



Financial Controls & Procedures Audit Report



Report for: Grace in the Desert Episcopal Church
2004 Spring Gate Lane; Las Vegas, NV 89134

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TABLE OF CONTENTS



Table of Contents

<u>METHODOLOGY</u>	<u>2</u>
<u>EXECUTIVE SUMMARY</u>	<u>3</u>
<u>KEYS TO FRAUD PREVENTION</u>	<u>4</u>
<u>ROLES & RESPONSIBILITIES</u>	<u>5</u>
<u>TRUST</u>	<u>6</u>
<u>CALLING, ENERGY, & RESOURCES</u>	<u>7</u>
<u>YOUR POLICY & PROCEDURES</u>	<u>9</u>
<u>HIGHLIGHTED AREAS FOR IMPROVEMENT</u>	<u>10</u>
<u>RECOMMENDATIONS SUMMARY</u>	<u>17</u>
<u>HELPFUL RESOURCES</u>	<u>18</u>
<u>THANK YOU</u>	<u>21</u>

METHODOLOGY



A Financial Controls & Procedures Audit, while similar to the Financial Audit a CPA firm provides, has a different focus. The goal of a financial audit provided by a CPA firm is to provide a professional opinion about the truth and fairness of the financial reporting that management provides. These opinions are provided for the benefit of the governing body, outside investors and potential creditors. In the case of the local church, the need for such an opinion is usually limited to the desire of seeking grant funds from large granting organizations or the financing of real property with organizations outside of the church denominational network that require such opinions. These audits are expensive and often the cost deters the local congregation from pursuing an audit unless one of these two needs is present.

The Financial Controls & Procedures Audit differs from the CPA Financial Audit in that the emphasis of the fieldwork is on the actual policy and procedure in place; how it is followed and how it protects the assets of the congregation. While we can express an opinion of the truthfulness and fairness of the reporting, we are not CPAs and therefore our opinion is not a “professional opinion.” Therefore, what we provide, as experts in church finance, is an explanation of the policies and procedures you have in place and how they are working, along with recommendations for improvement where necessary. The outcome of a Financial Controls & Procedures Audit is a launching place for improving the financial health of your congregation; ensuring that managing and reporting is done correctly; assuring your congregation their contributions are utilized for that which they contributed.

The process followed begins with interviews of key staff and volunteers involved in the finances of the congregation, sometimes leading to interviews of other individuals. The focus of the interviews is on policy and procedure; allowing us to follow the movement of money through the organization and how and where the policies and procedures are in place to protect the assets of the organization. A review of bylaws, other governing documents, and the minutes of the governing body (and other committees as necessary) also takes place to ensure the congregation is following its own defined processes.

Following the interviews, an examination of source documents is conducted to ensure the processes in place are being followed, that the reporting provided is being accurately accounted for and to uncover any areas where controls or procedures may be weak or lacking. This includes asking for some donors to verify their giving to the church and asking grantors to verify grant amounts and conditions of those grants. It also includes the audit of bank statements, credit card statements, receipts, copies of contracts and other source documents that help to verify the reporting provided.

We greatly appreciate the opportunity to serve you and your congregation as a set of outside eyes looking in and identifying areas you can work to improve what you do as you serve your congregation and community. We hope this report assists you in furthering the efforts you make in sharing the Gospel in your local community.

Sincerely,

EXECUTIVE SUMMARY



Grace in the Desert Episcopal Church exemplifies a congregation deeply supported by dedicated volunteers, a commendable and increasingly rare characteristic. However, this reliance highlights a critical need for succession planning to ensure continuity when current volunteers step back from their roles or reduce their commitments. Proactively addressing this challenge will help sustain the church's operations and ministry.

The church has also experienced significant transitions in pastoral leadership, which have impacted congregational energy and created a strain on operations. The ongoing process of calling a new minister has placed the church in what can be described as "crisis management mode," with efforts focused primarily on maintenance rather than growth. Due to the prominence of this concern in interviews, I have included a personal recommendation in this report, a first for my Financial Controls & Procedures Audit Reports.

