

# Finance Committee

The Finance Committee makes the following recommendations:

## ***Part I--Budget Considerations***

1. That the formula for determining the total amount of the World Evangelism Fund, Pensions and Benefits Fund, Educational Budget, and District Unified Budget (aka, Virginia Mission Budget) be as follows:
  - a. That church income (for budget purposes) be defined as any donation received by a church that qualifies as a charitable contribution. For more information on what qualifies as a charitable donation, go to [www.fundingthemission.org](http://www.fundingthemission.org).
  - b. That the church income given for World Evangelism Fund, 10% Mission Specials, and other mission offerings will be subtracted from the church income before the percentages that follow (listed in c.) are applied. For a list of the mission offerings that can be excluded, see the website [www.fundingthemission.org](http://www.fundingthemission.org).
  - c. That budgets be calculated on these percentages: World Evangelism, 5.5 percent; Pensions and Benefits, 2.25 percent; Educational, 2.25 percent; District Unified 5.0 percent. Each of these percentages is to be applied to church income less missions giving.
  - d. That any newly organized church will be allowed to pay their District Budget according to the following percentages: First year, 2 percent; second year, 3 percent; third year, 4 percent; fourth year, 5 percent. These percentages will be applied to church income less missions giving.
  - e. That New Start churches begin tithing (10%) of their income to the District Unified Budget, or World Evangelism Fund immediately (income exclusive of World Evangelism Fund and 10% mission specials).
  - f. That churches giving any money for individual New Starts receive 10% missions special credit by adding the amount to "point to point giving" on the local church giving report when using the online giving method. These new church plants must be approved annually by the District Advisory Board to qualify for the credit.
  - g. That sponsoring churches of a new church plant are eligible for a **one time (per new church plant)** deduction of up to \$5,000 from their district budget if they contribute substantial financial support or members. (This deduction must be approved by the district advisory board and the district superintendent.)
  - h. That churches are encouraged, when appropriate, to make application through the DRC for Rare Circumstance Adjustments to denominational apportionments.
2. That the total estimated District Unified Budget be \$863,518 and that it be divided among the district interests as follows:

District Administration	\$541,518
District Virginia Missions	135,000
District Camp Operations	111,000
District SDMI	26,000
District NYI	29,000
District NMI	21,000

3. That the disbursement of the district administration portion of the District Unified Budget (April 1, 2019 through March 31, 2020) be as follows:

Salaries and Benefits

District Superintendent

Salary	63,518
Hospitalization Insurance	29,000
Medical Reimbursement	1,500
Self-employment tax	28,500
Retirement 403(b)	26,000
Housing Allowance	47,000
Life & AD&D	2,000
Assistants to the District Superintendent Salary	70,000

Honoraria

District Treasurer	4,400
District Secretary	4,400
Credentials Board Secretary	2,400
Ministerial Board Secretary	2,400

Administration

Conference Expense (D.S. and Evang.)	6,500
Telephone	3,500
District Office Expense	4,000
District Superintendent Auto Expense	11,500
District Superintendent Professional Expense	14,000
Cluster Leaders Auto Expense	3,000
Cluster Leaders Expense	2,000
Office Equipment Maintenance	5,000
Office Equipment Purchases	2,000
Assistant DS Expense	20,000
Church Growth	4,500
Discretionary Fund	3,750
Office Administrators	59,500
Office Administrator Social Security	5,500
Office Administrator 403b	600
Bookkeeper	3,000

District Headquarters

Maintenance	2,700
Utilities	5,000
Insurance	13,500

Other District Expense

District Assembly	23,000
Camp Meeting	8,500

Auditor	5,500
District Boards Expense	17,000
Ministers' and Mates' Reception/Banquet	4,800
Ministry Team Retreat	7,200
Gifts/Awards/Flowers	2,750
Christmas Gifts	11,000
General Assembly Delegates	7,000
Payroll Processing	2,500
Miscellaneous	1,000
Stewardship Tech Fees	600

4. That District Unified Budget disbursements be directed as follows:

<u>Portion</u>	<u>Under the direction of</u>
Virginia Missions	District Advisory Board
Camp Operations	District Camp Board
SDMI	District SDMI Board
NYI	District NYI Council
NMI	District NMI Council

5. That the District SDMI Board, and NYI & NMI Councils each provide the Finance Committee a report of expenses and income for this year and a proposed budget for the next year by **April 20, 2020**.

