

FINANCES OF THE LOCAL CHURCH

BY

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PREFACE

The Baptist Union of Southern Africa observed that there is a need for Baptist Churches to manage their finances in a sound way. This book is written in response to that observation and is aimed at helping Baptist Churches to manage their finances effectively. The book is also aimed at ensuring that Baptist Churches are self-sufficient and are able to meet their financial goals. This book should be regarded as a contribution to help Baptist Churches to improve their financial management and help Baptist Churches to put financial management systems in place. The book builds on the good work that was done by the Revd Dr Chris Parnell in his book entitled “The New Treasurer”, published by Baptist Publishing House.

This book is structured in such a way that the user should understand how Baptist Churches do things before understanding how to manage the Baptist Church finances. The book covers five main topics, namely: Church structures and Church systems; The Church Treasurer; Income, Expenditure and Investments; Books of Account(s) and Record keeping; and Reporting and Auditing. Samples of documents discussed in this book are attached in the form of appendices, for ease of understanding, usage and adaptation by different churches. The attached Constitution and Sunday Collection book were developed by the Baptist Union of Southern Africa.

The author is an experienced local Baptist Church Treasurer who served Intabazwe Baptist Church for a period of ten years. The book shares some personal experiences attained through serving as a Church Treasurer for a local Baptist Church. I hope studying this book will help to contribute to more efficient financial management at Baptist Churches.

Dr Mothofela R. Msimanga

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1 CHURCH STRUCTURES AND CHURCH SYSTEMS

1.1 INTRODUCTION

In order to manage the finances of the church it is very important to understand the structures and the systems of the church. Understanding the structures of the church helps those who deal with the finances of the church to maintain relationships with relevant structures by giving support where it is mandatory or when it is necessary. Understanding the systems of the church ensures that the funds of the church are used and managed in a manner that leads to achievement of the plans and programs of the church. Baptist church structures are discussed in order to give an understanding of how a Baptist Church operates and this ensures that the funds of the church are managed and used prudently.

1.2 BAPTIST CHURCH STRUCTURES

Baptist Church structures refers to the various bodies and committees of BUSA. A Baptist church is a member church of the Baptist Union of Southern Africa (BUSA) as defined by the Constitution of BUSA.

1.2.1 Baptist Union of Southern Africa

BUSA is a national body that coordinates all the activities which affect the general welfare of member churches. It is the Union of member churches at the date of adoption of the Amended Constitution and churches which are admitted to membership in BUSA by the Assembly. BUSA has territorial structures referred to as Regional Networks.

1.2.2 Regional Networks

Regional Networks are associations of individuals and churches or groups united in a common interest for a specific purpose. Member churches of BUSA belongs to a Regional Network which must comprise of ten or more member churches in a distinct and separate geographic area. As per resolution of the 137th Assembly of the Baptist Union of

Southern Africa, the Associations of BUSA will transition to Regional Networks. Member churches are required to belong to one of the Regional Networks namely, Baptist Northern Cape, Baptist Northern, Border Baptist, Eastern Province Baptist, Free State Baptist, Kwa-Zulu Natal Baptist and Western Province Baptist.

1.2.3 Local Church

It refers to the gathered community of Protestant believers who align themselves with Baptist ordinances and Baptist Principles. It is a Church that is in membership of BUSA and it is independent from control by BUSA. A Local Church exists as a legal entity in its own right apart from its members. It exists even if its membership changes and when there is a change in office-bearers. A Local Church consists of different departments and different committees. Normally a Local Church shall have a Men's department, Women's department, Youth department and Sunday school. A Local Church shall have an Executive Committee that manages its affairs.

1.2.4 Church Executive Committee

It refers to the people who are elected to lead and manage the affairs of the church. It is the committee that is comprised of the Pastor or Pastors, together with Deacons, and Elders, if any, who shall elect a Secretary and Treasurer from among their members or a Secretary and Treasurer could be elected by the Congregation. The Church Executive Committee acts as directed by the Church and is accountable to the Church for all delegated tasks. Based on the Congregational Baptist principle, the Church Executive Committee does not take decisions for the Church but implements decisions taken at officially constituted meetings. Under the leadership of the Church Treasurer, the Church Executive Committee is accountable to the Congregation for the administration of Church funds.

1.2.5 Church Finance Committee

It is the sub-committee of the Church Executive Committee which is entrusted with managing the finances of the church. The Church

Treasurer and Secretary are members of the Church Finance Committee. The Pastor or Senior Pastor is the ex-officio of the committee. The Church can choose at least two members or more, depending on the size of the church, who can serve in the committee. It is recommended, that if there are people amongst the congregants who have financial knowledge and skills, that they should be preferred when additional members are elected to the Church Finance Committee. The recommendation aims at ensuring that there is capacity in the Church Finance Committee. If such people are not available, the Church can choose from among its members people who have the qualities of the Church Treasurer stated in 2.3 below to serve as additional members of the Church Finance Committee. The main responsibility of the Church Finance Committee is to ensure that the finances of the Church are managed according to sound accounting practices and controls. Members of the committee help with the collection and recording of funds. They prepare and discuss financial reports and inform the Executive of any financial risks and difficulties that arise from time to time. They assist the Treasurer with the management of the assets of the Church. Finance Committee members help the Treasurer with other responsibilities which will be agreed upon.

1.3 LOCAL BAPTIST CHURCH SYSTEMS

Local Baptist Church systems refers to procedures which are put in place to help a local church to operate effectively and in an organised manner; to ensure that its financial activities are geared towards a particular direction. Systems are crucial to achieve what is envisioned by the Church, therefore, it is important to have these systems in place and understand them in order to answer the basic question: why does the church exist?

1.3.1 Vision statement of the Church

It is the statement that details why the Church exists. The vision statement of the local church clearly indicates what the local church intends to achieve or accomplish. It guides the actions the church

undertakes. Decisions taken at the church meetings, including decisions on finances, should be in line with the vision statement of the Church.

1.3.2 Mission statement of the Church

It is the statement that indicates how the Church will achieve its vision. The mission statement of the local church clearly states the objectives of the local church, and how it operates. The mission statement ensures that the local church generates and uses its income in a manner that is in line with its objectives.

1.3.3 Constitution of the Church

It is the document that details how the Church functions in order to achieve its vision through its mission. The Constitution of the Church captures amongst others, the object of the Church, methods of functioning, statement of faith, Baptist principles, membership, finances and property. The extracts from the model Constitution of a Local Baptist Church relating to the finances are given below:

- The Church shall be supported by voluntary giving.
- The methods of voluntary giving shall be decided upon by the Executive. No donation will be accepted which is revocable at the insistence of the donor for reasons other than a material failure to conform to the designated purposes and conditions of such donation.
- Proper books of account shall be maintained by the Treasurer. The Church's financial transactions must be conducted by means of a banking account in the name of the Church.
- The members shall appoint annually a competent person or persons who shall examine the Church securities, audit the Accounts and Financial Records of the Church and furnish a report thereon to the members in writing, not less than 14 days prior to the Annual General Meeting. Such report shall refer to the existence of the securities and the adequacy of the records maintained and shall express an opinion on the accuracy of the Accounts presented.

