



8 ESSENTIALS OF
**THE DEPUTIZED
WORKER MODEL**

NONPROFIT

**ESSENTIALS
SERIES**

Introduction

Introduction

Towards the end of Jesus' ministry on Earth, He gave His disciples the following command, "Therefore go and make disciples of all nations baptizing them in the name of the Father and of the Son and of the Holy Spirit." (Matthew 28:18-20). He also told His disciples earlier in Matthew 9:37, "The harvest is plentiful, but the workers are few."

Many ministries, particularly mission-sending agencies, build their workforce to fulfill Jesus' command with deputized workers. A deputized worker is one who has been charged or deputized with the responsibility of raising funds to support their work on behalf of a ministry. This model allows many more workers to be sent out for the harvest while alleviating a large fundraising burden at the ministry level. The deputized worker model also adds a personal touch, for example, donors giving for a deputized worker are more invested in the work of the ministry because of their connection to the worker. For most organizations, deputized workers are generally called "missionaries."

The concept of deputized workers and deputized fundraising has been around for decades. However, misuse and improper handling of these funds has led the IRS to take considerable interest in the deputized worker model. In the 1960s the IRS issued a Revenue Ruling, and the Tax Court made a decision related to the model. This ruling and tax court case formed the basis of current law concerning deputized fundraising. Revenue Ruling 62-113 and 43 T.C. 1 (U.S.T.C. 1964). The IRS' concern is that gifts be under the control and discretion of an organization and not an individual.

There are two approaches to the deputized worker model, both of which place the responsibility for raising funds on the deputized worker:

- 1. Individual worker:** Funds raised are tracked in an account for each worker.
- 2. Pooled workers:** All funds raised are placed into one account for a group of workers. The grouping could be for a particular program or geographical area.

The administration of funds to support missionaries and other deputized workers is an opportunity for ministries to model excellence, integrity, and compliance with laws to a watching world.

1

Ministry Purpose

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A hallmark of tax-exempt organizations is that they must be organized and operated exclusively for exempt purposes. What does that mean and how does it apply to deputized workers?

At formation, each ministry determines their exempt purpose. The ministry purpose may be refined or even completely changed over time. Ministry purpose sets the tone for how the ministry will spend funds which in turn impacts donor solicitations.

An integral piece of the discretion and control testing ([Essential 2](#)) is the need for the funds donated to be used to carry out the functions and purposes of the ministry. The deputized workers are representatives for the ministry. Donations preferenced for a deputized worker may ultimately be part of funds paid to the deputized worker, but only to the extent that the worker is carrying out the functions and purposes of the ministry.

Normally a deputized worker is raising support for their compensation and benefits. (See [Essential 6](#) for a further discussion of compensation to deputized workers.) There may be other costs specific to the ministry of the deputized worker, such as travel and teaching materials. A deputized worker may also desire to raise funds for their children's education, adoption expenses, a personally owned vehicle, or other projects. How do you determine which items are acceptable for raising support and which are not? The following are two guidelines that may be helpful.

- All funds raised by a deputized worker must be to further the charitable purposes of the ministry.
- If the ministry determines that a project accomplishes its charitable purpose, they must also determine their ability to have an appropriate level of administrative oversight of the project.



There is no basis for raising support for personal purposes.

2

Protecting Tax Deductibility of Charitable Gifts

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Most donors give out of a desire to bless the ministry and propel the Gospel forward. A tax deduction is normally a secondary issue. Changes in tax laws can increase the value of a charitable deduction or decrease it, but by and large, donors are seeking for their gift to be tax-deductible. Since tax deductibility of a charitable gift is important to your donors, it should be a priority for your ministry.

Contributions properly raised under the deputized support raising method are generally tax deductible. Internal Revenue ruling 62-113 and the Tax Court case *Peace v. Comm'r*, 43 T.C. 1 (U.S.T.C. 1964) formed the basis of tax law in this area. The IRS drew on these resources in its 1999 Technical Instruction Program under Topic O, Donor Control. In this material the IRS outlined the following general tests to determine the tax deductibility of charitable donations.

