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# Stewardship After the Gift

Stewardship Kaleidoscope  
September 2024

# Presenters

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Lutheran past Council  
President and Treasurer



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Presbyterian Ministry  
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# Presentation Overview

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Introductions

Stewardship After the Gift

Cornerstones of Stewardship After the Gift

- Good financial management involves more than the Treasurer
- The rule of Two's
- Tracking memorials and restricted funds
- Financial records management options

Other financial management resources



# If you do nothing else...

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- Say Thank You.
  - Early
  - Often
- Authentically



# Seriously...

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- Say Thank You



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# Stewardship After the Gift

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- How we handle money honors God and the people who give
- Poor financial management practices discourage generous giving
- Monies given to specific causes/projects need to be spent appropriately
- Pastors and Sessions/Church Councils have important financial oversight responsibilities



# Why does this matter?

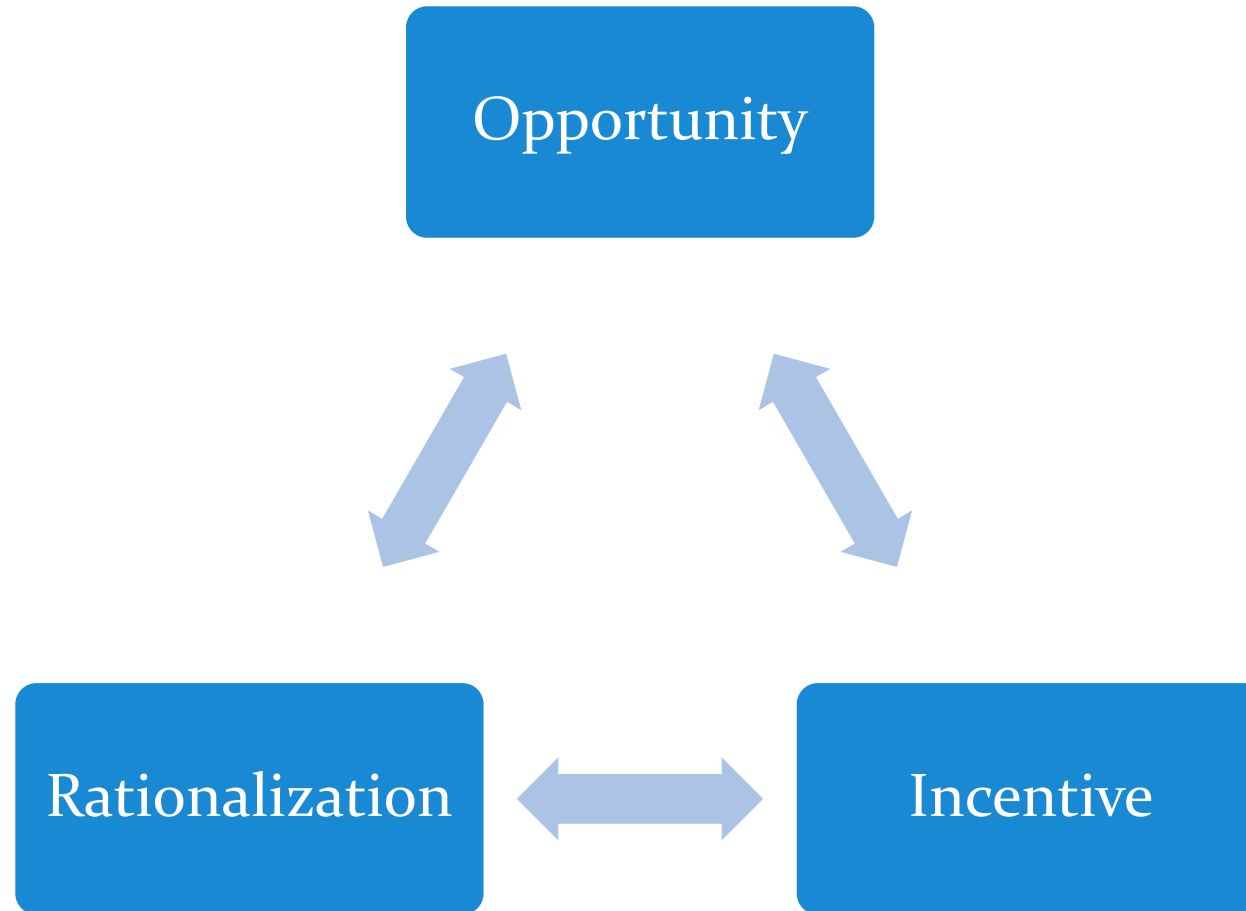
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- Average loss of \$70,000 in churches that self report fraud.
- 1/3 of churches suffer from some form of financial misconduct.
- According to Brotherhood Mutual Insurance...\$80,000,000,000.00 in religious/non-profit loss in 2025 (worldwide).