A major finding is the absence of written financial policies and procedures and several areas where current practices do not align with the Diocese's Manual of Business Methods in Church Affairs. The most pressing issue is the lack of segregation of duties, which leaves the church vulnerable to both intentional (fraud) and unintentional (errors) risks.

While the church's financial records were found to be well-organized, and no fraudulent activities were identified during the review of source documents and accounting files, there are several opportunities for improvement. These improvements are necessary to meet best practices and diocesan requirements. Developing a comprehensive financial policies and procedures manual, guided by the Manual of Business Methods, should be prioritized.

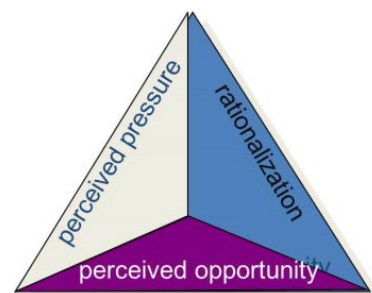
Our report includes specific recommendations, but until a robust financial policies and procedures manual is established, the church remains exposed to significant vulnerabilities, or "windows of opportunity." Addressing these gaps will strengthen the financial health and operational integrity of Grace in the Desert Episcopal Church.

KEYS TO FRAUD PREVENTION



According to a study by the Center for the Study of Global Christianity church fraud (more than \$59 billion) exceeded what churches give to missions (\$53 billion) in 2017 and the expectation is that it will continue to rise. In November 2003 Walter Pavlo, a contributor to the Investing section of Forbes wrote an article titled [Fraud Thriving In U.S. Churches, But You Wouldn't Know It](#). In his article he quotes the president of Forensic Strategic Solutions, who receives 3 – 4 cases of church or nonprofit fraud each year. “Nobody wants to believe that the person they trust, the person they respect, is stealing from them, but that is exactly what I’m seeing in our practice.” Said Sizemore. The article goes on to explain that “typically, when they investigate, they find few if any accounting controls and most financial procedures in place are based on ‘trust.’”

In order for fraud to take place, there are three things that must be present. We can illustrate this easily with the Fraud Triangle: Perceived pressure, perceived opportunity and rationalization. While the church speaks to **PRESSURE** (or what might be described as motivation), and certainly the church speaks to the moral issues related to **RATIONALIZATION**, it is practically only possible to impact **OPPORTUNITY**.



When we do not have in place, good internal controls, have too much trust in individuals, have poor management oversight, don't do background checks for key positions, etc., we create **WINDOWS OF OPPORTUNITY**. In order to prevent fraud in the church, we have to find ways to close these windows and institute policies and procedures that ensure our resources are secure.

There are times when our congregation is challenged to implement the Best Practice for a particular Window Of Opportunity. It is in these areas we need to learn to minimize the risk with the most practical solution available to us. We must weigh the potential risk against the costs of preventing it to determine where we can afford to create the best barriers to would-be criminals.



ROLES & RESPONSIBILITIES



Members of the Vestry have specific duties outlined in the Nevada Revised Statutes:

([see Chapter 82 of the Nevada Revised Statutes](#))

- **Duty of Care** – Take care of the nonprofit by ensuring prudent use of all assets, including facility, people, and good will; and provide oversight for all activities that advance the nonprofit’s effectiveness and sustainability. [NRS 82.221(1)]
- **Duty of Loyalty** – Make decisions in the best interest of the nonprofit corporation; not in his or her self-interest. [NRS 82.226]
- **Duty of Obedience** – Ensure that the nonprofit obeys applicable laws and acts in accordance with ethical practices; that the nonprofit adheres to its stated corporate purposes, and that its activities advance its mission. [NRS 82.136 and NRS 82.161]

A great resource for your Vestry is [Board Member Orientation by Michael E Batts](#). Additional resources that interested Church Council members may want to review are listed in the resources section.

TRUST



One of the key reasons churches are vulnerable to church embezzlement and fraud is TRUST. This really shouldn't surprise us. We work hard in our churches to create what we church goers refer to as Sacred Space. Your pastor dedicates many hours to this each week. On Sunday, it is our goal to create a place where you can leave the world behind; all the stresses, all the conflicts, all the challenges, and come into connection with the Divine.

