

The Church Network – Alamo Chapter  
Minutes of the 20 August 2015, 11:30 a.m. Meeting  
Abiding Presence Lutheran Church, San Antonio, TX

**Officers Attending:** Dave Thomas, President; Sue Evans, Vice President; Norm Hils, Secretary.

**2015 Members Attending:** Clint Brown, Leesa Burgess, Sean Carlin, Pat Hail, Sheila Jennette, Becky Kirbo, Richard Krampe, Norman Kunkel, Darla Nelson, Eric Ryniker, Donna Shreve, Steve Yates.

**Guests Attending:** Gaye Hank.

Dave Thomas opened in prayer.

**Report/Action Items:**

1. Minutes of the June 2015 meeting were reviewed and unanimously approved as presented.
2. Dale Hendrix was not present but submitted the current financial report. End of month (July) account balance was \$1,162.29. The financial report was unanimously received as presented. As decided at the last meeting, Dale will transfer \$700 to a designated fund for financial aid/benevolence. We still need to develop a process for requesting assistance.
3. Dave Thomas reviewed the chapter year meeting locations and topics. Sep 2015: the topic was corrected to Ministry Resources. Nov 2015: Richard Krampe accepted the request to be our presenter and Steve Yates will assist him.
4. Program: TCN (NACBA) Annual Conference Review. Norm Hils shared some of the more significant lessons learned from the various workshops he attended. Some items sparked considerable discussion. He provided the web site so administrators could download the workshop handouts for workshops of interest. Norm's notes are attached.
5. Dave Thomas reminded attendees of the October 2015 Church Administration Day and solicited ideas for possible speakers so we can narrow the topic of technology to something practical.
6. Dave Thomas prayed over joys and concerns as we closed the business session.

**Next Meeting:** September 17<sup>th</sup>, 11:30 a.m. at Ricoh with a presentation about Ministry Resources.

Respectfully,

Norm Hils  
The Church Network, Alamo Chapter Secretary

## Highlights/Memorable Lessons from the 2015 TCN (NACBA) Conference

Last year I received permission to copy handouts from workshops. I did that again this year, but decided to save paper. Go here and download them all if you so desire.

<http://www.nacba.net/Pages/handouts.aspx>

### ***Top Five Areas of Compliance Concerns for Churches; Elaine Sommerville, CPA.***

1. Failure to understand compensation and fringe benefit issues: Minister and non-minister employees; FICA vs SECA; Reasonable Compensation; All compensation is taxable unless a section of the internal revenue code specifically exempts it.
2. Worker classification: Employee or contractor?
3. Understanding the various taxes and exemptions: Federal, Property, Sales, UBI.
4. Failure to adhere to wage and hour laws or understanding the exemptions: FLSA June 2015 rule proposal could move the \$455/week to \$970/week (\$1090) in order to qualify for an exemption from FLSA.
5. Failure to protect the church's assets: Internal cash controls; use of physical assets; protecting the church's intellectual property; failure to obtain proper expense documentation.

### ***Governance Documents: The Forgotten Wilderness; Frank Sommerville, JD, CPA.***

Bylaws Matter. The elders just decided to change the way they did membership. They did not update their Bylaws. The court voided the last 14 years of decisions, including all membership decisions. That's how important it is to understand the hierarchy. Highest authority: State Law (Texas Business Organizations Code), then Articles of Incorporation (Certificate of Formation), then the organization's Bylaws.

Property Taxes. In Texas we're under a 4-year mandatory review of all property tax exemptions. Which means every appraisal district is getting audited by the Texas Comptroller to check if tax exemptions were granted properly.

Members Voting. I am an advocate for removing voting rights until your 18<sup>th</sup> birthday as long as your bylaws address having classes of membership. You can have a junior member that gets all the rights and privileges of membership except voting at business meetings.

Church Meeting Minutes. Minutes frequently contain information that is useless or potentially harmful; while at the same time omit critical information.

What should the minutes contain? Everything that would be necessary to prove that the decisions were made at a properly called and noticed meeting along with actions taken. 1. Date and time and place of meeting. 2. Who called the meeting. 3. A copy of the notice. 4. A description of those entitled to vote at the meeting. 5. The names of all who attended (members and guests). 6. The secretary's affirmation that a quorum exists. ...Go download the workshop handout. Plus Frank included a sample bylaws document.

What should the minutes NOT contain? Should not contain any discussion between members regarding matters placed before them. Should not contain any details about the deliberative process that proceeded decisions.

### ***Charitable Giving Rules Churches Must Understand, Dan Busby, CPA***

First six months of 2015 indicate charitable giving rates 1/3 higher than 2013.