# The Fraud Triangle

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# Who Should Be Involved in Financial Management

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**Pastors** – set the tone that financial management is important and ask questions

**Session/Council** – regular review

- Revenues and expenses compared to budget and prior year – MTD and YTD
- Cash account balances
- Unusual transactions

**Treasurer** – good understanding of financial results and balances

- In smaller congregations, may prepare the financials for the session/council
- Review of cash account reconciliations and staff expenses

**Bookkeeper** – day-to-day processing of transactions and cash account reconciliations

**Auditor** - outside accounting firm

**Volunteer offering counters** – “the rule of two’s”



# Rule of Two's

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Two (or more) unrelated people should be involved in situations where cash or checks could be involved to mitigate the risk of defalcations

- Offering counters, including preparation of the bank deposit – use a rotating schedule.
  - Pastors should NOT be offering counters
- Opening mail

Important compensating controls to mitigate defalcation risk, particularly for small churches

- Quarterly giving statements to members
- Electronic giving (e.g., concur) and other receipts (e.g., Square)
- Independent review of cash account reconciliations and staff expenses



# Tracking Memorials and Restricted Funds

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## Memorials –

- Gifts given in memory/honor of someone
- Generally, the church spends the funds consistent with the honoree's memory and NOT commingled with the operation budget

## Restricted Funds – assorted receipts for a specific or designated purpose. Examples:

- Payments received for activities (e.g., retreats, church group dinners, purchase of fabric for quilters)
- Gifts toward a specific use (e.g., support local foodbank, HVAC replacement, choir robe fund)
- Cash that requires some special approval to be spent (e.g., pastor's discretionary fund, general contingency or maintenance fund)

These funds often exist over several years

The Church, whether small or large, has a moral and legal obligation to see that restricted funds are spent in compliance with the intent of the fund



# Tracking Memorials and Restricted Funds

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Strongly recommend the maintenance of a separate bank account for these type of funds, at least in total

Nature/purpose and transactions of each fund should be documented

- Separate ledger sheet or spreadsheet for each fund
- Total of each fund balance should agree with the bank account balance

Monthly \$\$ summary of each fund balance should be reviewed by Treasurer – consider pastor and session/council review

- These funds were given to be used so churches should find legitimate uses for them
- The church has the right to not accept restricted funds if they are not consistent with the church's mission

**Note:** Endowment funds (those given to be invested in perpetuity) place similar but more involved financial management responsibilities on a church



# Cyberfraud

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What is it?

How do you protect yourselves from it?

Keep this on your radar.



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# Financial Records Management Options

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Strongly recommend that payroll management (employee pay, tax deposits, etc.) be done by a professional service organization

- Unique pastoral compensation issues should be carefully considered in selecting a service provider

An integrated electronic financial management system is critical to the integrity *and ease of* records management. Typical modules are -

- Membership
- Contributions
- General ledger
- Financial reporting
- Bill payment/check writing

Other capabilities are typically available in robust systems (attendance, event registration, etc.)





