

# DISTRICT FINANCE REPORT

## 1. COMMITMENTS AND ATTITUDES TOWARD FINANCES

We believe the way a district handles its finances is a reflection of its integrity in every other area. "As each has received a gift, use it to serve one another, as good stewards of God's varied grace." (1 Peter 4:10). We have, therefore, established clear guidelines for the way our district resources are raised and used. Here are some basic principles and **10 Commitments** we have made in our ministry to the **churches** who offer the Lord's tithe and their offerings back to God and the **individuals** who give offerings to the ministry of the Chicago Central District.

1. **The district & all of its churches belong to God.** The ministries of the Chicago Central District all belong to God. Over the years, the Lord has sovereignly placed His hand of approval on His Church here and we will devote all of our energies to the local, district and world-wide mission He has given us.
2. **Local churches a priority.** We believe God's first priority in our giving is the local church. We believe the local church is God's plan and vehicle for bringing salvation to every person on earth. Out of healthy, multiplying local churches comes our ministry to take the gospel world-wide.
3. **Every church and individual gift, sacrificially given.** We consider every contribution we receive from each church and individual as a gift from God, sent through loving people who have sacrificed to make their gift possible. We will never take our financial support for granted, nor ever cease to be deeply grateful for every dollar the Lord entrusts to us.
4. **Every gift, wisely managed.** We commit to be the very best stewards we can be to wisely manage the dollars that are contributed for the work of Christ's Church.
5. **Operating with open books.** We will be completely open about the finances of the Chicago Central District. We publish a report that declares all income and expenses of our district each year. In addition, the detailed support for the annual report produced by our District Treasurer is made available upon request. Individual privacy will be respected as required.
6. **A commitment to excellence, not extravagance.** Our obligation is to spend monies given sacrificially in a conservative and wise manner. Every dollar given will be stretched as far as possible, keeping necessary overhead lean and efficient, while maintaining ministry excellence.

7. **Our attitude during lean times.** One of the ways we can discern the Lord's will regarding the direction and focus of our work is through the support He sends (or doesn't send) from His people. Therefore, during lean times we will make our needs known to you—but never manipulate you in seeking contributions. We will never resort to what we consider to be disrespectful methods of appeal, even when our needs are serious.
8. **Using the money of vendors.** When we as a district make a purchase, we will pay the invoice according to the terms specified. We do not intend to use the money of our vendors.
9. **Mailing list privacy.** We will never sell or rent our contacts or mailing list to those wishing to use the names and addresses of our attenders, members or donors. We will always maintain the tightest security on the information given to us.
10. **Keeping our donors informed.** In maintaining our accountability to you, we are highly committed to regularly communicating with you and keeping you informed of the ministry progress of our district. We believe you can discern the will of God regarding your stewardship as long as we keep clear lines of communication open with you.

We acknowledge that managing, disbursing, and accounting of funds given to the building of God's kingdom is a matter deserving our most prayerful planning. After careful consideration, we submit the following recommendations:

## *2. FUNDING THE MISSION THROUGH THE "TITHE AND OFFERING" CONCEPT*

Throughout the year, in response to the Great Commission and the Great Commandment, the local churches of the Chicago Central District contribute corporately to ministries and to the life of the church outside of the local context. Contributions are made to four separate funds with specific purposes reflected in the names of the funds:

- The World Evangelism Fund (WEF) – This fund helps make possible the global evangelistic work of the church in 164 world areas, supporting missionaries, schools, hospitals, clinics, compassionate ministries, as well as regional and Global Ministry Center (GMC) operations.
- Nazarene Benefits USA (NBUSA) – This fund helps fulfill the promises made to our retired ministers, evangelists, and other clergy, of a basic retirement benefit.
- The Educational Fund (EDU) – This fund provides scholarships for Nazarene students at Olivet Nazarene University.
- The District Ministry Fund (DMF) – This fund helps make possible the evangelistic work of the church in 12 counties of northeast Illinois, supporting the planting of new congregations, ministerial training, missional partnerships with local churches, District Office operations and our district support personnel.

In addition, "Ten Percent Approved Missions Special" offerings are often taken for special purposes such as LINKS, Alabaster, Missionary Deputation, Jesus Film/Harvest Partners, Work

and Witness, and more. Annual offerings are also received for the support of Nazarene Bible College and Nazarene Theological Seminary.