Yet, when we do not have policies and procedures in place that ensure this Sacred Space is safe for the financial resources of the congregation, we create a false sense of security. As Walter Pavlo noted in his article, "Nobody wants to believe that the person they trust, the person they respect, is stealing from them, but that is exactly what I'm seeing in our practice." Typically, when they [Forensic Strategic Solutions] investigate, they find few if any accounting controls and most financial procedures in place are based on "trust."

Richard Hammar, Church Tax & Law Expert says, "As hard as it may be to believe embezzlement is a relatively common occurrence in churches. Even so, many churches refuse to adopt measures that will reduce the risk of embezzlement out of a fear that such measures will reflect a lack of trust in the people who handle church funds."

We must shift away from trusting people to developing trustworthy systems that ensure our resources are secure.



Calling, Energy & Resources



Grace in the Desert Episcopal Church has experienced a significant amount of change over the course of the past five years. This was evident in the decline in number and amount of pledges received from 2019 – 2023. This theme of transition became even more apparent during my interviews, where leadership expressed feelings of stress, fatigue, and being overstretched. A common concern was the ongoing process of calling a new Rector, which many described as draining and challenging, leaving little energy for growth beyond simply “keeping things going.”

As a former judicatory minister, I have witnessed firsthand how leadership transitions can strain congregations. While these processes can feel overly demanding, I firmly believe they are essential. For Grace in the Desert Episcopal Church, this discernment process is not only necessary but timely. It offers an opportunity to step back, reflect, and rediscover the congregation's unique identity and purpose.

This church is filled with deeply committed members who love their community and are willing to do whatever it takes to sustain it. However, the process of calling a new Priest is about more than filling a role—it’s about clarifying who you are and what God is calling you to do, both individually and collectively.

One of the central questions I encourage churches to explore is: What makes us different? What sets Grace in the Desert apart from the church down the street, or even from other Episcopal churches in the area? Each congregation is uniquely gathered, with a specific purpose and calling that only they can fulfill in their community and at this time. Discernment is the process of uncovering that purpose.

This period of discernment is an opportunity to explore not only your calling from God but also your shared values, beliefs, gifts, and skills. It is a time for self-reflection, observation, and celebration of the unique community you are and what you can offer to the world around you. When this discernment process is completed, your path will become clearer. You will know your purpose, understand your collective strengths, and identify what you need from a new Rector to fulfill that calling.

With clarity of purpose, decision-making becomes simpler. Ministries, projects, and tasks can be evaluated based on their alignment with your calling: if they align, you say “Yes!”—if not, you set them aside with a confident “Not now.” Without this alignment, frustration and weariness arise as energy and resources are spent without clear direction.

For any church to thrive, it must align its calling, energy, and resources. When these are in harmony, the church experiences grace and growth. When they are out of alignment, frustration and strife often follow. My observation is that Grace in the Desert is experiencing this misalignment due to a lack of shared clarity about God’s calling for the congregation. By investing in this discernment process, you will find renewed energy and purpose—your collective “why.”

The recommendations in this report are designed to help maintain focus on your discerned calling. Policies and procedures provide structure, establish standards, define boundaries, and minimize distractions. They guide how resources are used, ensuring alignment with your purpose.

I encourage you to prioritize the discernment process as foundational to your journey forward. By committing to this work, you will set the stage for a successful and fulfilling ministry together.

POLICIES & PROCEDURES



Church Procedures Audit was not providing any documentation of current financial policies & procedures. Grace in the Desert Episcopal Church needs to develop a Financial Policies & Procedures Manual that outlines the policies for both handling of income and expenditures and describes the procedures that need to be followed. The Financial Policies & Procedures Manual must cover each of the following areas:

- | | |
|------------------------|-----------------------------------|
| I. Purpose & Intent | VI. Cash Disbursement |
| II. Responsibilities | VII. Other Assets |
| III. Chart of Accounts | VIII. Budgeting |
| IV. Cash Receipts | IX. Storage of Critical Documents |
| V. Cash Management | |

The Financial Policies & Procedures Manual ensures segregation of duties is maintained by providing the policies that guide the work of those handling finances and giving step by step procedures for all to follow so that continuity is maintained when new volunteers and staff are brought into the processes.

