial records. The River Conference is here to help in anyway we can, so please let us know if you are having issues in any of these areas.

Sally Trager
TRC Finance Manager
SallyTRC@outlook.com

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TRC Conference Administrator
admin@theriverconference.org

The Free Methodist denomination provides legal resources that you can access at

<https://legal.FMCUSA.org/free-methodist-legal-resources>



FINANCIAL POLICIES

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EMPLOYER IDENTIFICATION NUMBER (EIN)

Churches must apply for or currently have a valid Employer Identification Number (EIN) via IRS Form SS-4. It is very important that the initial application for an EIN is done correctly.

It is recommended that Church Plants visit <https://legal.FMCUSA.org/free-methodist-legal-resources> and watch the ABC's of Church Finance. Chapter 1 is Getting Organized and Started. This will help explain this process and give you contact information.

The IRS website gives instructions on how to complete the form. Be careful to check the following boxes:

⇒ #9a Type of entity - Church or church-controlled organization

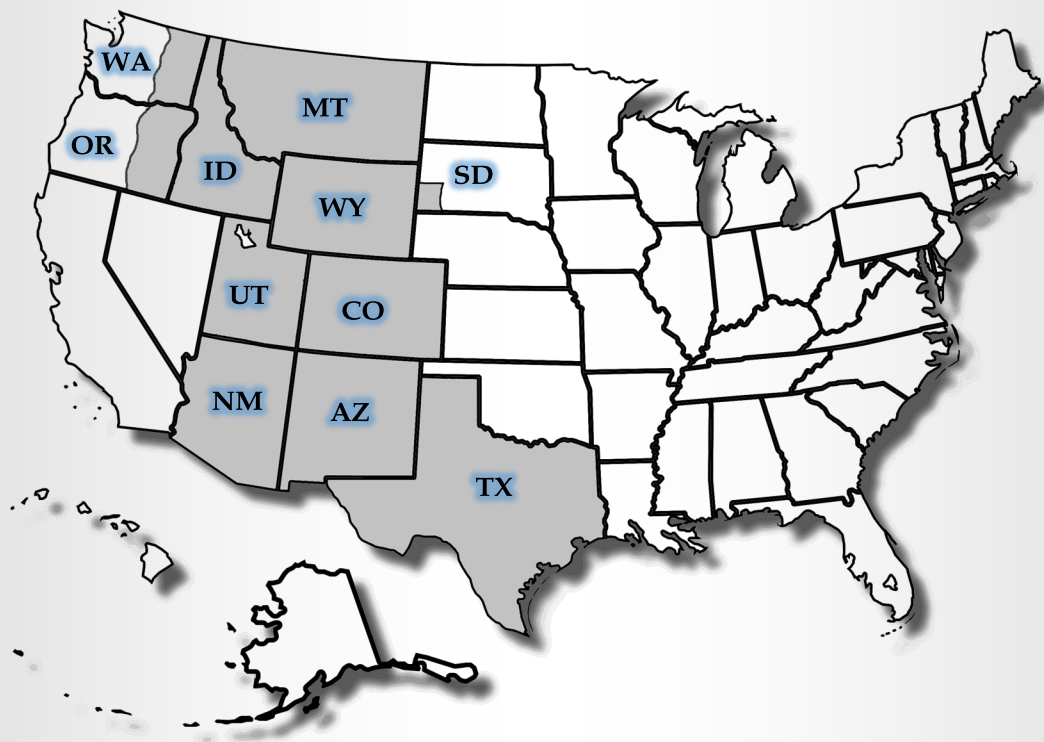
⇒ #10 Reason for applying - Started new business - Church

Apply on-line via IRS.gov for your **Employer Identification Number (EIN)**

Download the form from IRS.gov **SS-4** and the **instructions**

INCORPORATION OF A SOCIETY

The Free Methodist Church - USA requires that every Society be incorporated with the state in which the church building resides. This is done via the state's Secretary of State Office. Click on your state below and it will take you to that Secretary of State's website. The incorporation of the church needs to be renewed on an annual basis. Requirements for a incorporating vary from state to state. Your Secretary of State will be able to help you with these requirements.



PASTOR COMPENSATION

Ordained ministers who have been appointed by TRC are eligible to receive certain federal tax benefits. Namely, a tax-free housing allowance and exemption from mandatory Medicare and Social Security tax withholding.

