

ILLINOIS DISTRICT TEAM DAY
FEBRUARY 20, 2010





Online Calculation

Full integration with Global Treasury Services' records will be the icing on the cake for the Funding the Mission plan. Pastors, church boards, treasurers, district officers, and other record keepers can log into the Reporting Calculator, enter a few line items, match up previous contributions, check progress toward Ten Percent recognition, and safely and securely transfer funds for World Evangelism.

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The World Evangelism Fund
is the heart line of mission giving

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Church Home

Welcome, Joshua A. Jakobitz

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Language

English

District

Alabama North

Church

Albertville First

Assembly Year

2009-2010

Income and Contribution Status

Reported Income

Amount

\$53,500.00

As of

January 5, 2010

Point-to-Point Giving

Approved

\$0.00

Pending

\$5.00

Denied

\$0.00

Funding Status

World Evangelism Fund

\$2,789.10 needed to reach baseline goal

Pensions & Benefits

\$1,070.00 needed to reach baseline goal

Received Funds

World Evangelism Fund

\$0.00

Mission Specials

\$100.00

Pensions & Benefits

\$0.00

Baseline Goals

World Evangelism Fund

\$2,789.10

Pensions & Benefits

\$1,070.00

Education

\$1,337.50

test

\$133.75

New Contribution

Budgets and Rates

Global Budget

World Evangelism Fund

5.5%

USA Budgets

Pensions & Benefits

2.0%

Education

2.5%

District Budgets

test

0.25%

Recent Transactions

view all

Fund	Date	Gift Amount
Memorial Roll	5/7/09	\$100.00

Education And District Budget Mailing Addresses

Education Mailing Address

test

Thank you for supporting students at your regional college or university through education contributions

James

• Senior

• History major

• Dean's List

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Stewardship Track for Treasurers / Financial Officers

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funding the
mission

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The Ten Percent program ignited local
church support of the global mission -
and continues to do so today

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Language English

District
Alabama North

Church
Albertville First

Assembly Year
2009-2010

Report Income

Reported YTD Income

Amount	As of Date
\$53,500.00	January 5, 2010

[Update Reported Income](#)

Adjusted YTD Income

YTD Reported Income	\$53,500.00
Mission Specials Income received by others +	\$100.00
Total Adjusted YTD Income	= \$53,600.00

Received Budget Amounts

World Evangelism Fund	\$0.00
Mission Specials	\$100.00
Pensions & Benefits	\$0.00



Budget Contribution Summary

Church Status
World Evangelism Fund Support **\$2,789.10** needed to reach baseline goal
P&B Fund Support **\$1,070.00** needed to reach baseline goal

[New Contribution](#)

Global Budget Report

World Evangelism Fund Progress

Current Level of WEF Support (Goal of 5.5% or more)	0.0%
Amount Over / (Under) toward 5.5% Goal	(\$2,789.10)

World Evangelism Fund Progress Recognition

Current Recognition Level	(none)
Next Recognition Level	World Evangelism Church
Amount needed to reach next recognition level	\$2,789.10

Ten Percent Giving¹



By exempting mission offerings, our churches
can, and should, support the projects they enjoy -
without raising budgets

Rare Circumstance Adjustment Application

Unusual circumstances that are clearly outside the church's normal activity will be considered for an adjustment to church income. The adjustment should be requested during the affected assembly year and approved by the district superintendent and District Advisory Board. Upon district approval, a leadership team at the Global Ministry Center will consider the request based on the circumstances, church-giving patterns, and history of denominational faithfulness.

The pastor of the church should complete this form, attach additional documents as necessary and remit to the district office.

District Name: _____ Date: _____

District Superintendent: _____

Church Name: _____ Church Fax: _____

Pastor: _____ Church Phone: _____

Complete this three-year history of church income.

2006: _____ 2007: _____ 2008: _____

Three-Year History of Budgets (Assigned Goal / Actual Amount Paid) for WEF, P&B, and Education

2006: _____ / _____ WEF _____ / _____ P&B _____ / _____ EDU

2007: _____ / _____ WEF _____ / _____ P&B _____ / _____ EDU

2008: _____ / _____ WEF _____ / _____ P&B _____ / _____ EDU

If the rare circumstance is a cash gift, please complete the section below. If it is not a cash gift, skip to the next step.

Gift Amount in USD: _____ and designation: _____

Please provide a one-page (or less) summary of the rare circumstance. If the rare circumstance is not a cash gift, be sure to include sufficient details and background for a decision.

District Superintendent, please review the application with the district advisory board, and upon approval, sign and remit to the Global Ministry Center. Send a signed and dated copy to the pastor. If not approved, return to the pastor with a letter of explanation.

District Superintendent Signature / Date

Global Ministry Center Signature / Date

For district office use:

Date received: _____

Recommended for RCA: Y / N

Date completed: _____

Remit to: GTS, 17001 Prairie Star Parkway, Lenexa KS 66220

For Global Ministry Center use:

Date received: _____

Approved for RCA: Y / N

Date completed: _____

File with copies with FS, SM, district office, and local church

As of February 17, 2010 the District Advisory Board has voted to support for the following proposal to be presented at District Assembly July 15, 2010.



Designated Gift Policy

Shotts, Merryman & Company

Certified Public Accountants

- William E. Shotts, CPA – Member AICPA & ICPAS
- Angela S. Merryman, CPA
- Christopher J. Shotts, CPA

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Pittsfield, Illinois 62363
Telephone 217-285-2222
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Louisiana, Missouri 63353
Telephone 573-754-5591

February 15, 2010

Dr. James Spruce
District Superintendent
Illinois District, Church of the Nazarene
319 Breckenridge Rd.
Chatham, IL 62629

Ref: Revision of the Illinois District Church of the Nazarene Budget assessment and collection system.

Dr. Spruce:

As the end of the fiscal year approaches the Illinois District is faced with adopting a new budget assessment and collection system. I have given the situation a great deal of thought and planning. The following is a brief discussion and a recommendation for adoption, should they agree, by the District Advisory Board for the District budget structure.

The General Church has presented their budget assessment and collection system. It is based on the tithing principal assessing a budget of 10% of calculated Church income. This income figure is arrived at by taking all Church income eligible under IRS guidelines for a tax deduction, reducing it by payments made to the World Evangelism Fund, approved 10% specials, and deductions for rare circumstances. There is also a provision for a phase in for Churches that experience a substantial increase in their budget requirements over the previous year. Remittances for World Evangelism and P&B budget requirements would be sent directly to the General

Treasurer while the remittance for the education budget would be sent directly to Olivet Nazarene University. This would be a change in the past policy of the District collecting the education budget and forwarding the payments to Olivet Nazarene University. We will be discussing this entire process in greater detail at Team Day in Decatur on February 20, 2010.

I recommend that the District adopt the General Church model for the District assessment and collection of the District budget. The uniform policy for budget assessment and collection for both the General and District budgets will allow implementation with the least amount of confusion and additional work for the local Church treasurers. The following modifications or additions to the General Church plan are also a part of my recommendation.

- A. That the District budget be a flat percentage based on the General Church plan. The departments within the District would share and share alike based on their pro-rata portion of the budget collections.

Example: District budget consists of the District operations @ 87%, NMI @ 4.2%, NYI @ 4.5%, and SDMI @ 4.3%. Assume that \$1,000.00 is collected. The District treasurer would allocate \$870.00 to District operations, \$42.00 to NMI \$45.00 to NYI, and \$43.00 to SDMI.