AREAS FOR IMPROVEMENT



Segregation of Duties:

Best practices in a financial accounting system call for specific segregation of duties. Segregation of duties serves two purposes: ensuring oversight and review of a process to prevent errors and reducing risk of fraud or theft because it requires two or more people to collude in order to hide a transaction.

Segregation of Duties are primary internal controls intended to prevent or decrease the risk of errors, identify problems, and ensure corrective action is taken. This is accomplished by ensuring that no single individual has control over all phases of any business transaction. There are four general categories of duties:

- Authorization
- Custody
- Record Keeping
- Reconciliation

In a perfect system, different employees or volunteers perform each of these four major functions. In other words, no one individual has control of two or more of these responsibilities. Additionally, the more negotiable the asset, the greater the need for proper segregation of duties (e.g. cash and checks).

In a church setting, this would mean the person who disburses monies is a different person who receives monies. Additionally, for expenses, the person who authorizes an expense is separate from the person who signs the check. A third person would record the check in the financial system and a fourth person would be responsible for the bank reconciliation. For income, It would also mean that the people who count the offering are separate from the person who makes the deposit, the additional person who records the deposit into the system, and the additional person who reconciles the bank statement.

While in smaller churches it can be difficult to segregate all four of these areas. In the event there is difficulty in segregating one area, measures must be taken to offset that “window of opportunity.”

The *Manual of Business Methods* provides a different model for segregation of duties with five areas of segregation (Chapter II-2) :

1. Request – request for purchase
2. Approval – authorized personnel approve request
3. Authorization – approval to purchase, issuance of purchase order
4. Execution – purchasing, receiving and payment
5. Recording - accounting

The *Manual of Business Methods* further explains that “no one person should handle all aspects of a single financial transaction.” It goes on to state the following:

- 1) The custody of assets must be separate from the responsibility for accounting for these assets.
- 2) The authorization of transactions must be separated from the custody of related assets.

3) The authorization of transactions must be separated from the accounting for the transactions. For example:

- a.) Check signers should not also be authorized to approve accounting transactions.
- b.) Staff authorized to hire employees or temporary labor should not be able to approve the payroll accounting entries.

4) For procurement activities attention must be paid to separating the authority for the selection of vendors, bidding process and approval of the final supplier.

Regarding Accounting of Transactions the *Manual of Business Methods* states, “The finance staff should not be able to authorize the transactions they are responsible for recording. This is a basic requirement under segregation of duties.”

Currently, the Business Manager position is involved in every areas that should be segregated. On the Accounts Payable side, the Business Manager approves expenses, signs checks, makes entries into the accounting system and does the bank reconciliation. On the Accounts Receivable side, the Business Manager records deposits into the accounting system and does the bank reconciliation. This introduces unacceptable risk and needs to be corrected.

The *Manual of Business Methods* also addresses Authority Levels in Chapter II-3. Grace in the Desert Episcopal Church hasn’t defined authority levels and has combined this process with check signing. These need to be segregated and defined (see “Authority Levels” in the *Manual of Business Methods* for a detailed explanation).

As Grace in the Desert Episcopal Church develops new Financial Policies & Procedures, it is recommended that Segregation of Duties is addressed. A few potential solutions for the Business Manager position would be to remove the Business Manager as a check signer, have the Treasurer approve transactions, and ask another volunteer that works in the accounting system to make all entries related to accounts payable (invoices and check requests). This would limit the Business Manager to reconciliation. Another option would be to limit the Business Manager to approval of expenses.

Succession Planning:

The greatest asset of Grace in the Desert Episcopal Church may become its greatest liability over time. So much of the administrative work is being done by volunteers. I was honestly amazed by how much you all do without administrative or financial staffing.

The overall experience of the Church is a decreasing number of volunteers with a more limited amount of time they can provide to volunteering. This coupled with the need for specific skills in many areas of the work create the challenge of how to accomplish all of the work with limited resources. Many pastors are seeing the shift to bi-vocational work necessary due to resource limitations. Many churches, like yours are seeing staffing expense a challenge.

