

# Tip-of-the-Week History

(Listed most-recent first)

**January 20, 2012**

## **Penalty for Failure to File Form 1099 Doubles for 2012**

For the Form 1099s that are due on February 28, 2012, the penalty for failure to timely file Form 1099s is doubling from \$50 per Form 1099 to \$100 per Form 1099. If you do not have all the information needed to complete a Form 1099 (such as the Social Security number), you can still file it incomplete by February 28. As long as you secure the missing information and file the amended Form 1099 before August 1, 2012, then no penalties will apply.

By the way, if you file the Form 1099 within 30 days after February 28, the \$100 penalty is reduced to \$30. If you file Form 1099 more than 30 days after February 28 but before August 1, 2012, the penalty is reduced to \$60 per Form 1099.

The IRS is projecting to collect big bucks from these penalties over the next few years. You should be checking and double checking that you are issuing a Form 1099 to all unincorporated businesses providing services to you and you paid them at least \$600 during 2011. This would include sole proprietorships, partnerships and LLCs. You can verify the business information via Form W-9.

*Thanks to **Frank Sommerville, JD, CPA**, for this information!*

**January 6, 2012**

## **Using Excel**

Friends, the Winter 2011 edition of the NACBA Ledger, just arrived in the mail, has an excellent item on Microsoft Excel, outlining features you mayn't know about. With the kind permission of both the author and the publisher, I am able to pass this article along to you at [www.nacbancc.org/doc/NACBALedgerArticleWinter2011.pdf](http://www.nacbancc.org/doc/NACBALedgerArticleWinter2011.pdf).

This is the sort of reason I encourage people to join national NACBA and have access resources like this on a regular basis. Please consider a membership in NACBA's national organization. Check them out at [www.nacba.net](http://www.nacba.net).

**October 7, 2011**

## **IRS offers tips on small business health care tax credit [Special Edition Tax Tip 2011-06]**

IRS recently posted a special reminder on its website addressing what employers should know about claiming the small business health care tax credit. Additional details are contained in the tax tip, which is located at <http://www.irs.gov/newsroom/article/0,,id=246605,00.html>.

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### **Lectors' Pronunciation Guide**

How many times have you heard a lay person reading scripture only to trip over one of those unpronounceable names? For instance, how do you pronounce "Amphipolis" anyway? According to the nifty guide found at [http://www.ebenezerchurch.org/Pron\\_Guide.pdf](http://www.ebenezerchurch.org/Pron_Guide.pdf), it's "am-FIPP-oh-lis". Check it out!

**September 30, 2011**

### **File Synchronization Between Computers**

I have just implemented a WONDERFUL freebie from Microsoft; it's called "SyncToy". It allows you to synchronize files between 2 folders.

For instance, you likely have a second disk drive you're using for a backup copy, either on another computer or a removable disk. By running SyncToy naming the 2 folders, it will match file names. It will then take the more recent version, no matter which folder it's in, and copy it over the earlier version in the other folder. If a file is missing altogether from one folder, SyncToy will add it. When SyncToy is done running, you'll have 2 identical folders.

This is also especially useful when you've travelled with a laptop and have updated some files; you may wish to synchronize them with your desktop when you get home.

Works slick. I recommend it. Find it at

<http://www.microsoft.com/download/en/details.aspx?id=15155>.

- Craig M. Wiester, Editor, the Friday Epistle

**August 5, 2011**

### **Scams Targeting Churches**

The IRS has cautioned churches and their members about scams. I pass along this article, good reading for the wise.

[http://blog.yourchurch.net/2011/07/scammers\\_phishing\\_for\\_your\\_mon.html](http://blog.yourchurch.net/2011/07/scammers_phishing_for_your_mon.html).

**July 29, 2011**

### **Caution on Using "The Dash"**

"The Dash," copyrighted on June 15, 1998, is an inspirational poem that uses the dash between the birth and death dates on a person's tombstone as a metaphor for life. According to Church Mutual Insurance Company, the copyright holder has a history of vigorously enforcing the copyright on this poem. Read full details at

<http://www.churchmutual.com/riskalert/displaycontent.php?id=61>.

**July 15, 2011**

### **Designated Funds Handling**

*On the July 1, 2011 Friday Epistle, a reader posed this question:*

Can designated funds be kept in the same account with undesignated funds? I'm thinking of the circumstance where checks written against a church checking account would only clear due to the presence of designated funds in the account.

*A learned reply follows:*

There is no formal requirement that separate cash accounts be maintained for designated and undesignated purposes. Also, generally accepted accounting principles do not require separate disclosure of cash balances.

However, there is an absolute requirement that all donor-restricted contributions be spent in the manner in which they were contributed. This implies that sufficient cash would be available to cover the donor restricted balances. Ideally, total cash available exceeds the combined total of the general fund and restricted fund requirements.

The starting point is to at least ensure that you are accurately tracking general fund and restricted fund balances.

When the general fund balance runs negative, or when the church's checking account balance has less than the total amount of the general fund and restricted fund balances combined, the church is impliedly "borrowing" from the restricted fund to finance shortfalls in the general fund cash balances.

According to the Attorney General, this type of internal borrowing is generally OK to cover such things as seasonal fluctuations in cash flows, but generally not OK to cover long-term general fund/operating shortfalls.

Internal borrowing should only be done with Board and perhaps congregation approval, and should have a plan for repayment, etc.

Holler with any further questions, or I'd be happy to further discuss any of the above at your convenience.

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**July 8, 2011**

### **Important Freebies from Microsoft & Oracle**

Many of us have upgraded from Windows XP to Windows Vista or Windows 7. We found many benefits to this move, but were also frustrated by the new system's inability to run some older programs and peripheral units. Now, Microsoft offers the answer. Called "XPMode", it can be downloaded for free from Microsoft's web site. XPMode creates a virtual XP computer inside your Vista or W7 machine, allowing it to run the older technology. I have it on my W7 computer at home and can vouch for its abilities.

While talking about freebies, I should follow up on Dean Dalzell's excellent advice from last December. Those of us working for financially-strapped churches may wish to consider "Open Office", a product available for free. Open Office contains a word processor, a spreadsheet, a presentation manager, and a data base. It looks and acts very much like Microsoft Office, even to the point of allowing manipulation of Microsoft's file formats. The reverse is also true; Microsoft Office can manipulate files created by Open Office. I have loaded and now use Open Office on one laptop in my household and, whereas I have not given it an extensive workout, can say it looks good to me.

**Craig M. Wiester**, Editor, the Friday Epistle

May 6 & 13, 2011

### **Health Care Tax Credit**

The Small Business Health Care Tax Credit is designed to help small businesses be eligible for a tax credit if they pay for health insurance for their employees. You may be eligible if you have less than 25 employees, average wage is less than \$50,000(excluding pastors) and you pay more than 50% of health insurance. Your refund could be up to 25% of what you pay for health care with a top figure of what you pay for Medicare withholding and federal tax withholding combined. The deadline is May 15. (My church, Woodlake Lutheran Church, is receiving just over \$11,000 as a refund.) ☺

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### **More on the Health Care Tax Credit**

As a follow up to the information on last week's tip, I would have publicized this earlier, but I didn't know about it until last week! ☺ You can learn all about this credit at <http://www.churchfuture.com/Taxcredit.html>. I understand you can apply for an extension if you need it. The UMC Board of Pensions has materials that include step-by-step instructions with illustrations:

[http://www.gbophb.org/health\\_welfare/healthcarereform/index.asp](http://www.gbophb.org/health_welfare/healthcarereform/index.asp). The IRS also has a Q&A on this at <http://www.irs.gov/newsroom/article/0,,id=220839,00.html>. Again, sorry for the late notice; I got it out as soon as I heard. - Craig M Wiester, Editor, the Friday Epistle

April 8, 2011

### **Banning an Individual from your Church**

Friends, in response to a query I made last week on how to go about banning an individual from your church property, I have received a number of excellent replies, which I list below. It's unfortunate, but occasionally churches encounter someone so disruptive or dangerous that this has to be done. Here follow a few of the replies I received. -Craig M. Wiester, Editor, the Friday Epistle

- For ELCA Lutheran churches, there is a defined procedure in their constitutions, but it applies to members of the congregation. If the person isn't a member, then the rules would be different. Has the church called their local police to see what their options are?  
- Diane L.
- Banning a person from church, My recollection is as follows: But, best check with the police department.
  - 1) Don't you get involved.
  - 2) Call the police who will tell the person to stay off the property.
  - 3) If he returns the police can issue a restraining order.
  - 4) They will handle it.

