

# **FINANCIAL INFORMATION FOR THE LOCAL CHURCH AND PASTOR**



## **FULL GOSPEL CHURCH OF GOD**

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## INTRODUCTION

Besides the spiritual qualities that are indispensable, finances are the heartbeat of a successful ministry. When a pastor and/or congregation experience a lack of money, stress can slow down the momentum like a brake.

A lack of proper management often results in a lack of funds, for when contributors realise this, they are reluctant to support the church programme. It causes poverty in the church, which is passed on to the parsonage, as the pastor is compensated from the net surplus of the monthly budget of the church.

The next step is malpractice because shortages must be overcome. In all honesty, it is then all too easy for a pastor to approach the church treasurer for an unofficial mini-loan from the tithes, just until the end of the month, before it is recorded.

If expenses exceed the income, the mini-loan will develop into a maxi-loan within a few short months and will eventually cause misery for the pastor, treasurer and church.

This is just one of many reasons why an effort should be made early enough to implement a sound and reliable financial structure in which people can confidently invest.

## FINANCES IN THE CHURCH

### a. SOURCES OF INCOME

The entire financial structure begins with income. Expenditure is impossible without income. Therefore, the existing sources should be well cared for and, if necessary, new sources should be developed to balance the budget.

- **General:**

The church and friends of the church bring in finances in the form of tithes that must go to the treasury (thank the Lord for such a principle) and offerings (thank Him again that His Word encourages this). This source has not been exploited to its full potential, and could grow much stronger in the church today. Ways to explore this are: teaching what the Word says in this regard, as well as inspired preaching as part of the FULL GOSPEL of our ministry.

Acknowledging the offerings and tithes in a circular or community newspaper often encourages those who haven't been contributing to give. Through an annual or periodical personal letter, expressing appreciation for the supporters' loyalty as well as promising to pray for the contributors for blessings, will inspire people to continue with offerings and tithes.

- **Projects:**

A long list of options can be set up for fundraising in order to either balance the budget, account for unforeseen expenses, or realise ambitions that seem unattainable.

The important thing to remember here is that fundraising projects must be planned in such a manner that finances are generated from outside the church in order to prevent the church from being overburdened. Projects such as fairs, making and selling of products, buying cheap and selling at a profit or collecting and selling recyclable items, jumble sales, etc. all help to raise funds from the public. Projects like 'bring and buy' are not advisable, because the church members would donate items just to buy them again. It is an extra burden on them in addition to their tithes, offerings, etc. and they may get discouraged.

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**b. HANDLING OF INCOME**

- **During service:**

The largest influx of cash comes during services and it is easy to ensure good handling thereof providing there is sufficient available help.

It is essential that offerings (and tithes) are collected by more than one person and are counted (by at least two persons) immediately after the service; thereafter it must be handed over to either the treasurer, his secundus or the church secretary where either a receipt is issued or it is recorded in a register.

Then it must be kept safe until the required documentation is prepared (receipt or receipt analysis, etc), after which it is deposited into the bank. It is essential that the register mentioned is periodically compared to the bank deposit book by an independent person to ensure that all funds received are banked. Though this procedure could give the impression that the responsible person is not trustworthy, it should continue and not be seen as distrust, rather as providing protection to the responsible person as well as reassuring contributors that the money is handled correctly.

- **During home visits:**

It often happens that people contribute their tithes to the pastor during a home visit.

Now there are two safe options:

**Firstly**, the pastor can say that their contributions should be given to the treasurer or taken to church. It may also happen that the money is lost because they never see the treasurer, or they do not regularly attend services.

**Secondly**, the pastor can receive it, but then the following actions need to take place: Count the money in front of the person, write their name and the amount on an envelope or piece of paper and write the purpose for which the money is to be used e.g. tithe or building fund, etc. Then ensure that it is paid in at the treasurer and you receive a receipt which you hand over, preferably personally, to the contributor.

It sometimes happens that people make a contribution to the pastor himself for fuel. Ensure that you understand it correctly and when you get home, write a letter of acknowledgment of receipt of this personal contribution. Keep a copy on file for future reference in case the contributor claims that the money was intended for the church and not for personal purposes.

- **Via mail:**

There are also people who go on vacation or stay at home due to illness, and therefore send their contributions via mail. Upon receipt of mail the same principles should be applied as the above. Two persons should open the mail together. If it is opened at the church office, it should be the secretary and another person e.g. the pastor. If the mail is sent to the treasurer or the pastor's address, then his wife or a family member, for example, could open the mail. If it is certain that the envelope contains money, it can be placed in the offering bag during the next service to be opened in the aforementioned manner. It is necessary to keep a record of all the offerings received by mail. In the register it is necessary to log the date, contributor's name and total amount. A receipt is issued with the receipt number written next to the amount; or if not, the treasurer or secretary should sign for it.