- B. The District treasurer would accumulate income and payment information for decimation to the various departments and the District leadership.
- C. The District treasurer would continue to send receipts for the local Churches with information about their budget requirements and payments made.
- D. The District treasurer will provide the accumulated information for publication in the "Booster" and for inclusion on the District web page.
- E. The District treasurer will make available to the local Churches a remittance form to be included with their budget payment. It is planned that these forms will be designed in a way to assist the local Churches without access to the General Church web site as a way to calculate their budget obligation.
- F. That due to the dynamic nature of the plan being presented for adoption that the District treasurer be allowed to make any changes necessary to make the process conform to the needs of the District and Local Churches. These changes would need the approval of the District Superintendent or if he felt necessary the DAB.
- G. That the Local Churches adopt a written "Designated Gift Policy" or "Giving Policy". I am in agreement with the General Church and would recommend the following definition and implementation of a "Designated Gift Policy" be adopted by all District Churches. Generally, a gift from a donor to a Church is a transfer of a donor's entire interest in the donated property. The donor relinquishes all present and future dominion and power over the gift. However, Churches often receive donations specifically designated by the donor for mission offerings, building fund offerings, and donations to benevolence funds. While experts in the field disagree on the legal obligation of the Church to meet donor expectations, there is no doubt that the Church has a moral obligation to meet donor expectations when it receives designated gifts. In short, mission offerings should only be used for missions, capital funds should only be used for capital expenditures, etc.
 - 1. With a Designated Gift Policy: The Church would establish a designated giving policy that included shared percentages. The policy must clearly communicate to donors that a percentage of all donations, including designated funds, will be shared with the broader mission of the Church of the Nazarene. This policy needs to be established by the Church Board and communicated prior to the receipt of any designated donations. Churches that choose this option will want to start immediately, utilizing the months prior to the beginning of the 2010-2011 assembly year to develop and communicate the policy. Communication would need to occur frequently through annual reports, during appeal

requests, printed on giving receipts, and by any other means deemed necessary to disseminate the policy to all donors.

Example: The Church receives a donation of \$10,000.00 for the purchase of equipment for the family center. Since the Church has established a designated giving policy that indicates a percentage of all gifts to denominational interests, a portion of the gift will be used for fund allocations. From the gift, \$521.33 goes to WEF, \$189.58 to P&B, \$236.97 to EDU and (assuming an 8% assessment for District obligations) \$758.29 to Unified District Budget. A total of \$8,266.83 is available to purchase equipment for the family center.

Should my recommendations meet with your approval and if the DAB agrees I would appreciate action by the DAB prior to the Team Day presentation and the following finance committee meeting on February 20, 2010.

I understand that you and the DAB will have additional questions for me but I feel that we need a policy that has been adopted prior to the finance committee meeting.

Please feel free to make any changes in the structure of my proposal that you deem necessary. I stand at your direction and will implement the policy that you and the DAB direct. Thank you for your understanding of the need for a unified approach to the major change facing us by May 1, 2010.

In His service,

William E. Shotts
District Treasurer



The World Evangelism Fund
is the heart line of mission giving

Sample Church Policies

Please note: the following is not intended as legal advice.

Global mission participation policy for churches

First Church models the concept of tithe for its members by sharing a percentage of its income with other ministries in the denomination. Unless a donor specifically requests otherwise, <INSERT PERCENTAGE HERE = combined total of WEF, P&B, EDU, and District> percent of all donations, designated or unrestricted, will be contributed to the World Evangelism Fund, regional university, Pension & Benefits fund and district fund. Giving for others is to be adequately communicated to donors on offering envelopes, weekly bulletin, contribution statements and during fund raising campaigns.

Philosophy of giving

First Church accomplishes its mission by accepting offerings—charitable contributions—from its constituents and donors. Givers are strongly encouraged to tithe and to support first and foremost the operational budget of the church. The church receives designated giving in areas that are in harmony with the mission of the church. While First Church accepts enduring or endowment gifts for special purposes, the intention of the church is to utilize its resources to further its mission immediately.

Integrity and Confidentiality

First Church handles funds with a high standard of integrity and accountability and seeks to achieve the minimum standards and best practices for affiliate membership in the Evangelical Council for Financial Accountability (ECFA). All donations are recorded in the church treasurer's records, reported monthly to the church board, and audited annually. It is the intention of First Church to maintain donor confidentiality unless permission is specifically granted by the donor.

Refused donations

First Church reserves the right to refuse any donation for any reason. To ensure that all gifts are effectively used, no gift will be accepted which is unduly restrictive, likely to result in a net loss for the church or designated for a purpose outside of the mission of the church.

Donation Receipts

First church will provide any donor a summary statement of recorded donations upon request. All donors will receive a contribution statement in January for the previous year's donation that lists individual donations by fund, including date. In compliance with IRS regulations, First Church does not receipt the value of donated labor. Recognizing that a charitable contribution is unconditional and without personal benefit to the donor, First Church does not refund contributions.

Non-cash donations

Non-cash gifts to the church will be acknowledged with a letter of appreciation that describes the donated property but does not indicate a value for the donated item. For larger non-cash gifts (over \$5,000 in value) the church will comply with donor needs for appraisal and completion of Form 8382. Donors of vehicles will receive Form 1098-C within 30 days of the gift receipt as well as notification of any value received from disposal.

Bequests and other legacy gifts

Life gifts, whether made directly or by bequest are accepted in the form of cash, securities or real property. First Church primarily uses the services of the Church of the Nazarene Foundation for asset conversion, trusts, investments and endowment management. Gifts may be unrestricted or designated for a specific purpose. All designated gifts shall include a clause granting to the church board the privilege of changing the use of the gift in the event the designated purpose has already been achieved, is not a viable ministry of the congregation or no longer fits the scope of the church's mission. If it is not possible to follow the donor request, the church board will determine, at its discretion, an appropriate use for the gift—taking into account the donor's ascertainable intent.

FINANCIAL SUMMARY

TOTAL CHURCH INCOME 30. _____

Given to GLOBAL MISSION

Given to WORLD EVANGELISM FUND 31. _____

Given to APPROVED MISSION SPECIALS
(Alabaster, Nazarene Compassionate Ministry, Global Mission Broadcast, etc.) 32. _____

Given to OTHER GLOBAL INTERESTS 33. _____

TOTAL GIVEN TO GLOBAL MISSION (total of 31-33) 34. _____

PENSION FUND

TOTAL GIVEN TO PENSION FUND 35. _____

Given to DISTRICT MISSION

Given to DISTRICT MINISTRY FUNDS 36. _____

Given to OTHER DISTRICT INTERESTS 37. _____

TOTAL GIVEN TO DISTRICT MISSION (total of 36 and 37) 38. _____

Given to EDUCATIONAL INSTITUTIONS

Given to assigned EDUCATIONAL INSTITUTION fund 39. _____

Other contributions given to Nazarene educational institutions 40. _____

TOTAL GIVEN TO EDUCATION FUNDS (total of 39 and 40) 41. _____

LOCAL MINISTRY

BUILDINGS, PROPERTIES and CAPITAL IMPROVEMENTS 42. _____

DEBT SERVICE 43. _____

PASTOR, ASSOCIATE, AND SUPPORT STAFF SALARIES 44. _____

PASTOR, ASSOCIATE, AND SUPPORT STAFF BENEFITS (medical, retirement, housing, etc.) 44a. _____

LOCAL COMPASSIONATE MINISTRIES 45. _____

ALL OTHER CHURCH MINISTRIES 46. _____

TOTAL USED FOR LOCAL MISSION (total of 42-46) 47. _____

TOTAL MISSIONAL DISBURSEMENTS of the local church
(total of 34, 35, 38, 41, and 47)

48. _____

VALUE OF CHURCH PROPERTIES

49. _____

INDEBTEDNESS ON THESE PROPERTIES

50. _____

Did you pay your allocations in full?

