

September 2009
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 Office of Stewardship, Finance &
 Administration, Central TX Conference UMC

A newsletter for Local Church
 Treasurers and Finance Committee
 Chairpersons.



Lord, our God, all this abundance that we have provided to build you a house for Your Holy Name, it is from Your hand, and all is Yours. 1 Chronicles 29:16

Financially Speaking...

- * More dangerous than speeding without wearing a seatbelt is a church without an annual audit.
- * A church that contributes to missions before paying expenses lives the Gospel.
- * To preach missions and not money is an empty promise; to preach money and not mission is an empty soul.

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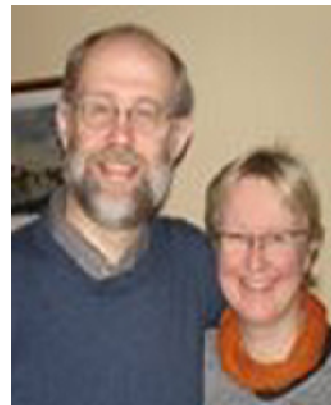
World Service Dollars Change Lives

Rev. Harvey Ozmer

The major component of the World Service Apportionment is our United Methodist Missionary Support... men and women like those in our own congregations committed to serving Christ and living His call.

The Rev. Bill Lovelace, a missionary in Kiev, Ukraine is one of these persons. Bill has served in the former Soviet Union since 1992, first as a pastor in St. Petersburg, Russia and later in Kerch in the southern region of Russia before serving his present appointment in Kiev. His focus is evangelism and church development which will include the establishment of a new United Methodist Church in the capital city.

He is married to Helen, who also serves as a missionary. Her re-



sponsibilities include social outreach ministries with families

affected by drug and alcohol abuse.

Rev. Bill Lovelace and Helen are empowered to change lives because your World Service apportionment dollars supported their initial deployment and continues to support much of their ministry. Other segments of their work (as is true of all our missionaries) is supported by Advance Special commitments from individual churches/groups. In fact, several Central Texas Conference churches have made this commitment of support for Bill Lovelace.

Thank you all for your commitment to remit your World Service Apportionment.

Your Church, INC.

David Stinson

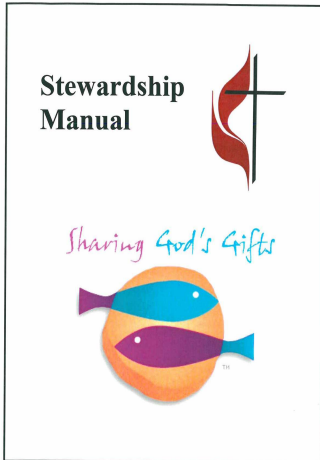
Our Conference recommends that all churches be incorporated. [CFA report #7] In



these litigious times incorporation provides a measure of legal protection to members, officers, and staff. An experienced attorney will produce incorporation documents that comply not only with the State of Texas non-profit laws, but also the required language from the UM General Council on Finance and Administration. GCFA's web page, <http://www.gcfa.org/IncLocalUMC.html>, has a discussion of incorporation

and also includes sample articles of incorporation, by-laws, and charge conference resolutions.

A memorandum from GCFA legal department addressing questions about incorporating a child care center, preschool, extended care, or other "special purpose" ministry can be found at: <http://www.gcfa.org/MemoIncUMChildCareCenters.html>.



Stewardship Manual Available on Central TX Conference Website

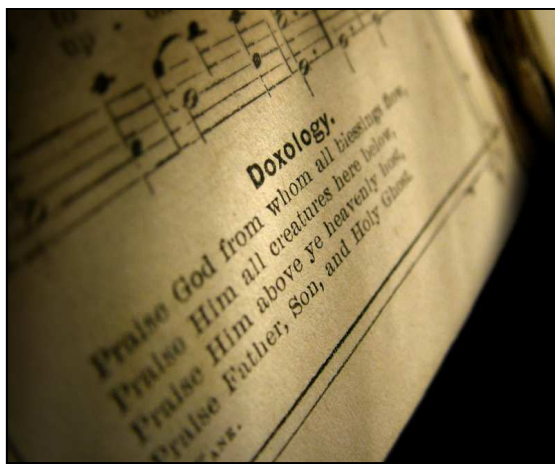
The practice of Christian stewardship is a call to live out Jesus' instruction to "love on another as I have loved you." With appreciation and gratitude for the many blessings that have been given to us, we are eager to cultivate these gifts out of love for God and for one another. Stewardship is a way in which we say thank you to God for His

kindness by returning a portion of the time, talent and treasure that has been entrusted to us. Living our lives as faithful stewards and disciples of Jesus Christ becomes the motivating strength behind our actions. We invite you to go to the Central Texas Conference website to review and download the Stewardship Manual. It has been pre-

pared by the Office Of Stewardship, Finance and Administration to assist you in implementation and renewal of stewardship within your congregation. Please visit the Conference Website at www.ctcumc.org and locate the Stewardship Manual under the Business & Finance heading on the menu bar of the home page.