# Financial Records Management Options

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Consider “cloud” financial management systems

- Can be accessed remotely
- Most back-up and security responsibilities fall to the cloud host
- Alleviates many system administration responsibilities, including version updates
- Reduces hardware requirements

Numerous system options exist

- Other than the smallest of churches, strongly recommend a church-specific system
- Align church needs with software selection and modules that will be used
- Don't over-complicate
- Key users should stay informed of updates and new capabilities through provider communications and user groups



# Financial Records Management Options

Consider “outsourcing” financial records management

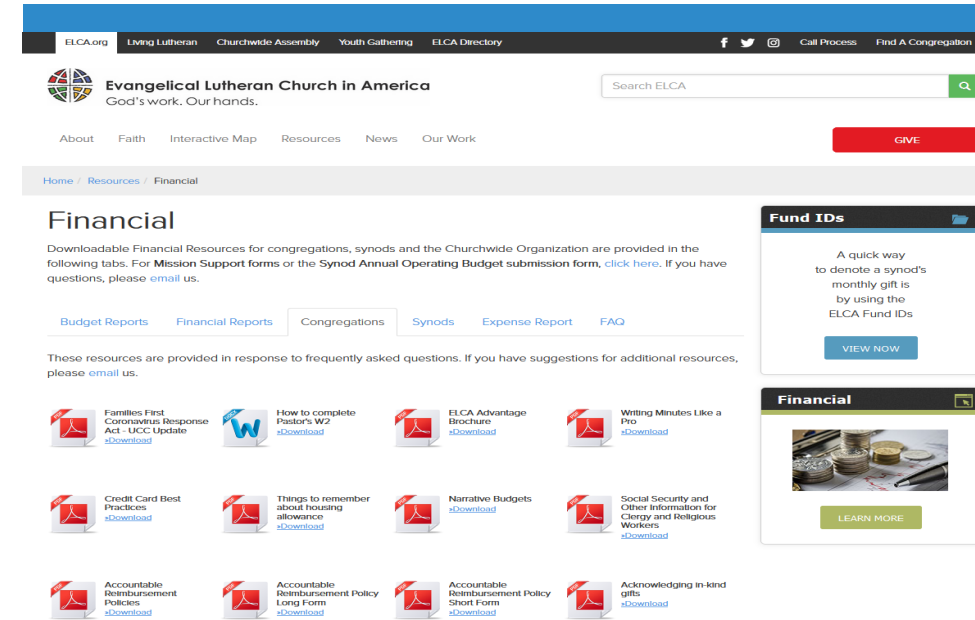
- Provider should have church financial management expertise and experience with churches of your size and financial sophistication
- Provider can be local or remote
- Some responsibilities remain with the church (e.g., offering counting) so understanding the “hand offs” is important
- Church remains ultimately responsible for integrity and accuracy of financial records



# Financial Management Resources

## ELCA Resources

- [Financial - Evangelical Lutheran Church in America \(elca.org\)](https://www.elca.org)  
(elca.org/resources/financial#financialC)
  - Congregations tab includes:
    - Congregational Treasurers' and Bookkeepers' Financial and Accounting Guide
    - Financial best practices for congregations
    - Handling financial matters
    - Internal control best practices
    - Credit card best practices
- ELCA Synod Treasurer's/Bookkeeper's meetings and training sessions



