



Minnesota
Annual Conference
of the United Methodist Church

Steps to New Financial Independence - MN

Rationale: Promote planter accountability and local responsibility for fiscal realities as soon as the plant is in the early planning stages

To start, Minnesota Annual Conference or the local church working with the plant is the fiscal sponsor.

1. Before choosing a name, planter churches are encouraged to research if the name is already in use.
2. Read "Create Internal Financial Controls for Handling Donations using Best Practices" on the Minnesota Conference website. (Link)
3. In the initial establishment stages, create a Generosity Team to manage the steps for financial accountability and the future incorporation of the new church. If there is no Generosity Team, the Lead Team should perform these steps.
4. Create a financial secretary position. This person will be responsible for entering deposits into a church database and sending financial statements (including year-end statements). [As the church grows, software packages are available for this process. The General Council on Finance and Administration (GCFA) lists ServantKeeper, which starts at \$299, and Churchwindows, which starts at \$379.]
5. Create a two-person counting team who will be responsible for counting and depositing the money. Team members may not be related, may not include paid staff members, and may not include the financial secretary.
6. Purchase accounting software such as QuickBooks from TechSoup, which costs less than \$100.00 and allows users to track payables and payroll. [GCFA lists Churchwindows, which starts at \$379.]

Planter church starts assuming fiscal responsibility. A planter church can only do the following with the approval of the area director of new church starts and the Conference Treasurer.

1. Set up checking account
 - a. Contact a local bank to set up your local account. Remember it needs to be a place where you can do weekly bank deposits.
 - b. The Conference Controller will apply for "doing business as" (DBA) or trade name needed to open the account, depending on the state.
 - c. The church will need to provide a tax identification number to the bank. With approval of the Conference Treasurer, the church may use the Conference federal identification number until the church obtains its own.
2. Run own payroll
 - a. Determine how payroll will be done (i.e. Quickbooks or payroll service).

- i. If opting to use Quickbooks, the Conference Controller recommends the full service payroll option where Intuit Quickbooks pays the monthly taxes to federal and state authorities and files the quarterly and annual forms. Missing payments and filings will incur IRS and/or state penalties.
 - ii. When setting up payroll, inform the payroll service that as a church, you do not collect or pay federal or state unemployment tax. Most payroll services set this up a default unless informed. If needed, documentation may be obtained from the Conference Controller.
 - b. The church must have its own federal and state tax identification numbers for payroll. (The Conference tax identification numbers **cannot** be used).
3. Obtain federal and state tax identification number. The Conference Controller will assist with this process.
 4. Obtain a credit card. To apply for a credit card from the United Methodist First Choice Credit Union: <http://www.umfirstchoicefcu.org>

Church is fiscally independent.

The Conference lawyer can help with steps 1 &2 above