

# Church Council Certification Training: Frequently Asked Questions

*Last Updated 3/9/23*

## General Questions:

1. **What does the certification mean for church council members?** The certification offered in training engages council members in the material presented. Certification is not required for people to serve on a Foursquare Church Council.
2. **Where may I access the recording for this training?** The resources can be found at <https://www.foursquare.org/event/national-church-council-training>

## Council Members and Terms:

3. **In an established church, how are council members selected?** Before the church's annual meeting, the church council shall agree upon the nominees for the vacant church council positions. The church members shall elect or ratify from the group of nominees.
4. **Can unpaid licensed pastors in our congregation serve on the church council?** Yes.
5. **How many church council members can serve on the council?** The bylaws state that there shall be not less than four and not more than 12 members in addition to the pastor except upon prior written approval of the district supervisor.
6. **Can part or full-time paid staff serve on the church council?** The bylaws state that paid staff and people related to the pastor(s) of the local church by blood or marriage may serve on the Church Council only with the prior written consent of the district supervisor after review by the district council.
7. **How long is a council member's term?** Council members serve two-year terms. Council members' terms are structured in a rotation where new members serve alongside returning council members to retain history and experience.
8. **May a council member serve a second term?** Council members may serve a second term if elected or ratified at the church's annual meeting.

## Council Responsibilities:

9. **Can non-council members be asked to offer guidance in their area of expertise to the church council?** Yes, non-council members may sit with the council for specific purposes. For example, an IT specialist may sit with the council to provide advice but would not be a voting member.
10. **If the council is at an impasse on a decision, who makes the final decision?** While the senior pastor is the final decision, the ideal scenario is for the council to have continued discussion until a unanimous decision can be reached. It is wise to table the discussion and allow for more time and prayer if a consensus can't be reached.

## Budget:

11. **Should the church have a budget?** Yes, a budget is important for organizing funds around the church's vision and monitoring income and expenses against a plan.
12. **What are the recommended financial percentages of income to expenses?** The recommended percentages of total unrestricted income are:

- a. Payroll– 40%
- b. Fixed expenses – 75% (this includes the payroll percentage of 40%.)
- c. Variable expenses – 15%
- d. The gain in reserve of income – 10% (net profit)

13. **What payroll costs are included in the above percentage?** Salary, housing, employer-paid employment taxes, employer-paid retirement contributions, health insurance, life insurance, independent contractor costs, etc.

14. **What are fixed expenses?** Fixed expenses are expenses that don't change based on the number of people attending the church. For example, the mortgage must be paid even if no one attends the church.

15. **What are examples of fixed expenses?** Fixed expenses are payroll costs as listed above, insurance, loan and lease payments, mortgage payments, rent, copier lease, utilities, facility overhead costs, foursquare tithe, repairs and maintenance, church-owned vehicle expenses, equipment, etc.

16. **What are variable expenses?** Variable expenses are expenses that change based on the number of people attending the church. Variable expenses are expenses that are easy to adjust if the church experiences a financial challenge. For example, if the church had a significant decline in attendance, the expenses for ministry would be reduced.

17. **What are examples of variable expenses?** Ministry program supplies, office administration, conference expenses, staff development, meals, travel, lodging, etc.

#### Private Inurement:

18. **What is private inurement?** Private inurement is when the earnings of a nonprofit are used to personally benefit an individual with significant authority or influence other than reasonable compensation.

19. **Is private inurement in a church illegal?** Yes, the IRS may impose significant sanctions and fines if private inurement is discovered, and they may revoke the church's tax exemption.

20. **What are some examples of private inurement?** Private inurement includes excessive compensation and large gifts made to a pastor at retirement or upon leaving an assignment that is not reported as taxable compensation or reported as taxable compensation but considered unreasonable. Other examples include personal services for the pastor such as housecleaning paid by the church, reimbursing pastors for expenses without receipts and not including this as taxable income, private education expenses for the pastor's children paid by the church, non-taxable Christmas bonuses or gifts made to the pastors. Please see your district office for more information.

#### General Financial Questions:

21. **Can employees receive benevolence?** They may receive benevolence, but it is considered taxable because they are employees. The benevolence funds should not be paid to a spouse or family member as a way to avoid taxation. Benevolence to non-employees is not taxable as long as they did not receive the funds in exchange for services.

22. **Can staff members receive gift cards as non-taxable gifts?** For more information about gifts for staff, please: <https://resources.foursquare.org/download/gifts-to-employees-independent-contractors-and-volunteers/>

23. **Does Foursquare offer a retirement program?** Yes! Foursquare sets aside 10% of the tithe that is sent in and places that in a retirement account according to the specifications of the church council provided an employee is signed up for the retirement program. In addition, employee and employer contributions can be made to the Foursquare retirement program. To learn more please visit: <https://www.foursquare.org/support/retirement/>

#### Donor Restricted Donations:

24. **What are donor-restricted donations?** Restricted donations are donations given by a donor to a fund established by the church council. The donor may give to the fund, but the church council has

discretion on how those funds are spent according to the fund description established by the church council.

25. **Can donor-restricted funds be spent on operating costs in a financial crisis?** No, it is against government regulations to spend donor-restricted funds for any purpose other than the purpose for which the donation was made regardless of financial hardship.

26. **Can we change the purpose of the fund after donations have been made?** If the purpose of the fund changes, the church must contact the donors to ask if they would like their donation returned or if they give written permission for the funds to be repurposed. Please consult your district office for more information.

27. **Can a donor direct an individual to whom funds should be given?** No, donors may give to funds set up by the church council with the council exercising direction on how those funds are spent. The IRS requires that control of the funds be held by the church. When donors direct giving to individuals the control remains with the donor which violates IRS regulations.

28. **If the church raises money for a mission trip, can donors indicate to whom they are sending support?** This is acceptable as long as the donor is aware that any money raised for the mission trip will go to the 'missions' fund. If the individual for whom they are donating does not go on the mission trip, the money will not be returned. The money is for the 'mission' fund, not for the individual personally.

For more information on these topics, please contact your [district office](https://www.foursquare.org/districts/). <https://www.foursquare.org/districts/>