**c. WHY MORE THAN ONE PERSON?**

The contributor may, because of human error, indicate a different amount on the envelope than what is contained in it. A witness, therefore, protects the opener against possible accusations that he has embezzled money from the envelope, especially if it is cash. Sometimes people forget to put the money into the envelope. Where such errors occur, it is advisable to ask the contributor if he could remember how much money was placed in the envelope, before the error is made known.

**d. DOCUMENTATION**

The first document to be completed is a receipt. Even if some members do not want one, it should still be completed and kept in the receipt book. The golden rule is: fill out a receipt for all income and pay all expenses by cheque.

In large churches, the issue of receipts is not applicable any more, but then a different method is used. The contributors should know that their contributions were received and banked in the correct account.

The next document is an analysis in which the receipts are allocated to different accounts e.g. tithes, offerings, building fund, sisters, youth, etc.

Monies received on behalf of departments have to be paid to them on a monthly basis. Again, the contributor should know his contribution reached the account for which it was intended.

Afterwards, the income and expenditure ledgers are completed that are on the same document in the uniform accounting system of the church as well as the main office contribution form and the bank reconciliation. Inside the cover of these documents are complete instructions. At the back of the same book there is a ledger (Income and Expenditure) in which your monthly total will be posted and then a simple annual report is set at the end of the year.

e. **DISTRIBUTION OF LEDGER PAGES**

The yellow copy accompanies the cheques to the finance office at Head Office. The blue copy goes to the Regional Overseer's office - not the Regional Treasurer. The white copy remains in the book to serve as a record for the Church Council.

f. **INSURANCE AND SECURITY**

It is essential to ensure that there is insurance to cover the maximum cash that is usually received during a weekend at the end of the month in case of fire or theft, whether it is locked up in the church office until the next working day or taken home by the treasurer. Coverage must be specified for money in transit, being from the church office to the bank, the church to the treasurer's house or from the house to the bank.

**Note:** Insurance cover applies only to the first working day after the weekend. If the money is only banked on Fridays, the insurance might refuse to recognise a claim.

g. **CONTRIBUTIONS TO REGIONAL OFFICE**

Some contributions to the Regional Office are compulsory and should be sent to the treasurer on a monthly basis. It is impossible for the treasurer to receive three months' contributions and then to do a back date for the months already settled. Compulsory contributions are the pastor's personal tithe to the treasurer, as well as any pledged amounts such as pastors' aid funds. Other contributions are the establishment and expansion funds which were paid to Head Office in earlier years. Most churches still send contributions there. Furthermore, some churches send allocated funds each month-end to the designated contribution funds. If it is sent directly, it will reach the destination faster, e.g. Regional Welfare Board. It is important to note that infrequent contributors – when funding careers, transferring funds to another region or at elections – may experience problems when a reference is made to the contribution and it is found that they are overdue.

h. **CONTRIBUTIONS TO HEAD OFFICE**

The following contributions to Head Office are compulsory and if neglected, can also cause problems with transfers, elections, etc.

- **Tithes of the congregation:** Calculated from all contributions of the church council's budget, excluding funds designated to other departments or projects like building fund, etc.
- **Benefit Schemes: The following are required:**
  - **PENSION FUND:**  
The greater the amount you pay, the larger your pension.  
Your local assembly will pay an equivalent amount.  
20% of the tithe income to headoffice goes toward the presiding pastor's personal pension.  
Admin Fee R3-50

- **LIFE COVER:** (includes disability cover)  
**Pleas note that cover is only enjoyed until 75 years of age.**

	<b>R5000</b>	<b>R10,000</b>	<b>R20,000</b>	<b>R30,000</b>
Monthly premium	R15-38	R27-25	R51-00	R74-75
	<b>R40,000</b>	<b>R60,000</b>	<b>R80,000</b>	<b>R100,000</b>
Montly premium	R98-50	R146-01	R193-51	R241-01

Admin fee of R3-50 port portfolio

- **FUNERAL BENEFITS:**  
**Pleas note:** You can choose between 2 options. Option 1 is for R20,000 cover. Option 2 is for R20,000 cover and you receive a Paid-Up Policy at age 65. **Pleas note that option 1 is only enjoyed until 75 years of age.**

<b>Option 1</b>	<b>R20,000</b>	<b>Option 2</b>	<b>R20,000</b>
Your Montly premium	R64-47		R156-70
	Admin Fee R3-50		

- **Debtors:** Accounts of the book room, departments, etc. must be paid on a monthly basis.

**i. MEDICAL AID**

This is an optional benefit and the offer to join in is only made once when a person enters the FGC ministry. The FGC contributes to LIBERTY MEDICAL SCHEME. It is a very strong group. The FGC has been with the scheme for many years.

Although this scheme is more expensive than some of the others, no other benefits can compare. Repeated attempts to improve on this fund haven't materialised.

