

## ORGANIZATIONAL REVIEW

There are times in the life of a church when it is in its best interest to have an outside party come in and take an experienced look at its operations. The purpose is to identify those things that are being done well, and to make recommendations regarding those things where change or initiation would be in the best interests of the church. It is particularly useful when a church is going through a period of change anyway, such as during the transition between pastors or during a period of major ministry change.

An organizational review is a careful examination of virtually all of the components of a church's organizational life. The scope of the review might look like this.

### **LEGAL MATTERS AND DOCUMENTS**

- Articles of Incorporation
- Church Bylaws
- IRS Letter of Determination for tax exemption
- California Letter of Determination for tax exemption
- Grant deeds
- Easements
- Leases
- Notes payable (loans)
- Copyright material agreements
- Employment contracts
- Arbitration agreements
- Dissolution statements
- Domestic corporation filing (bi-annual)
- Welfare exemption filing (annual)
- Minutes of corporation business meetings
- Minutes of Board of Directors meetings
- Permission slips for medical treatment of minors
- Policy for handling designated gifts
- Policy for handling non-cash gifts
- Conflict of interest policy

### **FINANCIAL MATTERS**

- Auditing policies and procedures
- Cash flow management
- Investment policies
- Payroll procedures
- Tax reporting of ministers' compensation
- Employee expense reimbursement policies, procedures
- Benevolence fund policies and procedures
- Tax deposits, records, procedures
- Money handling, check-signing procedures
- Bookkeeping systems, procedures
- Subsidiary funds, accounts outside the church books
- Annual budget
- Revenue/expense statements
- Current statements for all bank and investment accounts
- Balance sheets

- Donor receipting, record-keeping procedures
- Receipting of non-cash gifts
- Issuing and filing of W-2, W-3, W-4, W-9, 941, 1099, I-9, 8282 forms
- State and federal tax return filings, if required
- Procedures for tax reporting of "love gifts"
- Personal use of church vehicles
- Sales tax for retail sales
- Unrelated business income filing (990T)

## **ORGANIZATIONAL AND ADMINISTRATIVE MATTERS**

- Building/safety risk assessment
- Church discipline, removal policy, procedure
- Church membership roll
- Church vehicle use, driver qualifications
- Disaster/evacuation plan, recovery procedures
- Personnel records
  - Employment applications
  - Performance evaluations
  - Salary and benefit agreements
  - Housing allowance resolutions, procedures
- Personnel policies
  - Hiring procedures
  - Position descriptions
  - Children's worker screening
  - Child abuse reporting
  - Illness and injury prevention programs
  - Employee use of church equipment
  - Employee Handbook
  - Sexual harassment policy
- Insurance coverages
  - Fire and liability
  - Umbrella liability
  - Directors and officers
  - Vehicles
  - Data processing equipment
  - Workers Compensation
  - Health
  - Disability
- Policy and Procedures Manual
- Property inventory
- Property security
- Records retention

The purpose of the review is to assist the responsible church officers in meeting their biblical, legal, fiduciary, and moral responsibilities in the governing of God's resources. At the conclusion of the review we would provide specific written recommendations for addition, deletion and/or change and present them personally to the board or designated party.

The review does not include major work on church bylaws or major involvement with an Employee Handbook and/or a Policy Manual. Involvement at that level would be a separate follow-up activity, if desired. Likewise, it does not replace a proper financial audit by a qualified CPA or a legal review by an attorney. Where necessary, we would attempt to provide referrals to appropriate legal,

accounting and insurance professional for specific assistance in these areas. It does not include the review of an associated Christian school unless that is specifically included in the Agreement.

The review may also include personal, private interviews with selected members of the staff and governing board. The purpose would be to assess the working relationships between staff members, and their assessment of how well the church operations function. These interviews would also identify areas in the above lists that might require more careful scrutiny.

The review involves multiple days on-site to examine all of the materials related to the above review areas and to conduct the appropriate interviews, plus additional work at my office. When we are on-site the church is responsible for assembling the materials in a secure, private work area so that they are available when needed. We provide a detailed list in advance. We would need to have an on-site contact person available to assist in managing the materials.

If you have questions or need more information, please contact me at the address below.

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**BIOGRAPHICAL SKETCH:** **Van C. Elliott** is the Director of Financial Foundations, a consultation ministry established in 1994 dedicated to assisting churches, Christian schools and organizations in fundraising, strategic planning, organization, administration and financial management. While specializing in these areas, he also presents seminars on personal financial planning, wills, trusts and estate planning, and provides limited financial counseling to individuals and families.

As an ordained minister, for 14 years he was the Associate Director of the Conservative Baptist Association of Southern California, providing professional guidance to churches and pastors in all areas of church operations, fundraising and finance. Prior to that, he served for 10 years as Executive Pastor of a local church, with responsibilities in business, administration, property management and Christian education, following four years of service in another church as Minister of Christian Education.

Van is a Certified Financial Planner®, and is a member of the Financial Planning Association. He currently serves as Chairman of the Board of Directors of Evangelical Christian Credit Union and also is a member of the Board of Directors of Ministry Partners Investment Corporation. He also serves as a Senior Consultant with The Goehner Group.

His education includes Bachelor of Science and Master of Science degrees in mathematical statistics and communication, respectively, from Purdue University, and a Master of Divinity degree from Denver Seminary.

He and his wife Maxine reside in El Cajon, California.