Careful planning needs to be done to determine how each position will be addressed when/if volunteers with experience and expertise are not available. Outsourcing some of the work may become necessary.

Counting The Offering:

The offering should be counted by a rotation of two individuals not related. This should take place onsite. This can take place immediately following the service or the offering can be placed in a safe and counted during the week. If counted during the week, the policies and procedures should ensure that two unrelated individuals access the safe together and are responsible for counting the offering and depositing it into the bank.

Those who count the offering have custody and should not include those who do record keeping or bank reconciliation. This would ensure proper segregation of duties. Your Business Manager should never participate in the counting of if this position will continue to make entries into the system and/or do the bank reconciliation.

Currently, Grace in the Desert Episcopal Church have two people who consistently count the offering. One of those individuals also accesses the accounting system (but does not enter deposit information or do bank reconciliation). It would be best if there were a larger number of people who rotated the counting task of the offering. This should always be at least two people who are unrelated. My understanding from the interviews I conducted, prior to the Covid pandemic, the process was completed by one Vestry member and one non-Vestry volunteer on Sunday. This would be a great practice to reinstate. This would allow for rotation of more volunteers and separate those who have access to the accounting system from those who are counting. The offering could be taken by another volunteer during the week, providing a receipt from the bank that matches the counter sheets that have been signed by the counters.

The Safes:

Grace in the Desert Episcopal Church has two safes. One is in a bathroom within the Sacristy. The other is in the finance office. There are a few issues with the safes that need to be addressed. The first is that the safe in the Sacristy. This is the safe the Sunday offering is kept until counted. The safe is not bolted down to the floor and could be stolen easily. The Sacristy is accessible from the Sanctuary and was not locked at the time I was shown the area. This area should always be locked.

The finance office is kept locked with limited access by the Business Manager, Treasurer, and finance office volunteers. The safe in this office is much larger and heavier. Yet, it does not have a drop slot, limiting storage without entry.

There are an unknown number of people who have access to both safes. There is no known instructions for changing the combinations of the safes. This opens a window for opportunity for theft; especially with the Sacristy not being kept locked. The best practice to ensure safes are always accessed by two people is to provide the safe combination to one set of people who do not have access to the room and provide access to another set of people who do not have the safe combination. This ensures that at least two people must choose to access the safe together.

As you develop your financial policies and procedures, security and access to the safes need to be addressed. Additionally, contacting the manufacturers and/or a locksmith should be made to determine how the safe combinations can be changed. The frequency of change (no less than the change of roles) should be addressed in the financial policies and procedures.

Credit Cards:

Credit cards and debit cards are a convenient tool for purchase of supplies for the organization. They are also one of the largest risks to organizations for fraud, embezzlement and misuse when policies and procedures are not clearly defined and followed. When we provide a credit card to staff members or even volunteers to use on behalf of the church, we are making it convenient for them to make purchases that are paid for directly by the church rather than being reimbursed for them later.

In the case of staff, it is important to note that the IRS requires that reimbursements are to be on an accountable plan. An accountable plan is a plan that follows the Internal Revenue Service (IRS) regulations for reimbursing workers for business expenses in which reimbursement is not counted as income. This means that reimbursements are not subject to withholding taxes or W-2 reporting. The IRS requires a receipt for every reimbursement. Otherwise, they must be treated as an increase in wages for the individual to itemize the expenses on their tax return.

When receipts are not provided by staff members the church does not appropriately have the records for an accountable plan. Additionally, it opens a “window of opportunity” for staff to use the credit card for personal purchases (either by mistake or with intent) without any scrutinization of the purchase. Additionally, the lack of documentation of credit card purchases makes the accounting of those expenses very difficult.

A Credit Card Use Policy addresses who can be issued a credit card and the limits to be placed on that credit card by the organization. Additionally, it addresses the use of the card and what is an appropriate expense, prior approvals that may be needed for larger purchases. The policy should also address the reconciliation of the credit card, responsibilities of the cardholder to provide receipts and documentation to substantiate the expenses, and consequences of noncompliance. We recommend a Credit Card Use Policy be adopted.