Tax reform is unlikely before the 2016 elections except maybe the charitable IRA rollover. If that is extended again, be sure to inform your members.

Donors need a charitable gift acknowledgement on or before the due date of their tax return (including extensions) OR the date their tax return is filed, whichever is earlier.

Don't succumb to the temptation to report the value of donated property on a contribution acknowledgement.

Possible adjustment coming to charitable contribution deductions: 2% AGI floor before deductible.

Timing for deductibility. Which year for tax deductible receipt purposes? Timing measured by unconditional delivery. The definition of which depends on the type of gift. Checks: Date when mailed if don't bounce and not postdated. Credit Card: Delivery is when charge is made or processed. Text Giving: When text is sent. Internet Giving: When the financial institution makes the payment.

When designating to a specific general fund account that is already funded, contact the donor. If they want the gift to be over and above the budget, refund the gift.

How about a policy that says the church maintains controls and may redirect the gift as needed? Okay if that information is known before the gift is given. Best for designated accounts, but some churches apply across the board.

### ***He Said She Said: The Debate Continues, Frank and Elaine Sommerville***

Selling the pastor's book must be royalty free.

Fundraising is not an exempt activity.

Remember the DOL ministerial exemption and the IRS ministerial exemption have different tests.

You can still fix the contractor-to-employee correction with Form 8952 for pennies on the dollar.

Clergy and Layity employee classes are not valid if less than 200 employees.

Volunteers are not subject to employment law.

### ***Chapter Leadership, Denise Craig, CCA***

Chapter Connector – View, export, print contact list from the NACBA database; Track Chapter dues; Print rosters of paid members. BUT...

Secret switch that Phill Martin must flip.

Invite administrative assistants and facility managers and focus the topic on their area of responsibility.

Glenn Wood offered to provide Excel teachings via Skype.

2015 Church Administration Day topic is Technology.

### ***Child Protection and Church Safety, Edward Trent, JD***

Approximately 80% of all victims are abused by their parents.

Most victims are less than 4 years old.

Churches, clubs, and religious authority figures actually account for less than 2% of all abuse reports (but these are the ones that make the news headlines).

Statute of limitations being removed in many states. Cited examples of lawsuits filed 20, 30, and 40 years later .

The Insurance Archeology Institute can help dig out old insurance policies.

Legal reporting obligations. Clergy privilege is not what it used to be.

Use an application process for volunteers, not just employees.

### ***Tax and Legal Update, Richard Hammar, JD, CPA,***

Housing allowance is safe for now. It could be several years before we see an adverse ruling.

Number one reason religious organizations ended up in court in 2014 - sexual abuse with a child.

Will ministers be legally required to perform same sex marriages? No.

Do we need to amend our bylaws? Probably not.

Will churches be required to host same sex marriages on church property? Two conclusions likely:

1. Churches that do NOT rent their facilities to outsiders for marriages and other events face no civil liability for not allowing their facilities to be used to host a same-sex marriage, reception, etc., in violation of its religious beliefs.

2. Churches that DO rent their facilities to outsiders for marriages and other events MAY face civil liability for not allowing their facilities to be used to host a same-sex marriage, reception, etc., even if same-sex marriages violate a church's religious beliefs.

Bottom Line: Have a member's only policy.

Don't use designated contributions for other purposes.

Don't fail to report child abuse: you'll create potential civil and criminal liability.

Manage risk assessment. Some risk is acceptable. Learn to quantify the risk. Risk = Frequency/Gravity

The likely-hood of an event: Remote, Possible, Probable, Frequent and the

Gravity of the event: Minor, Significant, Severe, Catastrophic.

Use a risk assessment tool that is rational, systematic, intentional, and consistent.

Courts despise release forms.

Minors cannot release their rights and their parents cannot do so for them.

Must specifically state what is being released.

Use assumption of risk forms for adults.

Use parental permission forms for giving a child your consent to participate. Include contact info, prohibited activities, medical conditions, allergies, emergency medical decisions, swimming ability if appropriate. Notarized parental signatures. If not, at least witnessed.

Maintain a strong cell phone use policy when driving church vehicles or personal vehicles on church sanctioned events. Don't do it!

A federal court in New York ruled that a company that purchased a license to use various stock photos could be sued for copyright infringement for using the photos beyond the permission granted in the licensing agreement. *Read and understand your copyright permissions.*

The EEOC ruled that attendance and consciousness are not essential job functions! Be sure to insert attendance in your job descriptions as an essential job function.

See:

<http://www.youtube.com/richardrhammar> for regular legal updates from Richard Hammar.

As always, way too much information to record it all, and lots of "take-home" handouts still to read/review.

--Norm