

CHURCH
Legal, Tax & Financial
RESOURCE BOOK



Vital Information for Church Leaders



KANSAS-NEBRASKA CONVENTION
OF
SOUTHERN BAPTISTS



Third Edition

June 21, 2002

INTRODUCTION

Welcome to the **third edition** of the ***Church Legal, Tax & Financial Resource Book!***

We continue to live in a world of dramatic change. Particularly is this so today in light of the increasing number of lawsuits being filed? Some of these changes affect the church, its staff and members in significant ways.

We recognize and appreciate the **total autonomy and complete self-governance** of the local church and that the church cooperates with the local association and the Kansas-Nebraska Convention of Southern Baptists (KNCSB). In light of the fact that the local church is facing tremendous pressures today with increased litigation, regulation and taxation in so many forms, KNCSB has put together some basic information and suggestions concerning **“legal, tax and financial”** issues that we trust will be helpful.

It is important that the church look carefully at many different areas. The church is facing external pressure from the secular world and from local, state and federal government requirements. In addition, expanding liability, clergy malpractice, screening of prospective employees, risks of claims and potential lawsuits make it extremely important that the church be informed of changing standards. These important matters need the attention of both the **church** and its **leadership**.

The following information is certainly not exhaustive. Its purpose is to call these areas to the attention of the church leadership. This information needs **serious study, consideration** and **possible action** by various committees and in some cases, the church as a whole.

Our prayer is that this resource book will be of assistance in providing information and resources necessary to help the church in **reaching people for CHRIST and helping make disciples**. In order to be effective, this resource book should be shared with **the staff, key leadership and committees**.

If you have any questions and/or comments, please contact KNCSB, 5410 SW 7th St., Topeka, KS 66606, (785) 228-6800 or 1-800-984-9092.

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INCORPORATION

A mission and its sponsoring church should **plan to incorporate the mission** at the same time that the **mission is constituted** as a church. An unincorporated church is referred to as an "**unincorporated association**." Incorporating has many advantages including but not limited to the following:

1. It identifies **who the church is**.
2. It identifies **how the church goes about doing business**.
3. It provides an easier way to of **securing a loan**.
4. Its individual members will not be named in a lawsuit directed primarily against the church — whereas a member of an "unincorporated association" can be held **individually and severally liable** for all indebtedness incurred in the business for which it was organized.
5. It can hold title to property — whereas an "unincorporated association" has no legal existence that will permit it to hold property by purchase or as a gift. The property is deemed to belong to the members as **tenants in common**.

Upon request, Mr. Edgar Dwire, legal counsel for the KNCSB, will assist any mission to incorporate and will provide all the forms and documents necessary for filing with the Secretary of State. In addition, a helpful notebook will be provided to assist the leadership.

Kansas churches are encouraged to **name the KNCSB as the Resident Agent**, 5410 SW 7th Street, Topeka, KS 66606 in order that any legal process service will be handled promptly. KNCSB will contact the local church so that the leadership of the church is notified for any necessary response. The address is officially referred to as the "Registered Office."

Every church should check its papers of incorporation. Under certain circumstances those papers must be renewed. Simply look at the papers of incorporation to see if there is any mention of **time limitation**. If in doubt, have an attorney give an opinion.

Annual reports for Kansas churches are due on or before "**the 15th day of the sixth month following the close of the tax period**" and must be sent to the Secretary of State at the address below. A \$20 privilege fee must accompany the report.

Failure to file reports with the Secretary of State will cause forfeiture of the corporate charter by the Secretary of State.

Reports for Nebraska churches are filed biennially, every odd year, on or before **June 1**. The report must be sent to the Secretary of State at the address below and accompanied by a \$20 fee.

For information on incorporation, contact:

Kansas: Secretary of State, First Floor, 120 SW 10th Avenue, Room 100
Topeka, KS 66612-1240, (785) 296-4564

Nebraska: Secretary of State, Room 2300, State Capitol Building
Lincoln, NE 68509-4608, (402) 471-4079

CONSTITUTION AND BYLAWS

Every church needs a means by which it conducts its business and relates to its membership and the community at large. The constitution and bylaws are the means, which declare the cooperatively held truths and the rules for dealing with the issues that face the church.

The constitution may include, but is not limited to, the following items:

1. A preamble, which declares the **purposes of the constitution**.
2. The **official name of the church** which may be used for business and legal purposes.
3. A statement of the **purposes and objectives** of the church.
4. A declaration of the **basic doctrinal beliefs** of the church.
5. The church **covenant**.
6. A statement of **polity and relationships**.

The bylaws are the practical guidelines which a church uses to deal with **internal matters** and its **dealings with others**. Bylaws focus on procedures that may change more often than the constitution. The bylaws give direction to the following items:

1. Conducting the business of the church.
2. The manner of receiving and disciplining members.
3. Terminating employees.
4. Committees and their responsibilities.
5. Church officers, their election and terms of service.
6. The organizational description of the church, its leadership and relationships.
7. Calling the pastor and staff.

Have you reviewed your church constitution and bylaws recently or in the last few years? It is extremely important that these documents be periodically reviewed (at least every five years) as they can become seriously outdated. Take time to review your constitution and bylaws to see if they actually reflect how the church is structured and functioning today.

On the one hand your constitution and bylaws need to be flexible for the church to reflect the presence of the Holy Spirit in ministering to the needs of people where our churches are today. On the other hand the constitution and bylaws need to provide a strong foundation for a relevant ministry to people living in our culture.

The church constitution and bylaws committee is a temporary or ad hoc committee that ceases to exist when the church adopts an original or revised constitution and bylaws.

Some suggested duties of the committee would be:

- Determine content for the documents.
- Locate and gather all written copies of policies and procedures the church has approved.
- Interview church staff, all program leaders, council chairpersons and committee chairpersons to discover what policies and procedures are being used that are not in writing.
- Get documents from other churches for review and consideration.
- Compile a comprehensive draft document for the committee to review and study.
- Review the comprehensive draft of the document section by section with staff, councils, committees and other church leadership affected by the document.
- Make necessary changes as committee agrees.
- Take each section of the completed document to the church for approval.

Church programs should not be in the constitution.

It is suggested that a copy of the church constitution and bylaws be given to each new committee chairperson as they are elected which should give a more ongoing review of these documents.

It is suggested that a church consider including a “*reversionary clause*” in its constitution in order to protect the future usage of its property to make sure that such property remains in the hands of **Southern Baptists**. Such a reversionary clause should read something like this:

Should this property ever cease to be used as an active and cooperating Southern Baptist Church in the (*name of association to which the church is a member*), a non-profit religious corporation, or the Kansas-Nebraska Convention of Southern Baptists, a non-profit religious corporation, then and in that event title and interest in this property shall revert to the (*name of association to which the church is a member*) or its successor in interest.

It is further suggested that a similar reversionary clause be included in the **General Warranty Deed** of the church and in the General Warranty Deed of any property transferred by a sponsoring church to its constituting mission church. The sponsoring church could have the property revert back to itself or to the association whichever the church may decide.

A church does not need to notify and/or file any form with the Secretary of State of Kansas or Nebraska when its constitution and/or bylaws are amended or completely rewritten.

If the church **alters its original *Articles of Incorporation***, the modification (by proper form) must to be sent to the Secretary of State (i.e. change in church name, address, resident agent) along with the appropriate fee.

FEDERAL/STATE TAX INFORMATION

The Internal Revenue Service (IRS) and State Department of Revenue laws and tax codes change from year to year. Suggestions made now may be changed in years to come. This information is designed to give your church some basic guidelines and by no means is an exhaustive or complete discussion of the topics included.

Important Tax Identification Numbers

Employer Identification Number:

This nine-digit number is secured by filing form number SS-4 with the IRS and is used on all federal payroll tax forms.