- The Church's income and property may not be distributed to its members or office-bearers, except as reasonable compensation for services rendered. No remuneration will be paid to any employee, office bearer, member or other person which is excessive, having regard to what is generally considered reasonable in the sector and in relation to the service rendered and has not and will not economically benefit any person in a manner which is not consistent with its objects.
- Members or office-bearers have no rights in the property or other assets of the Church solely by virtue of their being members or office-bearers.
- The Church's accounting records and reports must be ready and a report must be handed to the Director of Non-profit Organisations, in as far as is possible, within six months of the financial year end. The Church will submit the required returns to the South African Revenue Service together with the relevant supporting documents.
- To comply with the requirements of the South African Revenue Service for Tax Exemption, at least 85 % of the Church's activities, measured either in cost or time spent, will be carried out for the benefit of persons in the Republic.
- The Church shall have power to buy, sell, donate, let or hire, exchange, transfer, receive by way of donation or otherwise, movable and immovable property and to invest its funds in Government or Municipal stock, mortgage bonds, or on fixed deposit or otherwise, in Banks, Post Offices, or approved organisations and shall further have power to borrow money with or without security in such manner as the Church shall think fit, negotiate loans from Bankers or others by overdraft or otherwise and by passing mortgage and notarial bonds for registration with the proper authorities, and to open and operate banking accounts, and to make, draw, accept, discount, execute and issue promissory notes, bills of exchange and other negotiable and

transferable instruments to guarantee the performance of contracts by any person or duly constituted church having objectives wholly or partly similar to the objectives of this Church.

- The funds of the Church will be used solely for the objectives for which it was established, or shall be invested with a financial institution as defined in section 1 of the Financial Services Board Act, 1990 (Act No. 97 of 1990) or in any financial instrument of a company contemplated in paragraph (a) of the definition of a ‘listed company’.
- All immovable property acquired by the Church in any manner shall be registered in the name of the Trustees of the Church.
- The Trustees for the time being of the Baptist Union of Southern Africa shall, for the time being, be the Trustees of the Church. They shall act as required by a resolution of a General Meeting of the Church.
- All acquisitions of immovable property in any manner shall require the approval of a General Meeting, due notice having been given of the proposed transaction.
- Any proposal to sell, donate, exchange, mortgage, hypothecate, or otherwise alienate or encumber any immovable property shall have the prior approval of a Special General Meeting by a two thirds majority vote of the members present.
- The proceeds derived from the sale or other disposal of any property of the Church shall be used in such manner as the Church may deem best fitted to secure the furtherance of its objects.

The extracts from the model Local Church Constitution should be incorporated in the finance policy of the Church. A model Local Baptist Church Constitution is attached as **Appendix A**.

1.3.4 Finance policy of the Church

It is the document which gives a guide on management and usage of Church finances in order to achieve the Church's vision through its mission while following the Church's Constitution. The finance policy ensures that financial decisions of the Church are carried out consistently over time even when the Church leadership changes. The finance policy of the Church includes amongst others: the financial period, the bank account, responsibilities of the Treasurer, responsibilities of the finance committee, books of accounts and income and expenditure. A model finance policy is attached as **Appendix B**.

Note: The finance policy can be incorporated in the Constitution under accounting policies.

1.4 SUMMARY

The preceding sections tried to put a Local Baptist Church into perspective. They dealt with Baptist Church structures and Local Baptist Church systems. A clear account of how each part fits into the broader goal of the book is discussed, which is to ensure that the finances of Local Baptist Churches are used and managed effectively. The next Chapter examines the Treasurer as the person entrusted by the Church to manage its finances pointing out the character traits and the practical skills needed to be a Treasurer.

2 THE CHURCH TREASURER

2.1 INTRODUCTION

The previous chapter tried to locate a local Baptist Church within different structures of a Baptist community and identified different structures of a local Baptist Church. Different systems which have an impact on a local Baptist Church were also discussed. This chapter looks at the person entrusted with the finances of the Church who is called the Church Treasurer. The election of the Church Treasurer is very important because a good Church Treasurer can contribute towards the well-being of the Church and a bad one can contribute towards the downfall of the Church. For example, in a country like South Africa, the Minister of Finance is regarded as one of the most senior Ministers because all other Ministers depend on the allocations from the Minister of Finance. This is also applicable to the Church.

The Church Treasurer occupies one of the senior positions in the Executive Committee of the Church because it affects all structures and systems of the Church. Proper implementation of church systems and the means of support for the Pastor depends on how well the Church Treasurer manages the finances. If the Church systems are in place but there is no funding, the systems will not be functional, this is also applicable to Church structures. The Church can call a good Pastor but if it cannot support the Pastor financially, they might encounter problems. Therefore, it is very important that the Church elects a Church Treasurer who possesses certain knowledge and skills in order to manage the finances of the church effectively.

The election of the Church Treasurer, the qualities of a Church Treasurer and lastly the roles and responsibilities of the Church Treasurer are discussed below.

2.2 ELECTION OF THE CHURCH TREASURER

Election of the Church Treasurer refers to the procedures to be followed to elect the person who will serve as the Church Treasurer.

2.2.1 Option 1 for electing a Treasurer

The election of the Church Treasurer takes place as stipulated in the Constitution of the Church. The Church elects the Church Executive Committee, as stipulated in the Constitution, and the Church Executive committee chooses the Church Treasurer from amongst the elected members of the Church Executive Committee. The main problem with this approach is that when the Church elects the members of the Church Executive Committee, they might focus on certain qualities of the members of such a committee without considering that one of them should serve as a Church Treasurer.

The Church might end up having an incompetent Church Treasurer because there will be no one amongst elected members who has knowledge and skills of managing the finances.

2.2.2 Option 2 for electing a Treasurer

The second option of electing the Church Treasurer is when the Church Treasurer is elected by the members of the Church and the Church Treasurer becomes the member of the Church Executive Committee. The advantage of this method is that the Church will focus on electing a person who has the knowledge and the skills of managing the finances. Members of the Church will be able to elect a person with qualities of the Church Treasurer stipulated below.

This method of electing the Church Treasurer is recommended because an elected person will be chosen based on knowledge and skills of financial management rather than other good things done at the church.

Note: These options must be read and considered together with clause 1.2.5 above.

2.3 QUALITIES OF A CHURCH TREASURER

Qualities of a Church Treasurer refers to the characteristics of a person to be elected as a Church Treasurer. When a Church Treasurer is elected, it is recommended that I Timothy 3: 1-15 should be considered.

2.3.1 A born again Christian and not a recent convert or a new member

Baptist churches are based on Christian values, therefore, any person occupying a leadership position at the church must be a born again Christian and the same applies to the Church Treasurer. The person should have given evidence of their personal salvation through faith in the Lord Jesus Christ and baptised by immersion. If the Church Treasurer is a born-again Christian, the person is expected to live a Christian life.

The Church Treasurer should not be a recent convert. A recent convert should be given time to grow in faith and maturity. Giving a recent convert the responsibility of being the Church Treasurer might affect that person's spiritual growth especially when coming across challenges from other Christians.

The Church Treasurer must not be a new member of the church. A new member of the Church must be given time to understand the structures and systems of the Church before the person can serve as the Church Treasurer. The person should also understand and know different members of the church in order to lead them appropriately.

2.3.2 A trustworthy person

The Church Treasurer should be someone deserving trust. The members of the church should have trust and confidence that the person will manage the finances of the church properly. If the members of the Church do not trust or do not have confidence in the Church Treasurer, they tend to be reluctant to give to the church. The Church Treasurer should not love money and pursue dishonest gain because the Church members will think that the treasurer is dishonest and they may end up not giving to the church. The person should have a good reputation with people outside the church because there will be contracts and agreements that the Church Treasurer would negotiate with outsiders on behalf of the Church. If the reputation of the person is not good with the outsiders, the Church might suffer damage to its witness and testimony. The Church may also suffer financially because outsiders may refuse to do business

with the Church. Donors like to donate their money when they know their funds will be used appropriately. The Church Treasurer should be reliable because church structures and church systems are dependent on the finances of the church. A reliable Treasurer will timeously implement financial decisions and make necessary payments timeously. The Church Treasurer should be known as an honest and reliable person.