HOUSING ALLOWANCE

To receive a housing allowance, the minister submits an annual Housing Allowance Form (See APPENDIX A) to the local church board. This is typically done during the budgeting process of the local church so that compensation can be accurately calculated. After approval, the amount will be designated as a housing allowance and will not be subject to income tax. You may create your own or download the form from TRC's website and add your logo.

PENSION

The Free Methodist Church provides a pension plan for all appointed ministers who work more than 30 hours per week at the church. The local church is responsible for paying the pension expense, currently 13.5% of the minister's salary plus housing allowance, vehicle stipend, etc. The **FMC Pension Enrollment Form** must be completed. (See APPENDIX B) Pension payments will be drafted on the 15th of every month via ACH from the church's bank account.

A Change of Status form (See APPENDIX C) must be submitted when a pastor's compensation changes. This can be completed on line at <https://hr.fmcusa.org/wp-content/uploads/Change-of-Status-Form-Rev-0719.pdf> or you can fill out the form and email it to the **Pension Department of FMCUSA**.

LONG-TERM DISABILITY AND LIFE INSURANCE

The River Conference provides long-term disability and life insurance through United Heritage Insurance Company. Each church will receive an invoice from TRC's Finance Manager monthly. Payment is due by the 25th of each month. An enrollment form must be completed and emailed back to TRC's Finance Manager within 30 days of the appointment. We included a United Heritage Insurance Company Enrollment Form (See APPENDIX D).

Other pastoral benefits provided to the minister will be negotiated with the local church.

PAYROLL

All persons employed by the local church, whether employees or independent contractors, should complete the following forms before employment begins.

EMPLOYEES

- ◆ **W-4**
- ◆ **i9 Form**
- ◆ Supply a voided check, if enrolled in direct deposit

CONTRACT EMPLOYEES

◆ W-9

The church treasurer is responsible for keeping payroll information in a confidential, secured location. All quarterly and annual payroll reports should be filed with the appropriate government agency accurately and on time.

HANDLING CASH & CHECKS

Church Treasurers are responsible for the safe keeping of cash and checks. Confidentiality is crucial when working with donor gifts. There should be a system of separation of duties to ensure all monies are properly recorded and deposited. The following is the recommended method for counting weekly tithes and offerings:

- ◆ Create a quarterly or monthly schedule of counters just as you do with greeters, ushers, etc. This is a sensitive job where confidentiality and trustworthiness is a requirement. You want to select individuals that exhibit traits and graces for such confidentiality. PASTORS SHOULD NEVER COUNT THE WEEKLY GIVING.
- ◆ After the weekly tithes and offerings are collected, all checks, cash, and giving envelopes must be stored in a safe, secure location inside a bank bag that is provided by your local bank until the counters are able to count and record the giving.
- ◆ Follow the instructions on the Weekly Giving Sheet (See APPENDIX E)
- ◆ Bank Deposit slips are completed and signed by both counters.
- ◆ The Deposit Log (See APPENDIX F) is completed and a copy is given to the Treasurer to record donor gifts. Whatever software is used, these gifts are the basis for the year-end giving statements that are required to be mailed and postmarked by January 31 of the next year. The accuracy of these records is essential. THE TOTAL ON THE DEPOSIT LOG MUST EQUAL THE TOTAL ON THE CORRESPONDING WEEKLY GIVING SHEET. If you use software to track giving, reports should be generated weekly and the total should be verified with the deposit.
- ◆ Deposits should be made by one of the counters and never the Treasurer.
- ◆ The Treasurer should reconcile the monthly bank statements with the weekly deposit logs to ensure accurate accounting.

MONTHLY APPORTIONMENTS

New Church Plants are considered Church Plant Projects for two years. If successful, they move into a Church Plant Fellowship for three years. The Church Plant will officially become a Free Methodist Society Church after five years.

CHURCH STATUS	APPORTIONMENT PERCENTAGE
Church Plant Project	5%
Church Plant Fellowship	6%
Society	10%

During all phases of a church's status, they are expected to support the River Conference with monthly apportionments. These funds are used for conference overhead, ministries, and various projects, as well as, TRC's Equal Participation Plan (EPP) due to the denomination. The amount that is submitted each month is calculated using TRC's Apportionment Worksheet (See APPENDIX G). This worksheet is emailed to each local church Treasurer monthly. The Apportionment Worksheets are available in Spanish and Swahili (See TRC's website).