6. That local church responsibilities be as follows:

- a. That each local church, through its pastor and church board, prepare a total financial budget for the assembly year **2019-20** and mail a copy to the district office no later than **July 15, 2019**.
- b. That all churches report their income at [www.fundingthemission.org](http://www.fundingthemission.org) by the 10<sup>th</sup> of each month and that payments of all budgets be made at least monthly if not weekly, preferably using the online method available through [www.fundingthemission.org](http://www.fundingthemission.org).
- c. That ALL APPORTIONMENTS (World Evangelism, Pensions and Benefits, Education, District) be given EQUAL consideration as a responsibility of the local church, and that recognition of faithful stewardship be based on the payment of all budgets in full. Pastors and leaders from churches that demonstrate support of the denomination through a predictable pattern of payment of apportionments will have the privilege of being considered for and elected or appointed to district leadership positions.
- d. That no church take on an indebtedness that exceeds three times its annual income, averaged out over the previous 3 years, as recommended to us by the general church.
- e. That no church will be granted permission to enter into a financially obligating program for building, hiring, or retaining staff, or any other purpose, that would prohibit keeping their funding the mission giving current.
- f. That each church participates in the annual offerings for Nazarene Bible College and Nazarene Theological Seminary.
- g. That each church review annually its property and liability insurance of all buildings and vehicles.
- h. Each church should understand that when they fail to pay their District Budget, they are taking

away from district administration, district SDMI, district NYI, district NMI, camp, and VA Missions programs.

- i. In harmony with the Manual, **par. 33**, only those members of local congregations who practice consistent storehouse tithing be nominated for elective offices in the local church.
7. The Advisory Board will appoint a finance team available to local churches on request to give instructional assistance in their financial management.
8. That the travel allowance for official board meetings, councils, or committees be at 45 cents per mile except for district employees/staff which will be at the IRS business mileage standard.
9. That the district superintendent be granted one month's vacation with pay.

### ***Part 2--Pastors' and Associate Pastors' Compensation***

#### *Action Plan*

1. Compensation for ministers by the church includes the following as a minimum:
  - a. Salary.
  - b. Reasonable housing expenses.
  - c. Self-employment tax.
  - d. Family health insurance coverage.
  - e. Paid vacation (see item 4 below).
2. Suggested additional benefits:
  - a. Contribution to the Nazarene 403(b) Retirement Savings Plan.
  - b. Accountable medical reimbursement plan.
  - c. Dental insurance.
  - d. Life insurance.
  - e. Accidental death/long term disability insurance coupled with a salary continuation plan.
  - f. Annual physical examination (at church expense).
  - g. A Sabbatical plan (see item 5 below).
  - h. The church board shall review not less frequently than annually, the compensation package of each pastor employed. A report shall be sent to the District Superintendent of the results of each review.
3. Professional Expenses. Churches should include in their annual budgets line items of sufficient amount to reimburse professional and business expenses for ministry through accountable reimbursement plans. These will include but are not limited to:
  - a. Mileage reimbursement rate: current IRS mileage rate.
  - b. Meal and entertainment reimbursements.
  - c. Books, online resources, subscriptions.
  - d. Continuing education expenses (completion of two continuing education units is required of Nazarene ministers annually).
  - e. Office supplies.
  - f. Gifts the pastors give to members on occasions of weddings, graduations and showers.
  - g. Costs for attending and participating at the General Assembly in 2021.
  - h. That churches cover costs for district retreats for the Pastor and Spouse, DIG Campmeeting,

District and General Assembly. That strong consideration be given to covering the expenses of the pastor's wife to the Annual District Ladies Ministry Retreat.