In order for churches to equally share the responsibility for funding the mission of the church and for planning and communication purposes, the concept of “a tithe and offering” is used to determine the amount assigned to each church. Just as the member of the local church would give a tithe and offerings to his local church, the local church in turn gives a tithe and offering for the broader ministries of the church. Within this “tithe and offering” concept, the “tithe” provides funds for three of the four funds listed above (WEF, NBUSA and EDU). The “offering” provides funds for the District Ministry Fund [Note that the designation “offering” does not imply “optional”, it simply differentiates this percentage from the “tithe”].

The “tithe” is further specifically allocated. At the 2009 meeting of the General Board, the global church adopted a uniform percentage for giving to the WEF by all local churches of the Nazarene – 5.5%. In conjunction with that decision, the USA national board has adopted 2.0% for Nazarene Benefits USA and 2.50% for the Educational Fund. These three percentages total 10%, the commonly accepted standard percentage for the practice of tithing in the church.

Since every district is unique, with unique financial needs, the percentage to be given to the District Ministry Fund is established by each individual district. This “offering” percentage on the district is to be established by the District Advisory Board, for approval by the District Assembly. On the Chicago Central District, this percentage is hereby established at **5.0%** for the 2026-27 fiscal year, to be reviewed on an annual basis by the District Superintendent and the District Advisory Board.

### *3. ESTIMATING ALLOCATIONS UNDER THE “TITHE AND OFFERING” CONCEPT*

The “tithe and offering” is given on the basis of the current month’s income in the local church. Therefore, the actual dollar figure for allocations cannot be precisely established at the outset of the fiscal year. However, an estimate can be made in the following way.

Project the total income of your local church. Income is defined as anything which is a charitable contribution, including designated giving to special projects. It does not include rental income (as from a church school), or pass-through monies (such as registration monies for summer camps).

Deduct from the total income the amount you project the church will give to the WEF and Ten Percent Approved Missions Specials during the current year. This yields a “Net Base”. Then, multiply that Net Base by the percentages for each fund, indicated below. This will yield the annual amounts you may use as estimates:

- The World Evangelism Fund: Net Base x 5.5% = \_\_\_\_\_
- Nazarene Benefits USA Fund: Net Base x 2.0% = \_\_\_\_\_
- The Educational Fund: Net Base x 2.5% = \_\_\_\_\_
- The District Ministry Fund: Net Base x 5.0% = \_\_\_\_\_

An online calculator is available at [www.fundingthemission.org](http://www.fundingthemission.org) to help you with your calculations. The same website also includes much more detail on the "tithing and offering" concept, other resources and Frequently Asked Questions.

It should be noted here that new works that are not yet organized are expected to begin giving on their income monthly even as the work begins. District and other subsidy monies are not subject to this giving.

#### *4. WHERE AND WHEN TO SEND MONIES*

Monies should be sent by the local church either weekly, bi-weekly or monthly. This helps fund the various ministries in a timely fashion, and avoids putting the local church in a position where it finds it difficult to "catch up" later in the year.

Monies sent for the WEF and NBUSA Fund are to be paid online at [www.fundingthemission.org](http://www.fundingthemission.org).

Monies for the DMF and Educational Funds are to be paid online at [www.ccdnaz.org](http://www.ccdnaz.org).

Monies for NBC are sent directly to Nazarene Bible College, 17001 Prairie Star Parkway, Suite 300, Lenexa, KS 66220 or by donating online at [www.nbc.edu/give](http://www.nbc.edu/give).

Monies for NTS are sent directly to Nazarene Theological Seminary, 1700 East Meyer Boulevard, Kansas City, MO 64131. Donate online at [www.nts.edu/give](http://www.nts.edu/give).

If unable to submit online at [fundingthemission.org](http://fundingthemission.org), please call the District Office (312-255-0151) or contact by email directly ([office@ccdnaz.org](mailto:office@ccdnaz.org)).