51. ☐ Yes ☐ No

Pastor's Signature

Date



To make Christlike disciples in the nations

CHURCH OF THE NAZARENE

Ten Percent Fact Sheet

Ten Percent Giving connects the heart of the donor with the heart of the global mission in the Church of the Nazarene.

The purpose of the Ten Percent Giving program is to gather all global and local mission projects into a central location that provides trusted avenues for donors to generously give through

local churches and on-line gifts. As a result of the generosity of Nazarenes all over the world, we are accomplishing our mission to make Christlike disciples in the nations.

Giving to the World Evangelism Fund provides the basic infrastructure for the global Church of the Nazarene. Supporting projects

through the Ten Percent program allows our seven world regions to facilitate ministry far beyond what the World Evangelism Fund can resource.

The Ten Percent Formula

To be a Ten Percent church, the total amount given to the World Evangelism Fund and other Mission Specials must be equal to or greater than 10% of church income less missions giving.

Formula: Base equals total income less the amount paid toward World Evangelism Fund and Mission Specials.

- (A) Total Income = \$100,000
- (B) World Evangelism Fund and other Mission Specials = \$15,000
- (C) Subtract (B) from (A) (This is the Net Base) = \$85,000
- (D) 10% of "Net Base Figure" (C) = \$8,500

You are a Ten Percent church if (B) is equal to or greater than the net base figure (D). $\$15,000 > \$8,500$, so this is a Ten Percent church.

Giving to Mission Specials

Mission Specials are the ministries and projects that qualify for the Ten Percent Giving program and are approved by the Ten Percent Committee. An extensive list of these specials is located at www.nazarene.org/point-to-point. Some of the more popular specials include the following:

- Alabaster
- Child Sponsorship
- Jesus for a New Generation
- Nazarene Compassionate Ministries
- Missionary Deputation Offerings
- Work and Witness

INFORMATION

In order to easily and accurately record cash gifts to Mission Specials, gifts may be channeled through Global Treasury Services. This can be done by donating to a Mission Special online* (<http://web.nazarene.org>) or by mailing a cash gift to:

**Global Treasury Services
Church of the Nazarene
PO Box 843116
Kansas City, MO 64184-3116**

In some cases, it is more convenient or necessary to give the gift through the Point-to-Point program. Point-to-Point is simply the method of recording gifts that are channeled directly to the receiving Mission Special. To learn more about Point-to-Point giving, please visit: www.nazarene.org/point-to-point.

*Individuals that choose to donate to Mission Specials online can name their church to receive Ten Percent Giving recognition for their gift(s).

For all Ten Percent Giving questions contact Stewardship Ministries at the Global Ministry Center by phone at 1-800-544-8413 or by email at stewardship@nazarene.org.

EAST TENNESSEE TO PERU

A Partnership: One Story

For the East Tennessee District Churches of the Nazarene, the World Evangelism Fund and Ten Percent projects have names and faces associated with them. The names and faces belong to dozens of Nazarenes in Peru whom a team of volunteers met in November 2008.

In the midst of planning her district's second trip to Peru,

district NMI president Theresa Hodge reflected on how project participation changed the global mission outlook of her district.

In 2008, the East Tennessee District paid 97 percent of World Evangelism Fund (WEF) allocation; this year, they are on track to completely fulfill – and possibly overpay – their giving goals for 2009. “WEF has to be in place for other ministries to exist. [Projects] encourage full support of WEF,” Theresa said. “It’s hand-in-hand... Ten Percent [projects] enhance the experience of paying WEF.”

“Ten Percent [projects] enhance the experience of paying WEF.”

In her first year as district president, she knew projects like Work and Witness had lapsed for too long. Partnering with the Maryville, Tenn., Church of the Nazarene, she and other district leaders raised funds and recruited volunteers to connect with Nazarenes in Nauta and Iquitos, Peru. The trip, which included 20

Nazarenes from the district, was the catalyst that ignited a three-year plan that includes returning to Peru in April – this time with Jesus Film.

“The volunteers who went to Peru came back with a passion for missions, which encourages local and district support of the World Evangelism Fund,” Theresa said. “Their churches are now paying WEF first because they see the value of the whole program.”

Partnerships, friendships, and relationships like the ones established between the Nazarenes in East Tennessee and Nazarenes in Peru are an invaluable element of participation in the connectational ministry of the Church of the Nazarene’s global mission.

“We feel like we know people in Peru – so we’re excited to go back,” Theresa said.

RECOGNITIONS


A church that gives 10 percent or more of church income less missions giving to the World Evangelism Fund and approved Mission Specials and that reaches giving goals for

- Pensions and Benefits (2.0%)
- Regional university (2.5%)
- Full district support

will be recognized as a Mission 10 Church.

The number of consecutive years the church reaches this goal will also be tracked (formerly recognized on Stewardship Honor Roll certificates).

Mission 15, 20, 25, 30... Some generous churches contribute far more than 10% to our global mission – some even give away over 50 percent of their annual income. Churches that achieve these generous levels of giving will receive recognition at five percent increments beyond Mission 10 status.



The Ten Percent program ignited local church support of the global mission – and continues to do so today

General Questions

Why are we changing to a new giving plan?

The Board of General Superintendents' (BGS) recommendation to change the missional funding plan was the result of requests from pastors, laity, and district superintendents. The USA Caucus at the 2005 General Assembly created the Budget Appropriations Committee (BAC). This group was charged with suggesting a "tithe concept" formula for raising funds. The BGS made its recommendation based on the request of the General Assembly resolution and the work of the BAC.

What is meant by "tithe concept"?

Just as Christians are encouraged to set aside a portion of their income for ministries of the local church, local churches are encouraged to support the work of the Church of the Nazarene globally. Each local church is committed to give proportionately to several mission causes worldwide, including the World Evangelism Fund, and perhaps a ministerial pension system (P&B) and regional college or university (EDU), and their district. As the church raises funds to accomplish its mission, it shares a percentage with the connectional ministries of the entire church.

Does the new giving plan apply to the entire world, or only to the USA?

Yes, it is a global plan. In February 2009, the General Board voted unanimously to establish a global percent of 5.5 for World Evangelism Fund. Under the new plan, Nazarene churches around the world will give the same percentage toward the same goal. Percentages for P&B and EDU were set by action of the USA National Board. These percentages apply only to churches in the USA and create an example for global giving toward these institutions.

Who sets the percentage amounts for our missional funding plan?


The *Manual* indicates that the Board of General Superintendents, along with the General Board, is authorized and empowered to apportion the World Evangelism Fund to the district assemblies (Par. 317.12 and Par. 334.8). Percentages for P&B and EDU are established by the USA Board. Each district will establish, by vote of the district assembly, a missional funding plan for district financial needs.

Why are USA district funding plans not included in the USA "ten percent" concept?

Ministries and financial strength of USA districts vary significantly. To set an arbitrary standard for districts is contrary to Church of the Nazarene polity and practices. Each district determines its needs and how to fund ministries to meet those needs. While USA district allocations average 4.4 percent of total raised, the range is actually between 2 percent and 9 percent. To set a single percentage for district support would involve structural changes that were not part of the allocation resolution.