It starts with the previous month donations/income, subtracts pass through donations like building campaigns and missions giving. The net amount is multiplied by the appropriate apportionment percentage.

The apportionment check and supporting worksheet are due to the Conference Office on the 25th of each month. Please use the following address:

The River Conference
Attn: Finance Manager
PO Box 280942
Lakewood, CO 80228

FINANCIAL ACCOUNTABILITY

The Church Treasurer is responsible for keeping accurate church financial records in a safe secure place and for preparing monthly financial statements for the church board. Monthly responsibilities include:

- ◆ Preparation of Balance Sheet, Income Statement, and Dashboard type reports showing balances in all funds including designated funds.
- ◆ All bank statements need to be reconciled on a monthly basis.

Financial reports need to be stored safely and securely for seven years before disposal. Electronic backup of financial software should be done weekly.

DASHBOARD

We created this Dashboard (See APPENDIX H) to give to a local church Board as well as TRC's Board of Directors. We saw the need for a concise snapshot of the organization's financial position that could be easily interpreted and backed up by the detailed financial reports. This report is presented to the board on a monthly basis and is what we use when we discuss the financial health of our conference. It may also used on the local church level to help boards interpret the financial situation of the church without having to comb through the detailed financials at each meeting.

BUDGETING

Annual budgets are typically prepared 2-3 months before the fiscal year begins. The church board, and preferably the congregation, must approve the budget. Budgets should include projected revenue, staff salary and benefits, ministry budgets, apportionment expenses, capital improvements, and missions expenses.

DENOMINATION AND CONFERENCE REPORTING REQUIREMENTS

In January, every church is required to submit their annual report to FMCUSA by month-end. This is very important as this information is used to create the annual FMC yearbook. If you have any questions, please contact the TRC Administrator at admin@theriverconference.org.

Also in January, each church must submit the year-end financial reports and budget to TRC's Finance Manager.

EXPENSE REIMBURSEMENTS

Church Planters may request reimbursement for budgeted expenses like marketing expenses, website design, facility rent, etc. upon the approval of the Superintendents.

Societies may, from time to time, have expenses that the conference will reimburse as well.

Complete the Check Request Form and attached the corresponding receipts. If the reimbursement is for meals, you must list the business purpose and who was in attendance.

Mail the request and receipts to:

The River Conference
Attn: Finance Manager
PO Box 280942
Lakewood, CO 80228

Checks will be issued weekly.



THE
River
CONFERENCE

CHECK REQUEST FORM

Date _____ Payee Name _____

Payee Address _____ City, ST, Zip _____

Vender	Items Purchased	For What	Amount
Please attach all receipts			TOTAL

Requested By _____ Date _____

Approved By _____ Date _____



MINISTERIAL HOUSING ALLOWANCE FORM

Ordained, commissioned or licensed ministers are permitted to exclude from their church income a "housing allowance" designated by their employing church, to the extent that the allowance is used to pay housing expenses. To assist the church in designating an appropriate amount, please estimate on this form the housing expenses you expect to pay.

Items that may be included in estimating a housing allowance can be:

- ◆ Down payment on home
- ◆ Mortgage payments to purchase or improve your home
- ◆ Real estate taxes
- ◆ Property insurance
- ◆ Structural repairs and remodeling
- ◆ Improvements
- ◆ Miscellaneous

As a qualified pastor, I designate \$_____ for my annual housing allowance. It is my responsibility to notify the church board in the event that this estimate proved to be materially inaccurate during the year.

The entire housing allowance designated by the church is not necessarily nontaxable; rather it is nontaxable for income tax purposes only to the extent that it does not exceed my actual housing expenses.

The Local Church Board of Administration has approved the Housing Allowance for the pastor listed below with a vote on _____.

