



Baltimore-Washington Conference
The United Methodist Church

Administrative Year in Review

Christine Taylor

Baltimore Metropolitan District Administrator

First Quarter (January to March)

- Appointment Season
- Statistical Reports are Due
- Spring Lay Servant Academy



Photo by [Jessica Lewis](#) from [Pexels](#)

Second Quarter (April to June)

- Clergy Transition Workshop
- Fund Balance Reports are due June 30
- Certified Lay Minister applications are due by July 1



Photo by [Jessica Lewis](#) from [Pexels](#)

Third Quarter (July to September)

- New Appointments begin July 1
- Church Conference Forms
- Church Conference Training
- Fall Lay Servant Academy



Photo by [Jessica Lewis](#) from [Pexels](#)

Fourth Quarter (October to December)

- Church Conference Season
- Statistical Report Training
- Itineracy Report is due December 1
 - Full Elders
 - Provisional Elders
 - Associate Members
- Evaluations are due December 1
 - Pastors/Deacons Self-Evaluation (Completed by the Pastor/Deacon)
 - Pastoral Evaluation (Completed by the SPRC)
 - Pastoral Goals (Completed by the Pastor)



Photo by [Jessica Lewis](#) from [Pexels](#)



Baltimore-Washington Conference
The United Methodist Church

Where do I find...?
www.BWCUMC.org

Tonia Bennett
Frederick District Administrator



Baltimore-Washington Conference
The United Methodist Church

Local Church Annual Fund Balance Report

Pier McPayten
Conference Controller

Annual Fund Balance Report

What is included in Fund Balance Report?

The Annual Fund Balance Report is a summarized report of all separate bank accounts (i.e., checking, savings, CDs, money markets, investments) maintained by a group using the same tax identification number as the church (such as youth, trustees, missions, UMW, Boy Scouts.) or affiliated with the church.

Who completes the Fund Balance report?

This report is due annually and should be completed by someone other than those handling funds or their family members. It is not as comprehensive or detailed as a traditional complete financial audit report/ review and is not a substitution for a complete financial records audit. Access to banking and/or investment information is required to confirm balances are correct.

What is an audit and what is the purpose?

An official inspection of an individual's or organization's accounts, typically by an independent body. Audits within church are used to facilitate transparency in the church in financial matters and protect those handling funds on behalf of the congregation. This audit report tool also provides an accounting and report to the leadership and members of the church. The Annual Fund Balance Report shall be completed after the end of the fiscal year and following the audit/review.

Annual Fund Balance Report

THE UNITED METHODIST CHURCH



Fund Balance Report

The Committee on Finance is required to make provision for an annual audit of the records of all the financial officers (including the financial secretary or church business manager and treasurers) of the church and all its organizations and shall report to the Charge Conference. Guidelines for handling of an accountability of funds can be found in the 2017-2020 United Methodist Church Financial Records Handbook and in Guidelines for Leading Your Congregation: FINANCE available at <http://www.cokesbury.com>, and The Local Church Audit Guide, available at <http://www.gcfa.org/forms-and-resources/financial-forms/>.

THIS REPORT IS TO BE COMPLETED BETWEEN JAN. 1 AND FEB. 1
THIS REPORT SHOULD NOT BE INCLUDED WITH YOUR OTHER CHARGE CONFERENCE FORMS

Copies of this report should be filed with the recording secretary, pastor, district superintendent and chairperson of the committee on finance

	<u>Church</u>	<u>Charge</u>
	District	Annual Conference
For the period beginning _____, and ending December 31, _____		

1. Receipts, Disbursements, and Balances (Round to the nearest dollar)

LOCAL CHURCH FUNDS (Use those applicable to your church.)	(a) Balance at Beginning of Period	(b) Cash Received and Recorded	*(c) Total Disbursements for Period (-)	*(d) Transfers + (-)	(e) Balance End Of Period
General Fund					
Benevolence Fund					
Building or Improvement Fund					
Board of Trustees' Fund					
United Methodist Women					
United Methodist Youth Fellowship					
United Methodist Men					
Church School					
Other Organizations or Funds (enter name):					
Name:					
Total amount of cash in all treasuries of the church					