4. Vacation Guidelines:

- a. Churches are encouraged to establish a vacation guideline with the following minimums. Years of service indicates total number of years in ministry.
  - From 0 up to 5 years of service--2 weeks including 3 Sundays
  - From 5 up to 14 years of service--3 weeks including 4 Sundays
  - More than 14 years of service--4 weeks including 5 Sundays
- b. That churches not consider the following as vacation: Ministry Team Retreat, District Assembly, General Assembly, DIG Campmeeting, Camp Work Days, district events sponsored by SDMI, NYI, or NMI, denominational events sponsored by the general church, and district committee meetings.
- c. Because rest and renewal are important even vital components of effective ministry, pastors are encouraged to use the entire period of their allotted vacation days every year. To strengthen this ideal, no more than one week of accumulated vacation can be carried over to the next fiscal year. Additionally, at the beginning and the end of a pastor's service, vacation is provided on a yearly prorated basis (i.e., one month of service of one year provides 1/12<sup>th</sup> of the annual vacation allotment).

5. Sabbatical Plan:

Upon completion of every five to seven years of service at the same church, we recommend that each minister, with the approval of the church board, and subject to the approval of the District Superintendent (**for the lead pastor**), plan a sabbatical of no less than 30 days. **A sabbatical taken by any minister during the District Assembly must be approved by the District Superintendent.** The sabbatical period is not to be counted against the minister's annual vacation time. A sabbatical is a necessary time for planned spiritual, physical, and emotional rest and works to alleviate burnout and its symptoms. Planned sabbaticals renew both ministers and congregations, and increase the length of tenures in ministry. Longer tenures, in turn, positively affect congregational health. Salary and benefits should continue during the sabbatical period. Churches should also cover reasonable expenses incurred in planning and taking the sabbatical. For more information visit the district website: [www.vanaz.org](http://www.vanaz.org).

6. Maintaining Balance and Well-Being in Ministry. Pastors and staff are to be encouraged by their church boards to commit to God's plan for rest and renewal, which includes but is not limited to:
- a. Protect private time with the Lord each day.
  - b. Rest one full day each week completely avoiding ministry responsibilities (phone, email, visits, administration, etc.).
  - c. Plan and take vacations that are a complete break from ministry responsibilities.
  - d. Plan periodic times of spiritual renewal.
  - e. Carefully discern God's will and confer with family prior to accepting additional ministry responsibilities.

7. Pastoral Appreciation:

- a. Appreciation Month: We recommend that the church plan and carry out special appreciation

activities for **pastors and their families** in October or other suitable month each year.

- b. Christmas Bonus: We recommend that the church plan for and present an additional week's pay (at minimum) as a Christmas bonus to ministers.
8. Evangelists. The General Superintendents have suggested the following guidelines:
  - a. Cover the evangelist's travel expenses both to and from the local church.
  - b. Provide housing, meals, and study resources while the evangelist is serving the local congregation.
  - c. In consultation with the evangelist, contribute to the evangelist's retirement.
  - d. Where appropriate, designate a portion of the compensation as housing allowance.
  - e. Pay a stipend equal to twice that of the pastor's compensation, including housing, plus benefits.
  - f. Remember the evangelist at Christmas with a generous love offering.
  - g. For additional information visit  
<http://usacanadaregion.org/sites/usacanadaregion.org/files/PDF/Compensating-the-Evangelist.pdf>

### ***Part 3 -- Financial Safeguards for Pastors and Local Churches***

**This section adopted by the DAB Saturday October 7, 2017**

1. **The Church of the Nazarene operates on a principle that the Pastor of a local church be strictly limited from access to the funds of the local church and that ultimate accountability for the finances of the Church remain in the hands of the duly elected Church Board (or its appointed Finance Committee) on behalf of the local congregation.**
2. **By limiting the access to finances by the Pastor, the Church helps to strengthen the pastor's reputation and the liberty of his or her ministry. To strengthen this safeguard principle a number of important systems are in place:**
3. **The Church Board, acting on behalf of the Church Membership, shall...**
  - a. **elect a treasurer to provide accounting of all funds (see 129.20).**
  - b. **cause careful accounting to be kept of all money received and disbursed by the church, including any childcare/schools (birth through secondary) and Nazarene Missions International (NMI), Nazarene Youth International (NYI), Sunday School and Discipleship Ministries International (SDMI), and make report of the same at its regular monthly meetings and to the annual meeting of the church. (129.21)**
  - c. **provide a committee, no fewer than two members of which shall count and account for all money received by the church. (129.22)**
  - d. **establish an annual budget of income and expenditures for every department of the Church. This action is a primary duty of the Board. (See manual 129.6).**
  - e. **assign to a committee of the Board the responsibilities of monitoring the Church Budget and reporting to the Board the financial conditions and concerns of the Church. (129.7)**
  - f. **send of copy of the annual budget to the District Resource Center by September 15 each year. This requirement is by action of the District Assembly upon the recommendation of the District Finance Committee.**
  - g. **review financial reports monthly which have been prepared for this purpose by the Church Treasurer (136.4)**
4. **Specifically, regarding the Pastor:**