Steps To Keep Money Coming In Herb Mather

- * **Convert the time of offering into a time of celebration.** Review each component of the time of the offering to see how those components can joyfully relate persons to God. a) the invitation to share; b) the act of giving; c) music and the involvement of the other senses; d) the act of dedication; e) placement in the service of worship.
Deuteronomy 14:22-27 2 Corinthians 9:7
- * **Thank people for their generosity.** Provide stories so that givers know that their giving makes a difference in the world in the name of Jesus Christ. Send "thank you" letters instead of bills. Affirm. Affirm. Affirm.
Philippians 4:8-9 Colossians 1:3-6



Payroll Question and Answer David Stinson

Q: Is clergy payroll confusing, or am I stupid?
A: You are not stupid. Even CPAs have trouble getting it right. Because clergy have dual tax status (employee and self employed), their earnings and deductions have different tax treatment.

Earnings:	Taxable for		
	FIT*	FICA**	W-2
Salary	Yes	Yes	Box 1
Housing	No	Yes	Box 14 (informational only)
Bonus	Yes	Yes	Box 1
Gifts	Yes	Yes	Box 1
Personal use church car	Yes	Yes	Box 1
Reimb. of spouse travel	Yes	Yes	Box 1
All exp. paid trip holy land	Yes	Yes	Box 1
Deductions:			
ARP***	No	No	No
Cafeteria Plan	No	No	No
Medical Insurance	No	No	No
UMPIP	No	Yes	Box 12, Code "E"
Elective Withholding (at clergy's request)			Box 2

* Federal Income Tax
** Self Employment taxes – do not withhold SS & Medicare from clergy wages.
*** Non-taxable if properly set up and administered.

Financial Stewardship and Generous Living

Rev. Harvey Ozmer

Nancy Jackson, a member of the Bartlett Church, suggested that I write a focus article on ways local congregations can withstand the current economic challenges (just paying bills and apportionments) but also be vitally involved in ministry. That is a tall order in a small space, but I will give an initial go at it!

As I review the monthly reports of various local churches of The Conference, a common pattern emerges. That pattern suggests that churches which are meeting their needs financially are those that have promoted financial stewardship as a lifestyle. They live in God's abundance. These churches have leaders who focus on

discipleship, mission and generosity as the foundational bricks for sustaining and growing the congregation's ministry in difficult times. One specific local church I served was struggling greatly to get back on its feet financially. The amazing spark that moved the church forward was the Mission Coordinator who had a vision of a specific "reaching out into the community project." That project meant a financial commitment. From that moment, the congregation began an outward focus "ministry to/with others" rather than the "inward focus of survival of self." The result was greater

enthusiasm, higher attendance and increased financial support.

Nancy's question is the question on the mind of most every church Treasurer and Finance Committee. The answer is not a simple one; it involves an ongoing solution. It requires courage to move from a "Pay the Bills Church" to a "Live the Vision Church."

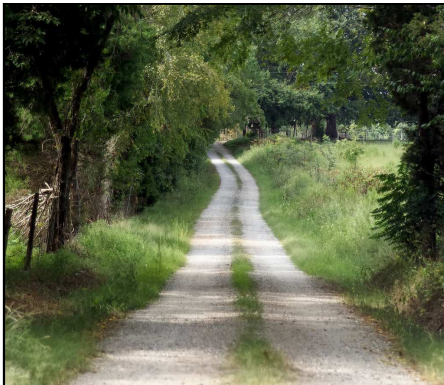
I encourage you as local church leaders to model the generous living/generous giving you seek in others.

Rev. Harvey Ozmer, Director
Stewardship, Finance & Administration.

Budgets - What How Which

David Stinson

On a country road, a man asks a farmer where the road goes. The farmer asks where the man is going. The man replies, "Nowhere, particularly." The farmer says, "Then it doesn't matter where the road goes."



A budget is a spending plan that tells you where you are going and your progress along the way. If your church has never had a budget, a simple way to start is to summarize 12 months of checks, grouping them into related categories – salaries, utilities, office supplies, payroll taxes, maintenance, benefits, apportionments, ministries, etc. Checks that are paying for

programming expenses may be subdivided into women's ministry, VBS, literature, children, youth, etc. The total of each category becomes a budget line item for that year, and is a starting point for developing the budget for the upcoming year.

The budget process involves two steps: looking backward, and looking forward. Look backward to find historical trends and determine what will continue or increase. (e.g., insurance and utilities are certain to go up: a raise for the office secretary will also raise payroll taxes). A backward look will also find those expenses that are discretionary and can be lowered or eliminated if necessary. Look forward to fund new ministries or anticipate expansion of space, personnel, or the support for increased activities.

Budgets line items can be either "fixed" or "flexible". Salaries are a fixed line item. The amount is a known quantity and the expenses should match what was budgeted. A line item like utilities will always be flexible. The utilities have to be paid regardless of what is remaining in

budget. Although the office supplies line item is usually treated as flexible, its discretionary nature makes it controllable and could be considered fixed. Do not code expenses to another budget line once the budget is reached. Similarly, do not post receipts to the expense line to reduce the amount. Doing either one will give an artificial and misleading picture of what the church is spending and will result in an unrealistic budget for the following year.