#### *5. FINANCIAL AND OPERATIONAL RECOMMENDATIONS TO THE LOCAL CHURCH AND DISTRICT*

##### *5.1. REGARDING THE GLOBAL CHURCH*

5.1.1. That the World Evangelism Fund for our district be set at 5.5% of the "Net Base" of the local church.

- a. Because full payment of the World Evangelism Fund is the lifeline of our World Mission efforts, we urge each local church to give priority to the 100 percent payment of the World Evangelism Fund over other mission specials. A "World Evangelism Church" recognition will be made of local churches that give 5.5% of their income to WEF.
  - b. In support of the General NMI strategy to use overpayment of the WEF to enter new world areas, we encourage our local churches to overpay their WEF. All funds generated from overpayment of WEF by local churches will be directed to efforts at entering new world areas, whether the district reaches 100 percent payment or not. A "World Evangelism Church of Excellence" recognition will be made of local churches that pay 5.7% of their income for WEF, or who overpay their 5.5% WEF allocation by \$1,500, whichever amount is less.
  - c. We encourage each church to give at least 10 percent of its income to the World Evangelism Fund and Approved Mission Specials (including District-approved New Start and Missional Projects). A "Mission 10 Church" recognition will be made of local churches that give 10 percent or more of local church income to WEF and Approved Mission Specials and that also reach giving goals for Nazarene Benefits USA, educational institutions, and district support.
- 5.1.2. That the Nazarene Benefits USA Fund be set at 2.0% of the Net Base of the local church.

#### *5.2. REGARDING OUR EDUCATIONAL INSTITUTIONS*

- 5.2.1 That our Olivet Nazarene University Fund be set at 2.5% percent of the Net Base of the local church, in accordance with the decision of the USA National Board.
- 5.2.2 That each local church participates in matching funds and other development, scholarship and capital campaign programs for Olivet.
- 5.2.3 That each local church receives a special offering for Nazarene Bible College on NBC Sunday in October of each year and for Nazarene Theological Seminary on Seminary Sunday in January of each year. The goal is for each church to contribute 1/10<sup>th</sup> of 1% of their annual income to Nazarene Bible College.

#### *5.3. REGARDING THE CHICAGO CENTRAL DISTRICT*

- 5.3.1 That the District Ministry Fund (the "Offering") be set at **5%** of the Net Base of the local church and that the District Superintendent and District Advisory annually review this percentage used for funding the district mission.

All full-time district employees will be given a cash salary package that can be divided as the employee would like between housing, social security, retirement contributions, and healthcare. As tax law is always evolving, we would recommend researching the most recent implications of the Affordable Care Act and other applicable IRS law changes regarding small business employer health insurance premiums. The ECFA site <http://www.ecfa.church/Resources.aspx> and the Nazarene Benefits USA "News" page at <http://nbusa.org/> provide information relative to current compensation and tax matters. Nazarene Benefits USA has partnered with ECFA to provide a free resource called ChurchEXCEL. To access this resource, go to <https://www.ecfa.org/churchexcel.aspx>.

- 5.3.2 That the district stay informed of changes to compensation and tax laws relative to ministers. Free articles regarding changes to laws impacting ministers housing allowance, compensation, etc. are located under "News" at [ECFA.church](http://www.ecfa.church). Nazarene Benefits USA provides an annual update to clergy taxes: [http://www.nbusa.org/resources/guides/general/tax\\_books\\_ministers\\_taxes.pdf](http://www.nbusa.org/resources/guides/general/tax_books_ministers_taxes.pdf)
- 5.3.3 That the district superintendent:
- a. Be granted vacation with pay in accordance with the vacation schedule for full-time ministers, which appears in Section 5.4.2.d.
  - b. Be reimbursed for expenses incurred in the fulfillment of his ministry responsibilities (i.e. superintendents' conferences, overnight lodging, meals away from home, entertainment of guests on behalf of the district, and occasions representing the district).
  - c. Be granted a sabbatical leave following each five consecutive years of service on the Chicago Central District, in harmony with 5.4.2.k. below.
- 5.3.4 That district boards' travel reimbursement be the IRS established rate per mile.
- 5.3.5 That annually, at least two weeks prior to the District Assembly, an independent public accountant compile and/or review the books of all treasurers handling district funds, with a full audit conducted at least every four years (2025 was the most recent full audit).
- 5.3.6 That the District Advisory Board will be responsible for reviewing, approving and monitoring all district operational budgets and adjusting funds as necessary. This will include budgets submitted by the NYI, NMI, and NDI chairpersons, and the District Superintendent. Budgets will be approved before the beginning of the fiscal year.
- 5.3.7 That a copy of this report be posted on the district website on the Resourcing page. This report can also be found in the delegate handbook on the District Assembly page of the district website.