Intended benefit test

The purpose of this test is to determine whether the donor's intent in making the contribution is to benefit the ministry or the individual.



If the giver intends to benefit the worker instead of the ministry, the gift is termed "earmarked" and should not be accepted. If accepted, the funds should not be receipted as a qualified charitable contribution.

Scenario 1: Donations made to the ministry with the following description in the memo line, "Christmas gift for XYZ Missionary." This gift is for the benefit of the deputized worker; therefore, no tax deduction.

Scenario 2: Donations made to the ministry with the following description in the memo line, "Preferred for ministry XYZ Missionary." This is a preferred gift for the ministry the missionary is associated with; therefore, it is eligible for a tax deduction.

It is critical to communicate to the donor that the gift is preferred for the work performed by a particular individual, and it is not earmarked to benefit a specific individual. For examples of wording to use on donor receipts and solicitations, see [Essential 8](#).

Discretion and control test

It seems obvious that this test requires the ministry to have discretion and control over the funds donated. What may seem less obvious is the need to have discretion and control of the worker and their ministry.

Policies and processes that demonstrate discretion and control include:

- Adequate selection of the deputized worker
- Adequate supervision of the deputized worker
- Formalized budget that establishes compensation limits for deputized workers and expenses to be paid
- Amounts paid as salary to the deputized worker are reported as compensation to the extent required by the Internal Revenue Code. See [Essential 6](#) for more information.



Establish compensation criteria without regard to the amount of funds raised by the deputized worker.

Whether a gift is made to an organization for use in its ministry or to an individual will depend on the intent of the donor and the degree of control exercised by the ministry over the funds and the worker.

Ministries frequently utilize separate accounts for each deputized worker. This allows the ministry to track the fundraising progress of each worker. It also allows tracking of expenses by worker that may be utilized in other managerial analysis. Tracking by worker should not jeopardize tax deductibility as long as the ministry continues to maintain discretion and control over the funds. See [Essential 7](#) for further discussion regarding support accounts.

3

Restricted Even
If Preferred?

Restricted Even If Preferred?

A gift for a certain period of time or for a specific purpose that is narrower than the overall purpose of the ministry is a donor restricted gift. The donor-restriction limits when and how a gift may be spent.

A giver's *preference* to support a particular worker does not necessarily restrict a gift. However, in many cases the support of a deputized worker may be considered donor-restricted income. It is important for a ministry to review the website, solicitations, and other materials that are used to raise funds to determine if the gift was raised with limits on how the gift may be used. For example, identifying activities or location of the worker with sufficient specificity may create a donor restricted gift.

Discretion and control exercised by the ministry is not a determinative factor. The classification of a gift does not change from “with restriction” to “without restriction” because the ministry exercises discretion and control. The duty of discretion and control must be exercised over every gift that comes into the ministry.

A common misconception is that control and discretion of donor restricted gifts conflicts with donor intent, but this is not true. The ministry has a duty to both exercise discretion and control, while honoring donor intent. Discretion and control and giver restrictions are really a “hand-in-glove” concept. The ministry must control all contributions, “with restriction” and “without restriction”, to be used exclusively for its tax-exempt purposes. The ministry must also provide reasonable measures to assure that donor restricted gifts are used for the intended purpose.



Earmarked gifts (gifts given for personal purposes) should generally be recorded as a liability, and no donor acknowledgement of tax deductibility should be issued.

Discretion and control also plays a factor in determining the accounting treatment of deputized worker support. When a ministry has discretion and control over the funds, donations should be recorded as contribution income. Agency treatment (recording the gift as a liability) is a strong indicator that the funds were earmarked for the worker rather than the benefit of the ministry and could impact the tax deductibility of the gift.

