

## **2009 Church Tithe and Designated Giving -- Information and Instructions (Detailed Instructions)**

### **Where can I get a copy of the Church Remittance Form?**

You can make copies of 2009 Church Remittance Form mailed to you in January. You can also find it online at <http://www.rmcumc.org/CR/Finance/index.htm#titheform>. Here you will find both a PDF file to print and manually fill out, and an Excel file to enter your data and Excel will do the calculations for you.

### **Who do I contact if I have questions about completing the Form?**

Netta, Receptionist: [netta@rmcumc.com](mailto:netta@rmcumc.com), 303-733-3736 or 800-536-3736 Ext. 100

Laurie, Asst. Treasurer and Donor Services: [laurie@rmcumc.com](mailto:laurie@rmcumc.com), 303-389-9462 or 800-536-3736 Ext. 162

### **What must be included on the Church Remittance Form?**

Each form needs to include at minimum: Church Name, Church Number, Church City, Month, District, Total Income, Adjusted Total Income, Total Designated Giving, Tithe, Mission Giving, and Total Remittance Amount. These are indicated by \* on the Form. Please note that forms and/or checks sent to the Conference Office that do not have the required data will be returned for complete data.

### **When must my church send in our Tithe and Church Remittance Form?**

By the fifteenth of every month, each local church treasurer shall remit to the annual conference 10% (+3%) of the previous month's net contributions. Each month, the completed Church Remittance Form and payment should be mailed to the Conference Office: 6110 Greenwood Plaza Blvd., Greenwood Village, CO 80111.

### **What are the basic principles for Tithing within the Rocky Mountain Conference?**

1. My church should tithe from the funds that it would spend on its own life and ministry, and
2. My church should tithe from the funds we receive for our general operations of the church and programs—just as we ask our congregants to tithe from their personal incomes.

### **Line A—Total Income for previous month including designated giving and all other funds**

Enter the total amount of ALL revenue for the previous month. Total income includes ALL income received by the church (offerings, pledged giving, unpledged giving, donations, building use fees, income from fundraisers, designated giving, interest from investments, capital campaign income, preschool income, bequests, memorials, etc.)

### **Line B—Less income for Capital Campaigns (this does not include mortgage payments)**

Capital Campaign Income is money received from campaigns that are defined as significant, short-term fundraising efforts for a stated project, such as a building, debt retirement, or special project. The campaign usually lasts for a short time, generally less than a year; however, the donations to the campaign may span several years. Stated Capital Campaigns should not be confused with trustee account donations, building maintenance donations or other donations or capital needs. Regular monthly mortgage payments are expenses paid, not Capital Campaign Income.

#### **Include in the Deduction**

- Income designated to the church by a donor(s) for a large capital campaign to pay for building construction. These amounts are included as income on Line A and deducted on Line B.
- Income designated to the church by a donor(s) to retire significant church-wide debt. These amounts are included as income on Line A and deducted on Line B.

#### **Do NOT Include in this Deduction**

- Regular monthly mortgage payments. This is a deduction of income received, not expenses paid.

- Normal donations to general operations, repairs and building maintenance or other capital needs where the repair/project is less than 10% (as defined in the Book of Discipline) in relation to the total property value. These amounts are included on Line A and should be tithed.

**Example Situation(s):**

1. As part of a contemporary worship service, an electronic keyboard is needed and the price is \$6,000. Two members offer to donate funds to buy the keyboard. Is \$780 (13%) tithed?

Since this gift is *specifically designated*, the intent of the donor must be honored; therefore it should not be tithed. Include on Line A as part of the Total Income to the church and deduct the amount of the gift on Line B. This type of purchase typically would not have been made unless the donation had taken place. It is not a *normal inflow* of church funds.

2. A boiler blows up and needs to be replaced. The church borrows \$65,000 to replace the boiler.

Value of church before boiler blowup .....	\$1,000,000
Boiler Replacement cost .....	\$ 65,000
Project Value as a % of Total Value.....	6.5%

Since this example project is less than the 10% guideline, it is considered non-capital per Discipline definition and the monies borrowed should be tithed and reported as income on Line A. No deduction of these funds should be reflected on Line B.

