

# DOLLAR\$ & \$SENSE

NOVEMBER 2019

CONFERENCE TREASURER

## Internal Controls with Church Credit Cards

There has been a rise in embezzlements in organizations related to credit cards and unauthorized purchases. If your church has or is considering having credit cards, it is recommended that you have a policy that includes internal controls. Please see page 2 for ideas to include in a credit card policy. Should you wish to discuss a policy for your church, please call our office or attend one of our workshops.

## Year-End Payroll Tax Forms – Order Now

If your accounting software does not offer preprinted year-end payroll tax forms, call the IRS **now** to order W2/W3 and 1099-Misc/1096 forms. To get forms, go to [www.irs.gov](http://www.irs.gov) or call 1-800-829-3676. They are free.

## Mark your calendar for these important dates:

Jan 31<sup>st</sup> Final Date for W2s to all Employees/Clergy  
Jan 31<sup>st</sup> Final Date for 1099-Misc to all Contractors  
Jan 31<sup>st</sup> Final Date for All Payroll Tax Forms due to the Virginia Department of Taxation  
Jan 31<sup>st</sup> Final Date for All Payroll Tax Forms due to the Social Security Administration

## Tax Status Documentation – 501c3

Periodically churches need documentation of their 501c3 religious non-profit tax status for various reasons (i.e. establishing a bank account). GCFA, our UM national organization, has taken care of this filing for you already. To print this official letter, go to [www.umgroupuling.org](http://www.umgroupuling.org) and complete the information for your church. You will need the church Federal ID#.

GCFA has also taken another step to provide greater documentation for local churches by allowing churches to choose to be listed on GuideStar when you complete the Group Ruling Application. GuideStar is a key website for non-profits to be listed on for donations like AmazonSmile. Banking institutions will also often refer to this source for documentation. Some banks will also ask for the church originating documentation.

IRS Publication 1828 includes information about organizations like the United Methodist Church where each of our churches are 501(c)(3) under the Group Ruling. It includes information about Unrelated Business Income, Employment Tax, Compensation for Ministers, and Accountable Reimbursement Plans.

You can find this document on the IRS website at <https://www.irs.gov/pub/irs-pdf/p1828.pdf>.

## Local Church Annual Financial Audit

Last month we issued a link to the Local Church Audit Guide from our parent organization GCFA. Their website has been updated and we wanted to send you a corrected link to access the document.

[https://www.gcfa.org/media/1342/local\\_church\\_audit\\_guide\\_-\\_10-14-16-\\_revaug2017.pdf](https://www.gcfa.org/media/1342/local_church_audit_guide_-_10-14-16-_revaug2017.pdf)

## Final 2019 Payments

We will be receiving 2019 apportionment funds through Friday, Jan 17, 2020. January 2020 Apportionment statements will be issued in late December. Please *carefully notate* any payments for 2020 before sending them to our office so as not to get confused with the 2019 end-of-year payments!

## United Methodist Student Day

Sunday, Nov. 24th, is United Methodist Student Day. Gifts received for this special offering become an investment in the future of the church through direct scholarships for higher education. The General Board of Higher Education and Ministry Office of Loans and Scholarships administers these programs that award thousands of students annually. Please use Fund #4435 when giving to support this program.

## Gifts of Stock

This time of year, many United Methodist members choose to make donations of stock as a tax-deductible contribution to their church. The Virginia United Methodist Foundation provides this brokerage service to our local churches free of charge, by accepting the stock, liquidating it upon receipt, and issuing a check to the designated church.

If you have a member interested in making a stock donation to your church for 2019, complete the Gifts of Publicly Traded Stock form from the below link:

<https://vaumfoundation.org/resources/forms/>

All stock donations must be received at the Foundation Brokerage account no later than Dec 31<sup>st</sup> for it to be considered a contribution for 2019. Contact the Foundation Office at 804-521-1121 with any questions.

## Happy Thanksgiving!

Our office wishes you blessings for a Happy Thanksgiving. The Conference Center will close at 1pm on Wed, Nov 27<sup>th</sup> and reopen on Monday, Dec 2<sup>nd</sup>.

## Sample Internal Controls Policy for Church Credit Cards

1. Role of the Trustees: the only body that can authorize debt on behalf of the church and therefore agrees or disagrees to have credit cards in the name of the church
2. Role of the Finance Committee: if credit cards are authorized by the Trustees, the Finance Committee sets the procedures and policies to protect the church assets
3. Credit cards are a privilege for employees and volunteers and not mandatory; therefore, at any time a credit card can be revoked if internal controls and procedures are not followed

## Procedures

1. Banking signatures to add new credit cards, cancel credit cards, or change limits should be two members of the Trustees or one Trustee and the Finance Chairperson. The pastor should not have authority over church credit cards.
2. Credit card statements should always be mailed directly to the church address.
3. The person responsible for the credit card must provide receipts to document purchases with an accounting of how the expenses applies to the budget before payment is made by the Treasurer.
4. In many cases, the Treasurer does not need access to a church credit card.
5. All credit card statements should be reviewed and initialed by an independent person other than the Treasurer in the same manner that the bank reconciliations are reviewed by an independent person.