Some ministries may use disclaimers with fundraising communications that produce giver restricted gifts. For example, a statement may be included that states any overfunding of the project will be used for a similar project. Other ministries may include statements to clarify treatment as a preferred gift as opposed to a restricted gift. For consistency with [ECFA Standards 7.1 \(Truthfulness in Communication\)](#) and [7.2 \(Giver Expectations and Intent\)](#), disclaimer statements should:

- be communicated to donors in a manner that will be clearly understood (in other words, not printed in a very small font in a location only remotely related to the communication); and
- not be used when it is expected that the appeal will raise significantly more than the amount needed for a particular project (that is, using a communication expected to result in a significant over-funding to provide funds for less popular needs such as overhead expenses).



Any disclaimer used must be included in the communication requesting a gift and not just on gift acknowledgements. The donor must be aware of the disclaimers prior to giving the gift.

4

Training of Deputized Workers

Training of Deputized Workers

Training of your deputized workers is a critical step. As you have deputized your ministry's workers to raise funds on behalf of your organization, you have also deputized your workers to "speak" on behalf of your organization. When the ministry has not communicated well the expectations and trained the worker in the policies of the ministry, the communications to donors become problematic. The following should be considered when training deputized workers:

Develop policies and communicate them to workers

Ministries utilizing deputized support raising should establish appropriate policies and procedures. These policies and procedures should be included in training manuals and communicated to new workers during the onboarding process. It's also important to periodically communicate with and train your existing deputized workers to reinforce familiarity and compliance with policies. See [Essential 8](#) for additional help.

Who "owns" the support account?

Deputized workers invest themselves in the cultivation of their donor list (many donors are family and friends), in the work to maintain the relationship with their donors, and oversight of the funds received into their support account. With all this effort, it can be easy for a deputized worker to assume an element of personal ownership over the funds.

As a best practice, your ministry's policies should clearly define what happens to the balance in a support account when the following happens:

- separation from service with the ministry at the completion of a term
- separation from service with the ministry and a move to another ministry
- retirement from service



When a worker separates from service, notify donors that have been making gifts preferenced for the worker, offering the donors an option to continue supporting the ministry.

The ministry is entitled to keep all funds in a deputized worker's support account for any use consistent with its charitable purposes. Redirecting the funds to the work of other missionaries does not negate the charitable nature of the gifts, but rather demonstrates proper exercising of discretion and control. The ministry's policies could provide for balances to be used for missionaries serving in a similar ministry or similar geographical area. The ministry could also have a policy that allows funds to be redirected to a separate ministry with a similar mission statement and charitable purpose.

Prayer letters, newsletters, emails, social media posts

Deputized workers have more avenues of communication to donors than ever before. Since deputized workers are often soliciting for funds in multiple communication formats, it is critical the ministry maintain proper oversight over these communications. This oversight not only includes periodic review, but also regular training of both new and long-term deputized workers. See [Essential 5](#) for more detail.

5

Communication to Donors

Communication to Donors

Almost every nonprofit organization communicates with their donors in order to accomplish the ministry's charitable purposes. When it comes to deputized workers, the communications are very important and should be carefully reviewed by the ministry. Important things to consider during training of deputized workers and when reviewing communications are:

- The communication should clearly state that the gift is for the ministry, not for a specific worker; and
- The communication should clearly identify that the gift is preferred for the worker, not restricted for the worker themselves.



Using the suggested wording on your solicitations is not enough! Your ministry needs to have the proper policies and procedures in place regarding deputized support raising, and actively follow them. The policies should be periodically reviewed for any needed updates and for proper adherence by workers.

This difference may seem like semantics but is critical in establishing the gift as a qualified charitable contribution.

When should this communication to donors take place? While placing a “disclaimer” on a gift acknowledgement or receipt is a great idea, it cannot be the only time. Donors should have a clear expectation on how their gift will be used prior to making a donation. All communications, whether from your ministry or your deputized workers, should include information that allows a donor to be fully informed concerning your ministry's policies for deputized support raising, and the ministry's discretion and control over the funds.

The IRS has provided recommended language to help communicate your policies with your donors. See [Essential 8](#) for suggested wording for solicitations.