State Identification Number:

In Kansas, this number is secured by filing Form CR-16 and is used on all state payroll tax returns.

In Nebraska, this number is secured by filing *Nebraska Tax Application* Form 20 and is used on all state payroll tax returns.

State Sales Tax

Kansas churches are exempt from state sales and/or use tax as well as any applicable city and county sales tax as of July 1, 1998. A form entitled *Religious Organization Exemption Certificate* (Form ST-280) must be completed for every vendor before purchases are made.

Only **direct** purchases by a church of items to be used exclusively for the church are exempt. A direct purchase is a sale that is billed directly to the church or is paid for by the church's check or credit card. A payment in cash will not qualify as an exempt transaction. Purchases made by employees or church members with their personal funds are **taxable**, even if they are later reimbursed.

Churches are exempt from collecting sales tax in Kansas for "isolated or occasional sales of tangible personal property, services, substance or things."

There is not an exemption from sales tax for the sales of meals by the church. Voluntary donations are acceptable as long as there are no required donations for such meals and people could eat and do eat without a donation. The church may want to pay sales tax on the food and related purchases for the meals and operate the meals as strictly a cost recovery.

Construction, Remodel, or Repair Projects: When a church contracts for the repair, remodeling, or construction of a building, or to make other improvements to real property it owns and uses exclusively for religious purposes, it must request and obtain a *Project Exemption Certificate* from the Kansas Department of Revenue so that the contractor, subcontractor, or repairman (carpenter, electrician, etc.) may purchase materials for the project exempt from sales tax. To apply for a project exemption, submit Form PR-76, *Request for Project Exemption*. In the absence of a *Project Exemption Certificate*, only the contractor's labor service is exempt as a direct purchase. The contractor's invoice to the church will include the sales tax paid or accrued on the materials used.

If asked for a sales tax number in Kansas, you can use your *Federal Tax Identification Number*.

If a purchase is made from a vendor in Kansas that refuses to exempt sales tax, keep all documentation of the purchase and send same to the state sales tax office for refund.

Nebraska churches are exempt from state sales tax. The church must apply for and receive a *Nebraska Exempt Organization Certificate of Exemption* from the Nebraska Department of Revenue. This certificate assigns the church an exemption number (05-XXXXXXX), which must be used in claiming its exemption. The

church must give its supplier' a *Nebraska Resale or Exempt Sale Certificate* (Form 13) as proof of its exempt status.

The state of Nebraska has very narrowly defined the term "exclusively for religious purposes" and has been adamant in not approving a sales tax exemption number to newly formed associations and to our convention.

Federal and State Unemployment Tax

Churches in Kansas and Nebraska **are exempt** from Federal and State unemployment taxes.

Property Tax

Kansas churches must file a request for property tax exemption on a form entitled, ***Application for Tax Exemption***, with the office of the County Appraiser of the county in which the property is located. The County Appraiser' s office must approve the request and send it to the Kansas Board of Tax Appeals, Topeka, KS, for final approval. Each county has the option of automatically accepting the exemption year after year or requesting an annual filing to maintain the property exemption.

Nebraska churches must file a request for property tax exemption on a form entitled, ***Exemption Application***, with the County Assessor of the county in which the property is located. The approved exemption shall continue for a period of four years, beginning with years evenly divisible by four. The first year of each period is known as an application year (e.g., 2000, 2004, 2008 etc.). If application for exemption is made and approved in an intervening year, the exemption shall continue for the remainder of the applicable four-year period.

To continue the exemption for a succeeding four-year period, the church must file an ***Affidavit of Use for Continued Tax Exemption*** form with the assessor on or before December 31 prior to an application year. If this form is not properly and timely filed, **the property will be taxed.**

Unrelated Business Income

Income the church earns from an **unrelated trade or business regularly carried on** may be subject to income tax reporting. This includes rental income received on property on which the church has debt. The church can receive up to \$1,000 per year in "unrelated business income" before it is subject to income tax reporting. Generally the key question is whether the church has debt on its facilities. If the facilities are free from any indebtedness the rental income is not subject to "unrelated business income." The IRS has ruled that rental income is exempt from unrelated business income tax (UBIT) even though the property is "debt-financed," if the rental arrangement is "**substantially related**" to the charity's exempt purposes.

Important Internal Revenue Service Forms

Form W-4 — Employee's Withholding Allowance Certificate:

Employees report withholding allowances on this form. Churches are **required to withhold** from all employees except ordained staff. An ordained staff member can elect **voluntary withholding** by submitting a completed W-4 form to their employing church to withhold a sufficient amount each pay period to cover both income tax and self-employment tax. This withholding is **reported as income tax** and can be used to pay income and self-employment tax. **All non-ordained employees** should complete this form each year.

An ordained minister could request the church (in writing) to withhold a certain amount each pay period and **pay the minister** prior to the dates for filing **self-employment estimates**, namely: April 15th, June 15th, September 15th and January 15th.

Form I-9 — Employment Eligibility Verification:

The church should have this form on file for each employee, including ministerial staff. It is a result of the Immigration Act of 1986 and is self-explanatory. Failure to have I-9' s for every employee ould result in fines for each occurrence. The I-9 is a Department of Labor regulation.

Form 941 — Employer's Quarterly Federal Tax Return:

This form is used by employers (the church) for reporting to the IRS all wages paid to employees, income taxes and FICA taxes withheld each quarter. Churches must file this form quarterly with the IRS if they have at least one employee other than ordained staff. The amounts reported on a church's W-2 forms at year-end must reconcile with the 941 forms filed during the year. Churches with only one employee, and that employee is ordained, are required to file only a W-2 form.

Form W-2 — Wage and Tax Statement:

This form is used by employers (the church) to report annual compensation, withheld income and FICA taxes for each employee. Churches must issue this form to each employee on or before **January 31**. Ordained ministers pay self-employment taxes instead of FICA taxes.

Every church should issue a W-2 form to all employees including ministerial staff. The W-2 for ministerial staff should not include housing in box 1 (Wages, tips, other compensation). In fact, housing does not have to be shown on the W-2, nor should any other tax-free benefits such as annuity or insurance be included in box 1.

Form 1099-MISC — Miscellaneous Income Returns:

Churches use this form to report compensation of \$600 or more paid to non-employees for services during any one year. This includes but is not limited to evangelists, guest speakers and self-employed persons who perform miscellaneous services for the church (plumbers, cleaning, lawn maintenance, etc.) who are not incorporated. 1099's are not required to be issued to corporations. Churches must issue this form on or before **January 31**. It is helpful to obtain Form W-9 (Request for Taxpayer Identification Number and Certification) at the time of payment.

Important Tax Information for Ministers

Ordained ministers are **employees for income tax reporting and fringe benefit purposes** and **self-employed for Social Security purposes**. Ordained ministers are also **employees for the purpose of complying with workers' compensation laws**. In addition, many ministers who are employees of the local church are self-employed for some purposes. For instance, the pastor will be considered self-employed with regard to guest speaking appearances in other churches and services performed directly for individual members.

Definition of Minister for Federal Tax Purposes:

A minister, for federal tax purposes, must satisfy all of the following conditions:

- Be ordained or licensed.
- Administer ordinances and sacraments.
- Conduct worship services.
- Have management responsibility in a local church or denomination.
- Be considered a religious leader by one's church or denomination.