#### 5.4. REGARDING THE LOCAL CHURCH

##### 5.4.1 Relative to accounting for funds:

- a. That each local church includes in their income: tithes, offerings, and all other sources of income to the extent it pays local church expenses, including the payment of assigned apportionments and mission specials. For "Funding the Mission" allocation purposes, "income" is defined by the general church as funds which are charitable contributions. See the following link for further explanation.  
<https://fundingthemission.org/discover/what-does-it-mean>
- b. That all pastors be reminded of the *Manual* provisions for the counting and handling of money received (*Manual* par. 127, 139.21, 139.22) Annually, the church board should either appoint an internal auditing committee or hire an independent auditor to audit or examine the church financial records. (*Manual* par. 139.23) Appendix C is a list of suggested items to audit. This is not a required or complete list, but a list of areas that could be considered as part of an audit.
- c. That each local church prepare an annual operating budget. This budget is to be available upon the request of the district superintendent or the assistant district superintendent. It will be included as part of the Pastor-Church Board review conducted by the DS. It will also be included as part of the annual pastor's report to the district. We encourage churches to refer to the district-prepared sample budgets based on church income (see Appendix B). If a local church has not paid their apportionments in full, an annual operating budget is to be submitted to the assistant district superintendent by District Assembly.
- d. In order to maximize both charitable contributions and potential income tax savings for every donor, we encourage each local church to promote and enable tithes and offerings be given in all of the following ways: cash, check, online, stocks, donor-advised funds, qualified charitable distributions, farm crops (corn, beans, etc.), gifts-in-kind, real estate, and bequests. Providing many ways to give allows every donor to maximize their tithes and offerings in a way that matches their most prudent financial planning options.
- e. More suggestions for the safe handling of money can be found in Memo #8 published by Nazarene Benefits USA at <http://www.nbusa.org/memos>

5.4.2 Relative to all full-time pastors:

- a. That all pastors' medical insurance premiums, deductible or coinsurance should not be reimbursed by the local church unless the church has a policy that complies with Affordable Care Act reform. We encourage each local church to review the pastors' financial package annually and take into consideration the costs of health insurance premiums for the pastors when creating a salary package and determining annual increases. As tax law is always evolving, we would recommend researching the most recent implications of the Affordable Care Act and other applicable IRS law changes. The ECFA site <http://www.ecfa.church/Resources.aspx> and the Nazarene Benefits USA "News" page at <http://nbusa.org/> provide information relative to compensation and tax matters impacting our churches. Nazarene Benefits USA has partnered with ECFA to provide a free resource called ChurchEXCEL. To access this resource, go to <https://www.ecfa.org/churchexcel.aspx>.
- b. That each church consider providing disability insurance for their pastors through the general church. (Consult the Office of Nazarene Benefits USA at 1-888-888-4656)
- c. That each church reimburse the pastors' quarterly social security tax, or an amount equal to the tax as the pastors may elect. Church boards should note that pastors must pay social security taxes on housing allowance (or fair rental value of the parsonage) and reimbursement of social security taxes, as well as on salaries.
- d. That the following vacation time with full salary be granted for accumulative full-time ministry.

<b>1 through 5 years .....</b>	<b>two weeks of vacation</b>
<b>6 through 10 years.....</b>	<b>three weeks of vacation</b>
<b>11 through 20 years.....</b>	<b>four weeks of vacation</b>
<b>21 years and over .....</b>	<b>five weeks of vacation</b>

We encourage all pastors to take an annual vacation. Vacation time and compensation shall not accrue from year to year, except through prior, written arrangements made between the pastor and the local church board.

- e. That the local church board give careful consideration to the pastors' financial needs and provide an annual salary review, giving consideration both to cost of living increases and merit increases. The annual cost of living increase may vary significantly across our district and should be taken into consideration when considering pastors' salary increase.