**j. BUDGET**

It is virtually impossible to maintain a healthy and organised church management without a well-planned budget. It is important to bear in mind that if financial planning fails due to lack of funds, the pastor is the first to forfeit his salary or part thereof. It is therefore in the pastor's interest to ensure sufficient revenue to guarantee his salary.

Less important improvements or purchases of equipment should rather wait until money has been obtained. Remember, even if all seems to be well with the finances, there must be enough play between income and expenditure to meet commitments in case one or more strong contributors suddenly move, resign or pass away. Never live on the poverty line if it can be prevented.

The common way to create a budget is to start with the income. Take the minimum income of the previous year and subtract all single lump sums received e.g. a large amount from an estate, or any single contribution from a policy. You may not receive such a payment soon. Specify the average income under headings such as tithes, offerings, rent received etc. and determine the total. Add to that an increase of more than 10% for inflation; perhaps even 5% for the growth of the church, depending on the growth that you have experienced over the past year.

Now calculate the expenditure under three headings:

- i. Mandatory expenses e.g. tithe calculated on income, rental of buildings or mortgage payments, water and electricity, telephone, salaries and wages, insurance, etc.
- ii. Necessary expenses e.g. maintenance of gardens, buildings, tools, cleaning materials for church, etc.
- iii. Luxury expenses e.g. replacement of musical instruments, sound equipment, paving, vehicles, church braai, etc.

Obtain the total expenses and compare it with the total income. If it is about 10% less than the income, it seems like a reasonable budget. If the expenses exceed the income, the spending should be cut by deleting luxury items for the year. If there are no luxury items left, consider necessary expenses and remove minor items that can wait. If expenses are cut to the bone and the budget still does not balance, the income should be raised through projects and other methods as mentioned above under 'Sources of Income'.

Evangelism and church growth efforts can drastically increase the income. When the budget is drawn up and adopted, it must be adhered to strictly, even if the income is higher than expected. Rather pay off debts with high interest quickly or bank the money.

**k. TIPS FOR THE BUDGET**

See later in the section where personal budget of the parsonage is discussed.

***“When your income exceeds your outgo, Your upkeep is your downfall.”***

**FINANCES IN THE PARSONAGE**

**a. NECESSITY OF HEALTHY PERSONAL FINANCES**

It is essential that the pastoral couple should handle their finances very carefully. If they struggle, it is a great embarrassment to them as well as to the church. In smaller communities with a small income the pastor's salary is small and consequently careful planning must be done.

**b. TIPS**

Here are some tips that can assist you:

- **Do's**
  - i. Work together as a family to overcome your problems.
  - ii. Reorganise your household, where necessary. Do as many tasks (cleaning, repairs, clothes, etc.) as possible yourself.
  - iii. Plan carefully before you buy anything – practise self-discipline (buy groceries after you have had a meal, not when you are hungry).
  - iv. Compare prices and quality of the products.



- v. Get the best value for your money – use self-control when purchasing soft drinks, sweets, etc.
- vi. Buy cash and ask for discount on large purchases. Avoid using credit cards where interest is charged for hire-purchase or where book fees are payable. (See examples at end of the document).
- vii. When you buy anything on hire-purchase ensure that the seller has paid it in full so that it cannot be taken back by the bank.

- **Don'ts**

- i. Don't spend more than your income - rather save.
- ii. Don't buy luxuries or unnecessary items - used items are sometimes just as good as new ones and much cheaper.
- iii. Don't waste.
- iv. Don't buy just because prices are low or the item is on sale.
- v. Don't neglect to pay your debts. If you cannot manage, go and speak to the creditor and try to make new arrangements. He will help you.
- vi. Don't take chances with goods that look defective.
- vii. Don't compete with friends or relatives. Purchase what is necessary and be satisfied with it.

- **Food**

- i. Buy products that form the basis of a balanced diet and avoid costly items like lobster, shrimp, olives, etc. when you cannot afford it.
- ii. Prepare your own food. Frozen food, ready cooked dishes, and restaurant meals are very expensive.
- iii. Plan quantities for your meals. Too much food is a waste that you end up paying for.
- iv. Nice packaging like bottles, boxes, etc. increases the price. The same products are usually available in cheaper containers.
- v. Buy meat with less bone or fat. Lean mince is a good buy.
- vi. Try to buy bulk meat. A beef hindquarter or a whole lamb works out much cheaper than buying beef or mutton in small quantities. While the hindquarter costs ± R50.50 per kg, T-bone will cost about R82.50 per kg. Similarly, a whole lamb will cost about R69.00 per kg. whereas mutton chops will cost R95.50/kg.
- vii. Skim milk powder is the cheapest form of milk and after using it a few times you will not even realise that it is not full cream milk.
- viii. Avoid creamers and condensed milk. It is expensive and unhealthy.
- ix. Buy fresh fruits and vegetables. If it is canned or frozen it is more expensive and less nutritious.

