Managing The Church’s Financial Resources

How is your church managing its money? Is everything in order? Is the senior pastor unjustly benefiting? What would happen if someone inspected under a microscope what your church is doing?

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If there has ever been a time for pastors to have their churches’ finances in order, it is today. Whether warranted or not, the media is searching for CEO mismanagement. Newspapers swirl with stories of mismanagement from Enron to WorldCom. Some of this searching is justified, but there is a deeper message: Corporate leaders in for-profit and not-for-profit organizations are being scrutinized for leadership and fiduciary responsibilities. They are being held accountable by their shareholders, and in the case of religious organizations, their members.

How is your church managing its money? Is everything in order? Is the senior pastor unjustly benefiting? What would happen if someone inspected under a microscope what your church is doing?

As a church business administrator, I have consulted with many churches. While visiting churches or speaking with pastors, the most common questions I am asked have centered on managing church finances.

In 1 Corinthians 14:40, Paul wrote, "Let all things be done decently and in order." Church leaders sometimes feel inadequate to fulfill Paul’s admonition, especially in the area of managing church finances.

We will discuss this broad area by taking a journey. Our starting point will be choosing a financial institution. We will then discuss offerings, making the deposit, payroll requirements, ministerial tax issues, and creating a budget. We will also address spending money, creating financial reports, and storing important financial records.

**FINDING THE RIGHT BANK**

Finding a bank is easy. The hard part is finding the right bank. Not all banks are the same. While banks may offer similar services, they are often different in fees and structure.

There are three types of banks: the large money-center banks, regional banks, and small-community banks. Large money-center and regional banks are generally considered impersonal, whereas the community bank is not. But beware of small-community banks for reasons of confidentiality. Bank officers may serve as leaders in other churches, and your financial issues may not be held in confidence. I recommend using a local bank provided it is FDIC insured, and you feel comfortable with the privacy issues.

Search for a bank that offers free commercial checking, but find out its requirements. Watch out for minimum balances. Are such balances based on minimum or average balances? Will the bank charge the church for returned checks in the church deposits or waive such fees? Furthermore, find out if it has a per-check charge for depositing with a teller. A church may be able to avoid this by using the bank’s night drop box. However, some banks may charge for depositing checks anyway. **Suggestion**: Deposit offerings into a savings account, and by computer or telephone, transfer the money into your checking account to avoid the per-check deposit fees.

Once you have chosen a bank and opened your operating account, immediately open a savings account. We will address saving money when we look at budgets.

Remember, banks want a lending relationship. After opening the church’s checking account, consider applying for a loan to establish credit history. This may be for purchasing a van or a line of credit to help with liquidity issues. Establishing credit does not mean a church needs to be in debt. Credit lines will be discussed later in this article.

**RECEIVING AND MANAGING OFFERINGS**

Once the bank account is established, the church is ready to receive offerings. Make it easy for people to give. Use offering envelopes with the following information: contributor’s name and address, tithe amount, offering amount, and a space for special offerings. Assigning a giving number for each contributor will help staff impute contributions.

Consider vendors who mail preprinted envelopes to your attendees. Some offer them with a self-enclosed stamped envelope. This makes it easy for people to give. They simply place their check in the envelope, which already has their personal information, and drop it in the offering plate or mailbox. One such vendor is Church Budget Envelope Company at 1-561-369-7767.

**Suggestion:** Place an offering box in the foyer. People sometimes give pastors their tithe checks if they miss the offering. With an offering box, attendees can securely drop off their offering at any time. The offering box should be locked and have ushers empty it after every service. You will see an increase in giving.

When handling money, always consider protective measures or what is commonly called **internal controls**. These barriers prevent theft and any accusations concerning mismanagement of funds. Generally, pastors need to avoid handling money, and employees or volunteers assigned to this task should do so in the presence of others.

**Collecting offerings**

Ushers who are not deacons or officers of the church should receive the offering to avoid all appearance of impropriety. Deacons often review financial statements. At least two ushers should walk the money to the drop box or counting room. This room should be unmarked. If the offering is not going to be counted immediately, it should be placed in a locked cabinet or preferably a drop safe in the presence of at least two individuals. Do not have ushers count the money. Rather, have counters who are not rushed in counting the offering. Also, ushering is generally one of the first ministries people become involved in. It is not uncommon for people to be chosen at the last minute to help collect the offering. More diligence needs to go into selecting the counters. This is another layer of protection.

**Counting offerings**

It is common in some churches for the pastors and church secretaries to count the offering. This is not advisable. Instead, have other trusted individuals handle the money. This prevents false accusations and protects the pastor.

Have at least two (preferably three) individuals count the offerings to avoid corroboration. Select a locked room and do not advertise when and where these people are counting the offering. Periodically, have a staff member walk in unannounced.

The counters should count the offering during or after each service and create a separate deposit slip for each service. The counters need to confirm that the amount contributed on the check is the same as what is written on the giving envelope. For checks that were not placed in an envelope, the counters will need to fill out an envelope.

A cash receipts count summary is then completed. This is one way to keep track of service totals and help a church access the financial growth or decline of its services. Additionally, it makes it easier if a contributor has a question about his or her offering on a particular day. Simply ask what service he or she attended and pull the offering envelopes and deposit slip for that service. The offering envelopes are stored by service and easily accessible. We will discuss how long to keep these records later.

**Depositing and imputing offerings**

After the offerings have been counted, the counters need to verify that the deposit receipt matches the figures on the cash summary. They then need to place all offerings in a lockable bank bag and have at least two individuals take it to the bank for deposit.

There are two common ways to input contributions—by a person’s last name or by a giving number assigned to a family or giving unit. Both are appropriate, but most churches prefer the numbering system since it is easier for the contributor and creates fewer accounts.