Housing Allowance for Ordained Ministers:

A housing allowance is available to every minister as defined for federal tax purposes. A housing allowance is available even to those who live in church-owned housing with or without utilities paid. The housing allowance should be predetermined by the minister and submitted to the church or appropriate committee for approval prior to the beginning of the tax year. This approval does not imply that the minister must answer to the church or any committee as to the details of spending the housing allowance. The minister answers to the IRS in case of audit. The minister should maintain accurate and complete records of housing expenses. The minister should overestimate housing so as to provide enough monies for unforeseen expenses. At the close of the tax year, the minister must report unspent housing on his tax return as income and must pay appropriate taxes on that unspent portion. All housing allowances and church-furnished housing are subject to self-employment taxes. See Illustrations A and B. **Church-furnished housing is also subject to fair rental value** and should be included with **church-paid utilities** when reporting remuneration for workers' compensation purposes.

An amendment of the housing allowance may be in order if the minister:

- Plans to purchase a new home;
- Sells a home;
- Has an increase in salary;
- Faces unexpected home repairs;
- Faces major remodeling costs;
- Plans to purchase new furnishings;
- Plans to purchase new appliances;
- Experiences an increase/decrease in adjustable mortgage interest rates;
- Desires to make a large prepayment;
- Desires to make a large "balloon" payment on the mortgage.

The amended housing allowance must be approved in writing by the same body as approved the original housing allowance, and only applies to future expenditures.

Professional Expenses and Continuing Education to Improve Job Skills:

The reporting of professional expenses (including car allowance and all costs incurred as part of the job) is a tremendous tax break for the staff member, but needs to be handled carefully and in a most advantageous manner. If staff members itemize their professional expenses on their tax return (referred to as a non-accountable plan), the taxpayer stands to lose fifty (50) percent of all meals and entertainment and two (2) percent of their adjusted gross income for deduction purposes. In addition, staff members **must be able to itemize** rather than claim the standard deductions in order to deduct professional expenses.

By accounting for reimbursable business expenses to the church, the pastor and staff can lower their tax liabilities. This is referred to as an **accountable reimbursement plan**. The expense documentation is furnished to the church, and the church reimburses the staff person for the business expenses. The practice of offering a "pay package" in reference to the compensation plus expense reimbursement and fringe benefits could result in the entire amount the staff person has effective control over being considered taxable. Churches should avoid the term "package." Care must be made in constructing the church budget so the IRS does not consider business expense reimbursement to be a salary reduction. The business expense reimbursement account should be in a separate section of the budget apart from the line items of salary, housing, annuity and insurance. See Illustration C for a sample reimbursement policy.

Self-Employment Taxes:

Self-employment tax is the result of the Self-Employed Contribution Act (SECA) and refers to the rate that self-employed people pay into Social Security and Medicare. A self-employed person **pays 12.4%** of earnings up to a maximum amount set by the IRS each year for retirement, death and disability income benefits and **2.9%** for Medicare benefits with no maximum. Social Security tax is the result of the Federal Insurance Contributions Act (FICA) and refers to the rate those employees **and employers** contribute into Social Security. The rate is presently **6.2% for both the employee and employer** of earnings up to a maximum amount and **1.45%** for Medicare with no maximum. **Employers and employees pay Social Security (FICA) and only self-employed individuals pay self-employment tax (SECA)**. Contact the IRS or your tax preparer to keep current on any changes in rates or maximum amounts of earnings.

Ministers have to pay self-employment tax on their ministerial income, unless they have properly followed IRS rules to opt out of Social Security. A minister can opt out of Social Security by meeting strict IRS guidelines required when filing Form 4361. This must be done by the due date of the minister's tax return for the second year in which earnings of at least \$400 was incurred, any part of which was from ministerial income.

NOTE: When filing Form 4361, the minister must certify **opposition to acceptance of public insurance** on the basis of religious principles, which includes payments for death, disability, retirement or medical care. In addition the minister must certify that the **ordaining body has been informed** of such opposition.

Moreover, even if ministers have opted out of Social Security for their ministerial income, they must pay Social Security taxes on income they earn from secular employment. This is particularly important to bi-vocational ministers.

A church cannot pay FICA tax for a minister. Ministers are, by law, always treated as self-employed for Social Security purposes. Churches that pay FICA tax for their ministers are violating the law and can cause errors in the Social Security Administration's records, which could create serious difficulties.

A church can give its minister(s) an allowance to help offset the expense of SECA tax. However, it is important to note that such an allowance is taxable income, so the allowance will be subject to SECA tax and income tax.

The minister must pay SECA tax on housing allowance (cash housing allowance and/or parsonage allowance); however, such allowance is excluded from income for federal income tax purposes.

Parsonage allowance should be based upon the **fair rental value plus all utilities** and should be "**low reasonable**" not "**low ridiculous**." Investigate other rental properties in the area, seek the assistance of a local realtor and consider the valuation for property tax purposes in establishing the parsonage allowance.

Churches must pay FICA tax for employees (except ministers) unless the church has elected to exempt itself. Churches must file Form 8274 with the IRS to exempt themselves from paying FICA tax on behalf of their employees.

NOTE: When filing Form 8274 a church must certify that it is **opposed to the payment of Social Security taxes** for religious reasons.

The filing deadline for such action relates to the date on which the church must file its first Form 941. **Employees of an exempt church must pay SECA tax**, which is 15.3% instead of 7.65%.

NOTES ON FEDERAL/STATE LAWS

Federal Wage and Hour

Many church leaders have questioned whether the church is subject to various provisions of the wage and hour law such as the federal minimum wage and requirement to pay overtime after forty (40) hours of work per week.

To be covered by the wage and hour law, a church must be an “enterprise” **engaged in interstate commerce or commerce that crosses state boundary lines**. This means the church has business dealings and/or memberships that cross state lines.

A church is considered to be **engaged in interstate commerce** if it satisfies any one or more of these conditions:

- Operates a **private school**;
- Has **significant purchases of supplies, literature, and equipment** from **out-of-state vendors**;
- **Sells products** (such as literature or tapes) to persons or other churches **in other states**;
- Has several **people from other states** that attend services;
- Operates a “**web page**” on the internet;
- Operates an **unrelated trade or business**;
- Engages in **television or radio broadcasts**.

If the church satisfies any of the above conditions, it may be subject to the federal minimum wage and overtime pay and perhaps certain other provisions of the federal wage and hour laws.

A Supreme Court decision has said “the nonprofit character of an enterprise does not place it beyond the purview of federal laws regulating commerce.”

The church should be the “example” by going beyond the scope of the law and treating employees with Christian dignity, respect, fairness and generosity.

Federal/State Posting Requirements

There is much confusion in churches as to what is legally necessary to achieve compliance with Federal and State posting requirements. There are many companies now specializing in preparing large colorful posters and saying that employers found to be in violation of Federal/State Laws by willfully failing to post up-to-date labor notices and may be subject to criminal penalties as well as civil liability actions including assessments of thousands of dollars.

For the vast majority of churches in Kansas-Nebraska the only poster we would recommend posting in a conspicuous place in the church office for all ministerial, clerical and maintenance employees to see is concerning the Workers’ Compensation Law. These posters are readily available free of charge from your insurance agent and/or insurance company. They are notices that inform the employees that they are covered by Workers’ Compensation and will identify the procedures employees should take if injured.

There may be a few other requirements for churches with twenty (20) or more employees. It would be advisable to check further your state and federal requirements.

CHARITABLE CONTRIBUTIONS

The local church is a **tax-exempt 501(c)(3) organization** through its cooperation with the KNCSB and its group income tax exemption. When a mission is incorporated and constituted as a church, it must petition the KNCSB for approval at its annual meeting to become a cooperating Southern Baptist church. In addition the church must send a letter to the business office of the KNCSB requesting to be included under its group 501(c)(3) income tax exemption. The KNCSB files an annual report with the IRS listing all cooperating churches and other entities covered by the 501(c)(3) income tax exemption. Missions are protected by their relationship to the sponsoring church. It is very important that a mission have a sponsoring church in order to be covered by the 501(c)(3) income tax exemption.