Is this new plan more complicated than the old system?

The old formula, with decades of changes and deductions, had the reputation for being confusing, as well as unfair. The BAC developed a simple, fair, and equitable system to finance the global mission of the church. Simplification of the budget system has been a driving force for change among pastors and district superintendents in various studies conducted across many years.



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Isn't this more like a tax than the old system?

Funding the mission of the Church of the Nazarene globally is driven by a passion for evangelism and a heart of generosity for disciple-making. In a system of taxation, the taxpayer desires to pay as little as possible. Churches and members passionate about making Christlike disciples in the nations are motivated to give as much as possible. The "deductions" of the old formula tended to remind some leaders in the USA of "itemized deductions" on annual tax forms. The new plan, based on a percentage of current year income, resembles tithe.

Is the 20 percent budget cap still in effect?

While the proposal does not specifically address a cap, the new plan renders it practically useless. Many districts will essentially have caps from 12 percent to 18 percent. No district could propose a district allocation of 10 percent or more without agreement of its constituent churches, its members, and the awareness of the general superintendent in jurisdiction. For a district to propose a funding plan of 10 percent or more would be rare.

Missional Impact

Will this system provide more financial resources for the World Evangelism Fund?

No. Most leaders project that allocations for World Evangelism Fund in the USA alone will decline about 25 percent (about \$13.5 million USD) with full implementation of the new funding method. Overall, Nazarene colleges and universities in the USA will receive a moderate decrease with some variance from school to school. P&B should receive a minor increase in funding with the new plan.

How can the mission of the church be accomplished with this decrease in funding?


In order to provide more money for local and global ministry, general superintendents have asked regional and global directors to reevaluate all ministries and services. As in all local churches, global ministry offices must prioritize ministries based upon current financial realities. As a part of the new missional funding plan, the general superintendents are asking all Churches of the Nazarene worldwide to give 5.5 percent to the World Evangelism Fund.

Will this system provide more funding for Pensions & Benefits?

Perhaps. Based on real concerns, the general superintendents recommended an increase in pensions giving for the USA, as well as a review of international pension plans. However, as the plan matured in 2009, modifications have reduced that increase to nearly the same level as the old allocation. Increased revenue for P&B will depend on the level of participation by churches. Recent actions by the Board of Pensions and Benefits USA were based on the previous funding realities of declining revenue through official and unofficial changes to the standard formula. The new giving plan strengthens the pension board's ability to meet current obligations and future liabilities.

Will this system provide more money for my regional college/university?

The goal of the new plan was to retain the present level of support for USA colleges and universities; however, most will realize a decline in support.



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Will decline in the World Evangelism Fund hurt our missionaries or their work?

The Global Mission (formerly World Mission) office is reprioritizing how to use funds in the most efficient model possible. These refined strategies will allow our mission to be advanced even if the total investment in mission is temporarily reduced during this transition.

Will overpayment of the World Evangelism Fund still provide support for new works and new world areas?

Yes. For years, World Evangelism Fund overpayment has opened new world areas and to started new works in the USA and Canada. This strategy is being extended and expanded globally.

Will a decrease in World Evangelism Fund giving result in recalling any missionaries?

The Global Mission office has significantly adjusted its expenditures to limit the impact of this funding reduction on missionaries and field ministries. These adjustments include considerable reduction in staffing at the GMC. The Global Mission Department is also aggressively reducing its operational expenses at field, regional, and global levels. All of these changes in strategy are designed to lessen the direct impact on missionaries.

Nevertheless, the Global Mission office will, at least on a temporary basis, need to reduce the number of active missionaries. This reduction will be achieved as follows:

For the present time, open missionary positions, which would have soon been filled, will remain open.

Every year, for a variety of normal, predictable reasons (retirements, health issues, life transitional events, etc.) missionaries choose not to return to ministry assignments. For the present time, these positions will remain open.

Missionaries will only be recalled if these first two strategies do not achieve the required budget reductions.

If this is such a good idea, why wait until our next assembly year to start?

In March 2009, the BGS sent an email stating that “it is very important districts do not make any changes in the formulas until the 2010 district assemblies.” The decrease in available mission dollars, generated by the new formula, will be even more dramatic than the decrease brought on by the global economic crisis to date. A funding change this significant can happen, but the necessary reductions in spending must be made strategically over the 18 months preceeding full implementation in the USA.


A New Beginning - New Assembly Year

Can NewStart churches phase into the new giving goals?

At this time, the plan has no provision for phase-in accommodations for NewStart churches. New churches have the opportunity to involve themselves in the global mission of the Church of the Nazarene from the beginning, establishing generosity as a core value. NewStarts, like other churches, have the opportunity to apply for an adjustment through the Rare Circumstance Adjustment committee.

Is there a phase-in accommodation for churches whose giving goals will increase?

Yes. The plan will offer a phase-in opportunity to any church that would experience a 25% or more increase based on the 2009 Annual Pastor's Report. Across the USA, about 75 of 100 Nazarene churches will notice a decrease in their total giving goals. Of the remaining 25 percent, many will experience only small increases. The churches that will experience larger increases tend to have unusual situations, such as extremely large debt.



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Making It Work

What is the new giving plan based on?

The new plan is based on income. First announced as a recommendation of the BGS on December 18, 2008, the new giving plan is simply a percentage of current year income. Contributions to the World Evangelism Fund or approved Mission Specials are deducted from total income prior to the application of apportionment percentages.

Is the new giving plan based on the current-year or the previous-year income?

Current-year income. First announced as a recommendation of the BGS on December 18, 2008, the new giving plan is simply a percentage of current year income. Any contributions to the World Evangelism Fund or Approved Mission Specials are deducted from total income prior to the application of apportionment percentages.

How can churches track progress?

An online reporting tool has been developed to assist churches with calculation and recordkeeping. Church pastors and treasurers will have the opportunity to report income weekly or monthly. Up-to-date information, such as total contributions to date and percentages for WEF, P&B, and EDU, will be immediately available. This tool will also provide up-to-date information on a local church's progress toward Ten Percent giving goals.

Will there still be Ten Percent Mission Specials and Stewardship Honor Roll?

Stewardship Ministries is committed to continuing the Ten Percent Approved Mission Specials along with the Stewardship Honor Roll. This year, 17 churches on the Roll achieved at least 50 consecutive years. Six churches are at 61 consecutive years, which is every year since the program was invented by Louise Robinson Chapman. All of the recognition awards have been overhauled to fit the new missional funding plan. The new Stewardship Honor Roll has a facelift, but is recognizable and has continuity.

How will awards parallel the old standards like Award of Excellence and Honor Roll?

The Global Mission office, Nazarene Missions International and Stewardship Ministries value recognizing and honoring churches and districts that meet their goals for World Evangelism Fund. Award levels have been retrofitted around the specifics of the new funding plan. Churches that reach – or give beyond – the 5.5 percent for World Evangelism Fund will be recognized as follows:

World Evangelism Church: formerly the Faithful Stewardship Church award

World Evangelism Church of Excellence: formerly the NMI Award of Excellence

Mission 10 Percent Church: formerly Stewardship Honor Roll Church award


Additionally, churches that give higher percentages of their income to World Evangelism Fund will be recognized for every increment of 5 percent beyond Mission 10 status, i.e. Mission 15, Mission 20, etc.

How can goals for Faith Promise be set?

Even without a predetermined budget allocation amount, local churches can prepare to participate in our global mission by budgeting and planning.