Please don't rely on the above as it has been some time since we had this problem. Get the police involved, they seem to be OK with helping. - Robert M.

- I use to work in a downtown church and we often had unwanted people. We found that the clergy needed to be the one to talk to them. Just asked them to leave and they did. – Paula C.
- We had a problem with someone at one of our locations. We contacted the police and they told us that the church is considered private property and that we had the right to ask the person not to come onto our property. If the person would not abide by our request, we were told to call the police and they would remove the individual. One of the pastors talked to the individual asking them not to return telling them that if they did return the police would be called; they did not return. – Lynn N.
- We have had several occasions where this has been an issue. One individual was consuming alcohol in a grouping of trees outside of our children's play area. The other person was wandering through the building, going in and out of worship, and talking with office staff about getting pictures of our confirmation students. He would also change jackets or shirts to a different color as he left the building. We contacted local schools when this individual was around. We notified the police and described the situation. They came to the property and talked with the individuals. A church representative goes with the police to give them a police notification that they cannot be on church property. If they return, police will be notified. I got a lot of flak for doing this from a couple of our staff members. I believe we did the right thing to keep our children and youth safe. The police validated that opinion. – Cynthia F.
- I've heard a story about an incident that happened here before I started. A rude parent threatened / assaulted a preschool teacher, I think it was a slap or push, no injuries but scary. They called the police and the pastor. Pastor found him first, told him he was not welcome here, and told him he had to leave the building. The person asked why, pastor said because he had assaulted a staff member. At one point the pastor (gently) put his hand on the person's arm to lead them to the door, that was not wise, the guy said he was being assaulted. Police showed up and escorted him out. Church followed up with a letter to tell the person he was not welcome on the campus and police would be called if he showed up again. All staff were informed that if they saw the person to call 911 and the pastor. Police said that if we ever had an unwelcome person to call 911 immediately. Keep them in sight but do not approach if we felt it might not be safe. If we did confront, better to do it with 2 people than one. At my former church, we once had a person who was asked to un-involve himself from certain activities because of their strong opinions and argumentative nature, but they were still welcome in worship and on the campus. Not the same as banning but similar. Pastor had to do it as the head of authority. – Andrew T.
- Depending on local ordinances in your city, you may be able to do a simple trespass order which requires no court appearances. This worked well at my previous church in Minneapolis; see the form at [www.nacbancc.org/images/NoTrespassOrder.pdf](http://www.nacbancc.org/images/NoTrespassOrder.pdf). I haven't needed one in this community. Once the person is served with it they must stay away for

one year. Copies of the orders with photos (when possible) of the banned individuals were kept in a binder at the reception desk. If a person on the trespass list returned, you could call 911 and let them know that NAME was violating a trespass order and the cops would come remove &/or arrest the person depending on their behavior. – Kristian C.

- We have had issues with individuals also. Twice within the past year we have gone to the police and have had them issue a ‘No Trespass Order’. This way it is no longer your responsibility; if they come to your property they are breaking the law and you can call the police. In both cases, just the fact that the No Trespass Order has been issued has kept the individuals in question away. It might sound a little harsh but it is the only thing that has worked for us. – Peggy A.
- I suggest you contact Pr. Hollie Holt-Woehl, a ELCA pastor who did her doctoral work in how the church manages people with mental illness. She’s dealt with this issue. I’ll copy this email to her. She’d be a good presenter for one of your meetings. At Community Emergency Services we occasionally have ban people, usually because of theft. Two staff meet with the client, present the evidence, then tell them they won’t be able to receive services for 1 month, 6 months, 1 year etc. All staff are alerted and if the person re-appears they are reminded immediately that their suspension is not yet over. A meeting at the end of the suspension period occurs to remind the client of acceptable /unacceptable behavior. This presumes you can have an adult-adult conversation. We’re also thinking of putting up “no spittin, no cussin, no stealin” signs. – Mark P.
- The Church is private property and if you request someone leave and not come back...I believe that is trespassing. I would call local law enforcement for procedures and application of trespassing violation. – Jeri L.
- For more information, you should contact Dale Nelson, our Public Safety Manager here @ Grace @ 952-926-1884. Although, we utilize the EP Police quite often to assist when we escort someone off of our private property, we also will give the offender this notice [www.nacbancc.org/images/TrespassNotice.pdf](http://www.nacbancc.org/images/TrespassNotice.pdf). Blessings, -Jeff L.
- You should check with the local police and local city attorney. There may be a specific ordinance, or the police dept. may have its own views on what steps you should take, and be able to prove, before they would help you. I would think that clear written notice, with proof of delivery, would be a bottom line requirement. After notice, if the person returns, the person would be trespassing and the police could be called. However, you would have better standing if you check with the local authorities first. – Leslie F.

**March 25, 2011**

### **The IRS**

Everyone, especially around the middle of April, hears comments about the Internal Revenue Service; many of these comments are not very nice. However, I will put to you the proposition that the IRS is the “good guys”. They, and our local property taxing authorities, give churches their most valuable worldly asset, a tax exemption. In return, all they ask is that we follow their rules. (If they made me an offer like that, I would stand up straight, smile, and salute!)

Consequently, it is very important that we follow their rules. During these days when so many of our elected representatives oppose raising taxes, the IRS is becoming more diligent about finding new revenue sources. This means they are starting to look for churches that have not been obeying their rules.

I commend to you Christianity Today Richard Hammer's Church and Clergy Tax Guide. It has proven invaluable for researching a multitude of subjects. Learn more at <http://store.churchlawtodaystore.com>.

Please also bookmark <http://www.nonprofitattorney.com>; this is Frank Sommerville's site. Frank is an attorney who is very helpful to church people with questions on tax and other topics. Don't be afraid to e-mail him a question; he will respond to you, but he won't start "running the meter" until it's clear he'll be doing so.

**March 18, 2011**

### **New Communication Tool In the Works**

I wanted to let you know about an exciting new venture for our chapter.

The NACBA-North Central Chapter communications committee is in the planning phase of launching an on-line community that will include pictures and profiles of our members. It will eventually be linked to our web site and accessed by Internet access including mobile phones. Each member would have a unique user name and password and they would control their profile. The security would be bank-level security and beyond. It will be updatable by the member or webmaster(s). Members can email, post messages, and so much more.

We see the on-line community as a key connecting tool: *"At the last meeting I was thinking what is that woman's name? I could see her across the room. I know her.... she represents ? church?.. she smiled at me because she knows me...."* During the meeting I could have accessed the NACBA on-line community via my phone and during the break said "Hi, Mary, so good to see you again."

