

Custodian of church funds

No strict rule for time of distribution  
Issued at least once per year  
Must comply with IRS Substantiation Requirements

Bank Account in Church's Name  
Separate Tax ID  
Deposit funds weekly  
Review and reconcile bank statement monthly

Authorization generally given in Church Budget  
Special projects or non-budgeted items must be authorized by: Church Board, or Church Business Meeting

Use Checks for all Disbursements  
Do not Issue Checks to Cash  
Do not Issue Cash from Offering Plate  
Disable Void Checks  
Two Signatures on Checks  
Receipts for all Disbursements  
Do not Disclose Assistance to Members  
Do not Issue Blank Checks

There should be a standing church policy (copy should be provided) or a board action recorded on the minutes authorizing all major transactions, such as:

Investment decisions

Transfer of funds

Major expenditures

"...No loans of church funds should be made to any private party at any time for any purpose."

(GC Auditing Service - Local Church Accounting Manual, paragraph 205.04)

All checks should be issued to an individual or an organization

If cash is required for a transaction:

Issue the check to an individual. That individual will then be responsible for providing appropriate supporting documentation for the disbursement.

If cash is needed regularly for day to day transactions request board approval to implement a Petty Cash System

(see Petty Cash Authorization Form & Petty Cash Replenishing Form)

Payments issued to a third party on behalf of an individual as agreed, based on services performed for the church is income for that individual

All checks issued to the Treasurer should be approved by another board authorized officer (i.e. Pastor, First Elder, etc.)

A document stating that a committee, or the church board approved the disbursement of funds for benevolence assistance, should be attached to the payment voucher. The document should be signed by someone other than the treasurer

Require original receipts. Copies of receipts may cause duplicate reimbursement. Once funds are reimbursed to the payee the receipts belong to the church.

A fixed periodic allowance paid to an individual is taxable income (Non-Accountable Plan). A periodic expense reimbursement is non-taxable income (Accountable Plan)

Receipts or invoices are required

Please attach a calculator tape to the receipts/invoices with the total reimbursed or use the Detail of Receipts for Reimbursement or Advanced Check Form

Checks

Before receiving payment, each person providing a service to the church must complete either: W-4 and I-9 forms to be paid as an Employee through payroll, W-9 to be paid as a "bonafide" Independent Contractor (someone who is in the business of providing that particular type of service), or W-8 to be paid as a Non-Resident Alien (i.e.: foreigners)

Reimbursed expenses: Travel (mileage, airfare, fuel, etc.), Lodging Meals (per diem) Materials (receipts or invoices must be provided or payment will be taxable income). Payments for

organization if the U.S. organization controls the use of the funds by the foreign organization, or if the foreign organization is just an administrative arm of the U.S. organization.

***Contributions for specific individuals***

*Funds donated to a non-profit organization are not tax-deductible*

Contact Ingrid Wray for a letter stating the Non