

The Committee on Home Missions and Church Extension

Set-up Checklist - 2001

General Tasks

- Secure the current edition of "Church & Clergy Tax Guide" (CCTG) by Richard Hammar
- Appoint or elect a treasurer and an assistant treasurer from the core group. These individuals would preferably have a background in bookkeeping or similar experience.
- Apply for an Employer Identification Number (EIN) from the IRS (SS-4).
- Open a bank account.
 - Use EIN Number above as tax ID number
 - Have more than one authorized signature (not pastor) on file for all accounts
 - Look for interest-bearing account (NOW)
 - Open separate account for Deacons Fund
- Secure Liability/Property Insurance.
- Secure Workers Compensation Insurance (if required).
- Adopt a budget for development of the work, under the oversight of the governing body.
- The church or mission work is covered by the denominational IRS ruling letter so that there is no need to apply for a ruling as a 501(c)(3) organization (see enclosed documents).

Arrival of Organizing Pastor

- Upon arrival of the Organizing Pastor
 - Set package detail as budget line items for clarification purposes
 - Make sure "housing allowance" is specified as a separate line item in the budget
 - See Home Mission guidelines for more information
 - Set base salary
 - Housing (Rent, Mtg. Pmts., Utilities, Furnishings, etc.) see page 160 CCTG
 - Medical Insurance (OPC Hospitalization Plan)- Church should make payment
 - FICA Reimbursement (SS Tax)-Church should provide one half
 - Pension Plan (Church should make payment)
 - Disability Insurance
 - Accountable Reimbursement Plan (see page 230 CCTG)

Financial Policy Considerations:

- Establish procedures for the counting of the collection/offerings.
 - Should be done by more than one individual
 - Immediately after the service, if possible
 - Deposited as soon after the Lord's Day as possible
 - Someone other than person who writes checks help with counting
 - Report total to Treasurer
 - Provide a receipt for single contributions in excess of \$250.00 (see page 322)

- Adopt benevolence policy - strongly recommend that a minimum of 10% of offerings be designated and contributed to presbytery or denominational causes.

- Adopt Diaconal Fund Policy (see page 290 CCTG)

- If a building fund is established, a separate bank account is advised

- Financial books should be audited annually

- A monthly financial report should be submitted to the supervising body by the fifteenth of the subsequent month

- If the church employs other staff, see guidelines

Church Reporting Requirements:

- Obtain an employer identification number (if not already obtained)
- Determine whether each church worker is an employee or self-employed, and obtain each workers social security number
- Have each employee complete a W-4 Form
- Compute each employee's taxable wages
- Determine the amount of income tax to withhold from each employee's wages
- FICA taxes must be withheld for nonminister employees' wages
- The church must deposit the taxes it withholds
- All employers subject to income tax withholding, social security taxes, or both, must file Form 941 quarterly
- Prepare a W-2 for every employee
- Prepare a Form 1099-MISC for every self-employed person receiving nonemployee compensation for \$600 or more