- f. That the local church treasurer and church board stay informed of changes to compensation and tax laws relative to the pastoral staff. Free articles regarding changes to laws impacting ministers housing allowance, compensation, etc. are located under "News" at [ECFA.church](http://ECFA.church). Nazarene Benefits USA provides an annual update to clergy taxes: [https://www.nbusa.org/resources/guides/general/tax\\_books\\_ministers\\_taxes.pdf](https://www.nbusa.org/resources/guides/general/tax_books_ministers_taxes.pdf). The District Ministry Center can also be contacted with questions at [office@ccdnaz.org](mailto:office@ccdnaz.org).
- g. That the churches participate in the Nazarene Retirement Program (tax-sheltered annuity) or another qualified annuity/IRA account for ministers who earn their full livelihood from the ministry. For more information on the Nazarene Retirement Program call: 1-866-NAZARENE (629-2736) or visit <https://www.nbusa.org/index.php/nazarene-403-b-retirement-savings-plan>.
- h. That each local church pay their pastors' expenses to District Assembly, meetings, conventions, and General Assembly.
- i. That each church encourage their pastors in continuing education and provide allowance for the purchase of books, journals, and professional materials.
- j. That each church periodically remembers the parsonage family with gifts of love and appreciation, and each pastor be given a minimum cash Christmas gift of one week's salary as church cash flow allows.
- k. That, in accordance with *Manual* par. 139.10, the church board provide a sabbatical leave for the pastors following each five consecutive years of service in one congregation. See Appendix A for additional information.
- l. That each church develop a maternity and/or paternity leave policy in harmony with *Manual* par. 118.

#### 5.4.3 Relative to the associate pastor:

- a. That each church provide an annual salary and benefits review, and appropriate paid vacation, for each associate minister and full-time staff member. Inasmuch as possible, the recommendations relative to the lead pastor should be applied to associate staff as well.
- b. That pastors and church boards are reminded of *Manual* par. 169, where caution is requested so that the employment of the associate will not "tax the church's financial resources including the payment of all financial apportionments."

#### 5.4.4. Relative to the non-payment of apportionments by the local church:

Each local church is to report their monthly income by the 15<sup>th</sup> of the following month and pay any apportionments due in full by the 30<sup>th</sup> of the following month on [fundingthemission.org](http://fundingthemission.org) (Example: all income received in March should be reported by April 15 and apportionments paid by April 30). The global church, the district, the regional educational institution, and the ministers' pension program are dependent on the payment of local church apportionments. Per *Manual* par. 119 The local church that does not pay its apportionments in full may have their pastor be appointed or reappointed by the district superintendent, with the consent of the District Advisory Board.

#### 5.4.5. Relative to planned and deferred giving:

We encourage every church to utilize the **Church of the Nazarene Foundation** to facilitate planned and deferred gifts from their members via donor advised funds, charitable gift annuities, charitable trusts and estate planning/bequests. Such gifts may be directed to any Nazarene ministry, including gifts to the local church. The Church of the Nazarene Foundation can also assist with professional investment management of any reserve funds held by a local church. Visit [www.NazareneFoundation.org](http://www.NazareneFoundation.org) or call 866-273-2549.

We also encourage every church to utilize the **Olivet Nazarene University Foundation** to facilitate planned and deferred gifts for the ministry of Olivet. The ONU Foundation provides a full range of options including charitable gift annuities, charitable trusts, endowed scholarships and estate planning/bequests. Olivet planned giving assistance is readily available at 815-939-5171. Visit [www.olivetpgc.org](http://www.olivetpgc.org).

The Chicago Central District has established an Endowment Fund for the purpose of planting churches. This effort seeks to create an ongoing environment for planting churches and growing new disciples on the Chicago Central District. We encourage individuals and churches to prayerfully consider donating to this vital effort, or to specify donations to this fund in wills and other planned giving. Visit [www.ccdnaz.org/give](http://www.ccdnaz.org/give) and indicate "Church Planting Endowment" as the designation. With God's help together we can leave a legacy of church planting on an annual basis until the Lord's return.

#### 5.4.6 Relative to designated gifts:

The Church of Nazarene policy encourages designated funds to be used toward the purpose of which they were raised. Designated giving policies within local churches are designated to establish how designated funds will be used as well as notify donors of these facts. A designated giving policy should provide notice to donors that percentages of their gifts will be given toward the giving goals of the church.

