



**Chazin & Company**

NONPROFIT ACCOUNTING AND FINANCE SOLUTIONS

# SOLVING THE MYSTERIES OF THE BOARD TREASURER ROLE

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Chazin & Company

# WHAT ARE THE RESPONSIBILITIES OF A TREASURER?

- Fiduciary
- Budget
- Financial Decision Making
- Risk Management
- Financial Reporting

# UNDERSTAND YOUR FIDUCIARY RESPONSIBILITY

Clergy and Vestry Members are fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as by making sure the church has adequate resources to advance its mission



**HOW TO PROTECT  
YOURSELF**

**(HINT: WITH KNOWLEDGE)**



# UNDERSTAND YOUR LEGAL RESPONSIBILITIES

## Duty of Care



- Make prudent use of all assets
- Exercise oversight to ensure effectiveness and sustainability
- Act with a greater degree of care than you might give your own affairs

## Duty of Loyalty



- Make decisions in the best interest of the organization, irrespective of any personal interests of anyone.

## Duty of Obedience



- Ensure activities advance the mission and adhere to the organization's purpose
- Obey applicable laws and act following ethical standards

# UNDERSTAND YOUR LIABILITY



## Risk:

You can be held liable for damages caused by your wrongful acts or omissions



## Defense:

- Understand your responsibilities as Clergy or a Vestry Member
- Ensure the organization follows the law and its



## Insurance:

Carry Directors and Officers (D & O) Insurance

# REDUCE YOUR RISK

<b>Be</b>	Be familiar with the church's financials
<b>Understand</b>	Understand internal controls in the organization
<b>Set</b>	Set the proper "Tone at the Top"
<b>Ensure</b>	Ensure that no single person has too much power or control over financial transactions (nonprofits account for 10% of worldwide reported fraud cases even though, in 2017, they accounted for 3% of all businesses in the U.S., according to the U.S. Bureau of Labor Statistics))

# INTERNAL CONTROLS

AKA FRAUD

PREVENTION AND

DETECTION

		Implement	Offer	Outsource
		<ul style="list-style-type: none"><li>• Implement checks and balances.</li></ul>	<ul style="list-style-type: none"><li>• Offer an online payment portal for contributions.</li><li>• Offer ACH payments directly into your bank account.</li></ul>	<ul style="list-style-type: none"><li>• Outsource part or all of the accounting functions.</li></ul>



# EXAMPLES OF FRAUD IN PARISHES

- An Episcopal Rector is accused of receiving a “kickback” of \$50,000 from a vendor for illegally approving invoices for overpayments. The Rector also allegedly misused the Parish credit card for “cash withdrawals, clothing and jewelry purchases, and expenses associated with travel for him and his family members.
- An accountant for an Episcopal church was convicted of embezzling more than \$175,000. He used the church’s credit card to pay for Amazon purchases; he increased his salary in the payroll system and stole donations collected during the Sunday services.
- A Senior Warden of an Episcopal church was indicted for embezzling \$89,000 from his Parish by depositing church money into his various bank accounts. He used some of the stolen money to support his pizza restaurant



# BUDGET

## What is it?

A budget is **your church's strategy expressed in dollars**. A strategic and collaborative budget process is essential to ensure that resources are being used effectively to meet your mission and ensure that your church remains sustainable and accountable to its stakeholders.

## What's the Process?

- The staff or Finance Committee (with input from the staff) prepares it.
- The Vestry approves it.
- The Congregation reviews it & adopts it.