2.3.3 A person of integrity

The Church Treasurer should be someone who adheres to ethical principles. The morals of the person should be above reproach and the person should be of good standing within the church community. Congregants should not have issues about the person and not have questions about the actions of the person. The person must be truthful and honourable with regard to financial management. The financial reports should not raise questions about the Treasurer's trustworthiness. The person must manage the finances of the church in an open and transparent way. The Church Treasurer should be ethical, be above reproach, truthful, honourable and transparent.

2.3.4 Leading by example

The Church Treasurer should take a lead in tithing and giving. This will help the person to have courage to encourage others. If the Church Treasurer does not support Church causes financially, the person might find it difficult to encourage other people to do the same. The treasurer must be among the first people to comply with all financial expectations the Church has of individuals and families; implement all resolutions pertaining to the finances and must not be selective in implementation of resolutions.

2.3.5 A servant

The Treasurer must take the role of a servant and not master. People who elect the person should see evidence of this servant attitude in the person serving them, and not the people serving the person. Practical evidence of a servant attitude are: give feedback promptly, because when issues involving finances takes a long time to be clarified, people begin to

express doubts about the integrity of the Treasurer; regularly attend the meetings and church activities; make sacrifices at times, from his or her own resources (and not necessarily financial) in order to achieve the set goals of the Church. Prioritise responsibilities in order to achieve the set goals of the Church; be supportive of the Church Executive Committee, other committees, the work and ministry of the Pastor, finance committee, and Congregants.

2.3.6 Knowledgeable of bookkeeping, accounting or general finance

In this context competent refers to the possession of the basic and minimum knowledge, practical experience and skill required to effectively carry out the duties and responsibilities expected of a Treasurer. Should the Church appoint a person who has all the traits and qualities described above but is not adequate in the area of competence, the Church must, as a matter of necessity, and within a specific time period, provide the Treasurer with the training to meet the requirement of competency at its own expense. Should such a situation arise the previous Treasurer should be retained for an interim period, except in cases where the previous Treasurer is guilty of fraud, theft, financial mismanagement, failure in the area of personal ethical behaviour. An alternative is to appoint a suitably qualified person to serve as mentor and coach for the Treasurer for an interim period.

The qualities of a Church Treasurer discussed above will help the Treasurer to carry out the responsibilities effectively, which in turn will make a significant contribution to the Church living out its vision and accomplishing its mission through its various ministries.

2.4 ROLES AND RESPONSIBILITIES OF A CHURCH TREASURER

Roles and responsibilities of a Church Treasurer refer to what the Church Treasurer is expected to do.

2.4.1 Coordinate, administer and account for church funds

The Church Treasurer coordinates all the activities relating to the finances of the church; act as a convenor of the finance committee and convene meetings of the finance committee. The person liaises with financial institutions and outsiders on behalf of the church on matters relating to its finances; ensure that the Church operates a current account with a registered bank as the method and means for all its business transactions. Keep, maintain and secure relevant, complete, accurate, up to date financial records pertaining to the church finances; be in charge of and accountable for all church cash; keep accurate records of all the assets of the church, and ensure that the church property and assets are always in a good state, and arrange for repairs and maintenance where it is necessary.

2.4.2 Comply with the Church's BUSA financial responsibilities

Ensure that the Church gives its tithe as per the BUSA arrangement, i.e. 45 % to BUSA, 45 % to the Regional Network and 10 % to Baptist Theological Education. Collect annual membership fees and forward the amounts collected to BUSA. Pay all registration fees required by BUSA for Conferences and Assemblies. Pay all amounts, if and when required by the Regional Network, such as registration fees for Easter conferences, Pastor's retreats and Regional Network meetings; ensure that every matter dealing with the finances is dealt with according to the finance policy; ensure that the Pastor receives all the benefits as stipulated in the contract of employment. Where the finance policy is silent on any financial matter, take the matter to a Church meeting for a decision. Implement the decisions and resolutions taken in officially constituted meetings without any changes or modifications, and without looking at who sponsored the resolution. The person must avoid implementing resolutions based on their personal likes and dislikes. Present financial reports as required by the Constitution of the Church.

2.4.3 Draft a specific, measurable, achievable, realistic and time-bound budget

A budget is a written document which specifies expected income and how the expected income will be spent. It is prepared to ensure that the expected income will be sufficient to cover all future expenses.

The preparation of the budget is the responsibility of the Finance Committee under the guidance of the Treasurer. The Finance Committee should design or develop a procedure for producing a budget. It will be helpful if the Finance Committee involve the different Department leaders in the preparation of the budget. For example, each Department can be asked to prepare a budget covering the needs and plans of the Department for the year. The Treasurer prepares the administration budget which lists all the normal expenses for the year, such as lights, water, repairs and maintenance, insurance, salaries, etc. These Departmental budgets are given to the Finance Committee to consolidate and produce a budget with Administration expenses and Ministry expenses.

The next step can be, together with the Congregation to identify long-term and medium-term goals. Long-term goals are those goals which can be achieved after a period of five years e.g. building project. Medium-term goals are those goals which can be achieved over a period of more than a year but up to five years e.g. fencing project. Short-term goals are those goals which can be achieved within a period of a year e.g. painting project, which can fall under the repairs and maintenance in the Administration budget. For every category of goals, a priority list must be prepared which will show the order of addressing the needs. The goals must be set according to the financial strength of the church. For example, a Church cannot plan to build a building of millions of Rand in five years' time, if its annual net income is only one hundred thousand or less. Ensure that a budget includes an amount to be invested that will be earmarked towards medium-term and long-term goals.

Prepare a draft budget based on the Church's sources of income, its expenditure, identified needs and goals. Always ensure that the expenditure is not more than the income; if it means expenditure must be reduced, do so. Present a draft budget to the executive committee for inputs. The executive committee then presents the draft budget to the Congregation for input. Any decisions that flows from the input of the Congregation and results in changes to the budget are recorded. The budget can now be adopted together with the changes, or the adoption can take place at another meeting called for adopting the budget. When the budget is adopted it becomes an official document of the church and must be fully implemented. **Appendix C**

2.4.4 Implement the budget cycle

A budget cycle refers to the stages that the budget must undergo. The budget cycle involves planning, implementation, reporting and evaluation. Planning is the initial stage where a draft budget is prepared and adopted by the Congregation, which is discussed in section 2.4.3.

After adoption of the budget, it must be implemented. Written reports that inform the Congregation about the implementation of the budget, must be submitted, as and when required by the Constitution. Report on any deviations between budgeted and actual expenses. The Executive Committee must set a deviation standard for the Finance Committee, something like 10 %. This means any deviation of more than 10 % must be reported to the Church with the reasons for the deviation. However, if a deviation will have a huge impact on the budget, the deviation must first be discussed with the Congregation before it is implemented. The effectiveness of budget preparation procedure and implementation must be evaluated annually by the Executive and the Finance Committee and improvements suggested and made where necessary. Avoid having huge sums of money in the bank while ministry programs, especially, are not funded and implemented. Always check the cash flow when implementing the budget to avoid running out of cash. And avoid having huge amounts of cash in the Church's current account; invest some of the

cash over and above what is required to meet budgetary expenditure in interest bearing accounts.