Lifetouch has generously offered to take portraits of our meeting's attendees to be used when we are ready to launch our on-line community. I just wanted everyone to know so that you can plan accordingly. While participation is optional we hope you will take advantage of this opportunity to get to know each other better. We'll keep you posted!

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**March 11, 2011**

### **Building Maintenance Checklist**

It's hard to imagine with the recent record snowfalls that we've experienced in the Midwest that old man winter will ever release his grip, but we can assure you that spring is soon around the corner. The change of seasons is an excellent time to perform simple maintenance checks that can minimize potential damage to your building. Many of the items mentioned below follow along with the old adage of "an ounce of prevention is worth a pound of cure".

### **Building Exterior:**

- Keep snow from accumulating on your roof: Warmer days and cool nights is the perfect breeding ground for ice dams.
- Keep your gutters and downspouts clean and clear of ice: Allow your building drainage systems to properly disperse water away from your building.
- Perform a visual inspection of your roof: Check for any damage to vent pipes, roof vents, roofing or flashing materials.
- Remove snow from your building perimeter: It's much easier and far less damaging to move snow away from the building perimeter than to mop up water after it's infiltrated your building.
- Look for any settlement around your building perimeter and fill to assure positive slope away from the building.
- Caulk as necessary around doors, windows and control joints.
- Cut back landscaping so it does not touch the wall or roof surfaces.
- Check and repair sidewalks, concrete stoops, curbs and parking lots for broken concrete and asphalt that may create trip hazards: Frost creates an incredible amount of force that can crack concrete and cause ground shifts. Plow trucks can also take their toll on concrete curbs and walks.
- Check and replace burnt out parking lot and walkway lights.
- Replace Roof Top Unit air filters.

### **Building Interior:**

- Inspect and recharge fire extinguishers.
- Clean furnace ducts, vents and change air filters.
- Check walls and ceilings for cracks and water stains.
- Test all GFI outlets.
- Replace fluorescent light bulbs on an annual basis: Old fluorescent light bulbs burn far more energy than new bulbs.
- Verify that the security system and fire alarm systems are operational and in good working order.
- Test overhead doors to insure auto-stop is operational and lubricate hinges tracks and rollers.

Schedule your boiler, elevator and sprinkler system inspections (if applicable).

*With thanks to Mark Johnson, Project Manager for Derrick Commercial Contracting*

**March 4, 2011**

#### **“Claims-Made” vs. “Occurrence” Insurance Policies**

A “Claims-Made” insurance policy is usually less expensive than an “Occurrence” policy. That's because the “claims-made” policy will pay only claims made while the policy is current. If, for instance, a person comes forward with a found-to-be-legitimate claim for some harm that occurred years ago, when you were insured by a firm you no longer do business with, that firm will decline to cover as your claim was not made while the policy was in force. With the same set of circumstances, however, under an “occurrence” policy, your claim would be honored because the occurrence of the unfortunate incident occurred while the policy was in force.

Your insurance agent is happy to provide you with an exhaustive discussion of this, and any other matters pertaining to your insurance.

February 25, 2011

### **Overtime Pay**

Confusion persists on the issue of overtime pay. Many people continue to hold the belief that overtime pay is required only for those paid by the hour, as opposed to those who are salaried. ***This is not true.*** The determining factor is whether or not a person's position is exempt from overtime. Whether that person is paid by the hour or on a fixed salary has nothing to do with it.

An employer may not simply declare a position to be exempt; there are factors to be brought into consideration. For instance, whether or not the position is in a supervisory capacity and whether or not the position requires highly-specialized training.

There are also considerations on the size of your operation in terms of revenue per year; for some, overtime kicks in after 40 hours in a week; for others it's after 48 hours in a week.

One must also beware of "comp time" which may not be legal unless it is equalized in the same week.

Please check out your particular situation to be sure you are in compliance. The Minnesota Department of Labor and Industry is the authority on this; you can find more at <http://www.dli.mn.gov/main.asp>.

February 11, 2011

### **The AGO List**

Didja know? The Twin Cities Chapter of the AGO, the American Guild of Organists, has a pretty exhaustive reference to many of the church organs in and around the Twin Cities area. You can see their listing at [http://web.me.com/rgreene/Organ\\_Webpages/Organ\\_Index.html](http://web.me.com/rgreene/Organ_Webpages/Organ_Index.html). If your church's organ isn't listed, or if there are errors on your listing, squirt him an e-mail; he's happy and prompt in responding. You may wish to cross-reference his site into yours.

February 4, 2011

### **Removing Permanent Ink from a Dry-Erase Board**

*Various peoples' responses to a query on this problem.*

I've heard that if you trace over the marker with a dry erase marker, then use Dry-erase remover; it comes right off. - Paula Carter

We use "Goof Off" and it works. Smells bad but does the job. - Catherine Goset

Removing the permanent marker from a white board I have found depends on the brand of marker and the type of white board. I always start with just straight alcohol since the markers can be alcohol based. If that does not work try graffiti removers that are natural "green based" (these will be gentler to your white board) I try using them at a slightly diluted rate first by wetting the cloth with water and then dabbing a little remover on the cloth. - John Denham

Try nail polish remover, it has worked for us in the past. Good Luck. - Mary Jubenville

Try alcohol. - Phillip Boelter

Use a small amount of Soft Scrub on a damp cloth. Will not harm the white board and removes permanent marker. - Harold W. Carlson

I know that hair spray works to remove it from painted walls; you might want to try some in a small corner. – Lyle Anderson

Goo-B-Gone, fingernail polish, or some other solvent in small portions will take it right out of the white board. Let the clean board set for 15 minutes before next use. - Tyree Lawrence

I've been told WD-40 may do the trick, with some elbow grease, of course. Good luck. - Laurel Gaard

**January 28, 2011**

**Bipartisan bill to repeal expanded Form 1099 reporting is introduced in the Senate;**  
**President supports fixing “flaw”**

On January 25, Senate Finance Committee Chairman Max Baucus (D-MT) and Senate Majority Leader Harry Reid (D-NV) introduced a bipartisan bill that would repeal the new Form 1099 reporting requirements for businesses. The bipartisan legislation would repeal requirements for businesses to report payments made for goods and certain services to IRS using Form 1099. As businesses have become aware of the new paperwork requirements, they've raised concerns about the resources that would be required to complete the forms when they would need to begin doing so in January 2012.

In general, under current law, information returns must be made to IRS by every person engaged in a trade or business who makes payments for services, aggregating \$600 or more, in any tax year to another person (other than corporations) in the course of the payor's trade or business. Effective for payments made after 2011, Sec. 9006 of the Patient Protection and Affordable Care Act would add payments of amounts in consideration for property and gross proceeds—i.e., it would add payments for goods—to the list of payments subject to reporting. In addition, it provides that starting in 2012, payments to corporations (that are not tax-exempt)—which had previously been exempt from the reporting requirement—would be subject to information reporting.

Baucus had previously introduced legislation to repeal the Form 1099 reporting requirements during the 111th Congress in November 2010. In last night's State of the Union address, President Obama expressed his support for fixing this “flaw” in health care reform legislation which “placed an unnecessary booking burden on small businesses”.

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**January 21, 2011**

**Labor Law in a Nutshell**

Ministries don't function like factories, but they must follow many of the same laws. With some exceptions, churches are held to the same standard as businesses for paying overtime, providing family medical leave, avoiding discrimination, and making reasonable accommodations for people with disabilities. Here are a few simple tips that can help you better understand labor laws.

**Become a Legal Eagle:** Determine which federal employment laws apply to your ministry, based on the number of employees you have. Realize that state or local laws may apply with even fewer employees.