Annual Fund Balance Report

<p>2. The Auditors () Auditing Committee () (<i>check one</i>) has examined the accounts listed on the front side; reviewed procedures of counting and accounting under the current Book of Discipline; has reconciled receipts and disbursements with bank deposits and bank balances; and has found the balances displayed to be correct, procedures proper, and records properly kept, except as noted below (<i>attach additional pages as needed</i>):</p>			
<p>3. Recommendations for changes in financial policies and practices (attach additional pages as needed):</p>			
<p>Signatures of the Church Audit Committee, (if applicable)</p>			
<p>_____, Chairperson</p>		<p>_____, Member</p>	
<p>Printed Name: _____</p>		<p>Printed Name: _____</p>	
<p>Date: _____</p>		<p>Date: _____</p>	
<p>Fund Balance Report, 2017-2020</p>			
<p>Prepared and edited by the General Council on Finance and Administration and authorized as the official form for this purpose</p>			



THE UNITED METHODIST CHURCH



Fund Balance Report

The Committee on Finance is required to make provision for an annual audit of the records of all the financial officers (including the financial secretary or church business manager and treasurers) of the church and all its organizations and shall report to the Charge Conference. Guidelines for handling of an accountability of funds can be found in the 2017-2020 United Methodist Church Financial Records Handbook and in Guidelines for Leading Your Congregation: FINANCE available at <http://www.cokesbury.com>, and The Local Church Audit Guide*, available at <http://www.umc.org/gcfa/forms-and-resources>.

THIS REPORT IS TO BE COMPLETED AND TURNED IN BY JUNE 30.

THIS REPORT DOES NOT NEED TO BE INCLUDED WITH YOUR OTHER CHARGE CONFERENCE FORMS

Copies of this report should be filed with the recording secretary, pastor, district superintendent and chairperson of the committee on finance

<input type="text"/>	Church	<input type="text"/>	Charge
<input type="text"/>	District	<input type="text"/>	Annual Conference
For the period beginning	<input type="text"/>	, and ending December 31,	<input type="text"/>

General Church Information

The following information should be completed:

- Church name
- Church charge
- Church District
- The period (normally January 1 thru December 31)

Annual Fund Balance Report Page 1

- (a) Confirmed Balance at beginning of year.
- (b) Cash received and recorded during year. (+)
- (c) Funds disbursed or spent. This figure would be negative. (-)
- (d) This funds were transferred out (-) or transferred into the account. The column (d) should **always** add up to zero. (0)
- (e) This reflect the totals of (a), (b), (c), (d) of each line/account.

The additional name lines are for other accounts.

1. Receipts, Disbursements, and Balances (Round to the nearest dollar)

LOCAL CHURCH FUNDS (Use those applicable to your church.)	(a) Balance at Beginning of Period	(b) Cash Received and Recorded	*(c) Total Disburse- ments for Period	*(d) Transfers + (-)	(e) Balance End Of Period
General Fund					
Benevolence Fund					
Building or Improvement Fund					
Board of Trustees' Fund					
United Methodist Women					
United Methodist Youth Fellowship					
United Methodist Men					
Church School					
Other Organizations or Funds (enter name):					
Name:					
Total amount of cash in all treasuries of the church					

Annual Fund Balance Report Page 2

2. The auditors or audit Committee checking the box is confirming that they have reviewed the procedures, examined deposits, disbursements, records (including receipts, statements etc.) and account balances. Any exceptions or issues are noted in the box.

3. Recommendations for changes are noted.

The document is signed at the bottom.

