

ON RUNNING A CHURCH WITHOUT GOING TO JAIL

Presenter: Larry Roberts

- In the best-selling book, "Excellence", the distinctive of America's BEST run companies was that they are BRILLIANT on the BASICS.
- As of 1/1/2013, tax laws were changed to cap the deductibility of contributions by those making over \$250,000 per year.
- 7% of all churches with Sunday morning attendance of 1,000 or more, have been sued.

#1 EMPLOYEES

Don't hire a volunteer or paid employee without first doing a BACKGROUND CHECK.

Requirements related to a doing a background checks:

1. Your board must approve a specific, written policy, which you uniformly administer.
 2. You **MUST** disclose that you're going to do a background check and get authorization from the applicant to do so. That authorization must be on a separate piece of paper from your application form, or highlighted on a separate screen on-line, if your application is on your web site. Signed approval is required before you request the Report.
 3. It is against the law to ask about convictions or arrest records on your Employment Application.
 4. If you choose to include a credit report with the background check, it is governed by the Fair Credit Reporting Act.
 5. If you choose **NOT** to hire the person on whom you've done a background check **that included a credit report**, you must send the applicant a disclosure notice stating that you chose not to hire them and listing the agency that supplied the Credit report and the fact that they have the right to dispute the accuracy or completeness of anything found in the background report.
- Have a written JOB DESCRIPTION for all jobs, including each volunteer job.

- In your Employee and/or Volunteer handbook, add: "Regarding behavioral expectation, the membership covenant and chapter three of the Book of Discipline of the Free Methodist Church-USA will serve as our guide."
- Ordained clergy still qualify for the HOUSING ALLOWANCE. Such costs include rent or mortgage payments, utilities, insurance, taxes, repairs and even having someone mow the lawn. Here are the caveats:
 1. The pastor must be ordained, appointed to the church, and involved in sacerdotal activities and religious services, or have management responsibility in the church.
 2. The Official Board must formally approve each year's allowance, **IN ADVANCE**.
 3. While the pastor need only submit a **DOLLAR AMOUNT** to the board for approval, she or he is responsible to prove the housing costs to the IRS.
- To qualify for reimbursement, your board must have passed — and have on record — a formal expense reimbursement policy.
- In the USA, fewer than 20% of all companies have any kind of pension plan.
- The Free Methodist Church – USA is transitioning all churches to monthly AUTOMATIC WITHDRAWALS equal to 10.5% of a pastor's pay (including the housing allowance).
- So long as the church pays its pastor — the CHURCH owns his or her SERMONS.
- "Wrongful termination" lawsuits by ordained ministers are not possible. But from all other church employees, they ARE. So be sure to include a Code of Conduct that is consistently and uniformly applied, as referenced above regarding chapter three of the Book of Discipline of the FMC-USA.

#2 EVENTS

- Don't send any group to any event without first having the person sign a WAIVER and RELEASE. If the participant is a minor get it signed by her or his parent or custodian.
- 9 out of 10 releases and waivers are useless.
- If you're sending a group from your church on a mission trip outside the U.S. to a Free Methodist work, go through the VISA program of our Department of World Missions.

#3 SAFETY

- Statistically, you are 10-times more likely to die from a violent attack in a church than you are to die from the bite of a poisonous snake in the U.S.
- Prepare for emergencies with the FEMA – Federal Emergency Management Agency — *“Guide for Developing High-Quality Emergency Operations Plans for Houses of Worship.”*
- As of December 28th, 2012, all churches must use “safety-compliant” cribs. Non-compliance can include civil and CRIMINAL penalties and PERSONAL LIABILITY. Find rules on the website of the U.S. Consumer Product Safety Commission.
- Make sure your church has enough LIABILITY insurance.
- Know the laws related to COUNSELING SERVICES. All states:
 1. require reporting child abuse and maintaining confidences;
 2. prohibit sexual misconduct; and
 3. govern the practice of psychology or counseling by non-licensed persons.
- Know the laws, follow them, and:
 1. Require a third person from the church to be present when counseling a member of the opposite sex.
 2. Put a WINDOW in the counselor’s office
 3. Limit the length and number of sessions with the same person; and
 4. If you use unlicensed lay counselors, make sure that each person counseled **signs a written acknowledgment** that counselors offer only spiritual counseling, and they’re not practicing psychology, psychotherapy or professional counseling.

#4 FINANCE

- All receipts for giving must include the following phrase: *“No GOODS or SERVICES were received in exchange for this donation”.*
- ALL income and expenses must go through your books.
- Auxiliary (ie: Men’s Ministry) accounts must go through church books.
- You must report sales at latte stands, bookstores, etc. on an IRS Form 990, plus report and pay city and state income- and sales-taxes on such sales unless you give them away and accept donations.

- Your church must have an EIN. And it must be listed under the FMC-USA’s 501(c)3 on the IRS site, **or giving to your church is NOT tax-exempt**. To find out if your church is on our list, filed with the I.R.S.:
 - Go to **www.irs.gov**, and in the “search” field (upper right), type: “master file” (two words)
 - On the list find: SOI Tax Stats — Exempt Organizations: IRS Master File Data
 - Scroll down the states until you find your state. Open it. Look for your church name.
- Hold at least one annual Society meeting each year, and keep on-going records of all meetings of your local church board.
- Protect your church and yourself with D&O insurance.
- Never ever write a tax-deductible receipt for SERVICES.

DOWNLOAD:

This information, with the blanks filled in, is available on FM Connect in the E2 Folder.

Templates for things like Job Descriptions, Background Check Policies, Release AND Waiver forms, Employment Applications, and more are also available for your free download at the same site.

- Go to: www.fmcusa.org/login
- Enter the password you’ve been supplied.
- Access the FM Connect E2 Conference Site and choose the “Leading a Church with Excellence” folder.



FREE METHODIST CHURCH USA