Signature of Board Member

Signature of Qualifying Pastor

Print Name

Print Name

Date

Date

FREE METHODIST CHURCH OF NORTH AMERICA PENSION ENROLLMENT FORM

EMPLOYEE INFORMATION

Name _____ Male _____ Female _____
(Last) (First) (Middle Initial)
 Soc. Sec. # _____ Birth Date _____ Employment Date _____
 Position/Church Name _____ Appointment Date _____
 Conference Name _____ Current Salary + Housing* \$ _____ please circle one: (monthly or yearly)

**Please see the "Pastor's Compensation Calculator" for instructions in recording compensation information correctly.*

Complete the following question only if it applies to you (It may establish additional benefits for you). Prior to the effective date of this enrollment, I was a full-time employee of the Free Methodist Church of North America from (month/year) _____ to (month/year) _____.

BENEFICIARY DESIGNATION (It is important that you provide complete names and other information as requested.)

Primary Beneficiary's Information (if more than one, please submit this information on a separate sheet)

Name	Date of Birth	Soc. Sec. #	Relationship
Street Address	City	State	Zip

Contingent Beneficiary's Information (if more than one, please submit this information on a separate sheet)

Name	Date of Birth	Soc. Sec. #	Relationship
Street Address	City	State	Zip

In the event the participant is deceased prior to retirement, death benefit proceeds shall be paid in equal shares to any primary beneficiaries who survive the participant, but if none survive, proceeds shall be paid in equal shares to any contingent beneficiaries who survive the participant or, if none survive, to the estate of the participant.

My signature on this card evidences my knowledge of participation in the Pension Plan and verifies the correctness of the information set forth above. I understand that it is my responsibility to notify the Pension Administrator if I should choose to name another beneficiary to this plan.

Date _____ Employee's Signature _____

If a plan participant is divorced after submitting this information, all previous beneficiary designations by the participant in favor of the divorced spouse are automatically nullified.

INSTRUCTIONS FOR MARRIED PERSONS

If the Primary Beneficiary named above is not your current spouse, and you wish to provide the Primary Beneficiary with the greatest benefits possible at your death, you must have your current spouse complete the following. If this is not done, your Primary Beneficiary may not receive all of your benefits.

SPOUSAL CONSENT TO WAIVER OF SURVIVOR ANNUITY (Fill out only if you are not naming your spouse as your primary beneficiary.)

I, (print spouse's name) _____, am the spouse of the applicant. I understand that the applicant has elected to waive her/his right to a qualified pre-retirement survivor annuity which may provide me with a survivor annuity at her/his death. I consent to such waiver. I acknowledge that should the participant predecease me, there will be no benefits payable to me.

Print Spouse's Name _____ Spouse's Signature _____

Please complete other side

Pastoral Biographical Information

Credentials Received Date	Colleges/Seminaries Attended	From	To
Conf. Ministerial Candidate			
Ordained Deacon			
Ordained Elder			

Pastoral Service Record

(Please use the abbreviation "FMC" for Free Methodist Church.)

Denomination and Conference	Church Name	From	To

Other Ministries

Explanation of Service/Type of Ministry	Organization	From	To

Do you pay into Social Security? ____ Have you opted out of Social Security? ____

❖ FOR HUMAN RESOURCES OFFICE USE ONLY ❖

SERVICE INFORMATION

Plan Participation Date _____

School	Years Attended
Total Years in School	

	Date	Date	Date	Date	Date
Leave of Absence					
Termination					
Reinstatement					
Retirement					

Number of years not receiving a contribution ____ Explanation: _____

Credited Service Years ____ Total Vesting Years ____ Deferred Vested Date ____ Deferred Vested Amount ____



Change of Status and/or Compensation

This form must be completed for the Free Methodist Church - USA Pension Plan.

1. Name _____ Phone _____
Social Security # _____ Birth Date _____
Spouse Name _____ Birth Date _____

2. Current Conference Name _____ Conference # _____
Current Church _____ Church # _____

3. **Change Effective Date** _____ ***(This is very important!)***

4. New Conference Name _____ Conference # _____
New Church _____ Church # _____
Street _____ City _____ State _____ Zip _____

(Please list your personal address if not appointed to a church or if there has been a change.)

Street _____ City _____ State _____ Zip _____

5. ☐ First-time pastoral appointment ☐ Discontinued from pastoral appointment
☐ Local church employee ☐ Leave of absence
☐ Change in compensation (*salary and/or housing*) ☐ Termination
☐ Transfer to another conference ☐ Retirement
☐ Transfer to a new church ☐ Change of Mailing Address

Salary \$ _____ per _____ (*cash salary, Soc Sec reimb, 403(b), section 125 medical*)

Housing \$ _____ per _____ (*housing allowance -or- fair rental value + utilities*)

(Even if one or both of the above has not changed, please list for confirmation purposes.)