The church is funded by charitable contributions; therefore, it is very important for church leaders, members and donors to understand that there are some basic **requirements** that charitable contributions must satisfy in order to be tax deductible:

1. The contribution must be **cash or property** and **not for personal services rendered**.

The value of personal services is **never** deductible as a charitable contribution.

The value of rent-free building space provided a church **cannot** be claimed as a charitable contribution.

2. The contribution must be claimed by the donor as a tax deduction **in the year it was made**.

Generally a contribution is made at the time of delivery.

A check that is mailed is considered delivered on the date it is mailed (postmarked).

3. The contribution must be **unconditional without any personal benefit** to the donor.

In a legal sense the donor must absolutely and irrevocably divest him/herself of title, dominion and control over the contribution.

4. The contribution must be made **to or for the use of a qualified tax-exempt charitable organization**.

Contributions made directly to individuals are not deductible.

Contributions made for individuals through the North American Mission Board and the International Mission Board are deductible, as they were given "for the use of" a qualified organization.

5. The contribution must be **within the allowable legal limits** as specified by the Internal Revenue Service.

Some contributions that exceed the limits **can be carried over** to future years.

6. The contribution must be **properly documented**.

It is equally important for church leaders, members and donors to understand the meaning of "Restricted" and "Designated" funds .

Restricted and Designated Funds

Restricted Funds:

Restricted funds are charitable contributions (as defined above) whose use is restricted by donors to churches. The church has no discretion in the management and disbursement of such funds. Examples of such restricted funds would be the offerings for North American Missions (Annie Armstrong), International Missions (Lottie Moon) and State/Associational Missions (Viola Webb).

Designated Funds:

Designated funds are charitable contributions (as defined above) with the stipulation (designation and/or action of setting aside) that they be used for a specified purpose (i.e., an approved project, program and/or ministry of the church). Examples of such funds would be any fund that is established by the church in an official business meeting.

Donors make contributions to a church designating how the contribution is to be spent. Such gifts can be for a church-approved building fund, missions fund, organ fund, etc. It is very important to note that restricted/designated contributions are held by the church "in trust" for the specific purpose outlined by the donor. **The church in an official business meeting should approve all such funds.**

Policy for Restricted/Designated Funds:

The church should not automatically accept restricted/designated funds as tax-deductible charitable contributions. The church should adopt a policy for receiving and disbursing restricted and designated funds. The policy is to insure that funds are truly tax-deductible charitable contributions and not received for purposes contrary to the ongoing ministries of the organization and ultimately become funds that are not useable. Such a policy should **avoid receiving funds for the same purpose as specific line items in the budget** (note below). The policy for restricted/designated funds should encompass the following steps:

1. Define procedures for the establishment of a specific Restricted/Designated fund.
 - a. Counters/tellers should observe the gift during the counting process, as it is a gift to a new restricted/designated fund.
 - b. The counters/tellers should record the gift on the count sheet in red or highlight the description and amount as a potentially new fund. It is important to note that the counters/tellers are not authorized to approve a gift to a new designated fund.
 - c. The treasurer should temporarily deposit the gift in a category entitled Miscellaneous Designated.
 - d. The treasurer should determine if the gift is a tax-deductible charitable contribution and is compatible with the mission of the church. In any event the treasurer should present the gift with a recommendation to the finance committee for a decision.
 - e. If the finance committee determines the gift is acceptable as designated, then they should present the request for a new designated fund to the church during the next regular and/or special business meeting for approval and activation to receive gifts from all of the church membership and others **over and above tithes and offerings.**
 - f. If not, the donor should be contacted and encouraged to redirect the gift to an existing fund or use within the budget. If that is not possible the gift should be returned.
2. Prepare a complete **description** of the fund.

The description should be written in such a manner as to clarify the use of the fund within the designation. The fund must be advertised and promoted for the same purpose to receive contributions as contained in the written description of the fund. In addition

provision needs to be made for the use of any funds left over following completion of the specified use.

The fund could be quite specific such as a “new sanctuary fund” and following the construction of the new sanctuary transfer remaining funds to the budget or a “building fund” which could be described in more detail as a new construction/remodeling/maintenance fund.

3. Determine the time for the funds to be used.

The time for certain projects needs to be established and provisions made for the use of funds after the specified time ends.

It is extremely important that church leadership exercise all possible care to keep the number of restricted and designated funds to a minimum. The presence of restricted and designated funds always poses the problem of drawing funds away from the unified budget of the church. This is due to the fact that many Christians newly involved in church life tend to give to what appeals or is important to them and not the ongoing less glamorous operation of the budget.

In addition the monthly financial reports to the church should keep the restricted and designated funds separate from the operating portion of the budget. It is important to help the membership and visitors understand that any dollar amounts held in trust (in restricted and/or designated funds) are not available to assist the church in meeting budget needs for the operations of the church.

Funds Held in Trust for Specific Purpose:

What if a donor contributed \$500 to a “new sanctuary fund” of the First Baptist Church and the church later decides not to build a new sanctuary as designed by the architect? Such contributions are specifically conditioned upon the church building a new sanctuary as designed. When the church later decides not to build the new sanctuary and instead builds new educational space, the condition has been changed and the gift is revocable at the option of the donor. Churches must provide donors with the options in order to avoid violating their legal responsibility to use “trust funds” only for the purposes specified when the funds were received. Some options are as follows:

- The contribution can be retained, as the church still plans to build a new sanctuary at some time in the future.
- If the donors can be identified, they should be asked if they would like to change the designation of their gift to be used for the new educational space or for another purpose.

The church should request the donor's decision in writing in order to avoid any misunderstandings.

A church may not be able to identify all of the donors who contributed to a specific fund. This can often be the case when some persons donated cash gifts without any identification and/or the gifts were made many years prior to the church abandoning the plans to build, etc. The donors may have moved, or records are too old or have been destroyed and therefore contact is not possible. In such an event the church should have an official business meeting to decide how such funds should be handled.

NOTE: This procedure is only appropriate for that portion of any fund that cannot be identified to specific donors.

Love Offerings

The meaning of a “love offering” is an offering that is given from the heart to someone that has ministered to that very heart and is not given simply because it is a tax-deductible charitable contribution. Love offerings are used quite frequently in a church to financially support people called to ministry as evangelists, musicians, other guest speakers, etc. The church must approve the revival or other event that is scheduled during which a “love offering” is taken as a means of legitimately compensating the person involved for his/her ministry.

The offering is made available to all church members and other attendees in which to participate as they feel led. The fund should be advertised and promoted to receive gifts over and above tithes and offerings and should last until the event has occurred or the specific need met. All cash and checks given during this offering must be in an envelope with the donor's name and purpose of the gift in order to receive a tax-deductible charitable contribution receipt. Just writing a check to someone you really like and appreciate their ministry and giving it through the church does not qualify the gift as a tax-deductible charitable contribution.

A one-time special "love offering" for a staff member can be made available to all church members and others, who wish to participate. If the "love offering" is received and designated for an individual for any occasion and the donor's are not given a tax-deductible charitable contribution receipt, then the gift to the minister (recipient) is not considered taxable income. The reverse is true if the donors are given a tax-deductible charitable contribution receipt. The gift must then be considered income to the recipient. If contributions are made for various staff members and the church has control as to the amount each staff receives then the gift is a contribution and is taxable compensation to the staff.