2. The Auditors Auditing Committee (check one) has examined the accounts listed on the front side; reviewed procedures of counting and accounting under the current Book of Discipline; has reconciled receipts and disbursements with bank deposits and bank balances; and has found the balances displayed to be correct, procedures proper, and records properly kept, except as noted below (attach additional pages as needed):

3. Recommendations for changes in financial policies and practices (attach additional pages as needed):

Signatures of the Church Audit Committee, (if applicable)

_____, Chairperson	_____, Member
Printed Name: _____	Printed Name: _____
Date: _____	Date: _____

Annual Fund Balance Report

Summary

- Report is to be completed annually. Copies should go to Finance chair, pastor and leadership.
- The report and review should be done by those not performing recording/ counting functions or have access to funds. Should not be completed by financial secretary or treasurer.
- An important tool to assist churches and agencies for analyzing financial health of church.
- Form can be submitted thru the Arena website.
- Assists in planning and tracking spending.
- A tool to evaluate your current priorities and future goals
- Helps determine if finances are in line with the missional objectives of the church body.
- <http://www.gcfa.org/forms-and-resources/financial-forms/>.



Baltimore-Washington Conference
The United Methodist Church

Local Church Annual Audit Procedures

Paul Eichelberger
Conference Treasurer

Local Church Audits: Key Topics

- What is a local church audit?
- Who can perform an audit and how often is it conducted?
- Does the church audit the Trustee funds?
- Does the church audit the UMM/UMW funds?
- How long do we keep our financial records?



Local Church Audit Guide

<https://www.bwcumc.org/administration/local-church-resources/>

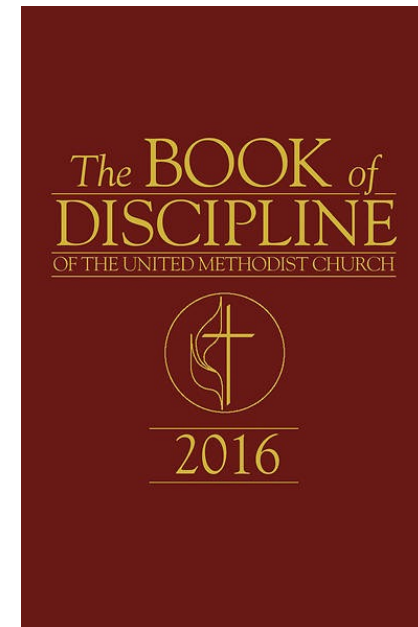
- Updated Audit Guide offered in 2014 & 2017
- Committee on Audit and Review of GCFA
(General Council on Finance and Administration)
- Provides General Guidance
 - Increase the knowledge of auditing principles for local churches
 - Understanding of why audits should be conducted
- Provides Detailed Procedures
 - Appendix A: Local Church Audit Guide Recommended Procedures
 - Appendix B: Local Church Audit Guide Internal Control Checklist
- Direct link to GCFA document:
<https://www.gcfa.org/media/1608/local-church-audit-guide.pdf>

Book of Discipline

Discipline ¶258.4d

The United Methodist Book of Discipline assigns the responsibility for the annual audit of financial records to the committee on finance.

*“The committee shall make provisions for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the annual charge conference. **A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons.”***



Annual Audit Overview

- As used in the *Discipline*, the annual audit is meant to be a process that provides reasonable assurance that good stewardship is being used in handling and accounting for the funds and other assets of the local church
- Several Goals
 - Protection of church officers
 - Trust and confidence of donors
 - Accountability and transparency of personnel activities
 - Assurance that restricted gifts are used properly and provide checks and balances for the receipt and expenditure of funds



Purpose of the Audit

- Independently verify the reports of the treasurer and financial secretary
- Follow the money and test how it was treated
- Document that donations have been used as stipulated by donors' stipulation records
- Review accounting controls (loss, errors, embezzlement)
- Segregation of duties (checks and balances by more than one person)
- Reasonableness of systems and procedures based on church size