**Line C—Less income from Endowment Donations**

Endowment Donations are donations by persons that are intended to become a part of an Endowment. Such donations may sometimes be in the form of a bequest or memorial or may be a gift from an individual or an estate. However, not all bequests, memorials or estate gifts are considered Endowments. An Endowment is a gift in which the principle amount is retained and only interest earnings are spent. The gift will have instructions on the use of the earnings and whether any part of the earnings are to be added to the principle or distributed. The original principal gift is not to be part of the Church Tithe calculation, however, the distributed earnings, when used, should be counted in the Church Tithe calculation.

**Include in the Deduction**

- The lump sum funds bequeathed or donated to the church, whose investment earnings are intended to be used over time, but whose original principal amount remains intact as an asset owned by the church. These amounts are included as income on Line A and deducted on Line C.

**Do NOT Include in this Deduction**

- Any withdrawals from the endowment fund for normal annual operating costs of the church. These amounts are included as income on Line A and should be tithed.

**Example Situation(s)**

1. A church member dies and leaves a large sum of money in trust with a local bank. The trust specifies that only the income from the trust will be distributed. Further, the proceeds from the trust may only be used for repair and maintenance of the church building and grounds. Paying a tithe on these funds would, in this case, violate the trust stipulation regarding how the funds are to be used (for repairs and maintenance). Thus it should not be tithed. Report the income, as received, on Line A and deduct it on Line C.

2. If another donor gave a bequest to your church indicating that the annual earnings from that gift were to be given to the general support of church operations, these earnings would then be tithed. Report the income, as received, on Line A with no deduction on Line C.

**Line D—Less income from Tuition-Based Services (preschool, daycare, etc.)**

Tuition-Based Services income is any payment made to the church for services provided at the church such as preschool, child care, elder care, or other similar services. Normally such services are budgeted separately, often by a non-profit organization affiliated with the church.

**Include in the Deduction**

- Monies received from donor(s) paying tuition for a program (e.g. preschool) that meets in, or is operated by, the church. Tuition paid by families for the cost of a summer camp. These amounts are included as income on Line A and deducted on Line C.

**Do NOT Include in this Deduction**

- If your church program contains regularly budgeted amounts for camping programs, they should be considered part of what is spent as a church. These tuition amounts are included as income on Line A and should be tithed.

**Line E—Less Direct Costs of Fund-Raising (this does not include income raised)**

Direct Costs of Fund-Raising are those costs paid to raise funds for the church, but not the income raised. Typical examples include: 1) the discounted purchase price of gift cards for future resale, 2) the cost of food and supplies for a fund-raising dinner and 3) a consulting fee to direct a fund-raising activity. Direct costs are deducted from gross funds received as a result of the fund-raising activity. The net proceeds are counted as income and used in calculating the Church Tithe.

**Include in the Deduction**

- Money donated and/or spent to raise funds should be deducted on Line E.

**Do NOT Include in this Deduction**

- Actual income raised should be included as income on Line A and tithed. Do not deduct the income from fund-raising on Line E.

**Example Situation(s)**

1. If you purchase food for a fund-raising dinner, the purchase amount of the food is not tithed and should be shown on Line E. (When the dinner yields income to the church treasury, it is tithed in the month you receive and deposit it—as reflected on Line A—and not deducted on Line E).
2. If you pay a professional consultant to assist in a fund-raising campaign and these expenses were paid from general fund operations, the consultant's fees and expenses can be deducted on Line E. (The church tithe should be on the funds that are raised; not on the funds spent to raise them).
3. Youth group has a pancake breakfast fundraiser to help pay for a mission trip to Guatemala. The fundraiser earns \$550. Does the church remit \$71.50 (13%)? If the \$550 pays a pledge that the youth group made to an organization in Guatemala, it is a pass-through donation and need not be tithed. (Include as income on line A and deduct on Line E). However, if the money was to pay for the youth group's own program costs, it is for the church's own life and ministry; and thus should be tithed (include the income on Line A and do not deduct it on Line E).
4. The United Methodist Women pledge \$1,000 from their fund-raising efforts to assist the church in whatever way is necessary. If the funds are used for a specific purpose, which would not have been a

normal expense, had they not earned those funds, it may be viewed as not contributing to normal life of the church—and therefore not tithed (include as income on Line A and Deduct on Line E). Conversely, it can be viewed as normal cash flow of your church, just as if a summer visitor would put money in the collection plate—thus tithed (included on Line A and do not deduct on Line E). If the UMW had specifically designated all of the funds for carpet cleaning, for example, then you have no choice but to spend it all on the designated purpose and the money would not be tithed (Include as income on Line A and deduct on Line E). If the money was used to pay monthly expenses, it should be tithed (Include as income on Line A and do not deduct on Line E).