The secondary communication to the donor should be on the gift acknowledgement. As your ministry thanks the donor for the gift, use the opportunity to also remind the donor of the deputized worker policy and your ministry's discretion and control over the funds. The IRS has also provided suggested

language for your donor response documents. See [Essential 8](#) for suggested wording for donor acknowledgements and a sample deputized support raising response form.

Remember that deputized workers are communicating with the ministry's donors. Communications with donors and potential donors must be reviewed to ensure that a consistent message is portrayed. The worker should not give any implication that the contribution will be paid as salary or other remuneration to the worker.



Don't forget your website and giving platforms! Work with your communications team and website developer to ensure appropriate terminology and information is conveyed.



When reviewing workers' communications to donors, watch for statements that imply the project is personal instead of a project of the ministry.

6

Compensation of Deputized Workers

Compensation of Deputized Workers

Worker classification

Ministries, like all organizations, must determine a status for each of their workers. Workers are classified as either an employee or an independent contractor. The IRS has established several factors for determining worker classification. You can view [IRS Publication 1779](#) for more information.

A key factor in determining worker classification is control. Control could be related to the work performed or how the worker is paid. If the ministry directs and controls how the worker does his job and how the worker is paid, the worker is most likely an employee.

One key item to note from [Essential 2](#), discretion and control are required in order for contributions preferred for a worker to be considered tax-deductible. Some of the policies that demonstrate discretion and control relate to selection, training, and supervision of the worker. It may be difficult to both claim that the ministry has discretion and control over the funds donated with a preference for a worker, and also claim that the ministry does not have sufficient control for the worker to be classified as an employee.

In almost all scenarios, deputized workers are treated as employees and receive a Form W-2. Deputized support raising guidance from the IRS also seems to anticipate the Form W-2 approach. Note that there is one case where the Tax Court concluded in favor of independent contractor status for a deputized worker, but the particular facts of the case don't apply to most deputized workers. If your ministry is evaluating its position related to worker classification, it would be wise to review [Greene v. Comm'r, TC Memo. 1996-531](#), and consult your legal counsel with questions.

Deputized worker compensation

Many deputized workers are paid on a needs-based plan. Under this type of plan, the field of service, size of family, and other factors are considered in arriving at a compensation amount. Others, including those serving in the U.S, may be paid on a market-based plan, which offers compensation based on the role or position of the deputized worker.

Often a minimum, average, and maximum amount of compensation is set. This range provides boundaries for the compensation. The amount of support raised determines the ultimate compensation within this range.

As noted in [Essential 2](#), as a part of establishing discretion and control, it is a best practice to establish compensation criteria without regard to the amount of funds raised by the deputized worker. Establishing a range of compensation can accomplish this. Even though the actual amount of compensation may be influenced by the amount of support raised, the range established should meet the criteria for discretion and control.

As discussed in [Essential 1](#), donations preferenced for a worker must be for the charitable purposes of the ministry. When a worker has specific financial needs that seem personal, it can be problematic to raise funds for those specific needs and still maintain tax deductibility of gifts. A better approach may be to solicit more funds for compensation, as long as the compensation is still considered reasonable and falls within set ranges established by the ministry. Otherwise, the ministry may need to evaluate the range to determine if any factors would warrant an increase. If this is done, the ministry should document the factors considered. It also is a best practice to periodically review compensation ranges to determine if changes should be made.



Workers serving abroad need to be aware of the laws of their particular country. This is true for understanding of any social security system that may be in place, but also for compliance with income tax reporting.

Another consideration for workers serving overseas is the social security system. There are countries besides the U.S. that have mandatory social security programs. To avoid taxation for social security purposes in two countries, many nations have entered into Totalization Agreements with the U.S. These agreements govern the determination of whether a worker is subject to the U.S. social security system or to the social security system of a foreign country. Further information can be found in the [IRS Totalization Agreements](#). You should also discuss the situation with professional counsel.