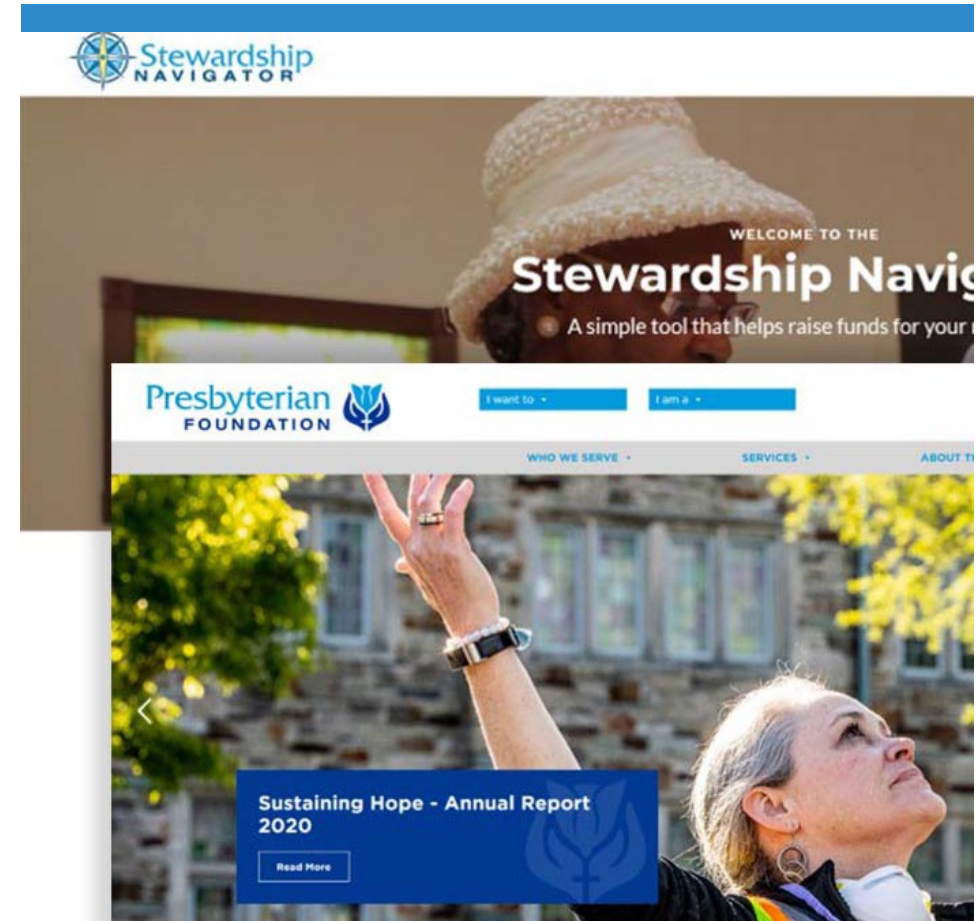
The screenshot shows the ELCA website's Financial Resources page. The header includes the ELCA logo and navigation links: Living Lutheran, Churchwide Assembly, Youth Gathering, and ELCA Directory. A search bar is present with the text "Search ELCA". Below the header, there are tabs for "Budget Reports", "Financial Reports", "Congregations", "Synods", "Expense Report", and "FAQ". The "Congregations" tab is selected. The main content area lists various downloadable resources, each with a PDF icon and a "Download" link. The resources include: Families First Coronavirus Response Act - UCC Update, How to complete Pastor's W2, ELCA Advantage Brochure, Writing Minutes Like a Pro, Credit Card Best Practices, Things to remember about housing allowance, Narrative Budgets, Social Security and Other Information for Clergy and Religious Workers, Accountable Reimbursement Policies, Accountable Reimbursement Policy Long Form, Accountable Reimbursement Policy Short Form, and Acknowledging in-kind gifts. On the right side, there are two sidebars: "Fund IDs" with a "VIEW NOW" button and "Financial" with a "LEARN MORE" button.



# Financial Management Resources

## Presbyterian Foundation Resources

- [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org)
- Stewardship Navigator at [www.stewardshipnavigator.org](http://www.stewardshipnavigator.org)
  - Annual Stewardship Campaign assistance
  - Narrative Budget builder
- [The Church Treasurer's Manual](#)
  - Available through Presbyterian Mission Agency



# Thank you for joining us!

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