A designated gift policy is one that will guide the church through various types of giving and which should be agreed upon by the Church Board and leadership. While donors may give with various intentions for their gifts, a designated gift policy will allow churches to ensure that they always have the opportunity to spread God's blessing to the global mission efforts. With a properly approved policy on designated giving, a portion of designated gifts may be shared with global interests (5.5% WEF, 2.0% NBUSA, and 2.5% EDU).

For guidelines in the creation of a designated giving policy, the Evangelical Council for Financial Accountability provides excellent resources. Careful review of local initiatives is the best factor for determining this course of action. Examples of gifts and samples of contribution policies are available to download at [nazarene.org/designated-gift-policy](http://nazarene.org/designated-gift-policy).

#### 5.4.7 Paid Leave for All Workers Act

The State of Illinois has implemented the Paid Leave for All Workers Act which allows workers to earn up to five (5) days of leave from work each year. Workers can use paid leave for any reason and employers may not require workers to provide a basis for their time off request. Workers earn one (1) hour of paid leave for every 40 hours they work. Churches are encouraged to visit <https://labor.illinois.gov/laws-rules/paidleave.html> to learn more and to ensure compliance.

## APPENDIX A

### Pastoral Sabbaticals

#### Definition

Sabbatical is an extended period of time intentionally set aside by ministry personnel in pastoral relationships as an occasion for reflection, recreation, and revitalization, unencumbered by their usual and customary responsibilities, and yet still receiving their usual remuneration and benefits. Sabbatical finds expression in study, rest, spiritual retreat, and prayer. Sabbatical is not vacation time, not a sick leave, nor a "special studies" leave.

#### Motivational Bases for the Local Sabbatical Program

The Sabbatical program is motivated primarily by three factors;

1. We believe the Bible identifies a God-designed cycle of work and rest, as exemplified by the account of creation, the institution of the law of the Sabbath, and the accounts of the life of Christ, in which he took time be alone and to be ministered to by God the Father.
2. Research and the reports of those participating in sabbatical programs give evidence to the multiple benefits of such a program to pastors, their families and their congregations.
3. *Manual* par. 139.10 urges: "In order to encourage a healthy pastoral ministry and the lifelong learning of the pastor, the church board, in consultation with the district superintendent, should provide a sabbatical leave for the pastor following each five consecutive years of service in one congregation of the Church of the Nazarene."

#### Implementation

1. All senior and associate pastors on the Chicago Central District, who have completed at least five consecutive years of ministry in their current church assignment, are eligible to participate in the Sabbatical program.
2. The length of time dedicated to sabbaticals, and their design and content, will vary with every church and pastor's particular situation, and is to be coordinated with the district superintendent.
3. Applications for sabbaticals should be submitted by the local pastor and church board, to the district superintendent, at least 3 months prior to the desired time of sabbatical. The district superintendent will consult with the District Advisory Board and provide an initial response within 4 weeks of the date of submission.
4. There is an expectation of continued service of at least one year following resumption of duties subsequent to the sabbatical.

## Guidelines and Ideas

The District Office has reference material available for pastors and churches to use in designing appropriate sabbatical programs.

## References

Bullock, A. Richard. 2000. Clergy Renewal: The Alban Guide to Sabbatical Planning. The Alban Institute.

Dawn, Marve. 1999. Keeping the Sabbath Wholly. Eerdmans.

Dickson, Charles. Nov/Dec. 1993. "Planning a Pastoral Sabbatical." The Clergy Journal. Logos Productions.

Dietterich, Inagrace. 2001. The Practice of Sabbath Time. The Centre for Parish Development.

Gabbard, Douglas. Jan/Feb. 2001. "Sabbath as Spiritual Discipline." Congregations. The Alban Institute.

Helm, Norman G. Jan/Feb 1993. "The Parish and the Minister's Sabbatical." Congregations. The Alban Institute.

Oswald, Roy M. 1991. Clergy Self-Care: Finding a Balance for Effective Ministry. The Alban Institute.

Oswald, Roy M. 2001. Why You Should Give Your Pastor a Sabbatical. Video no. AL238. The Alban Institute. (Includes two 25-minute segments with a leader's guide.)