Top Leader Compensation

Some ministries have top leadership that raise support for their compensation, either in part or in whole. [ECFA Standard 6](#) requires the ministry's board to annually approve the compensation and document the approval in the governing body minutes. When the top leader is raising support, it could be easily overlooked as unnecessary, or viewed as if the ministry is not determining compensation since the funds did not come from the general funds of the ministry. Drawing on the concept of the Intended Benefit test discussed in [Essential 1](#), the funds donated as support for the top leader are donations to and for the benefit of the ministry.

Compensation or expense reimbursement – which comes first?

Most workers are receiving both compensation and reimbursement for their ministry expenses. Does the order of the payments matter? In general, compensation must be paid to the workers before expenses are reimbursed.

It's important to establish an accountable expense reimbursement plan so that reimbursements will be considered non-taxable. Reimbursements should only be provided for actual ministry-related expenses as incurred by the deputized worker. See [Essential 8](#) for a sample accountable expense reimbursement plan resolution.

Separation from service

When a deputized worker separates from service with the ministry, any balance in that worker's support account must remain under the control of the ministry. As discussed in [Essential 2](#), discretion and control over the funds is imperative under the deputized worker model.

A deputized worker policy should describe the normal distribution procedures for a worker separating from service. The options of the ministry are:

- keep the funds for any use consistent with its ministry purpose(s) (as long as the donations were received with a preference, and not a restriction);
- redirect the funds to another worker serving in a similar geographical area or ministry; or
- redirect the funds to a separate entity with a similar mission and charitable purpose

The established policy may also allow severance pay for a reasonable period of time after the date of separation. Items to be addressed may include:

- expectations for final visits to donors, including expected time and costs;
- communications to donors regarding the separation of service and the required approval before dissemination; and
- depending on the ministry's policies for support account balances at separation,
 - o information that could be shared with donors regarding how remaining funds will be used
 - o suggested language to use in donor communications encouraging continued donations to the ministry



While a worker separating from service can give suggestions as to the use of any remaining funds in their support account, they should not have the authority to make the decision.

7

Deputized Worker Support Balances

Deputized Worker Support Balances

Ministries must determine policies related to support account balances. Policies should address minimum balances, maximum balances, and efforts expected for maintaining a healthy fund balance.

One of the difficult issues of deputized support raising is maintaining a healthy support balance. Changes in cost of living on the field, increased costs of benefits, and extra travel can all lead to significant fluctuation of support balances. The ministry may need to set policies for action steps that will be required as a support balance increases or decreases.



Include support raising in job descriptions for deputized workers and evaluate performance in this area along with other duties.

Many mission agencies employ a salary reduction policy as a support account balance nears or reaches a deficit. While this may be a standard practice in the mission agency sector, IRS and courts have not ruled on the validity of this practice. Issues to consider related to a salary reduction plan are Department of Labor Laws, state labor laws, and any implication on the deductibility of donations as the amount of compensation begins to match the amount of support raised.

On the other hand, a large support account balance can seem like something to celebrate; however, it can be problematic when balances grow to a point that gifts cannot be used in a reasonable amount of time.

Tracking Support Account Balances

Even under a pooled worker model, tracking the amount of support raised for each deputized worker may be desirable to evaluate fundraising efforts. For ministries using an individual worker model, it is necessary to track the donations and expenses for each deputized worker.

Proper tracking of support account balances includes everything that impacts the account, such as:

- donations received;
- compensation deducted;
- benefits provided and charged to the support account, such as health insurance, retirement, etc.;
- charges for training, books, and other materials provided to the worker;
- any shared expenses from a team serving in a geographical area; and
- any administrative charges or assessments on donations

This information is important to provide to the deputized worker. The details allow both the worker and their supervisor to evaluate fundraising efforts. This information should include donor information for the worker to communicate with the donor, and for the worker to understand if the donor is current with any active pledges. The balance information allows a worker to determine the effort needed for fundraising.

8

Sample Policies and Templates

Sample Policies and Templates

The deputized worker model can be a complex area of ministry. With so many hurdles and pitfalls, you need resources. Below is a list of ECFA resources that will benefit your ministry.