Can a church save its money and give a lump sum at the end of the year?

Most churches would experience a cash flow crisis if every member held their tithe until the end of the year. If churches delay their contributions to denominational interests, it would have devastating consequences. The *Manual* instructs churches to submit regularly (Par. 130) and monthly (Par. 38.2).



The Ten Percent program ignited local church support of the global mission – and continues to do so today

Will giving goals go up or down?

More money stays in most local churches. About 75 percent of Nazarene churches in the USA will experience a decrease in overall fund allocation. This is an analysis of old formula to the new giving plan and does not represent any modifications that may have been made to the old formula at the district level.

Does this plan benefits large churches?

There is little pattern of impact for any particular sized church. One of the quirks of the old formula was that very small churches (those raising less than \$20,000 for all purposes annually) could be assigned as little as \$0 USD in allocations. The percentage-based allocation system would obviously bring our smallest churches closer to a tithe level of participation.

It seems like our budgets are always going up. Is that true?

In fact, the formula changes since 1980 have consistently lowered –never raised – the amount requested from local churches. If the 1980 formula had been in place in 2008, WEF allocations would have been nearly \$68 million USD, about \$20 million USD more than what was actually received. As the church has added more deductible items to the budget formula, the direct impact has been a significant reduction in global giving over the past 30 years as a percentage of local church income.

The Cost

Will participating in Work and Witness raise our giving goals?

Churches involving themselves in short-term mission trips typically handle a mixture of funds, some of which are church income and some of which are not. In general, project money and money donated to a travel expense fund are considered a charitable contribution while individuals paying for their own travel expenses are not. Any part of the W&W event that is a charitable contribution to the church is considered church income. However, Work and Witness expenses are approved Mission Specials, so they are deducted from income prior to the application of allocation percentages. The result is that participation in Work and Witness will never cause an increase in allocations.

Are capital campaigns and building fund income included in church income?

Yes. The original BGS recommendation for the new giving system is based on all church income with no deductions. In September 2009, the BGS recommended that all contributions to World Evangelism Fund and approved Mission Specials be excluded from total church income prior to the application of allocation percentages. The new plan reduces the current World


Evangelism Fund allocation to USA churches about \$13.5 million USD. Exempting capital expenditures, a chief criticism of the old formula, would reduce the already-lowered World Evangelism Fund an additional \$5.4 million USD and would additionally lower contributions to P&B by over \$1.9 million USD.

Will giving to the World Evangelism Fund and Mission Specials be included as income in the new giving plan?

Yes. Mission giving is to be reported in total income, however, amounts contributed to WEF and Mission Specials are excluded from total income prior to the application of allocation percentages. Collecting an offering that benefits World Evangelism Fund, such as the Easter Offering or Faith Promise, helps the church achieve its giving goals without raising giving goals. The new plan, as modified by the BGS in September of 2009 is an encouragement to all churches for missional giving.

Will our giving goals go up due to large gifts?

Yes. However, the Rare Circumstance Adjustment has been developed to benefit the local church in these cases in the event of an unusually large, designated gift..



The Ten Percent program ignited local church support of the global mission – and continues to do so today

Are designated funds included in income?

Yes. Designated gifts, those received by a church with a stated purpose, such as building fund, Alabaster offering and benevolence funds are charitable contributions and used to accomplish the church's mission.

Are revival offerings included in church income?

Yes. Contributions received for a revival fund, like other designated giving, are charitable contributions and used to accomplish the church's mission.

Will district giving goals go up?

Nothing in the BGS recommendations affects district giving goals. District assemblies approve their own giving goals. Most districts are creatively looking at ways to decrease their operational expenses for the benefit of the local church.

Should churches pay budgets on the income from ministries such as daycares and Christian schools?

No. Only charitable contributions to the local church are included in church income. It is hoped that if a local church realizes significant revenue from alternative sources that generosity would be expressed through mission giving.

Are contributions of stocks, real estate or other non-cash items considered church income?

Non-cash donations are charitable contributions. For the simplicity of reporting and recordkeeping, only non-cash donations valued at least \$5,000 USD need to be included in church income.

May districts modify the definition of income or the percentages, establish deductions, or otherwise alter the new mission funding strategy in order to suit their situation?

Although there is presently an acknowledged "standard formula" for the USA Church of the Nazarene, there have been major deviations from this standard for many years. The original

instruction, formed by the BGS, was that district modifications to the standard formula must yield equal dollars for general interests. By AY08-09, over 70 districts had modified the standard formula and 42 districts had significantly changed to the standard formula. These changes resulted in about \$2.5 million USD reduction in World Evangelism Fund allocation last year. The success of the new mission funding plan depends on all USA districts utilizing these percentages equitably, without modification. Districts should implement this plan without modification and share equitably in funding our global mission.

Should districts collect funds for WEF and P&B and then send the money to Global Treasury Services?

General funds should be sent by the local church to Global Treasury Services directly rather than through the district, as is indicated in the *Manual* (Par. 136.2 and Par. 413.17) and NMI Constitution (Article VII, Section 1.A.1). In addition to expediency, recordkeeping, reporting and budgeting are enhanced in GTS when there is a direct relationship with the local church.

What if our church decides to use a different system to calculate their giving goals?

Churches, like districts, are being asked to willingly participate in this mission funding plan without modification. There have never been any punitive measures built into the mission funding polity of the Church of the Nazarene. However, only churches that follow the giving plan adopted by the general and national boards will be credited with full participation in giving goals. The *Manual* clarifies the duties of the church board: "The church board, together with the pastor, shall follow plans adopted by the General Assembly and agreed to by the district assembly for raising WEF and District Ministries Fund apportionments made to the local church, and shall raise and regularly pay these apportionments," (Par. 38.2 and Par. 130).



• Funding the Mission: Definition of Income

Dr. Mark Lail

What is church income?

Church income is any donation received by a church that qualifies as a charitable contribution.

What is a Charitable Contribution?

From IRS Publication 526 – “A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value.”

Six Requirements:

1. Gift of cash or non-cash property (includes unreimbursed expenses incurred by volunteers)
2. Claimed as a deduction by the donor in the year contributed
3. Unconditional and without benefit to the donor
4. To or “for the use of” a qualified charity
5. Within allowable legal limits
6. Properly substantiated



1. Gift of cash or non-cash property (includes unreimbursed expenses incurred by volunteers)

Cash contributions include donations of cash, checks, electronic transfers, credit card donations, or payroll transfers.

Non-cash property gifts include donations of land, buildings, securities, vehicles, etc.

Unreimbursed expenses incurred in performing service for a qualifying charity (mileage, supplies, etc.) are also allowed as charitable contributions.

The value of time spent performing service for a qualifying charity is not allowed.

The cost of child care while performing volunteer work is not allowed.

Charity mileage is 14 cents per mile.

Examples of unreimbursed expenses:

- The church nursery requires volunteer nursery workers to purchase an apron with the church logo on the front. The nursery apron does not have “general utility” use; therefore, the cost of the apron is considered a charitable contribution.
- The church nursery requires volunteer nursery workers to wear a blue top, black bottom, and a church provided vest when working in the church nursery. The blue top and black bottom can be worn for general wear and therefore is not considered a charitable contribution even if the volunteer nursery worker does not wear the clothing for any other purpose.
- A volunteer nursery worker is a nanny and makes \$12/hour in her weekly job. The value of her time to “work” in the church nursery is not a charitable contribution.
- A mother pays her neighbor’s daughter \$25 each Tuesday evening to watch her 3 small children for 2 hours while she does volunteer work at her church. The \$25 is not considered a deductible charitable contribution.
- A volunteer in Children’s Church regularly purchases snacks for the children in the Sunday morning service. The cost of the snacks is a deductible charitable contribution.