**Watch the Clock:** When certain employees work more than 40 hours in a week, they qualify for overtime pay. Know who they are, and pay them accordingly.

**Use Fair Scales:** Apply the same pay scale to men and women who perform similar duties.

**Turn a Blind Eye to Discrimination.** Look at job candidates' qualifications, not their age, race, gender, disability, or national origin.

**Focus on Function:** Be willing to hire people with disabilities who are qualified to perform the essential functions of a job with reasonable accommodations.

**Be a Recording Star ...**

**Take Good Notes:** Maintain a confidential employee file on each worker that contains such information as wages, hours worked, job description, performance reviews, promotions, and attendance records.

**Mum's the Word:** Store confidential information, such as medical records, separately from other personnel files. Share sensitive information only with those who legitimately "need to know."

**Lock'em up:** Protect personnel files from prying eyes-whether they're in manila folders or a database.

January 14, 2011

### **How to Record Baptisms, Funerals, & Weddings for Non-Members**

Here is the answer to the question posed in the Friday Epistle concerning database management and how to deal with baptisms, funerals, and weddings of non-members. The ideas are based on different church data base installations. However, I feel that the 3 suggestions below could be applied to any database since the information is fairly general.

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If you are using Church Windows you can do the following:

Funeral. You can add them in as a visitor and record the termination date. When you run reports of terminations for the year it will appear as long as you select the member and non-member option for the report.

For baptisms of minors. You can add them as an individual but put their parents on the household mailing label. That way only the child will count towards membership numbers but any mailing would go to the parents' attention.

\* \* \*

We at Saint Luke's Presbyterian church build registries for all baptisms, funerals, and weddings that are officiated by a pastor of this congregation. Our church management software actually includes a section for registries. Their policy is no matter where the event occurred, if one of the pastors officiated, it's included in the registry.

In the Presbyterian Church, babies and children who are baptized do not automatically become members. However, I have some of the same issues with parents for the kids who are in confirmation. We need to have them in our database so that they get mailings but putting them in without the parent(s) makes a young head of household. So we add the parents as non-members and put the kids in as youth. Because we use CMS, it's cumbersome (I have to remember a lot). Funerals of non-Members: We do NOT record this person in our database. Normally, there would be a member connection, and we would note that connection and the funeral statistics in a note with the member's record.

\* \* \*

Baptisms of non-Members: We also consider the baptized baby a member of the church. We enter the entire family in the database as non-members (prospects, we would call them), but still make one of the parents the "head of household". Also would start sending them newsletters and other pertinent mailings. Every so often then, I would monitor to see if there is any perceived connection with the child once they would be starting church school. If it looks like we haven't seen them since the baby was baptized, I drop them from the mailings. This tends to happen a lot when the parents don't live in the area, but did the baptism here because of grandparent's membership.

January 7, 2011

### Learned Discussion on Pass-Through to Missionaries

I can give you a general answer to your question about pass through contributions to missionaries. You may also wish to read the discussion concerning designated contributions in the Richard Hammar's 2010 Clergy Tax Guide.

Contributions designated for a specific individual are generally not allowed unless the church or nonprofit exercises full administrative control over the donated funds to ensure that they are being spent in furtherance of the church's exempt purposes.

Regarding your specific question about a pass through arrangement - note that individuals cannot make contributions directly to a missionary. So in a pass through arrangement, you'd need to make sure that where an individual makes a contribution to the organization, and designates a specific missionary, then your organization has to ensure that they exercise full administrative and accounting control over the funds.

- It would likely be helpful if your organization has other similar arrangements whereby they accept contributions and then distribute funds to missionaries or others, etc.
- It would also likely be helpful if the missionary's purpose is consistent with your organization's exempt purpose.

Otherwise, even the phrase "pass-through" could appear to potentially suggest a sham transaction with the only goal of facilitating a direct payment by an individual.

Another question about payments to missionaries that might be helpful:

**Q: Can a church make a payment directly to a missionary that is not part of a missionary agency of some sort?**

**A: Yes.** Per the IRS, as long as payments made by the church are made in furtherance of their exempt purpose, there are no restrictions on the payment. Payments can be made directly to individuals. There are no requirements that a missionary be part of a formal missions agency, etc.

Hope this is helpful, and at least heads you in the right direction for further research.

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**December 31, 2010**

**Need a no cost solution for an office software suite?**

One option is OpenOffice. Available at [www.openoffice.org](http://www.openoffice.org), the software is an open-source office software suite for word processing, spreadsheets, presentations, graphics, databases and more. Open-source code by definition is programming code that is completely open, available and non-proprietary; it can be downloaded and used completely free of charge.

OpenOffice version 3 can be downloaded and used entirely free of any license fees. OpenOffice is released under the LGPL license. This means you may use it for any purpose - domestic, commercial, educational, public administration. You may install it on as many computers as you like. You may make copies and give them away to family, friends, students, employees - anyone you like.

The software works side by side with existing office software. You can open, edit and save documents, spreadsheets in different formats (e.g. Microsoft Office, Lotus, WordPerfect, etc) as well as the OpenOffice format. It will allow users to create Adobe PDF versions of any document.

The availability of free office software may help reduce your administrative expenditures, eliminating the need to purchase licenses for new computers, or upgrades to existing software. OpenOffice software may also be a great option for computer lab environments.

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**December 17, 2010**

### Risk Analysis

How do you determine whether a risk is “worth it”? How do you know when you’re taking too big a chance?

We all face risks in our private lives and in our work. For instance:

- Do we allow the church youth group to go rock-climbing at Taylor’s Falls?
- I know we should be having the boiler inspected daily, but we don’t.
- Should I spend another \$2.00 on that lottery ticket?
- Should I stop for that yellow light, or step on it?
- Does the church really need Directors’ and Officers’ insurance?
- Should we allow volunteers to climb high ladders to change sanctuary lights?

There are 3 variables in a risk:

1. What is the reward for success?
2. What are the chances of failure?
3. What is the penalty for failure?

Let’s look at the last item, changing high lights, considering the 3 factors. The reward is you didn’t spend a few hundred dollars with a licensed and insured contractor. The chance of a fall is small, but may be as high as 5%. The penalty? Someone could be killed or paralyzed as a result of a failure here. In view of the 3 factors, I, at least, would never undertake this risk.

Try applying the same 3 factors to any risky situation, no matter how inconsequential. The conclusions you reach are your own. However, with these 3 factors in mind, analyzing any risk should be considerably easier.

***Craig M. Wiester***

Editor, the Friday Epistle

**December 3, 2010**

### Final 2010 Offerings

Friend, this is a good time to remind your parishioners that the IRS makes it **VERY** clear that, for a contribution to be credited to the 2010 tax year, it must have been received on your premises, or postmarked, no later than midnight on December 31, 2010. Dropping it into the offering plate on Sunday, January 2, 2011 with a 12/31 date on the check **DOES NOT** qualify.

The IRS is very firm about this and, remember: The IRS is **THE GOOD GUYS**; they give us churches the one thing we cannot live without, a tax exemption. All they ask in return is that we follow their rules.

**November 26, 2010**

### Discounted Software for Churches

*(This is from our colleague, Linda Bowers at Bethany Lutheran Church. It’s a response to her query in last week’s Friday Epistle.)*

People who get the Friday Epistle are really helpful! A number of people made suggestions of where to get discounted Microsoft Office products for churches. Here is a summary.

[www.cdw.com](http://www.cdw.com) (for ELCA)

[www.softwareone.com](http://www.softwareone.com)

[www.cbnonprofits.com](http://www.cbnonprofits.com)

<http://biz.tigerdirect.com>

[www.techsoup.org](http://www.techsoup.org) (if you have a school along with your church)

Thank you to everyone for the advice!