- [Sample Deputized Worker Policy](#)
- [Deputized Gift Letter](#)
- [Sample Communication from a ministry to its deputized workers](#)
- [Sample deputized support raising letter](#)
- [Sample deputized support-raising response form](#)
- [Deputized support-raising gift acknowledgement template](#)
- [Sample Accountable Expense Reimbursement Plan Resolution](#)

Suggested language for donor acknowledgement documents:

“This contribution is made with the understanding that [insert name of donee charity] has complete control and administration over the use of the donated funds.”

Suggested language for donor solicitations:

“Contributions are solicited with the understanding that [insert name of donee charity] has complete discretion and control over the use of all donated funds.”

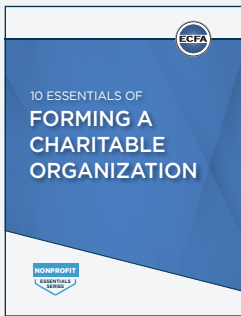


Visit the
[ECFA Resources page](#)
to find more information in
the form of books, sample
policies, articles, and
webinars.

Resources



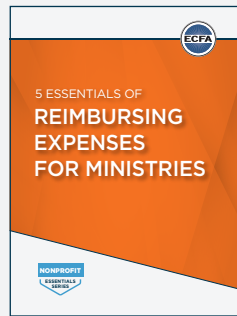
ECFAPress eBooks in the Nonprofit Series



10 Essentials of Forming a Charitable Organization

Tens of thousands of new nonprofits are formed each year. Of those applying for tax-exempt status with the IRS, about three out of four applications are approved. When forming a new nonprofit, there are some fundamental issues to consider before starting the process. This resource provides an easy-to-read guide

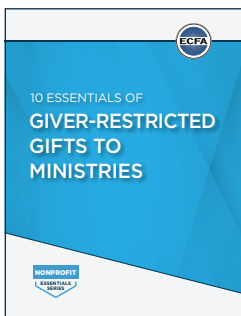
to the ten fundamental issues related to starting a new nonprofit organization.



5 Essentials of Reimbursing Expenses for Ministries

How a ministry handles the payment of business expenses incurred by staff speaks volumes about the integrity of the organization. Adequate substantiation is the starting point to qualify business expense reimbursements for tax-free treatment. This resource covers the steps to maximize stewardship for

both the ministry and staff.



10 Essentials of Giver-Restricted Gifts to Ministries

Givers often make gifts to ministries for specific purposes and many of these gifts are in response to resource-raising opportunities shared by the ministry. These gifts, often called “restricted” or “designated,” must be expended consistently with giver intent. This resource outlines the way ministries can

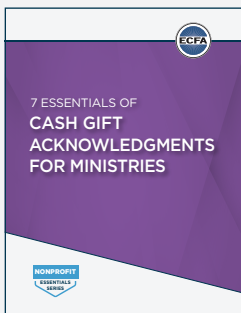
handle giver-restricted gifts with integrity.



9 Essentials of Fringe Benefits for Ministries

Fringe benefits are taxable and must be included in the recipient’s taxable pay except for those the law specifically excludes. Therefore, it is important for ministries to design fringe benefit plans to model stewardship for the organization and structure fringe benefit plans to allow employees to maximize compensation.

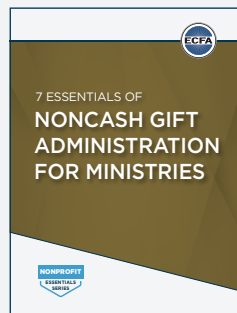
This resource will help you understand how to effectively use fringe benefits.



7 Essentials of Cash Gift Acknowledgments for Ministries

It is a privilege for ministries to express appreciation to givers for their generosity. Thanking givers for their contributions seems simple. But it is often not so. The complexity comes because U.S. tax law only allows charitable deductions for certain gifts, and charitable gift

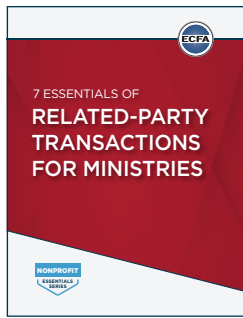
acknowledgements must meet strict substantiation requirements. This resource guides a ministry through these challenging issues.