It was not clear that the credit card accounts used by Grace in the Desert Episcopal Church were actual corporate credit cards. This raises a second issue. The person (possibly former Treasurer) who opened the credit card account in their name and it is tied to their social security and credit. This is not an acceptable practice and introduces unwarranted risk for that individual. If the church were to suddenly find itself in a difficult financial position and/or experience late payment of the credit card, it would have a derogatory impact on the staff person’s credit.

It is recommended that corporate credit cards be sought out to replace the current business cards that appear to be opened by an individual. Other alternatives are to use a service such as Expensify, Bill.com’s Spend and Expense Card, a pre-paid credit card system such as PEX, or least recommended, open a new checking account for use of debit cards not tied to the general operating fund and to develop a policy for the use of the cards and a limit on the available funds in the account. If staff or volunteers

cannot provide adequate reporting and receipts, they should not have the privilege of using the church's credit card. Instead, they should submit for reimbursement, which requires the receipts.

Withholding of FICA for Ministers:

During the fieldwork, it was discovered that a former Interim minister had FICA (Federal Insurance Contributions Act) tax withheld from their paychecks. Ministers are subject to special IRS rules and are not subject to FICA. Instead, they are subject to SECA (Self-Employment Contributions Act). While ministers are employees of the church, the IRS treats them as independent contractors for the purpose of taxes. Having FICA withheld from the minister's paycheck can endanger their ability to claim Housing Allowance, a special benefit of ministers that saves them on income tax.

This was corrected with the calling of the current Priest in Charge. In your Financial Policies and Procedures Manual, it should be stated that ministers payroll will be processed in accordance with IRS rules and a description of Housing Allowance and FICA rules should be referenced from [IRS Publication 517](#). Additionally, it is recommended that the Treasurer (or other designated person) review payroll reports to ensure accuracy. There should always be two sets of eyes on every process. Payroll is typically the largest expense for any church and can be an area for fraud or hefty fines for mistakes. Also see [Special Instructions for Reporting Clergy Compensation](#) in the *Manual of Business Methods* (Chapter IV-3)

Fixed Assets Schedule:

Grace in the Desert Episcopal Church lists fixed assets on the Statement of Financial Position. This list includes land, buildings, furniture, fixtures, and equipment. Under Generally Accepted Accounting Principles (GAAP), depreciation of fixed assets (also known as property, plant, and equipment) is required to allocate the cost of an asset over its useful life. The last entry of depreciation expense in Grace in the Desert Episcopal Church's financial system was in 2017. The existence of a Fixed Asset Schedule was unknown.

Churches with gross receipts of \$200,000 or more and total assets of \$500,000 or more are required to follow GAAP Standards. While you are exempt from filing a Return of Organization Exempt From Income Tax (Form 990), both Federal and Nevada State regulations require accurate accounting. I made some specific suggestions to your Business Manager about how to catch up the recording of depreciation. However, it is recommended that a Fixed Asset schedule is created and maintained.

Furthermore, the *Manual of Business Methods* (Chapter III-10) states that the Vestry should establish an asset capitalization and depreciation policy. This can be done in conjunction with a Capital Replacement Plan.

Capital Replacement Plan:

The *Manual of Business Methods* (Chapter I-4) states, “every financial plan should include consideration of the need to acquire, replace, or renovate long-lived assets. Grace in the Desert Episcopal Church needs to include this planning in their budget and develop a Capital Replacement Plan; a strategic tool used by churches, to manage the maintenance, repair, and eventual replacement of their physical assets. The plan includes a comprehensive inventory of assets such as buildings, equipment, vehicles, and technology, along with an evaluation of their current condition, estimated lifespan, and expected replacement dates.

It forecasts future costs and establishes a timeline for necessary replacements or upgrades, enabling the organization to allocate financial resources effectively. By planning ahead, a Capital Replacement Plan helps organizations avoid unexpected expenses, maintain operational efficiency, and ensure long-term sustainability.