Linda Bowers

Bethany Lutheran

**November 19, 2010**

### **The November Giving Statement**

Most churches prepare and mail offering statements quarterly. This is fine, except for one thing: The donor who receives his offering statement for the 4<sup>th</sup> quarter in early January and says to himself, "If I had remembered, I could have given more before December 31 and been able to report in for last year's taxes!"

So send out a ***November*** statement! This gives your donors a final opportunity to see where they are before that December 31 midnight deadline.

But: Get that November statement out early in December, say, by the 5<sup>th</sup>. Any later and they'll be so caught up in Christmas activities they won't even notice it.

Believe me, the extra effort and postage will be more than compensated for with the additional gifts your congregation will receive. I've seen it on several occasions.

In fact, make it even easier; enclose a return mailing envelope as well!

**November 12, 2010**

### **Housing Allowances**

This is a good time to start thinking about housing allowances and whether your pastor(s) could use an adjustment for 2011. Remember, a housing allowance number is valid only from the time your church's governing body passes the resolution and that resolution is reflected in the minutes of a meeting of your governing board. Your pastor may take tax-free the lesser of (a) the amount of the housing allowance in your board minutes, or (b) the amount he or she can prove based upon receipts. Housing allowance is a great benefit to clergy, provided the clergy-person is working in a legitimate clergy role.

Housing allowance is pretty broadly defined; it covers mortgage payments, rent, property taxes, insurance, furnishings, carpeting, pool cleaning, household cleaners, telephone bill; in short, virtually everything needed for running the pastor's residence. A pastor's entire salary can be housing allowance, provided he or she is prepared to substantiate the claim.

There is, as I understand it, a court case pending in which the constitutionality of the housing allowance is in question. An adverse finding could have a major impact on the economics of operating a church.

This is meant to be a broad description of housing allowances. Please do not take this as legal nor tax advice. You may wish to consult an attorney, "*Church & Clergy Tax Guide*", or the IRS itself to work out details of your church's plan.

**November 5, 2010**

### **Receiving Non-Cash Gifts**

Receiving non-cash gifts (and that does include gifts of stocks and other securities) can be tricky. Examples -

Example 1. Some stock donors can be demanding about how the church handles their gift. A donor may request you “sit on” the stock he donates until the price reaches a certain point. That is called “post-donation control”. If the donor retains control in any way, then the IRS rules that there has been no donation made. How do you accept the gift, but decline the donor’s continuing control?

Example 2. Old Mrs. Johnson is moving to a retirement home and wishes to give her home to your church. Do you accept it? What if the oil tank in the basement has been leaking and has contaminated the soil below? How do you check it out?

Example 3. A donor wishes to give the church a piece of rural property in another state. What if, again, the property is contaminated with animal waste? It could be very expensive to clean this up before the church could liquidate the property.

You can avoid these headaches, and more, by turning all non-cash gifts over to your denomination’s foundation. The ELCA has one; the Presbyterian Church has one; there are many more. People at these institutions are experienced and knowledgeable in vetting non-cash gifts, deciding whether or not to accept them, and liquidating them for your benefit. Your denomination’s foundation understands IRS rules; they also understand the potential pitfalls in gifts of real property. Let them handle it.

Your denomination’s foundation will thoroughly vet the gift and, if they choose to receive it, will arrange for liquidation. They will take a commission for their efforts and use it for the continuation of their good work. When all the dust settles, they’ll send your church a check for the proceeds. They’ll also send a gift acknowledgement to the donor and suggest you do the same.

Consider using your denomination’s foundation to receive non-cash gifts. It’s easier on you, ensures you are far less likely to get something that is more trouble than it’s worth, and it furthers the work of your denomination.

October 29, 2010

### **Tips from Simeon May’s All-Day Accounting Seminar**

The NACBA North Central Chapter sponsored all-day accounting seminar on October 21 was quite informative. I thought I’d pass along a few of the items Simeon mentioned, items that are occasionally overlooked.

- If your staff members tend to “sit on” receipts for which they expect a reimbursement, they should know that their reimbursement will be taxable income if it’s over 60 days old when paid.
- If your staff members fail to itemize their mileage with the date, the purpose, and the miles driven and, instead, give you a summary at the end of the month, those people are risking the IRS ruling their mileage payments as taxable income.
- “Pledges”, by law, are collectable debt. If you are adhering to Generally Accepted Accounting Principles (GAAP), you must record pledges as income on your books. Pledges are legally enforceable. If you do not wish to do this, call them “Giving Estimates”.

- How often have you had to get someone to read a column of numbers from MS-Excel while you verify a corresponding adding-machine tape? Didja know Excel will “read” those numbers to you? Simply enable the “Speak” feature, highlight the column, and turn on the speakers!

October 22, 2010

## Personnel Files

### What to Keep in Employee Personnel Files

**Learn how to maintain your personnel files so they don't become evidence in a lawsuit.**

In the worst-case scenario, a personnel file may turn into evidence in a lawsuit brought by a disgruntled former employee. Make sure that you include all periodic evaluations, raises, commendations, and disciplinary actions in your personnel files to protect yourself in case of a lawsuit.

In addition, indiscreet entries that do not directly relate to an employee's job performance and qualifications -- like references to an employee's private life or political beliefs, or unsubstantiated criticisms or comments about an employee's race, sex, or religion -- will come back to haunt you. A good rule of thumb: Don't put anything in a personnel file that you would not want a jury to see.

In order to keep your personnel files from becoming fodder for a lawsuit, learn what should and shouldn't be in a personnel file, and be vigilant about what goes in and what stays out.

### Include All Performance Material in Personnel Files

You should establish a time to periodically review each employee's personnel file, perhaps when you conduct the employee's annual evaluation. During this review, consider whether the documents in the file are accurate, up to date, and complete. Some questions to consider:

- \* Does the file contain every written evaluation of the employee?
- \* Does the file reflect all of the employee's raises, promotions, and commendations?
- \* Does the file show every warning or other disciplinary action taken against the employee?
- \* If your policies provide that written warnings or other records of discipline will be removed from an employee's file after a certain period, have they been removed?
- \* If the employee was on a performance improvement plan, a probationary or training period, or other temporary status, has it ended? Has the file been updated to reflect the employee's current status?
- \* If the employee handbook has been updated since the employee started working for you, does the file contain a receipt or acknowledgment for the most recent version?

Does the file contain current versions of every contract or other agreement between you and the employee?

### What Else to Keep in a Personnel File

Most, but not all, important job-related documents should go in the file, including:

- \* job description for the position
- \* job application and/or resume
- \* offer of employment
- \* IRS Form W-4 (the Employee's Withholding Allowance Certificate)
- \* receipt or signed acknowledgment of employee handbook
- \* performance evaluations

- \* forms relating to employee benefits
- \* forms providing next of kin and emergency contacts
- \* complaints from customers and/or coworkers
- \* awards or citations for excellent performance
- \* records of attendance or completion of training programs
- \* warnings and/or other disciplinary actions
- \* notes on attendance or tardiness
- \* any contract, written agreement, receipt, or acknowledgment between the employee and the employer (such as a noncompete agreement, an employment contract, or an agreement relating to a company-provided car), and
- \* documents relating to the worker's departure from the company (such as reasons why the worker left or was fired, unemployment documents, insurance continuation forms, and so on).

You should begin a personnel file for each of your employees on the date of hire.