7 Essentials of Noncash Gift Administration for Ministries

Most gifts to ministries are in an electronic form with some additional gifts coming in the form of checks and currency. Noncash gifts—gifts of stock, real estate, other property, plus gifts of services—are often very helpful to fulfill a ministry’s mission. Most of these gifts are tax-deductible, but some are not. This resource is helpful in

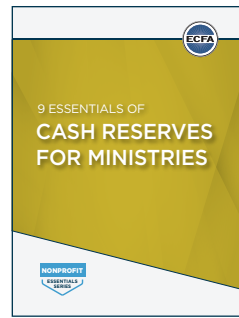
addressing accounting and charitable gift receipting of noncash gifts.



7 Essentials of Related-Party Transactions for Ministries

Conflicts of interest situations are common with churches—when a person who is responsible for promoting ministry interests is involved at the same time, in a competing personal interest. A ministry should only enter into related-party transactions if strict guidelines are met.

Even then, the risk of misperceptions may cause ministry leaders to avoid related-party transactions.



9 Essentials of Cash Reserves for Ministries

Adequate cash reserves are necessary for a ministry to pay its obligations on time in spite of fluctuations in monthly revenue. Still, developing and maintaining appropriate cash reserves is often one of the most overlooked and misunderstood issues for a ministry. This resource provides an overview of the different types of

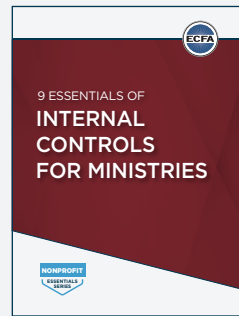
reserves and how a ministry may achieve them.



9 Essentials of Risk Management for Ministries

While Matthew 6 tells us not to worry about tomorrow, that is not a free pass to avoid planning or carefully considering the stewardship responsibilities that have been entrusted to us. Risks may have significant reputational and financial impacts. This resource will help your ministry assess risks, determine the priority

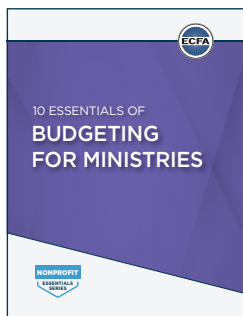
of addressing the risks, and implement steps to mitigate the risks.



9 Essentials of Internal Controls for Ministries

Internal controls are the procedures and practices implemented to help ministries achieve their mission. They promote efficiency, reduce the risk of financial loss, help ensure financial reports are accurate, and compliance with laws and regulations. This resource helps ministries find an appropriate balance between effective

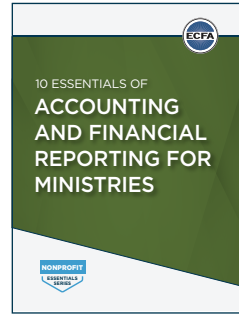
controls and operational effectiveness.



10 Essentials of Budgeting for Ministries

Preparing and utilizing budgets for a ministry is not as easy as it might seem. There may be several types of budgets: operating, cash, and capital. Budgets provide the guardrails to build cash reserves and keep expenses within certain limits, and assure there is adequate cash to pay operating, mortgage, and capital

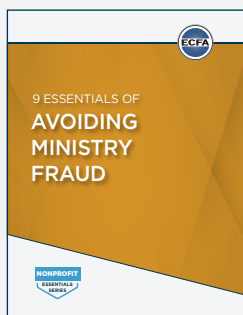
expenses. This resource provides the keys to maximize the benefits from ministry budgets.



10 Essentials of Accounting and Financial Reporting for Ministries

The accounting for ministry financial resources is the basis for accurately documenting revenue and expense. A sound accounting system, provides the data to determine if a ministry is on track in comparison to the budget. It is also important to provide the appropriate

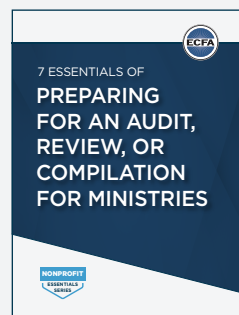
financial reporting to the right audience. This resource covers the basics for optimizing the ministry accounting system and providing meaningful reporting.