(Salary and Housing will be added together to determine total compensation for pension purposes.)

6. Other information that would help us better understand your situation:

7. Signatures Pastor _____ (date) _____
Conference/Treasurer Official _____ (date) _____

8. Please complete form on our website at: <https://hr.fmcusa.org/forms/>
Submit electronically to pension@fmcusa.org via secure file transfer WeTransfer: <https://fmcusa.wetransfer.com/>

Mail to: FMC-USA, ATTN: Human Resources
770 N. High School Rd., Indianapolis, IN 46214
or Fax to: 317-244-1503

If form is mailed, please send a copy to your Conference Office.

Revised July 2019

APPENDIX C



Group Insurance Beneficiary Form

Please fill out Sections 1-6 for personal information on the employee.

1. Employee's Full Name		Date of Birth (Month/Day/Yr.)	
Address (Including City, State & Zip Code)		Group Number	
2. Name of Employer	Employee Job Title	Full-Time Employment (Month/Day/Yr.)	Hours Worked Per Week
3. Male <input type="checkbox"/> Female <input type="checkbox"/>	4. Social Security Number	5. Gross Monthly Salary	

Your primary beneficiary will receive your death benefit in the event of your death.
The contingent beneficiary will receive your death benefit if the primary beneficiary is no longer living.

	Yes	No		Yes	No
6. Employee Life Insurance.....	<input type="checkbox"/>	<input type="checkbox"/>	Short Term Disability Insurance.....	<input type="checkbox"/>	<input type="checkbox"/>
Dependent Life Insurance.....	<input type="checkbox"/>	<input type="checkbox"/>	Additional Buy-Up STD Plan.....	<input type="checkbox"/>	<input type="checkbox"/>
Number of Eligible Dependents Including Spouse.....			Long Term Disability Insurance.....	<input type="checkbox"/>	<input type="checkbox"/>
Supplemental/Voluntary Group Life Insurance....	<input type="checkbox"/>	<input type="checkbox"/>	Additional Buy-Up LTD Plan.....	<input type="checkbox"/>	<input type="checkbox"/>
Voluntary Accidental Death & Dismemberment....	<input type="checkbox"/>	<input type="checkbox"/>			
<input type="checkbox"/> Employee Only					
<input type="checkbox"/> Family					
Amount Requested \$.....					

(\$10,000 increments to a max of \$300,000)

NOTE: EVIDENCE OF INSURABILITY MAY BE REQUIRED.

7. Primary Beneficiary's Last Name	First	Middle Initial	Relationship to You
Full Address of Beneficiary			Phone
Contingent Beneficiary's Last Name	First	Middle Initial	Relationship to You
Full Address of Contingent Beneficiary			Phone

8. Unless otherwise provided herein, Beneficiaries designated to share proceeds shall share equally and the share of any Beneficiary who does not survive me shall be paid to the Contingent Beneficiary. If no Beneficiary survives me, the payment shall be made according to the terms of the policy, subject to revocation by me by written notice to my employer. I request the insurance provided by my employer's group insurance plan(s), and authorize the required deduction, (if any) from my wages.

United Heritage Life Insurance Company assumes no responsibility for the beneficiary designation complying with any community property laws relating to the designation. Community property states include: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

Date Signed _____

Employee Signature _____

DO NOT COUNT BY YOURSELF. If no one shows up, find a trusted member of the congregation to help you. Please follow these steps and thank you for your service.