- a. No pastor or any member of his or her immediate family, shall be authorized to have direct access to church funds and or serve as Church Treasurer (including handling cash, and/or signing checks, use of ATM cards, Debit Cards or other electronic transaction methods that are directly linked to the Church operating accounts or savings accounts, however they be named).
  - b. The pastor may be listed as an officer of the Church with the bank so long as this administrative function does not grant direct access to Church funds.
  - c. The pastor and/or immediate family members shall not participate in the counting of moneys for any church related funds. Immediate family includes spouse, children, siblings, or parents.
  - d. The pastor shall not contract bills, create financial obligations, or disburse funds for the local church unless authorized and directed by majority vote of the church board of an organized church or by majority vote of a church meeting of an organized church. One method by which a church board or church meeting can authorize such expenses is the use of an approved expense budget, which includes regular (monthly) review by the Church Board. Such budget and monthly review shall be duly recorded in the minutes of the church board or of the minutes of the church meeting.
  - e. The pastor shall have access to all records of the local church. (129.23)
5. Annually, the Church Board will ensure that all the financial records of the Church, including all auxiliaries, are audited or examined. The Church Board has a duty to appoint an auditing committee or a committee of independent examiners, or such other qualified persons, that shall audit or examine, to at least the minimum standard required by national or state law if applicable, or other recognized professional standards, at least annually, the financial records of the treasurer of the church, the Nazarene Youth International (NYI), the Sunday School and Discipleship Ministries International (SDMI) Board, Nazarene childcare/schools (birth through secondary), and any other financial records of the church. (129.23)
6. Any exceptions to the above (which are extremely rare) must be approved in writing by the District Advisory Board and the District Superintendent. (517)
7. Proactive Steps for Expenditure Reimbursement:
- a. Because an expenditure of funds is necessary for the operation of the local church, and because Pastors are often responsible for seeing that certain expenditures are made the following are recommended methods for accountability and flexibility for such expenditures:
    - i. Use of a small petty cash with regular accountability to the Church Board.
    - ii. Use of prepaid debit cards which do not have direct access to Church bank accounts.
    - iii. Use of credit cards with accountability for expenditures to Church Board.
    - iv. Use of personal funds followed by appropriate reimbursement.
  - b. All methods of reimbursement shall follow guidelines for an Accountable Reimbursement Plan whereby, once the expense is incurred, the request for reimbursement reports the time, date, location, amount and purpose of the expenditure prior to reimbursement, and that these reimbursements are reviewed by the Church Board through an appropriate method.

#### ***Part 4 -- Resources***

1. [www.pbusa.org](http://www.pbusa.org) :: resources on compensation and retirement planning for Nazarene clergy. Helpful information found here on Accountable Reimbursement Plans.
2. [www.ecfa.org](http://www.ecfa.org) :: Evangelical Council for Financial Accountability. Tremendous amount of tax (and other) financial resources for Churches of all kinds.
3. **The District Finance Committee** is available to advise local churches on the implementation of these guidelines. These guidelines for ministerial compensation and **the entire District Finance**

**Committee Report** shall be sent to each local church board secretary, who shall in turn see that a copy is distributed to each member of the church board. A report of this action is due to the District Superintendent by **October 15, 2019**.

4. For all items identified in the Finance Committee Report the district policy is to be applied in churches which have not established local policies.

*Respectfully submitted,*

BECKY DUNMAN, *Secretary*

MARLON KING, *Chairman*