# BUDGETS (YOUR GUIDEPPOST TO THE YEAR AHEAD)

**Budgets should be:**

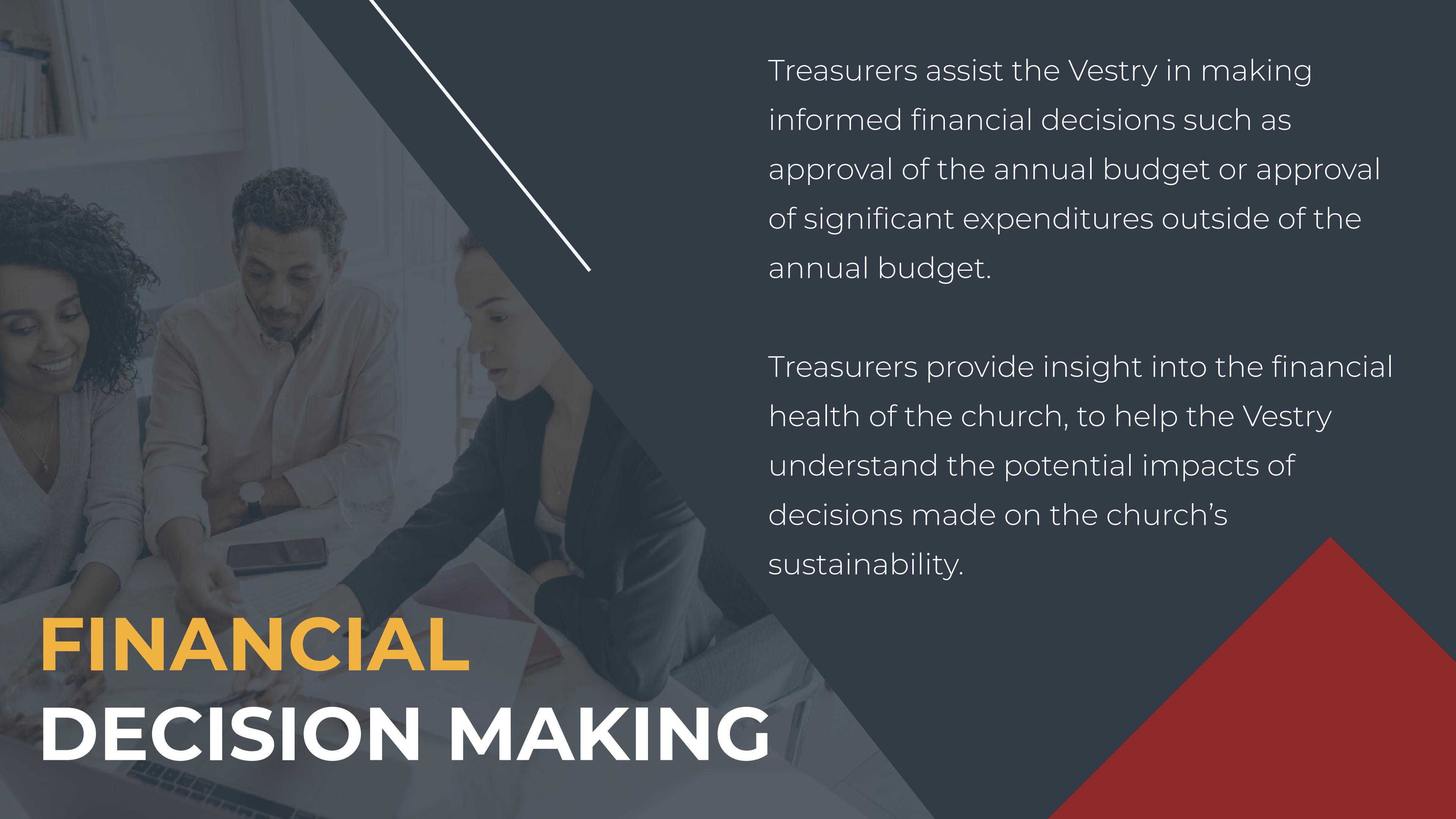
Created every year,  
with input from staff

Consistent with the  
strategic plan

Approved by the  
Congregation

Measured against  
actual performance  
monthly

Investigated when  
large variance exist  
between budget  
and actual (good  
internal control)



Treasurers assist the Vestry in making informed financial decisions such as approval of the annual budget or approval of significant expenditures outside of the annual budget.

Treasurers provide insight into the financial health of the church, to help the Vestry understand the potential impacts of decisions made on the church's sustainability.

# **FINANCIAL** **DECISION MAKING**



# **RISK MANAGEMENT: HOW TO PROTECT YOUR CHURCH**





**(HINT: WITH POLICIES &  
PROCEDURES)**



**POLICIES THAT  
SUPPORT  
PROPER “TONE  
AT THE TOP”**

- **Conflict of Interest**
  - If a conflict of interest occurs it “can” be a type of corruption, which accounts for 35% of all fraud cases
- **Whistleblower**
  - Whistleblowers account for 43% of fraud detection

# RISK MANAGEMENT

	Set the “tone at the top”
	Identify financial risks
	Ensure internal controls exist to mitigate the risk of fraud or financial mismanagement
	Be familiar with insurance coverages



# FINANCIAL REPORTING (REGULAR & TIMELY)

The Treasurer should review the financial statements on a regular basis, including a year over year comparison and a budget vs actual report.

Questions should be asked about anything that looks unusual

Regular financial reports should be provided to the full Vestry.