9 Essentials of Avoiding Ministry Fraud

Fraud and misuse of ministry resources can create sensational news and cause a diminished witness for Jesus Christ. While it is almost impossible to eliminate all fraud, ministries should find a reasonable balance between preventive efforts and risks. This resource helps ministries understand how to identify fraud risks and

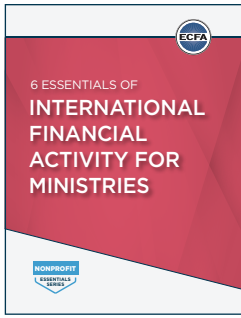
implement fraud prevention.



7 Essentials of Preparing for an Audit, Review, or Compilation for Ministries

Though the process can be intimidating, there are many ways to maximize the benefits of an audit. Independent reporting offers assurance to donors and in some cases, identifies weaknesses that may otherwise go undetected. Determine what level of CPA engagement is right for

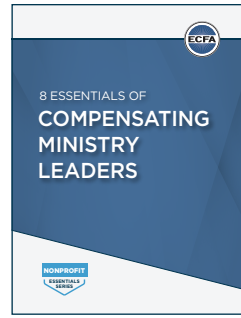
your ministry and prepare with confidence.



6 Essentials of International Financial Activity for Ministries

A ministry that sends funds internationally incurs significant legal and compliance requirements. The church must retain control and discretion over the use of the funds just as much as if the funds were expended in the U.S. This resource covers the special rules for screening and vetting international grant recipients, reporting

when a ministry has a financial interest or signatory authority over certain financial accounts, and carries significant cash in or out of the U.S.



8 Essentials of Compensating Ministry Leaders

Setting the compensation of ministry leaders should meet high standards that will enhance our Christian witness. These standards include utilizing comparability data to ensure reasonable compensation, approving compensation independently of the person whose compensation is being set, and properly documenting

compensation, including fringe benefits. This resource covers all of this and much more.



5 Building Blocks of Ministry Financial Integrity

When it comes to building a ministry's financial integrity, many leaders simply don't know where to start. Some think that establishing a strong financial foundation is too difficult, or perhaps only possible for large ministries. The good news is building financial integrity is not as complicated as some might

think. It is all about properly adding one building block at a time.



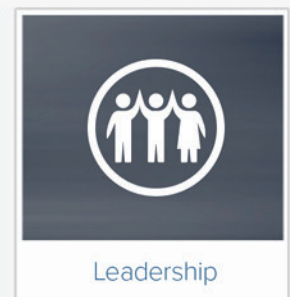
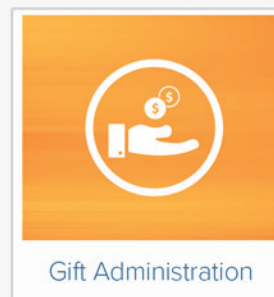
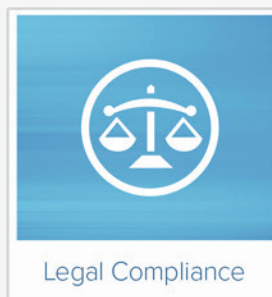
Now in publication for three decades, the *Church and Nonprofit Tax & Financial Guide* and the *Minister's Tax & Financial Guide* are two of the most trusted tax and financial reference guides for leaders of churches and other religious nonprofit organizations. These companion resources written by ECFA staff are designed to provide up-to-date information in an easy-to-understand format on key issues affecting churches and nonprofits and the ministers serving them.

To order these helpful resources, visit ECFA.org



KNOWLEDGE CENTER

The **Knowledge Center** contains more than 1,000 documents on ministry finance, governance, stewardship, and more. In addition, check out the ECFA website for special ministry webinars, newsletters, and other practical learning opportunities.



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