Information Technology Policy:

The *Manual of Business Methods* (Chapter II-8) explains that the Parish should adopt a policy that addresses Information Technology and Telecommunications. Additionally, it is recommended that the policy includes a schedule for backup of data, both locally and offsite. The Business Manager currently maintains a backup of the accounting system. This process should be reviewed and documented.

Electronic Banking:

The *Manual of Business Methods* (Chapter II-8) provides specific guidance for building policies and procedures related to the use of Electronic Banking. Currently Grace in the Desert Episcopal Church utilized ACH payments for a limited number of vendors. This process should be reviewed and a policy developed in accordance with the guidelines in the *Manual of Business Methods*. Also see chapter III-6.

Facility Use Income:

Grace in the Desert Episcopal Church records income from various users of the facility as a credit to utility expense rather than recording it as income. Under, Generally Accepted Accounting Principles (GAAP), facility use income should generally be recorded as income, not credited to an expense account. It can be misleading to credit expenses for utilities as this reduces the expense. This understates income and expenses. This also makes budget planning challenging. It is recommended that all income is properly recorded in the income section of the Statement of Activities.

Segregation of Restricted Assets:

Grace in the Desert Episcopal Church maintains accounting of various funds contributed to the church for specific uses in a Fund Balances report. There is a variance in the total of these funds in the Funds Balance report compared to the Statement of Financial Position. This variance is likely from a mistake in accounting for a transaction prior to the utilization of the current software or early on in its use. A more detailed exploration of the history of these balances should be reviewed to determine the correct balance.

Additionally, it is recommended that funds that are restricted by donors or designated by the Vestry be segregated into separate bank or investment account(s). This ensures these funds are not accidentally utilized for general operations. Funds that are restricted by the donor do not belong to the church. Instead, they are entrusted to the church for proper management and use for the specific purpose for which they were given. This includes indirect donor restricted donations (or donations solicited for specific purposes by the church).

It is highly recommended that you reference UPMIFA (see Endowment Law Resources below) as you determine where to invest any restricted funds.

RECOMMENDATIONS



While many of the following recommendations have been referenced above, this section provides a summary of all recommendations to Grace in the Desert Episcopal Church:

1. Develop, approve, and implement a Financial Policies & Procedures Handbook.
2. Ensure the Financial Policies & Procedures address documentation of the process to ensure it is auditable and verifiable.
3. Ensure the Financial Policies & Procedures address electronic banking.
4. Establish Segregation of Duties in accordance with the *Manual of Business Methods*.
5. Ensure the offering and other deposits are counted by at least two people who are unrelated, rotating from a group greater in size than two.
6. Ensure credit card is a corporate business card to protect volunteers from church decisions impacting their credit.
7. Establish a credit card use policy.
8. Secure the safe in the Sacristy by bolting it to the floor.
9. Change the combinations of the safes and ensure they are changed no less often than the change of persons who access them.
10. Establish policy and process that ensures the safe is always accessed by at least two people.
11. Establish a Fixed Asset Schedule.
12. Establish a Capital Replacement Plan.
13. Establish an Information Technology Plan
14. Record all facility use income as income rather than a credit to expense.
15. Segregated Restricted and Designated funds in a separate bank/investment account.

HELPFUL RESOURCES



National Government Resources:

IRS Tax Guide for Churches & Religious Organizations:

<https://www.irs.gov/pub/irs-pdf/p1828.pdf>

Tax-Exempt Status for Your Organization:

<https://www.irs.gov/pub/irs-pdf/p557.pdf>

IRS Charitable Contributions:

<https://www.irs.gov/pub/irs-pdf/p526.pdf>

<https://www.irs.gov/pub/irs-pdf/p1771.pdf>

Tax on Unrelated Business Income of Exempt Organizations:

<https://www.irs.gov/pub/irs-pdf/p598.pdf>

Federal Emergency Management Agency Public Assistance for Houses of Worship

<https://www.fema.gov/media-library/assets/documents/152033>

U.S. Department of Housing and Urban Development (HUD) – Faith-Based and Neighborhood Partnerships: https://www.hud.gov/program_offices/faith_based