2.4.5 Collect the funds

With the help of the finance committee members collect all the monies paid to the church. Avoid collecting monies alone in order to avoid suspicion. Issue receipts for the all the monies received. Ensure that the monies collected are deposited into the bank account of the church within a stipulated period of time as per finance policy. Do not use deposit slips to deposit money but use a church's deposit book. Cross check the bank statements to check whether all the deposits are recorded and identify direct bank deposits in order to allocate them accordingly.

2.4.6 Make all necessary payments

Make all necessary payments on time to avoid interests and other charges. Keep all the source documents for payments made. The Pastor must get a salary on a day specified in the contract of employment. Sign for all the withdrawals. Approve all the payments and do not allow for any payments to be made without your knowledge. When internet banking is used to transfer funds, a system must be put in place to ensure that only authentic payments are made. Cross check the bank statements for debit orders and bank charges in order to record them appropriately. Also check for unauthorised payments and if there are any report them to the bank.

2.4.7 Prepare financial reports

Prepare monthly, quarterly and annual financial reports. Present monthly reports to the finance committee and executive committee in order to give them an overview of the finances. This will help to direct decision making involving finances. Quarterly reports must be presented to the finance committee, executive committee and Congregation to show them the progress that has been made in meeting the income target and controlling the targeted expenses as set out in the budget. Annual financial reports must be presented to the finance committee, executive

committee and Congregation to show them the financial results of the church.

Note: Where computerised packages are used it is the responsibility of the Treasurer to ensure that the computerised statements are correct.

2.4.8 Submit books to auditors

Prepare the books for audits and submit all necessary supporting documents on time. The finance committee must play a supporting role. Be available for audit queries and for accepting the auditor's report. Check the correctness of the audited financial statements and ensure that different items are properly disclosed. Present the audited financial statements on or before the 31 March every year.

2.4.9 Ensure that the church complies with legislation

Ensure that the church complies with Labour laws, Non-Profit Organisations (NPO) laws and South African Revenue Services (SARS) laws. Ensure that the Pastor and other church workers are registered with the Unemployment Insurance Fund. Ensure that leave forms and valid employment contract forms are available for the Pastor and other church workers. Ensure that the church does not infringe NPO laws by generating profit. Ensure that the church does not infringe SARS laws by generating income that is taxable but the tax is not paid over to SARS.

2.5 SUMMARY

This chapter dealt with the Church Treasurer and every Church Treasurer must clearly understand this chapter because it details what is expected of the treasurer as a person. The chapter dealt with how the Church Treasurer is elected, the qualities of the Church Treasurer and lastly the roles and responsibilities of the Church Treasurer. The next chapter looks into income, expenditure and investments which are essential items in a budget.

3 INCOME, EXPENDITURE AND INVESTMENTS

3.1 INTRODUCTION

It is important for the church to identify its sources of income, its expected expenditure and investment(s) prospects. The available sources of income for the church must be able to provide sufficient income which will help to meet its needs and goals. The expected expenditure should reflect how the vision and mission of the church will be achieved. To improve the church's assets including its property, the church must invest some of its income in order to meet such goals. Investments made by the church must be aligned with medium-term and long-term goals.

3.2 INCOME

Income refers to the different sources from which the Church will get the money it needs to pay for its expenditure.

3.2.1 Tithe income

The tithe is the money received from members in accordance with the biblical teaching that they give ten percent of their income to the church. This is the main source of income for the church. If the congregants give their tithes regularly, the church will have a stable income that will be sufficient to meet its budgetary goals and fundraising will not be necessary.

3.2.2 Monthly giving

It is giving that is a regular (monthly) contribution that is vital, but the amount or percentage is decided by the individual. This type of giving is not the prescribed 10 % monthly tithe. This type of giving affords every member of the church the opportunity to contribute regularly to the Church.

3.2.3 Special offerings

It is the money that church members give every Sunday during church services, referred to as “offerings”. Everyone, even children have an opportunity to contribute towards the financial needs of the church.

3.2.4 Pledges/Contract donations

It is a way of contributing to the church fund by making a promise to give a certain amount of money on a specified date. Pledges/Contract donations are normally done on an annual basis and can be done by individuals or by families. A minimum amount may be suggested for pledges/contract donations. Acknowledgements to contributors must be made no later than two weeks after the pledge is received.

3.2.5 Talents

It is the way of giving whereby congregants use their talents or hobbies to create a project or activity, generate income and then give the money to the church. This approach can be used by the church to raise funds for special projects. Amounts received will differ from person to person. Each church can decide on the regularity of raising funds in this manner, for example, quarterly or half-yearly or annually.

3.2.6 Bequest

It is when congregants bequeath something to the church. This is stipulated in the will of such people which says that when they die a certain portion of their estate is to be given to the church. A person can also bequeath a certain amount of money towards a particular church project.

3.2.7 Interest on investments

It is the money that is received from financial institutions where the church invested its funds. Interest on investments can be received monthly, quarterly, half-yearly or annually or can be capitalised, that is, it can be added to the original amount invested so that the value of the

investment increases. This is the best way to grow the original amount invested.

3.3 EXPENDITURE

Expenditure refers to the expenses that the church will incur. Expenditure must be supported by original source documents. Where there is no original document, the Church can use its own proof of payment form **Appendix D**.

3.3.1 The church's tithe

Every church is expected to give ten percent of its monthly income as a tithe to the structures of the Baptist Union as follows: 45 % to BUSA, 45 % to Regional Networks and 10 % to Baptist Theological Education. Churches may give the tithe monthly, or as a once-off payment, or make two or three or more payments as long as it is a correctly calculated. A monthly tithe is recommended to ensure that the structures which depends on the tithes do not encounter cash flow problems.

3.3.2 Salaries

It is the amount paid to the different people employed by the church. In most churches the salary is for the Pastor(s). The salary could include some allowances, for example a petrol allowance. The church must provide for salary increases as well as bonuses. The salary and allowances must be paid as stipulated in the contract of employment.

3.3.3 Municipality rates and taxes

It is the money paid to local government for its services. Some municipalities may charge levies in addition to rates and taxes. It is very important for the church to make these payments regularly, because it will be an embarrassment and a poor witness when the municipality disconnects a service like the water supply of the church due to non-payment.

3.3.4 Electricity

The church must make provision to pay for electricity consumption. If the meter box for the church is separate from the one of “manse”, the Church and the Pastor must reach an agreement about who will pay the electricity for the manse. If the church is responsible for electricity costs, agreement should be reached on the amount the Church will pay.

3.3.5 Telephone

A church must have a telephone and must make provision for its operation. The maximum amount to be spent monthly on the Church office telephone has to be decided on. Provision should also be made for official calls by the Pastor from a cell phone. A monthly amount can be agreed upon as a telephone allowance which is paid monthly to the Pastor.

3.3.6 Postage, printing and stationery

Postage and stationery are the money spent to buy all the writing and printing materials used by the church including photocopies, Sunday collections record book, receipts book, handbooks, year planners and other related materials. The Church post box is part of this expenditure. Books, refers to buying books for the Church library. It is very important for the church to develop a library that has reading books and other resources to support its ministry.

3.3.7 Travelling costs

Travel costs are for travel to attend activities on behalf of the church. Travel costs are reimbursed at a rate per kilometre. The AA usually provides rates for difference makes and types of vehicles. The Pastor should be given an agreed monthly travel allowance for Church ministry purposes. The rate per kilometre and travel allowance should be reviewed annually since the costs of maintaining a car and the petrol price increases regularly. The Church must ensure that all people who use their own cars for church activities understand that they cannot hold

the Church liable for damages to the cars or any accidents that may occur.