A better approach is to put expenses in their proper line item, allowing them to exceed budgeted amounts (with parameters, policy and with permission). This is the only way to get a true measure of what the church is spending, and is also a great help in determining what the budget should be the following year. This approach will also help pinpoint where controls are needed. During the year create unbudgeted expense lines to track new or unusual items. Separating these items instead of "burying" (in office supplies, for example) gives them priority attention when budgeting for the next year.

Stewardship / Pledge Campaigns

John Michael DeMarco

As you begin preparations (if you haven't already done so) for your Fall Campaigns, here are several recommendations from the July/August 2009 issue of the **Interpreter**.

Most annual campaigns follow one of two models:

- ◆ **Member-based expansion:** Increase the number of members/potential givers in a congregation.
- ◆ **Level of giving expansion:** Increase the amount contributed by active givers.

Among the well-established campaign approaches are:

- ◆ **New Consecration Sunday:** The goal is to increase the contributions of present givers. A guest speaker addresses key gatherings of church members and preaches on Commitment Sunday. It uses curriculum designed by Herb Miller, available from Discipleship Resources, (800)972-0433, www.upperroom.org/bookstore.
- ◆ **Cluster Gatherings:** Groups from the congregation gather in other members' homes to hear church leaders present the mission and ministry of the church and encourage support.
- ◆ **Every Member Visitation:** Leaders from the church's finan-

cial team visit all members prior to a time of financial commitment.

- ◆ **Sermon Series:** The pastor preaches messages over several weeks on a stewardship theme. The series culminates in a commitment worship service. Recent fall stewardship series at Ginghamburg Church and Church of the Resurrection have resulted in Slaughter's book *Upside Living in a Downside Economy* [Cokesbury, (800)672-1789, www.cokesbury.com] and the Rev. Adam Hamilton's small group study series *Enough* [Ecufilm, (888)348-3862, www.ecufilm.com].



- ◆ **Congregational Book Study:** The congregation reads and reflects upon a book related to stewardship to prepare to make a financial commitment. Examples include Slaughter and Hamilton's books as well as the Rev. Don Joiner's **Creating a Climate for Giving** (Discipleship Resources). Other titles published by Abingdon Press (available from Cokesbury) include the **Just in Time** series, the **Transformed Giving** program kit and **Not Your Parent's Offering Plate** by J. Cliff Christopher

Other popular stewardship studies used by congregations of many denominations are:

- ◆ **Financial Peace University** (www.daveramsey.com/fpu/home): It provides numerous resources for groups in churches, work places and communities to study financial decision-making and stewardship.
- ◆ **Good \$ense** (www.goodsenseministry.com): Renamed **Freed-Up Financial Living**, it offers budgeting courses and counseling for those struggling financially.
- ◆ **Money Matters—Crown Financial Ministries** (www.crown.org): The focus is on applying biblical financial principles to every aspect of a Christian's life.

A Penny Saved

David Stinson

Everyone recognizes these three words as the beginning of one of Benjamin Franklin's most famous quotes, "A penny saved is a penny earned." What was true two and a half centuries ago is still true in today's economy. One way to watch your pennies, is to not pay sales tax. Churches are specifically exempted in the state tax code [Sec. 151.310] from paying sales tax. The state sales tax rate is 6.25%. City, county, and other taxing districts can increase the rate to as much as 8.25%. Eight cents out of a dollar does not sound like much, but it can represent significant savings. Remember, the sales tax is not just on office supplies, but also telephone, utilities, service, and maintenance - a poten-

tial savings of hundreds of dollars. A list of taxing districts and the sales tax rates can be found at: <http://www.window.state.tx.us/taxinfo/local/city.html>.

To claim an exemption, give your vendor the Texas Sales and Use Tax Exemption Certification form: <http://www.window.state.tx.us/taxinfo/taxforms/01-339.pdf>

(Two forms, do not use the resale certificate.) There is no such thing as a tax-exempt number, but in the "explanation for exemption" box you can put "religions organization, EIN # [your employer tax identification number].

Under Texas tax code Sec. 171.058, incorporated churches are also exempt from franchise tax.



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The purpose of the Office of Stewardship, Finance and Administration is to provide for the functions of the ministries of the Central Texas Annual Conference, to maintain connectional relationships and to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the annual conference.

If you wish to have additional copies of the Conference Narrative Budget, which would be a helpful tool for your local church Finance Committee and Administrative Council, please contact Harvey Ozmer or David Stinson in the Conference Office.

CORRECTIONS OR SUGGESTIONS

Please contact Harvey Ozmer at harvey@ctcumc.org or David Stinson at david@ctcumc.org if your email address or any other information needs correcting, or if you have suggestions for future articles.

Helpful Links

Connectional Giving

www.umcgiving.org

General Council on Finance and Administration

www.gcfa.org

Internal Revenue Service

www.irs.gov

United States Department of Labor

www.dol.gov