



ABC's of Church Management

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This newsletter has been developed to provide compliance guidelines for local congregations concerning state and federal regulations. It is shared as a basic reference newsletter with the understanding that the publisher is not giving legal, financial, or other professional service/advice. The publisher acknowledges that the laws and regulations of each state may vary. If professional assistance is required, the services of a competent professional should be secured.

Keeping your Identity Safe

Identity theft continues to be on the rise. Following are some simple ways to protect your identity:

- Do not sign the back of your credit cards. Instead, put "Photo ID required."
- When paying credit card accounts with check, only put last 4 digits of credit card number in memo section.
- Put your work phone number instead of home phone number on checks.
- Photo copy all the cards in your wallet (front & back). Store in a safe place.
- Keep toll free phone numbers for credit card companies and credit card numbers in a readily accessible place. Cancel stolen cards immediately.
- Do not keep your Social Security Card or SS number in your purse or wallet; keep it in a secured place at your home.
- Shred all bills, credit card statements, bank statements, checks, and medical bills.

If you think your identity has been stolen:

- File a report with police immediately. Keep a copy of the police report as proof of the crime.
- Notify the Federal Trade Commission (1-877-ID-THEFT or 1-877-438-4338).
- Contact the fraud units of the three major credit reporting bureaus:
 - Equifax (800-525-6285)
 - Trans Union (800-680-7289)
 - Experian (888-397-3742)
- Notify your creditors to report fraud for any account that has been tampered with or opened fraudulently.

2006 Tax Changes

When preparing your tax returns for 2006, don't forget to take advantage of the following:

Credit for Federal Telephone Excise Tax Paid

If you paid federal telephone excise tax on long distance or bundled service between February 28, 2003 and August 1, 2006, you can request a credit for the tax you paid. If you have already received a credit or refund from the phone service provider, you can not request credit on your taxes.

The credit can be requested one of two ways: standard amount or actual amount paid. If you request the actual amount paid, you must attach Form 8913 to your Form 1040. You must have records to substantiate the amount reported. If you wish to request the standard amount, you can calculate the amount of credit based on

Tax credits to take advantage of:

1. *Federal Telephone tax*
2. *Residential Energy Credits*
3. *Un-reimbursed or under reimbursed business mileage*

the following table:

If the number of exemptions you claimed is...	Then the standard amount is...
0	\$0
1	\$30
2	\$40
3	\$50
4 or more	\$60

The number of exemptions is determined by the exemptions claimed on line 6d of your Form 1040.

Residential Energy Credits

The following home improvements can be claimed for tax credit by attaching Form 5695 to your Form 1040. These home improvements must be completed on your primary residence.

- Any insulation material or system primarily designed to reduce heat gain or loss in your home.
- Exterior windows (including skylights).
- Exterior doors.
- A metal roof with pigmented coatings primarily designed to reduce heat gain in your home.

The following items must meet certain performance and quality standards:

- Certain electric heat pump water heaters, electric heat pumps, geothermal heat pumps, central air conditioners, and natural gas, propane, or oil water heaters.
- An advanced main air circulating fan used in natural gas, propane, or oil furnace.

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If you have any church or clergy tax, governance, compliance, or risk management questions, send them to the above email address.

Record Keeping

According to the IRS Instructions for Form 1040, they suggest the following for record keeping:

Keep a copy of your tax return, worksheets you used, and records of all items appearing on it (such as Forms W-2 and 1099) until the statute of limitations runs out for that return. Usually, this is 3 years from the date the return was due or filed, or 2 years from the date the tax was paid, whichever is later. You should keep some records longer. For example, keep property records (including those on your home) as long as they are needed to figure the basis of the original or replacement property.

IRS Publication 552 can give you additional information.

Reporting Child Abuse

The majority of pastors are mandatory reporters of child abuse. Douglas J. Besharow suggests gathering as much of the following information prior to making a report to police, state police, or child protective services.

- The child's (or children's) name, age, sex, ethnic background, and permanent address.
- The child's (or children's) present condition and the possible need for emergency action.
- The child's (or children's) present location and the location where the incidents occurred, if different from the permanent address.
- The name of the parents of other persons who are responsible for the child's (or children's) care (and address, if different from the permanent address of the child).
- The name and address of the person or persons who are alleged to be responsible for the abuse or neglect.
- The siblings' names, sex, ages, and present location.
- The names, ages, sex, and relation to the child of other adults in the home.
- The nature and extent of the suspected abuse or neglect.
- Any other evidence of the alleged maltreatment.
- The reason or reasons for suspecting abuse or neglect, including the physical or emotional condition of the child (or children) and statements of a child or parent.
- Any other relevant statements made by the parents, the child, or significant others.
- Any available information about previous injuries to the child or siblings (or other evidence of prior maltreatment).
- The names, addresses, and phone numbers of possible witnesses to the alleged maltreatment.
- Any actions taken by the reporting source or others (such as placing the child in protective custody or taking photographs or X-rays).
- The reporter's name, telephone number, address, and occupation if the reporter is willing to provide this information.
- Relationship of the reporter to the child and family.
- Any other information that the reporter believes may be helpful.

Make sure that all conversations are documented, signed and dated. Many agencies will ask reporters to send in written statements. Keep a copy of all documents in a secured, safe place where the public does not have access.