3.3.8 Catering

It is the amount given to people to pay for a meal(s) when they attend an activity on behalf of the Church. The Church must determine the rate to be used to make such payments. The meals for which payment would be made are: breakfast, lunch and supper. Using specified rates ensures consistency in dealing with all the people. The amounts for catering must be reviewed annually.

3.3.9 Accommodation

It is the amount paid for the accommodation of people who attend an activity on behalf of the Church. The church must determine the rates to be used for bed and breakfast. The rate can be set per night per person for a single room, bed and breakfast, and per night for two people sharing one room, for bed and breakfast. The amounts must be reviewed annually.

3.3.10 Conferences and meetings registrations

These are amounts paid to register for Assemblies, Regional Networks conferences, Pastors' retreats and other conferences of the Baptist community. The church must make provision to pay registration fees for all its delegates. It is crucial for Churches to attend such activities so that they are able to influence the policies, decisions, and direction of BUSA.

3.3.11 Repairs and Maintenance

Provision must be made to pay for repairs to and maintenance of equipment. It is very important to carry out repairs and maintenance on time, because if this is not done the Church will find itself replacing equipment sooner than was necessary. The cost of repairing equipment must also be checked against the cost of buying a new item, because the cost of repairs might be cheaper than buying new equipment.

3.3.12 Insurance

The church must take out insurance for insurable risks. The church must have insurance for its property and equipment. It is important for the church to make sure that the Pastoral family has enough insurance cover for events like accidents and death. BUSA can be contacted for assistance for this type of insurance cover.

3.3.13 Medical aid

It is the amount paid to provide for the medical expenses of the Pastoral family. This can be done through a medical aid scheme. The Church and the Pastor can agree on the best medical scheme option if the Pastor does not belong to a medical aid scheme; or there can be agreement on the contribution the Church will make, if the Pastor already has a medical aid scheme. If the Church cannot afford a medical aid it can pay for a hospital plan, which will cover expenses while in hospital, and agree with the Pastor on how to deal with out of hospital medical expenses.

3.3.14 Unemployment Insurance Fund

Unemployment Insurance Fund is a mandatory insurance for all people employed by the Church. The Church must make such contributions in order to comply with the laws of the country. Unemployment Insurance Fund is deducted monthly by the Church and paid over to the Unemployment Insurance Fund by the Church. Contributions are paid by the employee and the Church.

3.3.15 Pension fund contributions

The church must make provision for the pension fund of the Pastor. BUSA has an administered pension fund and churches can use such a service. The pension fund will ensure that when the Pastor retires from the church, that there is some money available to take care of the needs of the Pastor and his family. Both the Pastor and the Church make contributions to the Pension fund every month.

3.3.16 Donations

These are payments the Church makes to Mission organisations and organisations involved in Missions and Evangelism, or Organisations who provide services to meet the social needs in the community. Clear guidelines on how to manage donations must be put in place to avoid inconsistencies. A Church can make annual donations to Baptist Missions.

3.3.17 Bank charges

It is the amount that the bank charges for administering the bank account of the church. In recent years, bank charges have increased substantially, therefore, it is important to make provision for bank charges. To minimise the bank charges the current bank account of the church must be used cautiously. The Church must choose the most cost-effective package of services offered by a bank.

3.3.18 Depreciation

Depreciation is the decline of value of fixed assets. The church must make provision for depreciation in its financial statements in order to give the correct idea of what the assets are worth. Depreciation helps to determine what the assets are worth when assets are sold. Vehicles are normally depreciated at 20 % per annum on book value and equipment is normally depreciated at 15 % per annum on cost price. The Church can decide with its auditors on how to depreciate the assets.

3.3.19 Audit fees

Audit fees are the amounts that auditors charge for preparing audited financial statements for the church. Since the books of the church must be audited, a provision for such expenditure must be made. The amount charged depends on how well the documents presented for auditing have been prepared by the Church. The Church Treasurer and the Finance Committee can save the Church a lot of money by presenting well prepared and well organised books to the auditors.

3.3.20 Security

It is when the church pays a security company to look after its property or when the church installs an alarm system and pays a monthly service fee for armed response. It is very important for the church to have such a service because of increased crime in areas where churches are located. It should be noted that security is not a replacement for insurance but insurance and security complement each other. Good security reduces the insurance premiums.

3.3.21 Pay-as-you-earn (PAYE) deductions

It is the amount deducted from wages and salaries of all the employees of the Church as income tax. The amount deducted is determined by the South African Revenue Services (SARS) based on the amount earned by each employee. The total amount deducted should be paid directly to SARS. The church should comply with all tax laws of the country.

3.3.22 Other expenditure

The church must make provision for other expenditure which is in line with its mission and vision. Other expenses, also called General Expenses, will differ from church to church but is not limited to revivals, refreshments, gifts, training and annual celebrations.

3.4 INVESTMENTS AND ASSETS

Investments in this context refer to long-term savings undertaken for a particular purpose. Assets refer to tangible resources of long-lasting value. The church must make provision for investments which will be used to achieve long-term goals and medium-term goals. Investments must be made to improve property and buy assets. Improvement of property is another form of investment because the property increases in value, therefore, it is important to improve property. Investment must be made to buy equipment such as furniture, musical instruments, plates, crockery, garden tools and vehicles. It is very important to look after property and assets because if they are not cared for, they will have a short lifespan. If assets have a short lifespan it is a lost investment. The

Church should avoid investing money in quick cash schemes which promises high returns.

3.5 SUMMARY

This chapter discussed different ways that a church can use to generate income without moving away from Biblical teaching. The sources of income identified will differ from church to church but some are common in Baptist churches. Expenses that the church must make provision for has been indicated but all churches do not have the same list of expenses. Different churches will have different expenses depending on their needs but basic expenses have been discussed. Lastly, the importance of investment to cater for long-term and medium-term goals has been emphasised. After income has been collected, expenditure incurred and investments made, these must be recorded. The next chapter deals with books of accounts and recording.

4 BOOKS OF ACCOUNTS AND RECORD KEEPING

4.1 INTRODUCTION

The focus of this chapter is on record keeping of all the transactions of the church that take place. The records of all the transactions that take place are kept in different books and statements. Therefore, different books and statements are discussed and their usage is explained. The chapter also looks into how Church departmental accounts can be handled. The recording process that is followed from the collection of funds or making payments is discussed. Finally, the preparation of monthly statements of receipts and payments is explained.

4.2 SUNDAY COLLECTION BOOK

It is the book that is used every Sunday to record all monies received and cash payments made from the monies received. The balance is indicated at the appropriate place in the book. The book also captures the statistical information of Sundays' attendances and the names of people who gave the tithe and monthly giving. A list of people who gave the tithe and monthly giving is also compiled. The statistical information is used to complete statistical returns needed by BUSA and which is sent before the end of March, annually.

Two members of the Finance Committee confirm the recordings in the Collection Book by appending their signatures. The Church Treasurer confirms the recording by signing-off the balance left after reconciling the amount collected and the payments made. This is the amount which is taken to the bank and deposited. The amount deposited at the bank must tally with the amount that the treasurer signed for. **Appendix D.**

4.3 RECEIPTS BOOK

It is the book that has receipts which are issued for all the monies received. Receipts assures the people who gave money to the Church that their monies have been received and recorded in the books of the Church.

