



ABC's of Church Management Newsletter

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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.

Helping Seniors and Disabled Receive Stimulus Checks

The U.S. government will be distributing checks in May or June to hopefully stimulate the economy. The amounts of the checks will vary based on a number of factors:

1. Married couples will receive \$1,200 so long as they paid at least that much in taxes in 2007.
2. Singles will receive \$600 so long as they paid at least that much in taxes in 2007.
3. Both groups will receive \$300 per child they have under the age of 17.
4. Married couples paying \$1 or more in taxes for 2007 will receive at least \$600 if their income topped \$17,500. This is to cover lower income couples.
5. Singles paying \$1 or more in taxes for 2007 will receive at least \$300 if their income was over \$8,750. This is to cover lower income individuals.
6. Married couples that have at least \$3,000 of earned income will receive a minimum of \$600 and \$300 per child under the age of 17.
7. Singles that have at least \$3,000 of earned income will receive \$300 and \$300 per child under the age of 17.

The majority of seniors and disabled individuals do not have earned income. They basically only receive Social Security benefits or disability checks. For the purposes of the Stimulus Package, Social Security benefits and disability benefits will count as earned income. However there is a catch. They must file a tax return for 2007.

This is where you can help the seniors and disabled in your congregation. Some libraries and seniors' organizations are offering to prepare the required tax return for seniors and disabled for free so that they are eligible to receive the stimulus check. Check your community listings. If you do not have such a group offering these services, you can help your seniors and disabled by helping them complete the required document by following the instructions below: **This form must be filed by April 15th.**

1. The tax form needed is Form 1040A. This form can be downloaded for free at www.irs.gov. Look in Forms section.
2. Complete the Label Section. Be sure to include their Social Security numbers.
3. Complete the Filing Status Section.
4. Complete the Exemptions Section.
5. If the senior or disabled individual has any wages, place them on Line 7.
6. Place Social Security or disability benefits on Line 14a.
7. If they would like to receive the Stimulus check as a direct deposit to their checking account or savings account, enter the routing number and account number in Box 44.
8. Have them sign the appropriate lines.

9. Date the document.
10. For occupation print either "Retired" or "Disabled."
11. Remember to include their phone number.
12. Since this is being prepared for free it is not necessary to complete the "Preparer's" information.
13. **Print "Stimulus Payment" across the top of the first page of the form.**

Those simple steps will help your seniors and disabled individuals receive their share of the government stimulus package. What a great gift to offer your parishioner. Who knows the church might just receive a tithe from the funds received.

Pastors Receive Form W-2s

Several pastors have shared their frustrations in trying to receive a Form W-2 from their churches. This is an important reminder that pastors receive Form W-2 not 1099-Misc. The IRS considers pastors employees for income tax purposes and self-employed for Social Security purposes.

Another common error on pastors' Form W-2s is their housing allowance being included in Box 1. Housing allowances do not appear in Box 1 since the pastor does not pay income tax on a housing allowance. The amount given as a housing allowance is shown in Box 14.

If the church pays any part of the pastor's SECA tax, it is added to Box 1 but is also shown in Box 14 being labeled SECA.

Breaking the Myths of Conditional Deeding

Myth 1: We are an autonomous church and we can do with our property whatever we want and no one can tell us what to do.

WRONG: The IRS is very specific about what you can and can not do with your property should the church close. In IRS Publication 557 on page 19, the IRS states:

"Assets of an organization must be permanently dedicated to an exempt purpose. This means that should an organization dissolve, its assets must be distributed for an exempt purpose...or to the federal government or to a state or local government for a public purpose. If the assets could be distributed to members or private individuals or for any other purpose, the organizational test is not met."

A church, being an exempt organization under the group letter of Church of God Ministries, Inc. (yearbook recognition) or through their own 501(c)(3) filing, is required to have a dissolution clause in their organizational documents. This means that a church must list where their property and assets will be distributed if the church should cease to exist. One good place for this to be listed is in the Articles of Incorporation but it should be in the bylaws as well.

Myth 2: If we conditionally deed our property to our state office, we will have to get their permission every time we desire to do something to our property.

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WRONG: The church does not have to ask permission to remodel, paint, expand, or make changes to the property. They only have to notify the state office if they plan to sell the property for relocation or to dissolve the church. If the church is wishing to relocate, whoever they have the property conditionally deeded to will have to release their claim before the property can be sold.

Myth 3: If our church property is conditionally deeded to our state office, they can force our church to close to sell the property to settle any financial debt the state office has.

WRONG: When church property and assets are conditionally deeded, the church maintains control of the property. The autonomous nature of the Church of God does not give the state offices the power to mandate any church to close or to sell its property. Closure of a church will be the joint determination of the remaining congregation and the state office.

Benefits of Conditional Deeding:

Now that we've broken the myths of conditional deeding, let's look at the benefits.

- Conditional deeding keeps property and assets in the Church of God in the state where it's located and can be used to further the ministry of the Church of God either in the community where the property is located or in new communities.
- A conditional deed keeps property and assets from being removed if an outside group of different persuasion tries to remove the church from the Church of God.

Process for Obtaining Conditional Deeding:

Documents needed for conditional deeding vary from state to state and sometimes even county to county. If your church is interested in conditionally deeding its property, contact your state, regional, or provincial office for the process for your area.

Conditional deeding may not seem important at this point in time but what would happen if an outside group tried to move in and take over your church? Do you have the documents in place to preserve the church, its assets, and the Church of God believers for the Church of God, Anderson, IN?

What would happen if your church gets to the point it is not realistic to keep the doors open? By IRS law, the church can't dissolve to itself and distribute the assets to the remaining few. If there isn't a conditional deeding clause in the formational documents or on the property deeds, the local courts may be called on to distribute the assets. The courts must give the assets to a 501(c)(3) organization, but it doesn't have to be a religious organization.

Conditionally deeding the church's properties and assets to your state, regional, or provincial state office or general assembly provides for those resources to be used to continue the Kingdom growth in your state, region, or province.

Have a Blessed Easter Season!