Gifts for Mission Trips

The mission trip, whether scheduled in the United States or to a foreign country, must be approved by the church in a regular or specially-called business meeting. The trip must be for a specific ministry purpose and not just a trip for entertainment and relaxation. Once the trip has been approved by the church (as a designated fund), offerings to fund the trip can be received from the membership and others as they feel led even though they may not be going on the trip. The fund should be advertised and promoted to receive gifts over and above tithes and offerings and should last until the event has occurred or the specific need met. The checks to support the mission trip need to be made payable to the church. Cash and checks given for the trip should be contained in an envelope with the donor's name and purpose of the gift in order to receive a tax-deductible charitable contribution receipt. Costs incurred by the individual going on the trip are deductible as a charitable contribution also. If any part of the mission trip is for entertainment that portion would not be deductible.

Gifts for Budgeted Items

The church should not accept gifts designated for any budgeted line item. Circumstances can develop where a church has needs for more funds than has been budgeted for any specific line item. One example is the need to send additional persons to special training events such as Glorieta and Ridgecrest, etc. It is suggested that the church approve the creation of a temporary designated fund to receive tax-deductible charitable contributions from all church members and others. The fund should be advertised and promoted to receive gifts over and above tithes and offerings and should last until the event has occurred or the specific need met. This experience should be specifically noted for the next budget preparation committee to consider. The procedures for establishing designated funds previously presented should be followed.

This procedure is not acceptable for gifts given to support a specific minister or staff member; as any contribution to a specific staff person is not considered a tax-deductible charitable contribution. The church budget should clearly reflect the total amount of remuneration (salary, housing allowance, etc.) to be paid to a specific minister or staff member, and special gifts received over and above such amount are not considered tax-deductible charitable contributions.

This procedure of setting up designated funds should not be considered a standard practice, as disgruntled churchgoers tend to give **to their special interests** rather than supporting the church budget. It is suggested that we educate and train church members and others to give to the unified budget – that has been properly approved by the church following adequate questions and discussion. All designated funds should be approved in a regular or specially-called business meeting of the church.

Bankruptcy of Donors

We have experienced some bankruptcy trustees asking churches to return contributions made by a bankrupt donor. Federal law gives bankruptcy trustees the **power to “set aside” transfers** by bankrupt debtors for less than fair value during the twelve months preceding the filing of a bankruptcy petition. Therefore contributions made by church members to their church within a year before filing a bankruptcy petition are now subject to recovery by a bankruptcy court.

Individual Cash Contributions of \$250 or More

Donors are **no longer permitted** to substantiate individual cash contributions of \$250 or more with canceled checks.

Substantiation rules deny a deduction for individual contributions of \$250 or more unless the donor "substantiates the contribution" by a written acknowledgment of the contribution from the donee organization." **We recommend that the church acknowledge all charitable contributions by written receipt.**

Please note that the standard five-part "record of contribution" form that many churches are using is acceptable. **Each check must be listed** and a statement must be included on the final record of contribution sent to the church members such as, "**Cash Contribution for Intangible Religious Benefits Only.**"

It is not necessary to list a donor's Social Security number on the written acknowledgment. Further, a church's written **acknowledgment must be issued only to the donors.**

The written acknowledgment must be **received by the donor** on or before the **earlier** of the following two dates:

- The date the donor files a tax return claiming a deduction for the contribution or
- The due date (including extension) for filing the return.

Since the churches do not know when donors will be filing their tax returns , we suggest issuing written acknowledgment of contributions to donors on or before January 15 of each year for contributions made during the preceding year. If the process will take longer, it is recommended that churches advise donors on or before January 15 of each year not to file their current year income tax returns until they have received a written acknowledgment of their contributions to the church to avoid jeopardizing the tax deductibility of charitable contributions. This communication should be in writing. To illustrate, the following statement could be placed in the church bulletin and/or newsletter for the last few weeks of the current year:

Important Notice: To ensure the deductibility of your church contributions, **please do not file your income tax return until you have received written acknowledgment of your contributions from the church.** Under existing rules you may **lose a deduction** for some contributions if you file your tax return before receiving written acknowledgment of your contributions.

Contributions of Property

Special rules apply for non-cash contributions of **\$250 or more**. When property valued at **\$250** or more is given to the church, the church must issue **written acknowledgment** for the non-cash contribution. Such receipt should contain the following information:

- **Date** property was received;
- Complete **description** of the property including model year, serial numbers;
- **Condition** of the property.

The church **should not** set the value of the property. It is suggested that an individual letter be prepared and sent to the donor for each contribution within five (5) working days upon receipt of the property.

If the non-cash value is **\$500 to \$1,000**, there are additional filing requirements.

If the non-cash value is **more than \$5,000**, the donor must obtain a qualified appraisal.

Quid Pro Quo Contributions

A *quid pro quo* contribution is a payment made to a church which is partly for a contribution and partly in exchange for goods and services. Any such contribution of insubstantial value does not require a written acknowledgment from the church setting forth the value given in exchange for a contribution.

Any contribution more than insubstantial value in exchange for goods and services requires a written acknowledgement to the donor providing a "**good faith estimate**," stating the amount of the goods and services given to the donor. Such acknowledgement must further inform the donor that the tax-deductible portion of the contribution is the excess of the value of such goods and services.

The rule does not apply if only small token items with a low cost (bookmarks, key chains, mugs, etc.) are provided to the donor.

The tax law defines what is an insubstantial value and a low cost item. These are indexed for inflation, and you should check with the Internal Revenue Service or your tax advisor for the current amounts.

COPYRIGHT INFORMATION

Copyright laws (laws controlling the right to copy) were passed to protect the creative efforts of composers and authors. It is a crime to "steal" the words and images contained on paper or canvas. With the new laws you can only copy a creative work if you receive permission from the owner.

We have three reasons to follow the copyright laws:

1. Compliance with the law allows those **blessed with creative talents to be paid for their efforts.**
2. Violating the law can **result in lawsuits, fines, and even jail sentences.**
3. We all know the commandment that says, "**Thou shall not steal.**"

The law says that a "created work" is protected from the moment of its creation. For works created before 1922, the general rule is that they are protected for a total period of 56 years. For works created between 1922 and 1978, the general rule is that they are protected for 75 years. For works created since 1978, the general rule is that they are protected for the life of the author plus 50 years (although there are circumstances that allow new copyrights to last up to 100 years).

If a copyright has expired on a work, it falls into the "public domain" and is no longer protected. Such works can be copied without penalty.

The general rule under the Federal Copyright Law (FCL) is that the owner of a copyright has the exclusive right to:

1. Copy the work,
2. Make new arrangements, editions, etc.,
3. Distribute the work for sale or rental,
4. Perform the work publicly, such as songs, and
5. Display the work, such as movies.

There are many exceptions to the general rule such as singing songs from the hymnal (reference Section 110(3)).

According to copyright law, it is illegal to record or print by any form or means the words of a song without securing the permission of the copyright holder or obtaining a "Christian Copyright Licensing International" (CCLI) number. It is further suggested that you secure a mobile CCLI number by calling 1-800-234-2446.

The church copyright license allows:

1. Printing songs in bulletins, liturgies, programs and congregational song sheets.
2. Printing songs in bound or unbound songbooks compiled by your church.
3. Creating overhead transparencies, slides or using other methods of electronic storage and retrieval for visual projection of songs.
4. Making customized vocal and/or instrumental arrangements of songs when no published version is available.
5. Recording songs during your church's worship service by audio and/or audio-visual means.

Please note the church copyright license does not allow:

1. Photocopying or duplicating any published arrangements such as choral sheet music (octavos), cantatas, musicals, handbell music, keyboard arrangements, vocal solos or instrumental works. These items must be purchased or may be duplicated only with permission from the copyright owner.
2. Rental or sale of copies created for the purpose of items 1-4 above.
3. Distribution outside the church of copies created for the purpose of items 1-4 above.

Further, churches should not:

1. Distribute tapes of the worship service, which contain songs.
2. Distribute videotapes of Christmas musicals or choir performances.
3. Show videos to children's groups at church as a means of "babysitting."
4. Buy one copy of videotape and make others.
5. Transfer filmstrips to video.
6. Buy a CD and make tape copies to loan out.