5. The city notifies the church that the curb and gutter around the building is deteriorating and that it is the church's responsibility to repair or replace it. The job cost comes to \$25,000 and you initiate a fund-raising campaign—with no professional fund-raiser. Does the church tithe \$3,250 (13%) to the Conference? Since no outside professional fund raiser is used, there is nothing to exclude (deduct) on this line. This can be viewed from two perspectives: 1) The money is being raised for a specific designated purpose, therefore the money is not tithed (include as income on Line A and deduct on Line B) or 2) the cost of this project is less than 10% of the total property value and therefore a normal repair and maintenance item—the revenue for which should be tithed (see Line A above). Your discretion should be used to determine “what is right”.

#### **Line F—Less income for Pass-Through Funds**

Pass-Through Funds are monies received for transfer to projects or events outside the local church. From time to time churches will act as a collection agent for special events, such as disaster relief, community homeless shelters, soup kitchens or mission trips. The church will collect the funds for the participants and then forward the funds to vendors to pay for these events. Also, from time to time a church will receive donations from individuals that are designated for use by charitable ministries or causes outside of the church. Such donations are not under control of, or use by, the local church and not included in the calculation of the Church Tithe.

#### **Include in the Deduction**

- Funds that the donor intends to give to a worthy cause outside your church, but chooses to do so through your church; for example a homeless shelter, soup kitchen or other local charity that the church pays directly. Include this amount as income on Line A and deduct on Line F.

#### **Do NOT Include in this Deduction**

- Funds given to specific programs (youth, outreach, etc.) within the life and ministry of your church. These funds are part of the general operations of your church's own life and ministry. These amounts are included as income on Line A and should be tithed.
- Designated Giving remitted to the Conference. That is included on Line G.

#### **Section G—Designated Giving remitted to RMC at this time**

Funds Designated to UMC Programs are funds that the local church sends to the Conference Office for a specific program or ministry outside of the local church. These may be special collections from individuals or offerings, or designated money from the church as a whole. The RMC then forwards the funds on to the proper recipient(s) on behalf of the local church. Examples include Nothing But Nets, individual missionaries, relief projects, etc. Please do not include anything in this section that is not sent to the Conference Office.

United Methodist Advance Special Numbers can be found online at [www.advancinghope.org](http://www.advancinghope.org). Please include the Project Name and Number with the designated giving.

#### **Include in the Deduction**

- Any designated giving remitted to RMC. Examples include Special Sunday Offerings, Advance Specials, Nothing But Nets donations, etc. This amount is included as income on Line A and then all lines in Section G are deducted collectively on Line H.

**Do NOT Include in this Deduction**

- Any designated giving not remitted to RMC in payment with this form.

**Line H—Total Designated Giving to UMC Programs**

This is the sum total of all Designated Giving listed in Section G.

**Line I—Adjusted Total Income for Church Tithe**

This is the amount used to calculate the Church Tithe. This line equals Line A minus Lines B, C, D, E, F, H.

**Line J—Total Designated Funds Remitted to RMC**

This is the amount shown on Line H; the sum of all Designated Giving listed in Section G.

**Line K—Church Tithe Remitted to RMC**

This is the amount of your Church Tithe that you are actually remitting to the Conference Office. Generally it is  $\text{Line I} \times 10\%$ . (If you are remitting an amount different than 10%, list the actual amount remitted.)

**Line L—Mission Giving (3%) or Additional Gift to RMC**

This is the amount of your Mission Giving that you are actually remitting to the Conference Office. Generally it is  $\text{Line I} \times 3\%$ . (If you are remitting an amount different than 3%, list the actual amount remitted.)

**Line M—Total Remittance to RMC**

This is the sum of Lines J + K + L. It is the total amount you are sending to the Conference Office (Designated Giving, Church Tithe, Mission Giving) and may be sent in one check. Send your check for this amount along with the Remittance Form to the Conference Office.