### **What Not to Keep in a Personnel File**

Your personnel files should not be a receptacle for every document, note, or thought about the employee. Here are some areas to be careful about:

**Medical records.** Do not put medical records into a personnel file. If your worker has a disability, you are legally required to keep all of the worker's medical records in a separate file -- and limit access to only a few people. Even for workers who are not disabled, you may have a legal obligation to keep medical records private (and it's a good idea to do so, in any case). For more information on storing medical records, read Nolo's article [Keeping Personnel Files and Medical Records Confidential](#).

**Form I-9s.** Do not put Form I-9s into your employees' personnel files. (Form I-9 is a form from U.S. Citizenship and Immigration Services (USCIS), formerly the INS. You must complete an I-9 for all employees, verifying that you have checked to be sure that the employees are legally authorized to work in the United States.)

You should put all Form I-9s into one folder for USCIS. The government is entitled to inspect these forms, and if it does, you don't want the agents viewing the rest of the employee's personnel -- and personal -- information at the same time. Not only would this compromise your workers' privacy, but it might also open your business up to additional questions and investigation.

**Unnecessary material.** Although an employee's personnel file may contain any other job-related documents, don't go overboard. Remember that, in many states, employees have the right to view their personnel files. (For more information, read Nolo's article [Employee Access to Personnel Files: Is It Required?](#))

For more tips on establishing good personnel policies in order to avoid lawsuits from troublesome employees, get [\*Dealing With Problem Employees: A Legal Guide\*](#), by Amy DePo and Lisa Guerin (Nolo).

**- This information from Nolo, Inc., at [www.nolo.com](http://www.nolo.com).**

**October 15, 2010**

### **Tithe Calculator**

Here's a handy little item on the web, a Tithe Calculator. You can add it to the Stewardship page of your own church's site. It's <http://www.anycalculator.com/tithecalculator.htm>. With the Tithe Calculator, a user can enter his annual income and be instantly presented with suggested donation amounts by the year, the month, the week, and the day. All these are figured on the full tithe, the half tithe, and the quarter tithe. There's even a section allowing the back-calculation of the user's current percentage based upon actual figures entered.

Make it easy for 'em to tithe! Add this Title Calculator to your web site!

**October 8, 2010**

### **Computer Backups**

How important is it to take regular backups of your computer files? How important is it to have insurance? Well, it isn't important at all, unless you need it.

When's the best time to take a backup? *Right before your hard disk crashes.* Unfortunately, few of us know when that will be.

Going a long time between backups is like lowering yourself on a rope in the dark. The rope has always been there, but when will you discover the end? You have to ask yourself, "If I find my computer completely destroyed some day, is there anything on it that would hurt this operation if it was gone forever? How hard would it be to re-create the critical material that is now missing?"

There are many ways to create backups. You can protect yourself against a hard disk crash by, for instance, copying your critical files to another computer on your network. However, that won't protect you if a fire destroys the building. There are programs available allowing you to copy files to a flash drive or a DVD, allowing you to then take the fresh copy to another physical location. Many of these programs can be set up to run automagically, say, during the night. First thing every morning, remove the backup copy and toss it into your briefcase. Rotate your backups, preferably on a fairly lengthy schedule, as sometimes you mayn't find that a file is missing or corrupted until several days later. If you back up to CDs or DVDs, you can archive them, allowing you to go back months if necessary.

You may consider having a computer technician review your backup procedures, considering the latest technology and thoughts on the subject.

It is irresponsible to not protect yourself and your church by taking backups.

**October 1, 2010**

### **Simplified business cell phone deduction rules in the 2010 Small Business Jobs Act**

For an example of genuine tax simplification, it would be hard to beat a provision in the recently enacted 2010 Small Business Jobs Act. For the last several years, just about everyone, it seems, even the IRS, has complained about the archaic rules governing the tax treatment of employer-provided cell phones. Since 1989 (shortly after the first cell phones were introduced), employers and employees have been required to keep a detailed log of business and personal use on employer-provided cellular telephones and similar mobile communication devices to substantiate costs that were allowable as business expenses. In tax parlance, cell phones were included in the category of "listed property" (i.e., items obtained for use in a business but which lend themselves

easily to personal use) and thus were subjected to strict substantiation rules. Employers who failed to meet the substantiation requirements couldn't deduct the costs of the cell phones, and employees who failed to meet the substantiation rules saw the amount that represented personal use of the cell phone counted as taxable wages (instead of a tax-free working condition fringe). Why the strict rules for cell phones? Back in 1989, cell phones were considered an expensive luxury item only used by executives, and Congress believed that an employee's use of an employer-provided cell phone to make personal calls should be treated as a taxable fringe benefit, similar to an employee's personal use of an employer-provided automobile.

Needless to say, times have changed. No longer considered a luxury item, cell phones and other mobile communication devices are now part of daily business practices at all levels, and the deduction limitations and documentation requirements no longer make sense. Today, cell phones are more akin to a land line phone which for years an employee may have occasionally used to make a personal call without tax consequence. Detailed documentation is not required for use by an employee of his office phone, and there is no reason that cell phones should be subject to stricter substantiation requirements. You may have read in the news that the IRS Commissioner and Treasury Secretary joined in a statement urging Congress to repeal the law. "The passage of time, advances in technology and the nature of communication in the modern workplace," the Commissioner said, "have rendered this law obsolete. [We] ask that Congress act to make clear that there will be no tax consequence to employers or employees for personal use of work-related devices such as cell phones provided by employers."

And lo and behold, that is precisely what Congress has done. The new legislation removes cell phones and similar telecommunications equipment (including PDAs and Blackberry devices) from the "listed property" rules. This makes it easier for employers that provide cell phones to employees, as well as for employee who use their own cell phones. As with other business property, taxpayers must still be able to demonstrate the business use of the cell phone.

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**September 24, 2010**

**Right-Sizing Photos for your Web Site and for Power Point Shows**

On some web sites, perhaps even your own, you may find a page that loads pretty quickly, except for that photo, which seems to take quite a lot of time. Here's why. The actual display size of the photo may be 160 x 107 pixels. However, the photo maybe stored on the site in its full size of 3,456 x 2,304 pixels. That's a whopping 4,024 KB (4 megabytes) of data, and it all has to come down the wire. To speed this up, record the photo on the web site at 160 x 107 pixels; that only takes up 33 KB and will load in the blink of an eye.

While you're at it, check out your Power Point photos. You may take a large photo like the one above and adjust it on the screen to fit the screen you wish to display. Keep in mind, however, that you have just added 4,024 KB to the size of your Power Point presentation, rather than the

much smaller size you'd add if you had first reduced the photo to something like 800 x 600 pixels. A show containing lots of super-big photos may not even run on some laptops.

September 17, 2010

### More on 15-Passenger Vans

Remember the item last week on 15-passenger vans and their dangers? There's an independent site, <http://www.vanangels.org/solutions/dual-wheels>, with further information on these vehicles and how their inherent lack of stability can be substantially mitigated with a dual-wheel rear axle retrofit. This site includes several videos, including an investigative report from "60 Minutes". You may also wish to consult your church's insurance carrier for further information and safety tips if you continue to use your 15-passenger van.

September 10, 2010

### NHTSA Safety Advisory on 15-Passenger Vans

Fifteen-passenger vans are more likely to be involved in a single-vehicle rollover crash than any other type of vehicle. In response, the National Highway Traffic Safety Administration (NHTSA) has issued an updated safety advisory on these vehicles. In fact, this 2005 advisory marks the 4<sup>th</sup> time in just 5 years that NHTSA has issued a safety warning on these vehicles. The good news is that such consumer alerts and educational efforts are apparently working to help reduce fatalities in 15-passenger van rollover crashes. The proof is in the numbers: The percent of 15-passenger van occupant fatalities that occur as a result of rollover crashes is down from a high of 81% in 2000 to 52% in 2003.