Showing Home Videos

It is illegal to show video cassettes/disks and other productions in a home video format during children/youth programs, adult education sessions or general church functions. The US Copyright Act requires that churches obtain a public performance license to show home videos in church group settings. It applies equally to profit and non-profit institutions, regardless of whether admission is being charged. Thus, churches showing home videos at their functions or at church-operated retreats, camps, schools or day care centers must be licensed.

A blanket or umbrella license is available from the:

Motion Picture Licensing Corporation (MPLC)
PO Box 66970
Los Angeles, CA, 90066.

Please note that this does not cover all companies. You may also request a license by telephone at 1-800-462-8855.

A license is required even if you:

- **Own** the pre-recorded home video.
- Will not be **charging admission**.
- Are a non-profit organizations.
- Claim **an educational exemption** for Sunday schools or day care centers.

Materials **taped off television or cable TV may not be publicly shown** at any time even if the producing studio is otherwise covered by a license.

The MPLC has created a special fee category for churches of regional entities such as the KNCSB. We therefore will be the regional entity for the MPLC license. The discount can be substantial — as much as 50% of the basic fee charged individual churches. The price is based upon the following:

1. Number of churches participating in the process.
2. All churches/missions that have the same pastor.

Furthermore the discount program is not a one-time affair. It stays in place as long as a sufficient number of churches participate.

Church-operated schools, camps and day care centers can be licensed within our discount schedule.

Simply notify the KNCSB office in writing (attention: Media Library Department) requesting your desire to participate in this program.

INVOLVEMENT IN POLITICS

(This section is being rewritten. 04/27/04)

PROTECTING PHYSICAL PROPERTIES

The church has a **tremendous investment** in its physical property and should be attentive to ways of protecting it. Much can be done to **prevent** loss and/or damage to property. The following suggestions are positive actions to be taken in the stewardship of property management.

Risk of Fire

Circuit breakers or fuses should be installed to trip at the required tolerances. Always watch for the overloading of electrical outlets by too many plugs. Use as **few** extension cords as possible and avoid placing them under carpets. **Do not use frayed** extension cords or cords that are not in good repair.

Have all wiring inspected by a **competent, licensed** electrician and repairs made only by a **professional** electrician. (Unprofessional repairs are a high cause of loss.) Be sure wiring is brought up to current code as this is a major cause of fire loss in churches.

Consider installation of an approved **lightning protection system**, which should include both arresters as well as exterior lightning rods to protect your equipment from damage by lightning. Lightning is another top cause of fires to churches.

Install **proper smoke detectors/alarms** and maintain an adequate supply of multi-use **fire extinguishers**. Make sure the extinguishers are at full charge with the annual inspection tag clearly shown and know how to use them.

There should be a minimum of **one** fire extinguisher **for every 3,000 square feet** of building area. There should not be more than seventy-five feet of walking distance between each fire extinguisher, and at least one located **near each heating and cooking unit**. Check with local fire officials for requirements in your area. The Fire Marshall should make routine safety checks of fire exits, fire extinguishers, smoke alarms, etc.

Install carbon monoxide detectors/alarms anywhere you have natural gas or propane appliances, furnaces, baptistry heaters, hot water systems, gas fire place starters, etc., to avoid fire and/or explosion. You also want to protect everyone from carbon monoxide poisoning/asphyxiation.

Maintain a clean, grease-free kitchen exhaust system, which is another high cause of fires.

Never allow smoking within the building.

If candles are used, use with utmost caution.

Do not store combustible materials in the furnace or heating areas. Remove all cardboard boxes, debris, rags, carpet, or anything of flammable nature. Store rags in a metal container suitable for this purpose. Careful handling of oily rags is a must.

Do not store paint, liquid cleaning supplies, waxes or any other combustible material **near heating or cooking areas**. Store in properly identified fireproof metal cabinets designed for this purpose.

Risk of Vandalism/Theft/Arson

Install an **intrusion alarm system** that reports to a central station.

Store all mowers and yard equipment in a safe and secure place. Such facility should be tamper-proof with deadbolt locks, tamper-proof hinges, and steel doors when possible. The intrusion alarm system should be extended to this facility.

Provide **adequate** lighting on all sides of the church, while paying particular attention to the hard-to-see areas.

Lock all windows and doors after each service. Secure all entrances and exits with deadbolt locks, including office doors. If possible use metal doors and metal doorframes with tamper-proof hinges.

Protect all crawl spaces and restrict access to roofs.

Keep shrubbery properly trimmed.

Report any suspicious activity to local law enforcement. (If possible, have property checked routinely on an alternating schedule.) The church may consider using some of its members as parking lot security during certain hours and being a part of the neighborhood watch program.

Keep the premises **free of rocks and bottles**, which could be used to break or mar the glass or exterior surface of the church.

Combustible materials should be stored in a place secure from vandals, thieves, or arsonists, and if necessary, store off premises.

Identify church personal property (contents) by markings made with an electrical marking pencil or other suitable instrument. This is especially important for sound and video equipment and other high theft items. Marking will help identify the property in the event of recovery.

Never keep cash on the premises overnight. Items subject to unusually high theft exposure should be stored in a safe place — preferably a closet with metal doors, deadbolt locks and tamper-proof hinges.

Due to periods of nonoccupancy, the church's accessibility makes it a **prime target for vandals, thieves and arsonists**. Churches generally have inconsistent security. Securing the building and key control are always difficult with multiple staff and volunteers in leadership positions, as all have access to the buildings.

Risk of Water Damage

Always maintain **adequate heat** in the building to avoid freezing of pipes. When appropriate, remove ceiling panels to allow heat circulation to the water pipes.

Shut off water supply in unheated portions of the building when temperatures reach freezing level.

Investigate all signs of **leaks** and take corrective action immediately.

Have the plumbing, heating and air conditioning systems **inspected periodically** by a licensed contractor.

All types of roofs should be **checked and maintained regularly** to avoid any unnecessary internal water damage. Always remove heavy snow loads from roofs as soon as possible, especially flat roofs. **Flat roofs pose unusual problems.** Annual maintenance by competent roofing professional is necessary to prevent or minimize losses. Whenever possible, avoid flat roofs in remodeling and new construction. When building or repairing flat roofs, install wind and hail resistant materials using new technologies available.

Risk of Systems/Equipment Breakdown

Managing this risk is similar to managing the risk of fire such as making sure your electrical service is properly grounded and meets current electrical codes. Have your wiring inspected by a competent licensed electrician checking circuit breakers, fuses, electrical outlets, any electrical appliances, etc. Extension cords should be avoided wherever possible and never used except on a temporary basis.

Be sure power surge protection devices are used on all electronic devices including computers, musical instruments, sound systems, etc.

Heating and air conditioning units should be checked at least annually. Hot water boilers, steam heat, etc. should be serviced only by those professionally trained to service these types of systems.

DISHONESTY

The church is a unique entity organized under the leadership/authority of our Lord Jesus Christ, and should, above all other organizations, develop and maintain a system of internal control in the handling of funds that is **above reproach**. It should be noted, however, that no system could be "perfect" in design. Therefore it is imperative that the nominating committee select, and the church elect, persons of high integrity and moral standards, best described as "good stewards" to serve in positions of handling church resources. **Good stewards** are persons who:

- Allow Christ to be Lord of their life.
- Pray and seek God's purpose for material possessions.
- Acknowledge that God is the owner of all things and we are His trusted servants in charge of His material possessions.
- See the local church as the vehicle for stewardship.