2. Claimed as a deduction by the donor in the year contributed

Date of deduction

The “delivery” date establishes the date of donation and the contribution is claimed as a tax deduction by the donor in the year contributed.

Examples:

- The donor makes a donation to the church with a personal check:
- A check dated 12/31/09 is placed in the post office mail box after the final pickup of the day on 12/31/09 and postmarked 1/1/10. It is received in the church office on 1/3/10, and deposited as part of the 1/6/10 Sunday offerings. It is a donation for tax year 2010.
- A check dated 12/29/09 is mailed and postmarked 12/31/09, received in the church office on 1/3/10, and deposited as part of the 1/6/10 Sunday offerings. The donation is considered a 2009 donation.
- A check dated 12/30/09 is received in the 1/6/10 Sunday offering plate. The donation is considered a 2010 donation.
- A check dated 1/1/10 is received in the 12/30/09 Sunday offering plate. The check is considered post-dated and should not be deposited until at least 1/1/10. The donation is considered a 2010 donation.

3. Unconditional and without benefit to the donor

The deductible portion of the contribution is the value of the gift that exceeds the value of benefit to the donor.

The gift can be designated to an approved existing program or purpose of the charity, but it cannot benefit an individual.



4. To or “for the use of” a qualified charity

The recipient of the donation must be a qualified charity.

Churches are automatically exempt, but other organizations must file an exemption application.

5. Within allowable legal limits

In general, individuals making donations to churches can claim charitable contributions up to 50% of their adjusted gross income.

Limits may also be 20% or 30% of the donor’s adjusted gross income, based on the type of property donated and the type of charity receiving the donation.

Contributions over the allowable limits (excess contributions) may be carried over into the next year (up to five subsequent years).



6. Properly substantiated

The substantiation rules are dependent on the amount and type of donation.

In general, the donor must have records including the date, amount, and purpose of the unreimbursed expense. In a few cases, the charity may not be REQUIRED to provide a written acknowledgement, but the donor must have it to claim the charitable contribution on his individual tax return; therefore, it is advisable the charity provide adequate written acknowledgement of donations received.

The donor must have the charity acknowledgement of charitable donations prior to filing their income tax return.

Quid Pro Quo – “this for that” –getting something of value in return for giving something of value – when related to charitable contributions usually means that the contribution is a combination of a donation to the charity and the donor receiving something of value. A quid pro quo donation may be cash or non-cash. The deductible portion of the contribution is only the amount of the donation which exceeds the value of the goods or services received.

Churches are not required to provide a written statement for quid pro quo contributions when:

- The donor receives only token goods or services (for 2009, cost less than \$9.10) or the goods/services have insubstantial value (for 2009, less than the lesser of \$91 or 2% of the amount of the contribution).
- Donor receives only an intangible religious benefit.
- The donation is not deductible if the goods or services are considered a “valuable prize”.



Individual cash donations up to \$250 – NOTE this is a change from old rules allowing donor maintained written documentation:

The donor must have one of the following including the name of the charity, the date, and the amount of the donation:

- Bank record (canceled check, bank statement, etc.)
- Written acknowledgement from the charity
- Payroll deduction record

Individual cash or quid pro quo donations \$250 and over – the donor must have written acknowledgement from the charity including the name of the charity, the date, and the amount of the donation. In the case of quid pro quo donations, the statement must also include the value of goods/services received by the donor.

Non-cash property donations valued by the donor at less than \$250:

Donor is required to have written records including:

- Name and address of charity
- Date and location of contribution
- Property description
- Fair market value of property at time of donation and method used to determine fair market value
- Cost or basis of property
- Deduction claimed for contribution
- Any terms associated with donation

If possible, the donor should get a written statement from the charity including the name of the charity, the date and location of the donation, and a description of the donated property.

The charity is not required to provide a written statement to the donor for gifts in this category and should never provide a value for the non-cash property donation.

Non-cash property or non-cash quid pro quo donations valued by the donor between \$249 and \$500:

- Donor is required to have written records and written acknowledgement from the charity including the name of the charity, the date and location of the donation, and a description of the donated property. In the case of quid pro quo donations, the statement must also include the value of goods/services received by the donor

Non-cash property or non-cash quid pro quo donations valued by the donor between \$499 and \$5,000:

- Donor must have written records as required for gifts between \$249 and \$500 AND additional substantiation including:
- Description of how the donated property was obtained
- Date property was obtained
- Any adjustments to the cost or basis of the donated property



In addition, if the total non-cash donations for the year are over \$500, the donor is required to file form 8283 with their personal income tax return.

If the property donated is a qualified car, boat, or airplane and the donor claimed value is at least \$500, the charity must file form 1098-C with the IRS and provide contemporaneous written acknowledgment to the donor. See the instructions with form 1098-C for more information.

Non-cash property or non-cash quid pro quo donations valued by the donor at \$5,000 or more:

- Donor must have written records as required for gifts between \$499 and \$5,000 AND additional substantiation from a qualified appraiser including:
- Description of property
- Physical condition of property
- Date of contribution
- Terms associated with donation
- Name, address, and social security number of appraiser
- Qualifications of appraiser
- Statement that the appraisal was done for income tax purposes
- Date property was valued
- Appraised fair market value of property on contribution date
- Method of valuation used for appraisal
- Basis of valuation used for appraisal
- Fee arrangement between donor and appraiser

In addition, requirements for the charity include:

- Complete/sign part IV of section B of the donor's form 8283
- When/if the charity disposes of the property (sells, exchanges, consumes, etc.) within two years of the contribution date, file form 8282 with the IRS within 125 days of the disposal of the property and provide a copy of completed form 8282 to the donor

Non-cash property donation valued at more than \$500,000:

- The additional requirement is a qualified appraisal summary attached to the donor's individual personal income tax return with form 8283.
- The additional non-cash requirements DO NOT apply to donations of publicly traded securities because the value of securities is readily available. The name of the charity, date, amount, and description of property donated is still required
- Non-public traded securities are subject to the additional non-cash donation requirements if the value claimed by the donor exceeds \$10,000.



Designated Contributions

Donations given to a qualified charity for a specific purpose

Designations to a project or program - deductibility is rarely an issue. Examples are donations to building fund, missionary fund, youth group fund, scholarship fund, etc.

Designations to a project or program subsequently abandoned by the charity – identified donors must be given the option of redirecting their gift within the charity or receiving the donation back from the charity and the request must be in writing. The amount of donations received from unidentified donors should be redirected by a committee of the church. Donations returned to donors must be excluded from contribution statements and may trigger implications for the donor's personal tax situation.

Donations that specify an individual

An individual is rarely considered a charitable organization; therefore, contributions to benefit an individual are normally not considered deductible donations.

The donor's intent is substantive in determining deductibility of the contribution. The church should never be used as a means to claim unqualified charitable contribution credit or avoid payment of income taxes.