Still, more needs to be done to alert operators of these vehicles' high center of gravity — particularly when fully loaded — and their increased chance of rollover. NHTSA is continuing to work to get the word out about this increased rollover risk, as well as what can be done to mitigate it.

Organizations such as churches that use 15-passenger vans to transport students, seniors, sports groups or other members, need to be informed about how to reduce rollover risks, avoid potential dangers, and better protect occupants in the event of a rollover crash.

**These NHTA recommended 15-passenger van safety precautions include the following:**

\* **Keep your passenger load light.** NHTSA research has shown that 15-passenger vans have a rollover risk that increases dramatically as the number of occupants increases from fewer than five to more than ten. In fact, 15-passenger vans (with 10 or more occupants) had a rollover rate in single vehicle crashes that is nearly three times the rate of those that were lightly loaded.

\* **Check your van's tire pressure frequently — at least once a week.** A just-released NHTSA study found that 74 percent of all 15-passenger vans had improperly inflated tires. By contrast, 39 percent of passenger cars had improperly inflated tires. Improperly inflated tires can change handling characteristics, increasing the prospect of a rollover crash in 15-passenger vans.

\* **Require all occupants to use their seat belts or the appropriate child restraint.** Nearly 80% of those who have died nationwide in 15-passenger vans were not buckled up. Wearing seat belts dramatically increases the chances of survival during a rollover crash.

\* **If at all possible, seat passengers & place cargo forward of the rear axle — and avoid placing any loads on the roof.** By following these guidelines, you'll lower the vehicle's center of gravity and lower the chance of a rollover crash.

\* **Be mindful of speed and road conditions.** The analysis of 15-passenger van crashes also shows that the risk of rollover increases significantly at speeds over 50 miles per hour and on curved roads.

**\* Only qualified drivers should be behind the wheel.** Special training and experience are required to properly operate a 15-passenger van. Make sure your driver or drivers have both — and only operate these vehicles when well rested and fully alert. For more information, including free copies of 15-passenger van safety hangtags, as well as the latest NHTSA research and analysis, please visit the agency’s web site at: [www.nhtsa.gov](http://www.nhtsa.gov). Hangtags can also be ordered at no cost by contacting NHTSA’s Vehicle Safety Hotline directly at **888-327-4236**.

**September 3, 2010**

### **Bulk Rename Utility**

There’s a gentleman in the United Kingdom named Jim Willsher. He has written a nice piece of freeware, something I’ve used with success for several years now; perhaps it can solve a problem or two for you as well. It’s a “Bulk Rename Utility”, allowing you to rename multiple files at a time using one of several available formulas. For instance, how many photos to you have on your computer with file names like “IMG\_0265.jpg”? Wouldn’t you love to change all occurrences of “IMG\_” to “SummerFestival”? Jim Willsher’s Bulk Rename Utility will do it, quick and clean. Complete information, including the free download, is at [http://www.bulkrenameutility.co.uk/Main\\_Intro.php](http://www.bulkrenameutility.co.uk/Main_Intro.php) .

**August 27, 2010**

### **Compatibility Pack & Readers**

Users of Microsoft Office 2003 and earlier are occasionally confronted with files created in Office 2007, ie., files with extensions of docx, xlsx, and pptx. Microsoft offers a free compatibility pack, allowing your earlier version to handle those later-produced files. You may download this item at <http://office.microsoft.com/en-us/support/microsoft-office-compatibility-pack-for-word-excel-and-powerpoint-2007-file-formats-HA010168676.aspx>.

Users who do not have Microsoft Word, Excel, and PowerPoint, as well as users lacking Adobe Acrobat, can download Readers and Viewers for free at <http://www.nacbancc.org/resources.asp>. These programs allow users to view, but to neither create nor manipulate, the documents in question.

Need to create PDF files but can’t afford Adobe Acrobat? Try <http://www.pdf995.com/>; it works for me! (It’s free, but if you pay \$9.95, the ads will go away.)

**August 20, 2010**

### **Electrical Codes**

Electric power is a great servant, but needs to be respected, as mis-directed, it can cause a lot of damage. Your editor has observed a number of fairly common errors in the handling of electric power, some of which I list here:

- \* Cascading surge protectors; ie., one plugged into another.
- \* Using home lamp-style extension cords in your commercial establishment.
- \* Running a cord through a doorway or window to reach an outlet.
- \* Bypassing a ground by removing a grounding pin or using a ground cheater.
- \* Continuing to use any cord frayed or repaired with electrical tape.
- \* Overloading outlets.

All these practices are illegal by fire codes, electrical codes, or OSHA rules.

Electrical installation & repair work, beyond replacing an outlet or a light switch, must be done by licensed electricians. Any failure to do this could result, in the worst case, in fire, personal injury or death, fines, and refusal by your insurance company to pay claims.

Further information is available from the Minnesota Department of Labor & Industry at (651) 297-4198 or [www.dli.mn.gov](http://www.dli.mn.gov).

**August 13, 2010**

### **HIRE Act: Questions and Answers for Employers**

**Under the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers (“qualified employees”).**

The first, referred to as the payroll tax exemption, provides employers with an exemption from the employer’s 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010 through December 31, 2010.

In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000.

For complete information, see <http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>.

**August 6, 2010**

### **Food Safety Regulations**

Food safety regulations vary by jurisdiction. Some churches are regulated by the state of Minnesota, some by their county, and some by their city. As you likely know, churches are not required to have licensed kitchens. If your church works without a license, you can serve food to your own congregation, even hold a pot-luck; but you are restricted from serving food to the general public.

There are caveats, however. One, for instance is this: What does “general public” mean? In most of Hennepin County (Minneapolis), this rule is interpreted as meaning a church with an unlicensed kitchen can serve to a wedding party. However, the city of Brooklyn Center considers that non-member attendees to that wedding party are “general public” and does not allow the church’s unlicensed kitchen to serve them.

In order to understand whose rules your church works under, go to the Minnesota Department of Health’s web site at <http://www.health.state.mn.us/divs/eh/food/license/delegation.html>. A complete list of all state, county, and municipal departments dealing with food safety is available at <http://www.health.state.mn.us/divs/eh/food/license/locals.pdf>.

The University of Minnesota Extension Service offers courses in food safety, just the thing for your funeral committee. See <http://www.extension.umn.edu/workshops/workshops.aspx?action=submit&search=categories>. See in particular “Cooking Safely for a Crowd”. Connie Schwartau coordinates this; she can be reached at (507) 337-2819.

July 30, 2010

### **Records Retention**

Have you ever wondered how long you should archive the records that accumulate around your church? Should we toss this stuff out, or keep it? The Evangelical Lutheran Church in America (ELCA) has great pages offering advice on records retention. Check 'em out at <http://www.elca.org/Who-We-Are/Our-Three-Expressions/Churchwide-Organization/Office-of-the-Secretary/Churchwide-Organization-Administration/Records-Management/Records-Retention-Schedule-for-Business-Records.aspx> for business records, and <http://www.elca.org/Who-We-Are/Our-Three-Expressions/Churchwide-Organization/Office-of-the-Secretary/Churchwide-Organization-Administration/Records-Management/Records-Retention-Schedule-for-Programmatic-Records.aspx> for Programmatic Records. *You don't have to be Lutheran!* ☺

July 23, 2010

### **Employees as Volunteers**

In many churches, some employees (secretaries, custodians, etc.) are also church members. All churches have the occasional “work day”, in which members volunteer to engage in some church-related activity. This can get into a tricky part of state labor law.