# FINANCIAL STATEMENTS (DIFFERENT NAMES, NOT SO DIFFERENT DATA)

Nonprofit Organization	For Profit Organization
Statement of Finance Position	Balance Sheet
Statement of Activities	Income Statement (P&L)

# CONTRIBUTIONS MAY COME WITH RESTRICTIONS (ONLY DONORS CAN RESTRICT MONEY)



## With Restrictions:

Permanently Restricted

Temporarily Restricted



## Without Restrictions:

Unrestricted

Board Designated

# STATEMENT OF FINANCIAL POSITION

	<u>6/30/2023</u>	<u>6/30/2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 8,439,877	\$ 9,666,517
Accounts receivable	461,740	449,975
Prepaid expenses	1,020,140	933,703
Inventories, net	124,364	63,658
Contributions receivable, net	1,956,061	1,697,615
Other assets	62,313	51,580
Total Current Assets	<u>\$12,064,495</u>	<u>\$ 12,863,048</u>
Investments, at fair value	55,713,925	47,119,835
Property and equipment, net	14,436,062	14,037,780
Total Long Term Assets	<u>\$70,149,987</u>	<u>\$ 61,157,615</u>
<b>Total Assets</b>	<b><u>\$82,214,482</u></b>	<b><u>\$ 74,020,663</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 447,741	\$ 478,107
Accrued expenses	218,670	58,747
Deferred revenue	1,650,209	1,518,532
Other Liabilities	374,641	398,446
Total Liabilities	<u>\$ 2,691,261</u>	<u>\$ 2,453,832</u>
Net Assets:		
Without donor restrictions	\$23,392,181	\$ 23,464,857
With donor restrictions	56,131,040	48,101,974
Total Net Assets	<u>\$79,523,221</u>	<u>\$ 71,566,831</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$82,214,482</u></b>	<b><u>\$ 74,020,663</u></b>

# BUDGET VS ACTUAL

	W/O Donor Restrictions	With Donor Restrictions	Actual	Budget	Variance
<b>Revenue and Support:</b>					
Contributions	\$ 1,859,725	\$ 8,913,843	\$ 10,773,568	\$ 13,450,444	\$ (2,676,876)
Grants	174,822	879,306	1,054,128	4,103,484	(3,049,356)
Sponsorship	733,657	30,847	764,504	621,800	142,704
Fundraising event income	924,376	307,648	1,232,024	871,550	360,474
In-kind contributions	297,314	90,065	387,379	37,000	350,379
Membership	1,794,258	3,000	1,797,258	1,800,000	(2,742)
Membership (deferred adjustment)	(51,241)		(51,241)		(51,241)
Admissions	1,665,070	3,341	1,668,411	2,991,319	(1,322,908)
Auxiliary sales, net	1,069,011	-	1,069,011	1,160,300	(91,289)
Other Revenue	89,440	6,216	95,656	-	95,656
<b>Total Revenue and Support</b>	<b>\$ 8,556,432</b>	<b>\$ 10,234,266</b>	<b>\$ 18,790,698</b>	<b>\$ 25,035,897</b>	<b>\$ (6,245,199)</b>
<b>Expenses:</b>					
Cost of goods sold	\$ 338,292	\$ -	\$ 338,292	\$ 342,500	\$ (4,208)
Salaries and benefits	2,992,860	404,484	3,397,344	5,214,282	(1,816,938)
Travel and business meeting	386,167	306,518	692,685	846,145	(153,460)
Supplies and maintenance fees	250,705	193,375	444,080	818,594	(374,514)
Professional fees and contract services	2,361,484	1,836,436	4,197,920	4,067,816	130,104
Exhibition and program	952,577	1,197,806	2,150,383	2,210,757	(60,374)
Fundraising event expenses	445,120	534,190	979,310	1,242,602	(263,292)
Depreciation and amortization	791,627	-	791,627	960,000	(168,373)
Marketing and advertising	248,589	100	248,689	244,600	4,089
Bank and merchant transaction fees	145,085	31	145,116	149,733	(4,617)
Other	837,159	485,712	1,322,871	1,422,529	(99,658)
<b>Total Expenses</b>	<b>\$ 9,749,665</b>	<b>\$ 4,958,652</b>	<b>\$ 14,708,317</b>	<b>\$ 17,519,558</b>	<b>\$ (2,811,241)</b>
Change in net assets from operations	\$ (1,193,233)	\$ 5,275,614	\$ 4,082,381	\$ 7,516,339	\$ (3,433,958)
<b>Other Revenue</b>					
Investment return, net	1,120,558	2,753,454	3,874,012	4,748,977	(874,965)
	\$ 1,120,558	\$ 2,753,454	\$ 3,874,012	\$ 4,748,977	\$ (874,965)
<b>Change in net assets</b>	<b>(72,675)</b>	<b>8,029,068</b>	<b>7,956,393</b>	<b>12,265,316</b>	<b>(4,308,923)</b>

A hand holding a pen is positioned over a calculator and a document with a bar chart. The scene is overlaid with a dark red diagonal shape. The text 'ANY QUESTIONS?' is written in large white letters across the red area.

**ANY**

**QUESTIONS?**

**Contact us to schedule a  
free meeting**

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