Federal Grant Search for Faith-Based Organizations: <https://www.grants.gov/>

Department of Labor Guidance for Religious Organizations:

<https://www.dol.gov/agencies/ebsa/employers-and-advisers/religious-employers>

Small Business Administration Faith Based Organization Guidance:

<https://www.sba.gov/funding-programs/faith-based-organizations-faq>

Nevada Government Resources:

Secretary of State Charitable Organizations & Nonprofits:

<https://www.nvsos.gov/sos/businesses/nonprofit-entities>

Nevada Attorney General's Guide to Non-Profits:

https://ag.nv.gov/uploadedFiles/agnv.gov/Content/How_Do_I/DOJ_Guide_to_Non-Profits.pdf

Nevada Attorney General – Charitable Solicitation Information

https://ag.nv.gov/Hot_Topics/Issue/Charities/

Nevada Department of Taxation - Property Tax:

<https://tax.nv.gov/tax-types/property-tax-on-interstate-and-inter-county-properties/>

Nevada Department of Taxation – Sales Tax Exemption Information:

https://tax.nv.gov/FAQs/Exemptions_FAQ/

Nevada Division of Emergency Management – Faith-Based Disaster Preparedness
https://dem.nv.gov/Preparedness/Faith-Based_Resources/

Nonprofit Resources:

National Council of Nonprofits: <https://www.councilofnonprofits.org/>

Aliance for Nevada Nonprofits:
www.alliancefornevanonprofits.com

Endowment Law Resources:

Uniform Prudent Management of Institutional Funds Act
<http://uniformlaws.org/>

Employment Resources:

Employee vs Independent Contractor:

<https://labor.nv.gov/uploadedFiles/labornvgov/content/Employer/Independent%20Contractor%20-%20Information%20Sheet.pdf>

Employee Classification Act:

<https://labor.nv.gov/uploadedFiles/labornvgov/content/Employer/Frequently%20asked%20questions%202022.pdf>

U.S. Department of Labor Recordkeeping Requirements under the FLSA:
<https://www.dol.gov/agencies/whd/fact-sheets/21-flsa-recordkeeping>

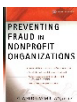
U.S. Department of Labor requirements on overtime:
<https://www.dol.gov/general/topic/workhours/overtime>

Church Finances:



Essential Guide to Church Finances

https://www.amazon.com/Essential-Guide-Church-Finances-Richard/dp/091746351X?ie=UTF8&qid=1329538505&ref_=sr_1_1&sr=8-1



Preventing Fraud in Nonprofit Organizations

https://www.amazon.com/Preventing-Nonprofit-Organizations-Edward-McMillan/dp/0471733431?ie=UTF8&qid=1329538575&ref_=sr_1_1&s=books&sr=1-1

Vestry Training and Responsibilities:

Board Source: <http://www.BoardSource.org>

Center for Nonprofit Excellence: <https://www.centerfornonprofitexcellence.org>

Independent Sector: <https://www.independentsector.org>

Bridgespan Group: <https://www.bridgespan.org>

Board Effect: <https://www.boardeffect.com>

Nonprofit Quarterly: <https://nonprofitquarterly.org>

Idealist.org: <https://www.idealist.org>

Governance Matters: <https://www.governance-matters.org>

Other:

Church Law & Tax: <http://www.churchlawandtax.com/>

The Church Network: <https://www.thechurchnetwork.com/>

Indianapolis Center for Congregations: <http://www.centerforcongregations.org>

More from Church Procedures Audit and Church Training Center:

- Church Accounting & Payroll Services
<https://churchtrainingcenter.com/accounting/>
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<https://churchtrainingcenter.com/financial-fitness-packages/>
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<https://churchtrainingcenter.com/community/>
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<https://churchtrainingcenter.com/cohort-training/>
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<https://churchtrainingcenter.com/church-governance-mastery-grou/>
<https://churchtrainingcenter.com/church-treasurer-mastery-group/>
- Webinars in Finance, Governance, Budgeting and Administration
<https://churchtrainingcenter.com/webinars/>

THANK YOU



Thank you for your time and consideration. We look forward to your continued growth and are here to help when you need us!

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