Possible exceptions:

- Missionaries - deductibility hinges on the control that the charitable organization has on the donated funds and their eventual use by the individual.
- Benevolence – best practice is an established church benevolence fund in which donors make undesignated contributions to the established fund. A suggestion from the donor regarding the recipient of the funds is allowable, but a committee of the church maintains control of disbursing benevolence funds. If the recipient of the benevolence is a minister or church employee, the donation can only be considered a deductible charitable contribution if the amount of the donation is included in the taxable income of the minister or church employee.
- Scholarships – best practice is an established church scholarship fund in which donors make undesignated contributions to the fund. A committee of the church maintains control of disbursing scholarship funds with no favoritism shown to students associated with donors. Donations that constitute payment of school tuition are never considered deductible contributions.
- Short-term mission trips – travel expenses paid by participants are typically considered deductible contributions. Donations to the short term mission trip on behalf of designated individuals are typically deductible (as long as the funds are controlled and administered by the charitable organization).



What is NOT a Charitable Contribution?

Value of personal services

Example:

- A part-time paid church office worker requests that their compensation be “credited” as a donation to the church – instead of receiving a paycheck. This is not a charitable contribution and should never be allowed.

Value of rent-free building space

Example:

- A business allows a new church to use their conference room for services at no charge. The business cannot claim a charitable contribution for the value of that space.

Contribution to benefit an individual

Examples:

- A member of the congregation wants to help another member of the congregation who is having financial difficulties by giving them \$500, but the donor wants charitable contribution credit for the financial assistance. The donation can only be a deductible charitable contribution if handled properly through a church controlled benevolence fund; otherwise, the donation is a personal gift.
- The associate minister has incurred unexpected medical expenses and an individual donor wants to provide financial assistance to the minister. The donor cannot receive charitable contribution credit for a donation to the church that is subsequently routed to the associate minister unless the amount of the donation is included in the minister’s taxable compensation.

Blank check sent to a charity – cannot be a charitable contribution since the payee of the check is not specified.

A pledge to a charity is not a charitable contribution until it is paid

Post-dated checks are nothing more than promises to pay and are not a deductible charitable contribution before the date specified on the check.

Contributions for which the donor receives a benefit

Example:

- A member of the congregation matches church contributions to the church sponsored college scholarship fund only if their child receives a scholarship from the church. This is not a charitable contribution – it is a means to receive charitable contribution credit for personal college expenses and is being directed by the donor, not the charity.



Bankruptcy and Charitable Contributions

Generally, the bankruptcy trustee cannot recover a donor's contributions to a church unless the donations exceed 15% of the donor's gross income.

If the donor's historical giving exceeds the 15%, the bankruptcy trustee cannot recover the donor's contributions from the church.

The Religious Freedom and Charitable Donation Protection Act provides a checklist that supplies an understanding of the bankruptcy recovery rules.

Final Summary Thoughts

Delivery date determines the year of deductibility.

The charity should never determine the value of non-cash property contributions at the time of contribution. It is the donor's sole responsibility to establish the value of donated property. The only involvement of the charity in the valuation of a donation is in the case of non-cash property valued by the donor at \$5,000 or more.

Undesignated contributions are unconditional gifts to the charity and cannot be returned to the donor under any circumstances.

There are many other forms of donations not covered – tax-free distributions from IRA's, bargain sales, donor advised funds, charitable gift annuities, charitable trusts, pooled income funds, bequests, etc.

Additional suggested resources:

- Donor Restricted Gifts Simplified by Dan Busby, published in 2006 by Evangelical Council for Financial Accountability
- The Zondervan Church and Nonprofit Tax & Financial Guide by Dan Busby, published annually by Zondervan



The World Evangelism Fund
is the heart line of mission giving

Examples regarding Definition of Income

This document is intended to provide Nazarene churches and church leaders with current and accurate information about charitable contributions. However, such information is intended solely for the purpose of reporting church income within the denominational reporting system. It is not intended to be sufficient for dealing with a particular legal problem, and the authors and distributors do not warrant or represent its suitability for such purpose. The reader should not rely upon this document as a substitute for independent legal consultation or tax advice.

Regular tithes and offerings

Most churches are primarily funded by non-designated tithes and offerings. These are charitable contributions, thus included in church income.

Sunday school offering

All money received for the Sunday School offering is church income because it qualifies as a charitable contribution.

Easter offering

All funds collected for World Evangelism Fund offerings are church income. Note that while the Easter Offering is reported in church income, when submitted to the General Treasurer, these funds will be subtracted from church income before allocation percentages are applied.

EXAMPLE: Faith Church of the Nazarene raised \$15,000 on Easter Sunday for the World Evangelism Fund. This is church income because it qualifies as a charitable contribution. The same is true for all mission offerings such as WM Broadcast, Alabaster, Deputation, VBS, and Thanksgiving offerings.

Building fund

Funds collected for buildings, property improvements, or debt reductions are church income.

EXAMPLE: New Hope Church receives \$300 each week in the offering for the building fund. This is church income because it qualifies as a charitable contribution.

Revival offerings

Money collected to support a revival or special services to further the mission of the church are included in church income.

EXAMPLE: A church receives a check from a member in support of a revival being held in the church. Even though all of the money received during the week will be given to the evangelist, the gift is used to further the mission to "make Christlike disciples in the nations," and the donor received no personal benefit in exchange for the gift. It is, therefore, church income.

Deputation offerings

Deputation offerings that are used for the missionary purposes of the church are charitable contributions if the funds are accountable and under the control of the church, as is the case in the Church of the Nazarene. While deputation funds are reported as church income, when submitted to the General Treasurer, these funds will be subtracted from church income before allocation percentages are applied because it is an approved Mission Special.

EXAMPLE: A missionary family visits Grace Church to talk about their work in India. At the end of the presentation, a deputation offering for the work of the mission is collected. Even though the money will be given to the missionary, the gift is used to further the mission to "make Christlike disciples in the nations" and the donor received no personal benefit in exchange for the gift; it is, therefore, church income.



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Love offerings

Whether for staff, visiting missionaries, or a distressed family, love offerings to individuals are not tax-deductible. However, a contribution to a church fund, such as a fund to help distressed families or a mission effort, is deductible.

Love offering for a family in need (with a benevolence fund)

EXAMPLE: Pastor Jones asked his congregation to help a family facing a serious financial crisis and requested contributions to the church-controlled benevolence fund. This is a charitable contribution to a church ministry and is, therefore, church income.

Love offering for a family in need (without a benevolence fund)

EXAMPLE: Pastor Jones asked his congregation to help a family facing a serious financial crisis. An offering was collected for the family. The offering is not church income because it was taken for and given to a specific family. Gifts to individuals do not qualify as charitable contributions.

Work and Witness

Churches involving themselves in a short-term mission trip typically handle a mixture of funds, some of which are church income and some of which are not. Note that while Work and Witness funds are reported as church income, when submitted to the General Treasurer, it will be subtracted from church income before allocation percentages are applied.

Project money

Money raised for Work and Witness projects is a tax-deductible contribution and eligible for a receipt by the church.

EXAMPLE: Trinity Church is planning a W&W trip to Belize to complete a building on the campus of the district center. The team needs to raise \$10,000 for this project. All funds raised for this project are considered church income because they are charitable contributions.

W&W travel money for a specific individual's expenses

EXAMPLE: Joe gives \$2,000 to the church for his travel, housing, and food expenses for the upcoming Work and Witness trip to Brazil. While his expenses may be tax-deductible on his personal taxes, this is not eligible as a contribution to the church and, thus, is not counted as church income.

W&W travel money for a general travel fund

EXAMPLE: Joe donates \$2,000 to his church's Work and Witness travel fund. The fund is completely under the control of the church and may be used for travel expenses of any participant. This is a gift to the church and not to an individual; therefore, it is included in church income.