It is imperative to develop procedures and safeguards (internal control) around the handling of church funds, i.e., collection, counting, depositing, recording and reporting. The very heart of internal control is the separation and definition of duties (establishing the organization) involving those persons handling church resources. The purpose of internal control is to protect and safeguard church funds. Procedures should limit the opportunity and temptation for anyone to divert church resources for personal use. In addition, the system must protect and safeguard the many volunteers engaged in handling church funds from unwarranted suspicions that may arise. It is important, therefore, to separate the responsibilities of counting, depositing and recording the receipts.

The organization begins with the **stewardship committee** being responsible for the receiving, counting, depositing, recording and reporting of all receipts. In essence, the stewardship committee must understand and oversee the entire financial function of the church and is entirely responsible for the counters/tellers, treasurer and financial secretary.

The **counting/teller committee** should consist of enough persons so that no less than three (3) persons can be available to count and the same team of three (3) will not count together more than five/six times per year. The committee is responsible for preparing the deposit and reporting receipts to the treasurer and financial secretary.

The **treasurer** is responsible for paying all bills, signing all checks (along with co-signature), keeping the church records and preparing the monthly reports. The treasurer should never be involved in the counting process.

The **financial secretary** is responsible for recording "individual records of contributions," issuing quarterly records for each member and for providing year-end tax records. The financial secretary should never be involved in the counting process.

The church **should have insurance** providing "employee dishonesty/blanket treasury bond" coverage. This will provide reimbursement to the church in the event of loss due to dishonest acts. (See "Insurance Protection for the Church: Additional Property Coverage – Employee Dishonesty/Treasury Bond.")

BUS/VAN MINISTRY

The church bus/van ministry program can be a rewarding ministry for the church as an extension of the church into the community. It can also present some serious problems if not properly supervised and controlled. These suggestions are given to maintain a safe and successful bus/van ministry program. They are not designed to influence a decision on whether or not to have a bus/van ministry.

Driver Selection

Driver selection is the **number one** task in the development of a successful bus/van program. Up to 90 percent of all bus/van accidents result, at least in part, from driver error. Drivers should be mature, responsible and in excellent physical and mental condition. A flawless personal driving record is very important — no tickets, no violations — and the driver should demonstrate extreme dedication to safe driving. All potential drivers need to be screened by the bus/van committee to make certain that proper driving tests have been passed with current driving credentials in hand. Van and bus drivers are required to have a **commercial drivers license (CDL)** if they operate vehicles with a gross vehicle weight rating of **more than 26,000 pounds** or vehicles designed to transport **more than fifteen (15) persons including the driver**. A few major considerations for drivers are:

AGE — 25 to 65 only.

GOOD PHYSICAL CONDITION — Physician's report.

EXPERIENCE — Reference check and road test.

LICENSE — Proper licensing credentials.

DRIVING RECORD — Motor vehicle record checked annually.

ATTITUDE — Capable of dealing with traffic, passengers and emergencies.

NO ONE SHOULD BE PERMITTED TO DRIVE A CHURCH VEHICLE IF THE PERSON HAS TWO MOVING VIOLATIONS OR ONE "AT FAULT" ACCIDENT IN THE PAST 36 MONTHS. THERE SHOULD BE NO EXCEPTIONS.

Vehicle Maintenance

Make sure the bus/van complies with the Kansas or Nebraska requirements for lights, equipment and color. Each bus/van must be given a thorough mechanical and physical inspection by a qualified mechanic prior to operation. The checklist needs to include but is not restricted to the chassis, all lights, body exhaust systems, interior, brakes, tires and steering.

Pre-Trip Inspection

Each time a vehicle is used, the following should be checked: fluid levels, belts, tires, exhaust, lights, brakes, and the interior of the bus.

Safety Equipment

Fire extinguisher, first aid kit, flags, flares, fuses and triangular signs must be carried in the vehicle at all times.

Speed Limit

Be sure the driver is aware of the laws of all states governing the speeds on streets and highways where the bus/van will be operated.

Supervision of Passengers

Control of occupants must include taking action to protect passengers who exit the bus/van. Check to make sure all passengers are safely away from the vehicle before starting up again. **Do not** exceed bus/van passenger limits.

Children aboard a church bus/van must be adequately supervised — check local and state regulations. The driver cannot assist in supervising the passengers and adequately operate the vehicle at the same time.

Church Policy

Each time a vehicle is used, its use must be in compliance with policies and regulations set forth and adopted by the church.

Insurance

Bodily injury and property damage limits should normally exceed state minimum requirements. Limits should be high enough to safeguard the church against financial disaster due to inadequate limits.

Registration with Federal Highway Administration

Some church vehicles and drivers are subject to federal regulations. These regulations require churches to register with the Federal Highway Administration (FHWA), meet driver qualification standards, and complete annual vehicle inspections, if they: (1) use a vehicle designed to carry more than fifteen passengers (including the driver) or the vehicle is greater than 10,000 pounds, and (2) transport passengers interstate (across state lines).

Even if passengers are not transported across state lines, churches may be subject to similar state regulations. For more information, call the FHWA division office as follows:

Kansas:	Topeka, KS	(785) 267-7288
Nebraska:	Lincoln, NE	(402) 437-5521

LENDING OR RENTING CHURCH/SCHOOL VEHICLES

Many groups and/or organizations may ask to borrow or rent your church/school vehicle.

Major church insurers suggest that you **do not loan or lease** your vehicles. They simply suggest that if you want to help, assist them financially in leasing or chartering a vehicle from a rental agency rather than running the risks associated with loaning your church/school vehicle.

If you choose to loan or rent your church/school vehicle, here are some issues to consider:

- Your church/school **may be held fully liable** for damages caused by the negligent operation of the vehicle.
- The church/school policy covers you and your church/school, but **may not** adequately cover the user-group outside your church/school. The vehicle user-group may assume that it has complete liability protection under your policy.
- If the user-group damages your vehicle, it most likely **will expect your church/school** to turn in the damages under your insurance rather than pay the damages out of its own pocket.
- When you loan your vehicle, you **lose all supervisory control** over who may drive the vehicle and how it is operated and maintained.

The wisest practice is **not to loan or lease** your church/school vehicle. If you do, however, here are some basic guidelines you should follow:

- Check with your insurance agent to **verify coverage** provided by your insurance policy for such exposure.
- Specify in writing **who will be responsible for damage** to your vehicle before you loan or lease. If the user-group agrees to be responsible, it should purchase primary physical damage protection. This coverage should be verified on a **certificate of insurance** furnished to you.
- Outline your requirements to the user-group regarding **who may operate your vehicle and under what conditions**. For example, make sure the driver has a valid driver's license, a good driving record and experience operating your type of vehicle. You may request a "motor vehicle record." **Preferably the owner of the vehicle would furnish its own driver.**
- Don't loan a vehicle that is **not in top mechanical condition**.
- Don't lease your vehicle for hire without checking on laws governing vehicles operated for the purpose of transporting passengers for hire.
- Make sure the vehicle **will be used for church/school activities**. If used for some other activity or commercial purpose, it may void or limit your coverage.

BUILDINGS AND GROUNDS

One important aspect of good church stewardship is to reduce the liability risk by keeping facilities free of hazards that could cause accidents. Frequent causes of injury in churches are **slipping and falling**. One company (specializing in church insurance) said this type of accident "**is the leading cause of personal (bodily) injury loss suffered by churches**" and "**results in the highest amount of dollars paid out under a church's general liability and medical coverage.**"

State and local governments have specific statutes on building requirements. Churches and church-sponsored schools **should meet or exceed all these requirements**. The suggestions listed below include some of these requirements, but are not intended to be an inclusive list.

Take a periodic tour of your church building and grounds to determine liability exposure and how it can be reduced.

Church Building Inspection Guidelines

Doorways: Maintain adequate width. All glass doors should have safety glass.