## APPENDIX B

### Sample Budget

The following sample budget depicts a local congregation that raises \$100,000 in tithes and offerings in 12 months, and which desires to be recognized as a **World Evangelism Church of Excellence**. It meets 100% of its goals for the four Assigned Apportionments, gives generously to Missions Specials, and participates through Work and Witness Projects. It most likely is a church with a worship attendance of around 90-100. Total giving for others is 16% of the total raised by the church in the year. The difference between a Church with this level of income that pays all its apportionments, and a church that pays an additional .2% toward WEF, is only \$150.00.

In the sample budget below, the pastor's compensation package represents about 28% of the total budget. As the church reduces its building indebtedness and capital expenditures (while still properly maintaining the church facilities), additional monies are freed up to enhance the pastor's compensation package and/or to begin adding some paid staff and/or additional local ministries.

	<u>Monthly</u>	<u>Annual</u>	<u>Total</u>
<b>For Others (16.0% or more)</b>			<b>16,120</b>
World Evangelism Fund (5.7%)	442.00	5,300.00	
Nazarene Benefits USA Fund (2.0%)	155.00	1,860.00	
Educational Fund (2.5%)	193.00	2,320.00	
District Ministry Fund (5%)	387.00	4,640.00	
Ten Percent Missions Specials (examples):	158.00	1,900.00	
-Alabaster			
-NBC	8.33	100	
-NTS			
-NCM Child Sponsorship			
-NCM Disaster Relief			
-Jesus Film			
-Work and Witness materials			
-Center of Hope or other CMC			
-Other Giving for Others	<u>0.00</u>	<u>0.00</u>	
<b>TOTALS</b>	<b>1,343.00</b>	<b>16,120.00</b>	
 <b>Buildings and Indebtedness (30% or less)</b>			 <b>30,000</b>
Buildings and Capital Expense	1,250.00	15,000.00	
Indebtedness (Mortgage)	<u>1,250.00</u>	<u>15,000.00</u>	
<b>TOTALS</b>	<b>2,500.00</b>	<b>30,000.00</b>	

<b>Local Ministry (54% or more)</b>			<b>53,880</b>
Pastor's Cash Salary	1,042.00	12,500.00	
Pastor's Cash Housing Allowance	600.00	7,200.00	
Pastor's Benefits	733.00	8,800.00	
Associate Salaries	0.00	0.00	
Associate Benefits	0.00	0.00	
Local Church Expenses (Maintenance, Utilities, etc.)	1,750.00	21,000.00	
Local Departmental Expenses	250.00	3,000.00	
Other Local Benevolences	<u>115.00</u>	<u>1,380.00</u>	
<b>TOTALS</b>	<b>4,490.00</b>	<b>53,880.00</b>	
<b>GRAND TOTALS</b>	<b>8,333.00</b>	<b>100,000.00</b>	

## APPENDIX C

### Items for Audit Consideration

1. Obtain a comparative balance sheet and income statement for the fiscal year end, inquire regarding fluctuations that are greater than \$10,000 or 10% from prior year.
2. Agree bank, investment, and loan balances on the financial statements with year-end statements and/or bank reconciliations.
3. Identify any unusual items on the bank reconciliations that are over six months old that need to be resolved.
4. Select a sample of 8 deposits (2 per quarter). Ensure there is proper documentation to support the deposit. Agree that the deposit is posted to the correct account in the general ledger. Identify any discrepancies.
5. Select a sample of five expenses per quarter and obtain an invoice. Agree the amount on the invoice to the amount in the general ledger and inspect that the expense has been properly approved.
6. Prepare a reconciliation of salary expense, payroll tax and withholding to the general ledger and mathematically check that each employees' Form W-2 was accurately completed and that each quarterly Form 941 was accurately completed. Identify any discrepancies.
7. For one pay period, select a sample of employees and verify that the amount of the withholding agrees to the signed W-4 on file. Identify any discrepancies. Select a sample size relative to the total number of employees of the church. Suggest approximately 20% of total employee number be reviewed.
8. For clergy, inspect the housing allowance resolution that is in place and agree it to support, trace to approval and agree it to accurate reporting on the Form W-2. Identify any discrepancies.
9. Inspect each Form 1099 that was prepared and agree the amount listed on the form to the general ledger. Identify any discrepancies.
10. Request a document describing the money handling procedures in place. Identify any areas of improvement.