If a person who gave money to the Church does not receive a receipt, the person must do a follow-up because that might be an indication that the money is not recorded in the books of the Church. A Church must use receipt books which are exclusive to the church to avoid issuing receipts which cannot be traced. A receipt book must have the name of the Church, its physical and postal addresses. Receipt numbers, date of issue, the name of the person who paid, amount received in words, amount received in figures, what the money is for, must be written on the receipts. The Church Treasurer must confirm the details on receipts by appending a signature.

Note: Receipts are not issued for special collections.

4.4 BANK ACCOUNT

It is an account the Church operates with a particular financial institution. A bank account of the church must be held at a registered bank with a good reputation to ensure that the funds of the church are in good hands.

The bank to be used by the Church must be chosen by the congregation in an officially constituted meeting. The Church Treasurer is the contact person with regard to the bank account of the church but should not make any major changes to the account without the mandate of the Church.

The Church must use a current bank account and avoid accounts which can be easily defrauded. The Treasurer, the Secretary and another person should be the signatories of the church's account. All church monies must be kept in the bank account and no monies should be kept in cash, except where a Church has an Office and Office secretary who operates a petty cash box.

4.4.1 Deposit book

It is the book that is used to deposit at the bank all the monies received in cash by the Church. Pre-printed deposit books can be ordered from the bank for a nominal fee charged on the church's account. The Church must only use a deposit book to deposit money, loose deposit slips must

not be used because they might not be traceable. All monies collected should be deposited at the bank within a week.

4.4.2 Cheque book

It is the book that is received from the bank and is used to withdraw cash from the bank, and when necessary, to make payments for all purchases and services. A pre-printed cheque book can be ordered from the bank at a nominal fee. Cheque payments are very expensive but it is still safer to use. Of the three people authorised to sign off on Church finances, two must sign for a cheque payment. No cash cheques for amounts more than R500 (five hundred rand) should be issued and authorised by the Church Treasurer. The Church Treasurer is always one of the two people to sign cheques. Only in an emergency situation should the other two people sign a cheque. A cheque counterfoil must be properly completed and must reflect the information on a cheque. The banks normally return cheques and they should be kept for tracing payments and for audit purposes.

Note: If this is not applicable to your church 4.4.3 should be applicable.

4.4.3 Internet banking

It is the facility that allows the Church to transact without visiting the branch of the bank or without using a cheque book. Internet banking is the easiest and cheapest way for a Church to make payments. Internet banking must be used with caution because this method of payment can be manipulated by people. The church should use the safety systems offered by the banks for internet banking. Members of the Finance Committee must cross-check all the transactions which went through internet-banking with the appropriate supporting documents. The supporting documents and recording of internet banking are no different from that of a cheque account.

4.4.4 Bank statements

It is the statement that the bank issues to the church on a monthly basis indicating all the transactions that took place in the bank account of the

Church. The Church Treasurer must check bank charges, debit orders, direct deposits and reconcile the cheque book to the bank statement that is, do a bank reconciliation statement. Then the Treasurer records the transactions of the reconciliation statement in the Ledger. The Church Treasurer must also check foreign transactions i.e. transactions which are not known and report them to the Executive Committee in good time, and at the same time make enquires at the bank and report to the Executive Committee the information received from the bank.

4.4.5 The Ledger

It is the book in which the Treasurer records all the transactions of the Bank Reconciliation Statement. The types of income from 3.2.1 to 3.2.8 listed above is recorded in this book. The types of expenditure listed from 3.3.1 to 3.2.21 listed above is recorded in this book. All Assets and Investments are also recorded in this book.

4.5 STATEMENT OF RECEIPTS AND PAYMENTS

It is the statement that has a record of all monies received and monies paid within a particular period of time. The Ledger is used to prepare the statement of receipts and payments. The statement of receipts and payments has a receipts side and a payments side. On the receipts side all monies received are recorded and, on the payments side, all monies paid are recorded. If the receipts exceed the payments, there is a surplus and when payments exceed the receipts, there is a deficit. A statement of receipts and payments can be prepared in a vertical form i.e. L-form or horizontal form i.e. T-form, in this book a vertical form is used.

Appendix E, Appendix F and Appendix G

4.6 DEPARTMENTAL ACCOUNTS

Departmental accounts refer to the record of the monies of the different departments of the Church. Different departments at the church might raise funds in order to achieve the objectives of their ministry. The church might decide to operate a single bank account for all its funds and the funds of the departments, or each department can operate its own

bank account. Operating a single account helps to minimise the bank charges because they will be charged to one bank account, whereas, operating different accounts results in duplicating the payment of bank charges. If different accounts are operated by different departments, the departments will take care of all their financial responsibilities. \If a single account is operated, departments will have an account within the Ledger of the church. In this case, the Church Treasurer will operate an account for each Department. The Departments will deposit and withdraw their monies to and from the Church Treasurer.

Each Department must appoint a Departmental Treasurer who should keep the records of all monies deposited to and withdrawn from the Treasurer. At least two people from the Department must be allowed to withdraw money from the Church Treasurer and one of the people should be the Department's Treasurer. Receipts for all the deposits must be issued by the Church Treasurer. On a quarterly basis the Church Treasurer must provide each Department with a statement of balance and the Department Treasurer must reconcile that balance with the balance in the records of the Department.

4.7 SUMMARY

This chapter discussed different books and statements that the church must have in order to be able to account for its finances. This chapter also dealt with how the financial transactions of the church should be recorded in order to have evidence of how the funds of the Church were used. Lastly, it dealt with how the accounts of different Departments of the Church can be managed in the Ledger – the main Church account. The next chapter deals with reporting on finances and auditing of Church finances.

5 REPORTING AND AUDITING

5.1 INTRODUCTION

When the transactions of the Church have been recorded as discussed in the previous chapter, the next step is to prepare and give reports on how much money was collected and how this money was utilised. The reports will be in form of monthly Statements of Receipts and Payments, Quarterly Statements of Receipts and Payments and Annual Statements of Receipts and Payments or Annual Financial Statements.

At the end of the financial period the auditors prepare the financial statements and auditors' report which must be presented at the annual general meeting. The Church Treasurer must give to the auditors all the up to date and relevant financial records and support documentation of the Church, as well as the asset register. The auditors use this information to prepare the Annual Financial Statements of the Church.

All statements must have the name of the Church and the period for which they are prepared. All the statements of receipts and payments are prepared in the same way as discussed in section 4.5, therefore, in this chapter the focus is on what the statements contains, when they should be presented, who the target audience is and the purpose of the statement.

5.2 MONTHLY STATEMENTS OF RECEIPTS AND PAYMENTS

In a monthly Statement of Receipts and Payments the Church Treasurer reports on all the transactions which took place in a particular month. For example, if the statement is for January, it will only present information about monies received and monies

paid in January. The report must be tabled to the finance committee in order to verify its correctness. If the finance committee is satisfied with the report, then it can be tabled at the monthly Church's executive committee meeting. The purpose of this form of reporting is to keep members of the executive committee up to date on monthly income and expenses, to enable them to plan the activities based on the available cash flow, and to identify possible cash flow risks (problems) and take the necessary and timely action to avoid a shortage of available cash for making payments. **Appendix E**

5.3 QUARTERLY STATEMENTS OF RECEIPTS AND PAYMENTS

In a quarterly Statement of Receipts and Payments the Church Treasurer reports on all the transactions which took place in any period of three months. The three month period will be as set out in the Constitution. Some Constitutions identify the three month period as follows: end of March, June, September and December. For example, if the statement is for the end of March, it will cover the information on monies received and monies paid in January, February and March. The statement must be presented to the Finance Committee, which will verify the correctness of the statement. If the Finance Committee is satisfied with the statement, then it is presented to the Church Executive Committee. After the presentation to the Church Executive Committee, the report is presented to the Congregation in the Quarterly Church Meeting. The purpose of this form of reporting is to give the Congregation a picture of how the Congregation worked in a particular period, in order for the congregants to evaluate whether their way of giving will sustain the Church and meet the goals set. This report also serves as a mirror and reminder to the Congregation of the

importance of and the need for giving more to the Lord's work, especially if the report shows that the monies paid out were more than the monies received. If the congregation is not presented with this report it assumes that the Church has a lot of money. When congregants assume that the Church has a lot of money, the members do not give as they are supposed to give. **Appendix F.**

5.4 ANNUAL FINANCIAL STATEMENTS

These are the statements prepared annually at the end of the financial period.