Employees can never volunteer to do the work for which they are usually paid. The church secretary, a member of the church, can volunteer to come in on Saturday and help clean up the property. However, the member-custodian cannot volunteer for the clean-up day, as this is work for which the custodian is normally paid. The member-custodian can, however, come in Saturday to participate in folding and stuffing a mailing.

For further questions on this, and for all wage-and-hour law information, contact the Minnesota Department of Labor and Industry at [www.dli.mn.gov](http://www.dli.mn.gov) or (651) 284-5005.

July 16, 2010

### **Boiler Inspections**

Under Minnesota law, all boilers, when in operation, must be inspected and signed-off-on by licensed people on a frequent schedule, usually daily unless special circumstances apply. Now this may sound like overkill, but in the words of Minnesota's State Boiler Inspector, Joel Amato, “There is no such thing as a minor boiler explosion.” Inattention to developing problems with a boiler can lead to disaster. In the event of a boiler breach, superheated water inside instantly expands to 1,800 times its original volume. These explosions rip buildings apart and kill people.

Regulations differ based upon many factors, for instance steam vs. hot water, and the horsepower of the boiler. In many cases, however, your boiler must be checked daily by someone with a “Second Class C” or higher license; or checked no less often than weekly by the person with the “Second Class C” or higher; and checked the other days by someone with a “Special” (entry-level) license working under the direction of the “Second Class C” or higher-licensed person. Also, a boiler that is regularly checked by a proper licensed engineer requires fewer major repairs and prevents downtime during the heating season.

For a full discussion, and to determine the requirements for your boilers, contact the Minnesota Department of Labor & Industry, or talk directly with Joel Amato at (651) 284-5137.

**July 9, 2010**

### **Dealing with Trash Haulers**

In your dealings with trash haulers, be sure you read and understand all the terms of everything you sign with them, including routine change orders. For instance, many churches alter the pick-up schedule for the summer, anticipating lighter loads. If the hauler sends you a confirmation form with the old and new schedules, asking you to sign and return, pay attention to the 10% screen 8-point type on the back side; it may contain language indicating you are also agreeing to a new 3-year contract. Signing the form mayn't be necessary at all.

Also, when cancelling a contract, be sure you do it in writing, do it with plenty of lead time (many automatically renew within 90 days of the contract end), and send the letter certified mail, preventing them from denying they received it.

**July 2, 2010**

### **Employment Posters**

Most churches, as well as other businesses, receive from time-to-time mailings cautioning about federal and state laws requiring posters in the workplace, posters outlining employees' rights. These mailings typically arrive in official-looking envelopes and contain highlighted warnings about the severity of fines faced for failure to comply. The mailing also includes an offer to order all the required posters for something in the neighborhood of \$80.00.

The information these mailings provide is true. The significant truth these mailings do not contain is that you can get all these posters for free from the governmental agencies that require them. You can even get these posters from the agencies' web sites:

\* Minnesota state employment posters are available free of charge from the Minnesota Department of Labor & Industry at [www.dli.mn.gov/LS/Posters.asp](http://www.dli.mn.gov/LS/Posters.asp).

\* Federal employment posters are available at [www.dol.gov/osbp/sbrefa/poster/main.htm](http://www.dol.gov/osbp/sbrefa/poster/main.htm).

**June 25, 2010**

### **Unemployment Insurance**

When you hire someone to work at your church, the prospective employee asks many questions, questions about working hours, responsibilities, vacation, sick time, health insurance and other benefits. One question the candidate does not ask is, "Am I covered by unemployment insurance?" Of course, the candidate does not ask that; the candidate assumes coverage is automatic.

However, as churches are exempt from the requirement to provide for unemployment insurance, most choose not to provide it. This can be a rude surprise for an employee when a layoff occurs.

Please, for your employees' protection and for the protection of your church, when hiring, have the new employee sign a statement acknowledging they understand they are not covered by unemployment insurance.

**June 18, 2010**

### **Your Governing Board**

It is important to understand that, when members of your church serve on the governing board, they are members of the Board of Directors of a legal corporation, one incorporated under state law. This carries responsibilities of which they mayn't be aware, particularly the duties of Care,

Loyalty, and Obedience. The Minnesota Attorney General has made up a 3-page summary outlining these responsibilities; you can read this material at [www.nacbancc.org/doc/Minnesota317a.pdf](http://www.nacbancc.org/doc/Minnesota317a.pdf). That document has a further connection to the complete Minnesota statute 317a, under which most of our churches are incorporated.

**June 11, 2010**

### **Your Insurance Agent**

Repeat after me: "My insurance agent is my best friend." OK, now YOU say it, out loud. Here's why. Do you have any question on safety, liability, or control procedures? Stop and think. Your insurance agent doesn't make money unless you have a clean and safe operation. Your insurance agent doesn't want to pay out for people injured, for stolen money, or for malfeasance of a volunteer. Your insurance agent is delighted to come by for a safety check or to answer your questions.

- \* Should we take the youth rock-climbing at Taylor's Falls? (Are you crazy?)
- \* Does our treasurer have too much un-checked latitude in cash handling?
- \* How can we prevent another fall as people come up for communion?
- \* Should we take special care to secure the furnace and tool room?
- \* Are we doing enough to reduce the risk of fire?
- \* What kind of background checks should we do on people working with youth and children?
- \* Should we run motor vehicle records checks on people driving kids to church events?
- \* How can we minimize the risk of continuing to use our 15-passenger van?

Your insurance agent is not going to raise your rates when you ask, don't worry. Remember, *your insurance agent is your best friend!*

**June 4, 2010**

### **Copier Security**

Our friend and colleague, Eileen Supple, erstwhile of Edina Community Lutheran Church, sent the following item. I have checked it out; it's a very real concern.

"I wanted to send you this CBS report to share. It talks about security risks associated with the hard drives in copiers when you sell a copier or turn it back into the leasing agent. Essentially it is that, as you likely did not know, your copier contains a hard disk; it furthermore keeps a permanent record on that disk of every copy ever made on it. This can include all sorts of confidential information, from bank account numbers to social security numbers. Frightening. See the whole story at <http://www.cbsnews.com/video/watch/?id=6412572n>".

Further to this, I am informed that your copier technician can walk you through the procedure for deleting these images from your copier's hard disk. Check with your copier technician.

**May 28, 2010**

### **Fire Safety**

A couple of items this week on fire safety, both with the force of Minnesota state law:

- \* Fabrics hanging from walls or ceilings may not exceed 10% of the aggregate area of said walls and ceilings (50% if the room is protected with sprinklers) and must be either fireproof or treated with a fireproofing chemical. (I got mine from Fire Retardants in Chaska, (952) 448-2613.)
- \* (Quoting NFPA regulation 10) "Fire extinguishers shall be inspected either manually or by means of an electronic monitoring device / system at a minimum of 30-day intervals."

This information is from Shari Pierzina, a Minneapolis Fire Inspector. She is happy to assist further; reach her at (612) 673-3271.

**May 21, 2010**

### **Minnesota New-Hire Reporting**

Federal and State law requires employers to report newly hired and re-hired employees in Minnesota to the Minnesota New Hire Reporting Center. Full information is on their web site at <http://newhire-reporting.com/MN-Newhire/default.aspx>. On this site, you can file on-line, or download a form for hand-completion. You can then fax, or mail it in.

For Friday Epistle subscribers in other states, you may wish to check your own state's requirements on this; they are likely to be pretty similar.