Selecting an Auditor

- Must be Independent
 - Not subject to control or influence by anyone who has financial responsibilities in the church
 - Unrelated to anyone who has financial responsibilities in the church
- Selection of an auditor and the type of audit will depend on the financial constraints of the church
- If less than \$500,000 annual income
 - Select an independent qualified member or other volunteer to perform audit
 - Use Appendix A: Local Church Audit Guide Recommended Procedures
Appendix B: Local Church Audit Guide Internal Control Checklist
 - Should include a written report to the Finance Committee within 6 months of the year end close
 - Should be conducted annually



NOTE:
For very small congregations with less than 20 members (and minimal funding and asset balances) are encouraged to complete the Appendix A for all sections that apply and focus on implementing a few internal controls to address key risk areas

Selecting an Auditor

- If greater than \$500K annual income
 - Recommend incorporating a financial statement audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) by an external Certified Public Accountant
 - \$500K to \$1M: GAAS Audit every 3 years
 - \$1M to \$2M: GAAS Audit every 2 years
 - > \$2M: GAAS Audit annually
 - Each year between GAAS Audits should follow the <\$500K guidelines that includes a written report to the Finance Committee by an independent qualified member or other volunteer



NOTE:

A “review” or “compilation” by a CPA does not meet the intent of the recommended GAAS “audit”

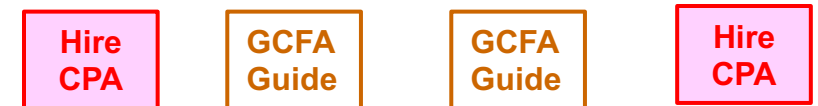
Examples:



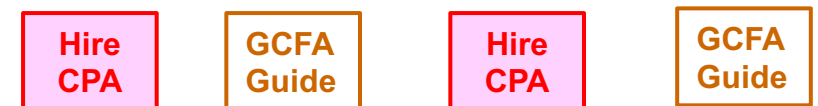
Revenue < \$500K/yr:



Revenue \$750K/yr:



Revenue \$1.5M/yr:



Conducting the Audit

- Finance/Audit Committee reviews prior year's audit
- Independent auditor will meet with the Finance/Audit Committee
- Church leadership will be responsible for establishing the scope of the audit
- Auditor will provide a written report of the findings to the Finance/Audit Committee (6 months from close)
- Finance/Audit Committee makes report at Charge Conference
- Auditor's work papers and all financial records are kept for 7 years. Final audit reports are kept permanently.
- Work papers may contain confidential information – keep in secure, limited access, storage area



Groups Included in the Audit

Discipline ¶258.4d

... “all its organizations and accounts”

This include:

- Trustees
- Memorial Funds
- Endowment Funds
- UM Men, UM Youth, Pastor’s discretionary, Church School

Does NOT include UM Women since funds are not owned by local church per *Discipline*. Should still be audited annually but reported separately to the UMW.



Records Retention

<https://www.bwcumc.org/administration/local-church-resources/>

General Commission on Archives & History

http://s3.amazonaws.com/gcah.org/Resources/Guidelines_Publications/ConfRetSched.2013.pdf

- Permanent: Audit Records, Annual Budgets, Property Files, Tax-exempt Certificates, Bequests, Insurance Policies
- 7 years: Accts Payable/Receivable, Bank Statements, Personnel records, Tax Withholdings
- 6 years: Contracts for repairs, Lease and Loan agreements
- 5 years: Pay records
- 4 years: Service contracts
- 3 years: Deposit slips, Time sheets,
- 1 year: Offering envelopes

Key Topics: A Quick Review

- What is a local church audit? Procedures are in the Local Church Audit Guide, Appendix A – test procedures, Appendix B – internal controls checklist
- Who can perform an audit and how often? Independence is key,
Engage a CPA if church revenue exceeds \$500,000/year
- Does the church audit the Trustee funds? Yes
- Does the church audit the UMM/UMW funds? UMM – Yes;
UMW – Performs their own audit
- How long do we keep our financial records? Final Audit Report - Permanently

THANK YOU