Fund raising

The IRS clearly defines the deductibility of contributions when there is an exchange of goods or services, called quid pro quo contributions. Only the portion of the contribution that actually qualifies as a charitable contribution is considered church income.

EXAMPLE: The women's ministry sponsors a special dinner to raise funds to remodel the church nursery. The dinner has a ticket price of \$100, but the cost per plate (including facility rental and catering) is actually \$15. The \$85 per plate profit is considered church income because it qualifies as a charitable contribution.

Subscriptions and registration fees

This kind of money is often labeled, "pass-through money." The money passes through the church treasury but is not a charitable contribution. Pass-through or in-and-out funds are funds that the church handles, perhaps deposits, and disburses, which are not contributions to the church or its ministry. These pass-through funds are not included in church income.

Holiness Today subscriptions

EXAMPLE: A church receives a check from a member to purchase a Holiness Today subscription. This money is not considered income to the church because the person writing the check is getting a benefit in exchange for the money – a subscription to Holiness Today.

Youth camp registration as pass-thru

EXAMPLE: Ten children from the church plan to attend the district children's camp this summer. The families pay \$150 for each child, and the church writes one check to the district for the entire amount. This is not church income because the camp fees are not donations to the church; the funds are simply passing through the accounting system.

Youth camp registration as church donation

EXAMPLE: A church receives a \$1,000 gift designated for sending teens to youth camp. The money is sent to the camp to pay registration for three students. This is income to the church because the money was used by the church to further its mission to make Christlike disciples. The donor received no tangible benefit for the donation.

Donation of vehicles

The IRS defines the deductible amount of donated vehicles whether the vehicle is used by the church, given away by the church, or liquidated. In any case, the recipient church must issue a 1098-C to the donor and to the IRS. In general, the charitable donation of a vehicle is limited to a sale price if the vehicle is liquidated.

EXAMPLE: Mr. Johnson donates a van with a Blue Book value of \$2,000 to the church. The church immediately sells the van at auction for a winning bid of \$1,750. The charitable deduction is limited to \$1,750. Since it was a non-cash donation of less than \$5,000, it should not be included in church income. Had the vehicle sold for more than \$5,000, it would have been included as church income.

Interest and capital gains

Neither interest nor capital gains generate a charitable contribution receipt. They are not included in church income.

EXAMPLE: Calvary Church sells a parsonage that is no longer in use. No part of the sales price counts as church income because it is not a charitable contribution.



Borrowed funds

Borrowed money is not included in church income.

EXAMPLE: *City Church borrows \$1 million to build additional Sunday School rooms. This is not church income because it does not qualify as a charitable contribution.*

Funds received as a settlement for an insurance claim

As with the former definition of "raised for all purposes," any money received as an insurance reimbursement for loss would not be considered church income and would have no impact on fund allocations. Any funds received by the church through an insurance settlement are not church income because they are not charitable contributions.

EXAMPLE: *Trinity Church suffered tornado damage to their fellowship hall and received a \$600,000 settlement for damage. The money is not a charitable contribution and should not be included in church income.*

Individual contributions sent directly to the Global Ministry Center

Individuals who send donations directly to the Global Ministry Center for such programs as WM Broadcast, JESUS Film Harvest Partners, NCM, or World Evangelism Fund may choose a local church to receive credit for their gift. These gifts will be included in church income (as recorded by Global Treasury Services).

EXAMPLE: *Ms. Smith, utilizing the Nazarene.org on-line donation system, donates \$5,000 for the World Evangelism Fund and designates Main Ave. Church as the credit-receiving church. The \$5,000 appears both on the church's giving record to WEF and the summary of Main Ave.'s total church income. The \$5,000 is church income, but is excluded from the percentage calculations because it is missional.*

Non-cash donations

Churches provide donors of non-cash contributions with charitable receipts that do not have values associated with them unless the property exceeds \$5,000 in value. For simplicity, only non-cash donations of \$5,000 or more, those requiring qualified appraisals and use of IRS Form 8382, are counted as church income.

EXAMPLE: *Mrs. Smith donates some land, valued at over \$500,000 to Central Church. The church decides to use the property for additional parking. This is considered church income because it is a gift that qualifies as a charitable contribution. However, this contribution is a likely submission to the Rare Circumstance Adjustment Committee.*

Matching funds

Some corporate matching funds apply to the church's educational budgets. Employer/employee matching funds would not be included in church income. They are charitable contributions to the educational institution. The fact that the church may receive giving credit for their fund allocation is irrelevant.

EXAMPLE: *A church member makes a \$250 donation to the regional Nazarene college. This donation is matched by the member's employer for a total gift of \$500. Even though the church receives credit for the \$500 gift, it is not church income. While this qualifies as a charitable contribution for the donor, it is a contribution to the college and not to the church.*





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is the heart line of mission giving

Income through foundations

Foundations, such as the Church of the Nazarene Foundation, channel millions of dollars into local Nazarene churches through Charitable Gift Annuities, settlement of estates, donor advised funds, etc. These generous donations typically qualify as charitable contributions but are receipted by the foundation rather than the local church. Such donations, whether from the Church of the Nazarene Foundation, another foundation or a foundation wholly owned by a local church, are considered church income when the funds become available for ministry. Legacy gifts are often large and may qualify for a Rare Circumstance Adjustment.

EXAMPLE: Mr. Jones desires to fund future youth ministry at his church. He gives \$500,000 to the Church of the Nazarene Foundation through a Donor Advised Fund to be distributed annually, in the amount of \$30,000 until depleted. The original gift of \$500,000 is not counted as church income when it is received by the Foundation; however, the annual distribution of \$30,000 is considered church income when it becomes available to the church.

Rental income

Whether generated by rental property or simple facility usage fees, rental income is not considered church income because it is not a charitable contribution.

EXAMPLE: St. Paul's Church rents its parsonage for \$500 per month. No part of the \$500 is included in church income because it is not a charitable contribution.

It may be best to make daycares, schools, compassionate ministry centers, and other such entities a separate charitable organization that operates independently of the church. This prevents the co-mingling of funds and reduces the amount of money that passes through the church's treasury.

The staff at the Global Ministry Center is able to assist you and provide solutions to your questions through various departments: Global Treasury Services, Stewardship Ministries, Nazarene Missions International, and Donor Services. Comments and questions concerning implementation of the new plan may be directed to stewardship@nazarene.org.

Facility rental

EXAMPLE: First Church rents the gymnasium facility to an outside organization for one evening per week and charges them \$30. No part of the \$30 is considered church income because it is not a charitable contribution. In similar fashion, fees charged for individuals or organizations to use the church for weddings, receptions, banquets, workshops, or meetings are not considered church income.

Church-owned Businesses

Churches that have daycares, schools, bookstores, radio stations, counseling services, etc. can earn profit that becomes usable for the local church. Receipts for the church-owned business are not considered church income. If a church realizes a net profit and funds become available for the ministry purposes, the church is encouraged to generously support denominational interests, but it is not reported as church income.

Child care fee

EXAMPLE: A church receives a payment from a parent whose child is enrolled at the church daycare. This money is not considered income to the church because the person is getting a benefit in exchange for the money – the care of the child.

Daycare profit

EXAMPLE: Northside Church operates a daycare that raises \$5,000 a week from tuition and fees. These funds are not church income because they don't qualify as charitable contributions. The daycare provides \$1,000 per month to the church to use for the salary of a part-time children's pastor. The \$1,000 per month is a net profit to the church but is not included in church income because no part of it was a charitable contribution.