- **Clothing**

- i. When buying clothes, meet your needs and buy according to your pocket. Do not buy because it is fashionable.
- ii. Buy durable and washable clothing to save high costs of dry cleaning.
- iii. Children's clothing should be spacious with wide seams and hems so that it can be worn for a longer period.

The above tips can definitely help reduce the burden of large expenses over a difficult period. Follow it where necessary.

**c. VACATIONS**

Vacations are essential to the pastor's family, as they not only have their own problems to sort out, but moreover they are subjectively involved with church members' grief and sorrows which can be both mentally and physically draining.

It is impossible or very short-sighted to go on vacation without money. Under no circumstances should money be borrowed to go on vacation. Plan in advance and save. Do not use more money than is available. Fortunately, most churches pay a thirteenth cheque to be used for this purpose.

Do not take expensive vacations, but make sure it is peaceful and refreshing.

**d. RETIREMENT**

It is vital that additional provision for pension is made for old age. With rising inflation and declining value of the Rand, the pension fund cannot be sufficient.

Generally one would want to maintain more or less the same quality of life after retirement than before. Unfortunately, many pastors are forced down a few notches as a result of not making proper calculations.

Remember that you stay in a parsonage and will have to provide for your own retirement home. To rent costs a lot and to buy costs more. You will not be able to do it with your church pension. There should be additional provision.

Good provision is available and if you start early it can be relatively inexpensive: annuities, savings plans, unit trusts, etc. are examples of good investment if you remember not to put all of your savings in the same kind of investment in the same company. It is not good to put all your eggs in one basket.

Do thorough research by calling more than one investment adviser in this regard.

e. **PERSONAL BUDGET**

The same characteristics apply as for the church. Start by taking your income. Here is a schematic representation of a budget:

**Income**

Salary	R _____
Grants	R _____
Interest received	R _____
Other	R _____
	R _____
Total	R _____

**Deduct:**

**Mandatory expenses**

Tithes	R _____
Lease / bond	R _____
Car instalment	R _____
Hire-purchase	R _____
Insurance	R _____
School fees	R _____
Other	R _____
	R _____
Sub-total	R _____

**Necessary expenses**

Food	R _____
Car services /repairs	R _____
Fuel	R _____
Telephone	R _____
Other	R _____
	R _____
Sub-total	R _____

**Luxury expenses**

Vacation & Restaurants	R _____
Films / Videos	R _____
Gifts	R _____
Sport	R _____
Pocket Money	R _____
Other	R _____
	R _____

Surplus / Shortfall	R _____
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The surplus can then be placed into a savings account or investment for unforeseen expenses, such as when the car breaks down or when unexpected illness or death makes it necessary to travel, etc.

If the expenses exceed the income, planning should be revised from the start, until the balance between income and expenditure is correct.

In the pastor's case, the expenses should always be cut by starting with luxury items. If necessary, the essential items should be cut: groceries should be bought sparingly, especially meat; maybe a new dress or hair perm can wait until next month; and if the budget still does not work out, then know that you either have not been wise regarding your obligations or cannot make a living in the current pastorate.

One crisis resolution, which serves as merely a short term relief, is to sell assets that you can manage without, but this could only help for a month or two, unless the asset is something like a caravan that could provide enough to settle your mandatory expenses like paying off your car.

It will be a pity if your mandatory expenses lapse, e.g. insurance; you will experience the loss in future. Rather try a temporary job to get extra income. Permission may be arranged with the council. Be careful not to bridge such debt with an overdraft. You then will have to pay back the debt plus interest.

f. **EXAMPLE OF DIFFERENCE BETWEEN HIRE-PURCHASING AND BUYING CASH**

Finally, just an example to show the difference in the actual amount paid if you hire-purchase an article as opposed to buying cash.

Example of buying of a washing machine at R3 500.00

If the machine is bought cash, 10% discount can be negotiated, which will mean that the actual price paid will be R3 150.00. If bought on hire-purchase over a period of three years, the transaction will look as follows:

Washing machine	R3 500.00
Less deposit	350.00
	<b>3 150.00</b>
Plus 15% interest for 3 years	1417.50
Actual amount paid	4917.50
Difference	<b>1417.50</b>

This is the amount going down the drain because you did not pay cash.

**CONCLUSION**

If we evaluate the economy in general, the way ahead surely does not look bright. But if we plan positively and apply everything at our disposal, we can then see the light at the end of the tunnel. Having our relationship with God in mind, knowing that He will provide, will show us that life is not all that impossible.

There is only one factor which we should never forget – the days of living without proper planning are over. God only helps those who deliver their best.

With confidence that this teaching will be useful to you, I wish you strength and prosperity.