1. Get a blank Weekly Giving Sheet and fill in the current date.
2. Get the bank bag containing the weekly giving.
3. Separate the contents into two (2) piles.
 - a) Loose cash
 - b) Loose checks and giving envelopes
1. Open each giving envelope
 - a) If the envelope has no name or designation **AND** contains cash, then place the contents in the loose cash pile to count later and discard the envelope.
 - b) For all remaining giving envelopes, verify that the amount on the front of the envelope matches the contents. Retain the envelopes for proper designation.
5. Using the calculator, add all the checks. Attach the tape to the Weekly Giving Sheet.
6. Count the cash from the giving envelopes.
7. Enter the monies onto the Weekly Giving Sheet placing the dollar amount of each denomination and the sum of the checks under the Known Giving column. Stamp the back of all checks with the church's Deposit Only Stamp.
8. Count the loose cash pile.
9. Enter the monies onto the Weekly Giving Sheet placing the dollar amount of each denomination under the Anonymous Giving column.
10. Complete the Weekly Giving Sheet
 - a) Total the columns and rows. Make sure they balance.
 - b) Each counter must sign the sheet.
11. Put all checks, cash, giving envelopes, and the Weekly Giving Sheet into the bank bag and lock it in a safe place until you are ready to deposit the funds.

Date: _____

	Known Giving	Anonymous Giving	TOTAL
\$1			
\$5			
\$10			
\$20			
\$50			
\$100			
\$Other			
Coin			
Total Cash			
Total Checks		↓↓↓	
TOTAL GIVING			

NOTES

Counter Signature

Counter Signature

WEEKLY DEPOSIT LOG

[illegible]



CONFERENCE APPORTIONMENT INVOICE

MONTH

(Check the appropriate month)

- | | | |
|---|--|--|
| <input type="checkbox"/> January (based on December's receipts) | <input type="checkbox"/> May (based on April's receipts) | <input type="checkbox"/> September (based on August's receipts) |
| <input type="checkbox"/> February (based on January's receipts) | <input type="checkbox"/> June (based on May's receipts) | <input type="checkbox"/> October (based on September's receipts) |
| <input type="checkbox"/> March (based on February's receipts) | <input type="checkbox"/> July (based on June's receipts) | <input type="checkbox"/> November (based on October's receipts) |
| <input type="checkbox"/> April (based on March's receipts) | <input type="checkbox"/> August (based on July's receipts) | <input type="checkbox"/> December (based on November's receipts) |

Church Name _____

TOTAL Monthly Receipts

(Includes all offerings, pass through funds, rental funds, gifts, missions giving, capital campaigns, & other miscellaneous income)

A \$ _____

Less Authorized Deductible Items:

Global Missions Outside of the Local Church (\$ _____)

Building Fund/Capital Campaign (\$ _____)

Pass Through Funds (\$ _____)

Total of Above Deductible Items B (\$ _____)

Net Receipts (Line A minus Line B) C \$ _____

Conference Tithe Formula Amount (multiply 0.10 by Line C) D \$ _____

Conference Tithe (Line D) due by the 25th of the current month

PLEASE REMIT TO: THE RIVER CONFERENCE
ATTN: Sally Trager
PO Box 280942
Lakewood, CO 80228

If you have questions please contact Sally Trager at SallyTRC@Outlook.com or 303.520.3209

Local Church

DASHBOARD

[date]

INCOME		2020 YTD Budget	2020 YTD Actuals	2020 Current Month
General Offering		\$ 90,000.00	\$ 85,000.00	\$ 9,000.00
Rental Income + Misc. Income		900.00	850.00	100.00
Total Income		\$ 90,900.00	\$ 85,850.00	\$ 9,100.00
BUDGET INCOME COMPARISON			\$ 120,000.00	\$ 10,000.00
As a % of Total Budget			72%	91%
EXPENSES				
Staff		\$ 38,800.00	\$ 37,800.00	\$ 4,300.00
Operating		47,400.00	46,800.00	5,400.00
Total Expenses		\$ 86,200.00	\$ 84,600.00	\$ 9,700.00
EXPENSE BUDGET COMPARISON			\$ 115,000.00	\$ 9,500.00
As a % of Total Budget			74%	102%

	Designated \$	Given	Spent
Missions: General Missions	650.00	\$1,000.00	\$350.00
Missions: Eden	40.00		
Youth with a Mission	-	Total Missions:	\$690.00
Building Fund	15,000.00		
Payroll Taxes Due	1,500.00		
Total Designated \$ in Checking	\$ 17,190.00		

Checking Account Balance 22,000.00
Savings Account Balance 75,000.00

Total Cash \$ 79,810.00 *

***Book Balance less Total Designated \$.** If this number is negative, we do not have enough money in the given account to cover the designated commitments as well as the outstanding checks. This poses a problem if all the designated funds come due at once.