

# Financial Standards for Congregations

Dr. Bill Levering 2012

## 1. Legality

We agree to be legal in all our actions. Although we are not responsible for the enforcement of the tax code with the personal taxes of our employees, we will not assist in the violation of the tax code.

## 2. Accountability and Authorization

We agree to have our financial actions reviewed in appropriate manners. All expenditures will be authorized by appropriate agents other than the treasurer. Pastoral expenses will be authorized by an authorized layperson, following guidelines herein and in accordance with an approved budget or call. Associate pastors' expenses will be authorized by the Senior Pastor. The church will have an impartial audit or financial review conducted at least every two years.

## 3. Conflicts of Interest

We avoid circumstances in which individuals have influence or control over financial decisions that affect them. This especially includes voting and usually the deliberations that lead to a vote. In such cases interested parties should recuse themselves.

## 4. Loans

The church will not make any unsecured personal loans to any member of the staff or congregation.

## 5. Transparency

We agree to make all financial transactions of the congregation available in a timely fashion with the exception of the identity of particular donors.

## 6. Pastoral Compensation

We agree to compensate our pastors in a definite manner. Pastors are compensated in several forms. Each form may require a separate consideration, but in general the guidelines for acceptable expenses should correspond to the way a pastor would or would not be taxed on the income so as not to create confusing benefit situations for the church. For instance, if a pastor spends continuing education allowances in such a way that it would no longer be able to be reimbursed under federal guidelines and the church dispensed the money, the church would also be liable for any taxes or benefits that are based on salary, since it would, in effect, become salary.

Any changes in pastoral compensation ('the call') are reported to appropriate denominational representatives including pension administrators.

## 7. Financial Processes

We agree to use commonly accepted accounting practices with the exceptions of disregarding depreciation issues or accrual accounting methods.