5.4.1 Annual Statements of Receipts and Payments

In an Annual Statement of Receipts and Payments the Church Treasurer reports on all the transactions which took place in a particular year. The financial period to be covered by this report is stated in the Constitution. The statement covers information about monies received and monies paid in that particular year. The report must be tabled to the Finance Committee, Church Executive Committee and the Congregation at its Annual General Meeting. This statement gives the Church a picture on how it generated and used its money in a particular year. The report also gives the congregants an opportunity to verify whether the monies they gave to the church have been correctly captured and whether the expenses are a true reflection of what was paid in that particular year. The statement can be used to prepare the budget of the following year because it indicates the total figure of each budget item. **Appendix G**

5.4.2 Statement of Income and Expenditure

It is the statement that indicates the annual income and annual expenditure of the Church in a particular financial period. It also

gives the financial results of the Church for the year, and shows whether the Church achieved a Net Surplus, that is, the income received was more than the payments made in that year, or whether the Church achieved a Net Deficit, that is, payments were more than the income received. Some Organisations include the income and payments of the previous year so that one can see, on a yearly basis, whether the giving is keeping pace with the expenses of the Church that is to say, whether the members are giving consistently or whether improvement is needed. This need for improvement becomes a topic for discussion in the Annual General Meeting.

5.4.3 Balance Sheet

This report lists the assets and liabilities of the Church and the value of the assets and liabilities. It is the statement that indicates the financial position of the church. The first part consists of Assets and the second part consists of the Reserves or Accumulated Surpluses of previous years and Liabilities (what the Church owes). Assets are made up of all Non-Current Assets or also referred to Fixed Assets like land, and Current Assets, which include the bank balance. Accumulated Surpluses or Deficits are the financial results of previous years, plus or minus the Net result of the Income and Expenditure for the current year. So, if there is a Net Surplus it is added to Accumulated Surpluses and if there is a Net Deficit it is subtracted from the Accumulated Surpluses. The opposite procedure will be done if one is dealing with a situation of Accumulated Deficits instead of Surpluses. Liabilities consist of all monies owed by the church, monies which were supposed to be paid during the current financial year but are not yet paid and monies received in advance for the next financial year. Assets must always be equal to Accumulated Surpluses or Deficits and Liabilities.

The Balance Sheet can also be used to find out whether the Church is financially healthy or not. Put another way, will the Church have enough cash flow to pay its bills for the next year. To do this one divides the Current liabilities into Current assets. The result must be 2 to 1 or higher, that is to say, the Current assets must be two times or more than the Current liabilities. If it is the other way around, the Church will know that it is going to struggle to pay its expenses for the year to come. Therefore, the Annual General Meeting must discuss what the Church is going to do to remedy this situation.

Another important point that can be learned from the Balance Sheet is whether the Church is bankrupt or on the way to becoming bankrupt. And here, including the figures for the previous year(s), is very helpful as a comparison. If it is noted over a 2-3-year period that the Church's Liabilities are consistently more than its Assets, then this is a warning sign that the Church is on the way to financial bankruptcy and that urgent action is required. So it can be seen that the Balance Sheet is a very important report which provides the Church with the financial information necessary to take preventative action so that the Church avoids landing in serious financial problems.

5.5 ASSETS REGISTER

It is the list of all assets owned by the church and gives the value of assets owned by the church at the end of the period covered by the Balance Sheet. The values of the assets in the Asset Register are called the book value of the assets. This value is different from the amount of money the asset can be or is actually sold for, which is its market value. The Asset Register has a description of the assets (describes the assets), date obtained (date of purchase), quantities

(number), cost price (price paid for the assets), source of funds (how the assets were purchased), the depreciation percentage, the depreciated value, serial number (unique number of the asset) and comments (status of assets). This register must be updated regularly to capture new assets acquired. At the end of the financial period assets must be physically checked to tally them with the Asset Register. Comments must be made as to whether assets are obsolete (that is, no longer usable for the purpose bought), require replacement, damaged or lost, under the comment's column.

Appendix H

5.6 AUDITORS' REPORT

It is the report given by the auditors who prepared the financial statements of the Church. The auditors express their own opinion based on the records supplied by the treasurer. The auditors' opinion is very important because it indicates how well and how organised the financial records of the Church have been kept and have been presented to them. The opinion covers all the stages the finances of the church have undergone from initial receipt of money and initial payment made. This opinion is the most important conclusion about how the Church managed its finances. If the auditors give a disclaimer it means they cannot express an opinion on the management of the church's funds based on the records supplied to them, and this is very bad. It is an indication that there could be serious weaknesses in the way the Church administers and manages its finances, and that urgent steps are required to correct the situation. A Church must strive to get an auditors' report which states that the Annual Financial Statement fairly represent the financial activities and situation of the Church for a particular year. This book is aimed at ensuring that all local

Baptist Churches receive good audit reports. A good audit report encourages the congregants to give more to the Church.

5.7 SUMMARY

This chapter presented all the statements that must be prepared and presented, how they are prepared, the target audience and the purpose. The Asset register and auditors' report were explained. The importance of presenting financial reports to the congregation has been emphasised. This chapter concludes the processes of managing the Church's finances. The next section provides the conclusion of this book.

5.8 CONCLUSION

It is hoped that this book will help Churches to manage their finances effectively, in a transparent and appropriate manner. The book should help a local Church know how and where it fits in the Baptist community and its responsibilities to the Community. It should help the Churches to know and understand the systems that must be in place in order to manage their finances properly. Churches will know the processes to be followed and the characteristics required of a person, when a Treasurer is elected. The elected Treasurer will know and understand the sources of income of the Church and the expenditure that the church would normally incur. In order for the Church to advance there should be long-term and medium-term goals set, while the Church ensures that in the short-term it remains financially stable, administers and manages its finances well as the basis to advance towards its medium and long-term goals. The church's transactions should be recorded in different books of account, as mentioned, in order to show accountability and provide evidence of what transpired in any period of time. The Church Treasurer must present financial

reports on a regular basis to keep the Congregation updated about the financial status of the Church. A list of Church assets must be kept and regularly updated to give a fair representation of the Church's assets. The books of the church must be audited in order to get assurance from an external professional independent person that the finances of the church are properly managed. The Treasurer should ensure that the auditors are able to give an opinion on the books submitted for audit and the audit report must be a positive report, because people would be willing to give more when they believe that their finances are well-manged.

Different Churches are at different levels of financial management; therefore, it is important for each Church to use this book to take stock of their strengths and weaknesses with regard to financial management. After identifying strengths and weaknesses, the Church must develop a plan on how to address its weaknesses. Churches should take it one step at the time in order to achieve good finance management. If the Churches do not do anything about the information in this book, their finance management will not improve, and the Church may find itself ten years later in the same situation of weak finance management. Owning this book should be part of a change that will occur at the Church with regard to financial management.

