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## Accountant and the Church

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# THE ACCOUNTANT AND THE CHURCH

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By MARGARET GILLMAN, Glendale, California

To each of us is given a talent. What better place is there to share our knowledge and our talent than in the church? We know the accountant needs the church, but are we aware that the church needs the accountant.

The job of the Minister and the Session is to keep the church a spiritual organization which runs smoothly, is inspirationally beautiful, and gives spiritual help. In order to accomplish this there must be a Board of Trustees behind the scenes to look after the business matters. The church treasurer should be a trained accountant. By keeping a good set of books which are complete in detail and up to date, a good accountant in this position can give the Board something to work with. The Treasurer is the intermediary between the Board of Trustees and the Congregation. The financial reports inform the Congregation of the physical operation of the church and should instill a feeling of faith that all is well. When there is this feeling, the spiritual side is free to grow.

The Budget is probably the most important item of church finance. In most businesses, it is a flexible and adjustable guide to operating as efficiently as possible with the expected income at hand. In a church, it is more or less final and governs everyone involved. It is prepared with much thought and care. The Treasurer's records for the past several years are studied in detail, and each Department is given a chance to ask for certain items to be included in the budget. Naturally, each Department is most concerned with its own needs, and often asks for more than is possible. The Budget Committee, including the Treasurer, attempts to estimate the expected income and fix the budget somewhere near that goal. Once the Budget is adopted by the Congregation it becomes the ruling factor for the ensuing year. Each month, as the Treasurer prepares the report of Receipts and Disbursements, she also includes comparative figures of the Budget. The Boards will study this item for item to be sure all are "within" the Budget. On the other hand, in the fall of the year, there is a rush to spend that which is in the Budget and there are frequent requests as to

just how much is left in the Budget. Balancing the Budget seems to be a matter of faith. It is considered carefully and prayerfully before it is adopted, and then, there is faith that it will "balance."

There is no accurate method of determining expected receipts. Pledges may be increased after a particularly good sermon on "Giving," but all members do not wish to pledge. Some want it known how much they give. Others request a plain envelope. Some want an accurate record of every nickel donated and will request a statement at the end of the year. Others really do not care. Dear Mrs. Smith will drop a five dollar bill into the plate and somehow expect the Treasurer to keep a record of her donation. Mr. Jones will carefully write a check to the church, but in no way mention whether it is to be divided equally between Benevolence and Current Expenses or possibly be for the new Printed Sermon Fund which was mentioned in church two Sundays ago. A good percentage of members do pledge a certain amount each year and keep these pledges faithfully. There are numbered envelopes available for those who will use them and a place on the outside to designate what the money is to be used for. A memo ledger is carefully kept of these individual receipts in order that it may be referred to at any time and to assure those who want a record kept that it is being done.

An Accounts Receivable account would be impractical and unsatisfactory. I understand that some churches do send out quarterly "reminders", but such procedure would not be accepted in our church. The Congregation would feel that this is far too commercial a procedure.

The books of the church are double entry, usually a combination of Cash Receipts and Disbursements, numerous restricted Funds, and the Property Account. The Receipts and Disbursements statement is used the most. Receipts consist of cash received, broken down into items such as Pledges, Loose Offering, Youth, Benevolence, and Special Gifts. This statement has four columns and shows the current month actual, the monthly budget, and Year to Date actual and Yearly

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are still rendered and financial-operating statements are prepared periodically. What is needed is a new look at the problem, a new approach for supplying the information management needs to operate the business. Electronics or some form of mathematical techniques may change the old accounting patterns.

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Budget. The net excess or deficit is shown and compared with the Budget and is of minor importance unless it is spectacularly out of line. Cash on hand or in the bank is included at the bottom of the page. This is the only answer many want to know.

The Funds are reported on individually as to receipts, disbursements, and balance on hand. Typical funds are: Library Fund, Memorial Fund, Organ Fund, Printed Sermon Fund, Building Fund, etc. The interest and enthusiasm in these Funds vary with the attention given them. Currently, we are engaged in a Building Fund to build a new sanctuary. Our goal is \$175,000. Most of this is pledged and should be in within three years, but you can be sure that every member, both young and old, is interested in the Building Fund report.

Youth has its own budget and set of books. However, all receipts, youth or otherwise go to the church first. Then a portion of the church budget is returned to the Youth for their Youth Budget.

The Benevolence of the church has its own budget and treasurer and is controlled by the Session. The Church Treasurer receives this money, separates it as best she can from the current expense receipts, and deposits it in the Benevolence Account for the Benevolence Treasurer to disburse. If a donation is marked, it must be restricted for that purpose without exception. Money given for Benevolence use must be spent outside our own church. It is used for Missions, both foreign and home, Radio and Television, Seminary Education, Pensions and a score of needs beyond the local church.

The Property Account is most important as an historical record. It contains the cost of all Assets purchased. It is valuable in case a loan is to be obtained at the bank. It is helpful in fixing the amount of insurance needed. One is amazed to see how even the personal property in a church adds up. The account adds to the continuity of the

church's progress over a long period of time.

Very few people in a church can remember all the assets or know about all the Funds. Therefore, it is important to prepare and have available a consolidated Balance Sheet of the church as a single Corporation. It should show the total Cash in the Bank, then in various columns, Cash for: Current Expenses, Youth Budget, Benevolence, Restricted, etc. It should list all of the different bank accounts: checking, savings, etc. It should list securities and properties held. As for Liabilities, it is important that the Boards know exactly how much is owing. Moneys held for special Funds and given for one purpose only, are shown as Restricted Surplus. And for the accountant, it assures her that when all the funds and reports are dovetailed together, her books are in balance and that they record the financial matters of one unit, her Church.

Church Accounting is complicated and important. Every nickel needs to be accounted for. In this day of growing church membership, the church needs the accountant more than ever before. It is a challenge worth accepting, and in the words of Barnstable Patriot, "Use the talents you possess, for the woods would be very silent if no bird sang except the best."

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ASWA, the California Society of CPA's, the Woman's Bar Association of Illinois, and the Business and Professional Women's Clubs, Los Angeles. She is currently serving as member and secretary, Taxation Committee, Los Angeles chapter, California Society of CPA's.

## **THIS IS IT: LAST CALL TO CONVENTION!**

The hearty hospitality that abounds in the Pacific Northwest is fully primed to spend itself in your interests when scenic Seattle greets you September 20-23 at the Annual Meeting of ASWA and AWSCPA.

A "must" to be remembered is the pre-convention salt water boat trip and salmon barbecue Wednesday, September 19.

Extra registration forms are available from Chapter Presidents.

CPA's who plan to remain for the AIA convention, September 23-27, may have their room reservations continued and cleared thru the AIA housing committee by promptly notifying Marguerite Gibb, CPA, 712 Securities Bldg., Seattle 1.