All the topics discussed in this book have been tried and tested, if they are properly implemented the Church will see positive results in its finances. I hope this book will assist local Churches to manage their finances effectively. Secondly, that it will help Churches to have financial stability, which will lead to self-sufficiency. Lastly, if the Church is self-sufficient, it can support all its programmes without being restricted by a lack of funds.

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APPENDICES

APPENDIX A: CONSTITUTION

CONSTITUTION OF BAPTIST CHURCH

1. NAME
2. BAPTIST UNION OF SOUTHERN AFRICA
3. CHURCH GOVERNMENT AND OBJECTS
4. STATEMENT OF FAITH
5. MEMBERSHIP
6. ADMISSION OF MEMBERS
7. TRANSFER OF MEMBERS
8. PRIVILEGES AND OBLIGATION OF CHURCH MEMBERSHIP
9. CHURCH DISCIPLINE
10. THE ORDINANCES
11. GENERAL MEETINGS
12. CHAIRMAN
13. THE EXECUTIVE
14. DEACONS
15. ELDERS
16. THE PASTORATE
17. DEPARTMENTS
18. FINANCE
19. FINANCIAL TRANSACTIONS
20. IMMOVABLE PROPERTY
21. SALE OF PROPERTY
22. INDEMNITY
23. DISSOLUTION
24. MODIFICATION OF THE CONSTITUTION
25. RESOLUTION OF DIFFERENCES / AREAS OF CONCERN
26. CONFIRMATION/ACCEPTANCE OF THE CONSTITUTION

APPENDIX B: FINANCE POLICY

FINANCE POLICY OF BAPTIST CHURCH

- 1 INTRODUCTION
- 2 THE FINANCIAL PERIOD AND REPORTING
- 3 THE BANK ACCOUNT AND INVESTMENT ACCOUNT
- 4 RESPONSIBILITIES OF THE TREASURER
- 5 RESPONSIBILITIES OF THE FINANCE COMMITTEE
- 6 BOOKS OF ACCOUNTS
- 7 INCOME
- 8 EXPENDITURE
- 9 GENERAL
- 9.1 Under no circumstances shall the church grant loans to any person.
- 9.2 The budget must make provision for capital improvement of the church building and other fixed assets, and provide for purchasing additional assets.
- 9.3 Maintenance and repairs must be provided for in the budget and shall be carried out promptly.
- 9.4 The Pastor shall get his salary on the ... of every month or on Friday preceding the ... if the ... is during the weekend.
- 9.5 Any advance payment(s) made to the Pastor must be approved by Executive Committee and the decision must be minuted.
- 9.6 Departments must generate all the income to cover all the costs related to their ministry, in situations where the Church budget does not make provision for their costs.
- 10 REVIEW AND IMPLEMENTATION
- 11 ADOPTION

APPENDIX C: BUDGET

BUDGET OF BAPTIST CHURCH FOR 2020

INCOME	2020	2019
Offering		
Tithe		
Pledges		
Other income		
TOTAL INCOME		
EXPENSES		
Accident Cover		
Bank charges		
Bonus		
Catering		
Donations		
Easter conference contributions		
Electricity		
Funeral cover		
Grocery		
Induction workshop		
Internet		
Meetings and other conferences		
Municipality		
Musical instruments		
Pension fund		
Post box		
Printing and stationery		
Repairs		
Revival		
Salary		
Security		
Telephone		
Tithe		
Transport		
Miscellaneous or General Expenses		
TOTAL EXPENSES		
NET SURPLUS /DECIFIT		

APPENDIX D: PROOF OF PAYMENT FORM

PROOF OF PAYMENT FORM OFBAPTIST CHURCH
Contact details of the church

DETAILS OF CLAIMANT OR SUPPLIER

Name:

Address:

Telephone: Cell:

Date:

DETAILS OF A CLAIM OR GOODS SUPPLIED OR SERVICES RENDERED

No	Description	Amount	
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
TOTAL			

FOR TRAVELLING

Total kilometers travelled: Rate per kilometer:

Amount claimed: No. of passengers:

Destination:

Purpose:

I HEREBY CERTIFY THAT THE INFORMATION ABOVE IS TRUE AND CORRECT

Signature of claimant or service provider Date:

Approved by Secretary: Date:

Authorized by Treasurer: Date:

APPENDIX E: SUNDAY COLLECTION BOOK

SUNDAY COLLECTION BOOK OF BAPTIST CHURCH

Date: _____

Place: _____

Preacher	
Text	
No. of Children	
No. of Youth	
No. of Young Adults	
No. of Women	
No. of Men	
Total	

INCOME

Offering	
Tithe	
Total Income	

PAYMENTS

Total paid out	
Balance to the treasurer	

Signed: _____

Signed: _____

I received R _____ on _____ Signed: Treasurer _____

DETAILS OF TITHE AND/OR MONTHLY GIVING

Date: _____

Name	Amount	
Total		

APPENDIX F: MONTHLY STATEMENT OF RECEIPTS AND PAYMENTS

APPENDIX F: MONTHLY STATEMENT OF RECEIPTS AND PAYMENTS

STATEMENT OF RECEIPTS AND PAYMENTS OF BAPTIST CHURCH FOR JANUARY 2020

	Week 1	Week 2	Week 3	Week 4	Week 5	Bank	Total
INCOME							
Offering							
Tithe							
Pledges							
Other income							
EXPENSES							
Bank charges							
Catering							
Funeral cover							
Salary							
Security							
Telephone							
Transport							
Tithe							
NET SURPLUS/DEFICIT							

APPENDIX G: QUARTERLY STATEMENT OF RECEIPTS AND PAYMENTS

APPENDIX G: QUARTERLY STATEMENT OF RECEIPTS AND PAYMENTS

STATEMENT OF RECEIPTS AND PAYMENTS OF BAPTIST CHURCH FOR THE
PERIOD 01 JANUARY 2020 - 31 MARCH 2020

	JAN	FEB	MAR	TOTAL
INCOME				
Offering				
Tithe				
Pledges				
Other income				
TOTAL				
EXPENCES				
Audit fees				
Bank charges				
Donations				
Easter conference contributions				
Meetings and conferences				
Pension fund				
Printing and stationery				
Salary				
Security				
Telephone				
Tithe				
Transport				
TOTAL				
NET SURPLUS/DEFICIT				

APPENDIX H: ANNUAL STATEMENT OF RECEIPTS AND PAYMENTS

STATEMENTS OF RECEIPTS AND PAYMENTS OF FOR THE YEAR ENDED 31 DECEMBER 2020

INCOME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Offering													
Tithe													
Pledges													
Other income													
TOTAL													

EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Accident Cover													
Bank charges													
Bonus													
Catering													
Donations													
Easter conference contributions													
Electricity													
Funeral cover													
Internet													
Meetings and conferences													

Rates and taxes													
Musical instruments													
Pension fund													
Post box													
Printing and stationery													
Repairs													
Revival													
Salary													
Security													
Telephone													
Tithe													
Transport													
UIF													
TOTAL													
SURPLUS/DEFICIT													

APPENDIX I: ASSETS REGISTER

ASSETS REGISTER OF BAPTIST CHURCH AS AT 31 DECEMBER 2020

No.	Description of Assets	Date obtained	Quantity	Cost Price	Source of Funds	Serial No.	Comments

Controlled by: _____ Date: _____ Secretary _____ Date: _____
TreasurerSecretary