Stairwells/stairways: Maintain adequate width and uniform height. Proper access should be provided for physically challenged individuals.

Maintain tightly secured handrails on both sides of all stairs, even if there is only a single step.

Floors: Maintain all floor surfaces in good order to minimize slipping and tripping hazards. Use nonskid wax on all hard floor surfaces. Check carpets, rugs, and floor mats to be sure there are no frays, loose threads or other obstacles (doorways and stairwells included).

All deviations in floor levels, changes in surface from tile to carpet, carpet to tile, and warning of step up or step down should be clearly marked.

All stairs, halls, balconies, and floor area **should** be well lit.

Fire exits should be properly marked and unlocked when building is occupied. For daytime office security, be sure doors are locked from the outside but can be opened from the inside.

Church Grounds Inspection Guidelines

Maintain a safe, carefree outdoors.

Provide proper ramps and access for physically challenged individuals.

Maintain appropriate eaves and downspouts.

Renovate areas where water or ice accumulates.

Keep parking areas, sidewalks, steps and driveways well lit, in good repair, free of obstacles, and free of ice and snow in season.

Concrete or asphalt parking lots, driveways, sidewalks and steps should be maintained with a continuous unbroken surface.

Parking blocks in parking areas should be separated a minimum of three (3) feet. Painting will improve visibility.

Safe railings should be maintained on all outdoor stairs.

Playground equipment should be of a safe design and maintained in good repair.

Check for attractive nuisances such as holes in the ground, including new construction, creeks or ponds, hanging ropes, ravines, cliffs or other such hazards on or near the premises.

"Warning" signs should be properly posted where hazards or attractive nuisances exist. Every effort should be made to eliminate these hazards. Other protective signs may be necessary for "skateboarding," "roller-skating," etc. on walks, driveways and parking lots such as:

For Church Use Only — During Supervised Hours (show hours)

Consider fencing and/or other types of security (caretaker, supervisor, etc.).

Certificates of Insurance

Obtain certificates of insurance from all contractors doing work for the church to be sure they are properly insured. You should also request that all contractors add your church to their liability insurance policy as an additional insured, covering work done for your church.

Avoid using uninsured contractors. Make sure all contractors have their own workers' compensation insurance or you could be held liable for their payroll and/or their injuries.

Obtain certificate of insurance from any outside groups using the church premises.

NOTE: This is not an exhaustive list. Local church leaders should be aware of specific statutes on building requirements in your area. Check with proper city or community officials. Check with insurance officials for insurance requirements.

LENDING OR RENTING CHURCH FACILITIES

The local church seems to be inundated with requests from various organizations to use a portion or all of the church facilities. Many of these requests come from weight loss organizations, exercise groups, scouting organizations and various support groups that want to use the church facilities for meetings. The appeal can be very strong and persuasive, as they see their cause as being a “ministry” to the entire community. There are many legitimate groups and organizations, which benefit the community that are looking for meeting space.

It is extremely important to establish guidelines before you loan and/or rent space in your church facility. Here are some questions that need to be considered very carefully:

- Who is asking to use your facility? Identify the group.
- Will the user-group offer a product, service or activity that conflicts with biblical values held by your church?
- Is the reputation of the user-group well established and generally accepted in your community?
- What specific activities will the user-group be conducting?
- Will the activities cause undue wear and tear and/or possible damage to your property?
- Are the activities of such a high-risk nature that people could be injured?

The legal consideration in lending or renting church facilities is who will be responsible for injuries and/or property damage resulting from the use by an authorized user-group. In the absence of a specific written agreement with a user-group prior to the actual use of the facility, your church may be held responsible. Therefore, it is very important to have a written agreement with a user-group.

Here are some elements that should be included in such an agreement:

- You should insist that the user-group have its own public liability insurance policy with single minimum limits of \$1,000,000.
- This policy should also contain premises medical payments coverage with a minimum limit of \$5,000 per person and \$25,000 in the aggregate.
- Require the user-group to furnish you with a certificate of insurance showing evidence of coverage and **you as an additional insured**. A copy of the certificate should be furnished to your own insurance agent.
- It is suggested that you check the “rating” of their insurance company. The company should have at least a rating of “A” or better with A. M. Best’s Key Rating Guide.

It seems in every circumstance in life there are some tax consequences that need to be considered. This is true when lending or renting church facilities. There is no evidence that lending or renting your church facility would have any affect on your 501(c)(3) exempt status covered by the Kansas-Nebraska Convention of Southern Baptists group exemption referred to in another section of the resource book.

There are two (2) areas of taxation that must be considered, and they are:

Unrelated Business Income

The church must consider if the rental income will be considered as “unrelated business income” by the Internal Revenue Service. The subject of “unrelated business income” is discussed earlier in the “Federal/State Tax Information” section of the resource book.

Real Estate Taxes

The church must be very careful about renting facilities on a regular basis due to the potential risk of “property tax.” Some years’ back all church property was put back on the tax rolls and the churches were required to file for exemption. Many counties at that time included a questionnaire requiring detailed information as to the sources of revenue to the church and who used the church facilities. The key point in all of this is — “Is the facility being used exclusively for tax-exempt purposes?” If not, this is a potential source for additional revenue for governmental agencies.

Being a good neighbor suggests you be open to helping people.

Being a good steward suggests you take necessary action to avoid getting someone injured and paying a claim arising from activities not sponsored by your church.

REDUCING OTHER LIABILITY RISKS

More and more lawsuits are being filed relating to situations where physical injury is not involved. Such lawsuits include, but are not limited to:

Libel and Slander: Carefully consider statements made and action taken in opposition to another individual or organization. Libel and slander may be claimed alleging statements were made which were not true. Disciplinary action against a member of the congregation can lead to claims of libel and slander. Use care in any actions against such individuals. Develop and consistently follow procedural guidelines, which are outlined in your constitution or manual of faith and practice.

Invasion of Privacy: This involves unauthorized investigations into the private lives of employees or church members, searching personal items of youth, etc. Avoid any activity, which could be construed as an invasion of privacy.

False Arrest: Avoid allegations of malicious arrest without sufficient cause — creating emotional injury. Requests for arrest should be based on clear and sufficient cause.

Breach of Confidentiality: Accidental or deliberate release of confidential material can cause emotional harm or injury — and even economic damage — because of injury to an individual's character or reputation. Confidential material should only be entrusted to responsible people and kept in a safe and secure place. This should include employment information, certain financial records, etc.

False Advertising: Publications and/or advertising, including radio and television, must be accurate. Fully investigate the accuracy of all facts scheduled to be published. When in doubt, avoid publication. **Also** avoid making unrealistic promises that could result in lawsuits.

Public Demonstrations: Avoid improper or illegal demonstrations against individuals, groups, or organizations. (Insurance may not be available for such actions.)

Seek always to maintain the goodwill and good name of your church.

Be careful to avoid those activities, which may jeopardize your church's reputation.

CLERGY MALPRACTICE

Pastors and staff persons devote their lives to helping others. Until recently, courts did not interfere in relationships between church members and the clergy.

At some point in time, most if not all ministers perform some type of ministerial assistance. This assistance is sometimes referred to as "counseling" which is most likely to become the subject of a clergy malpractice lawsuit.

There should be no hesitation on the part of the minister to refer anyone to a trained counselor such as a psychologist, psychiatrist, or other qualified person. Ministers can help members who hesitate to seek counseling outside the church by encouraging them to seek a **licensed** counselor or therapist. Ministers need to have those **resources available** for counseling referrals.

Lay leaders may offer incidental assistance in connection with their leadership responsibilities as teachers, deacons, disciplers, etc. in the church. This is a natural part of lay ministry and should not be avoided. Normally lay ministers doing incidental counseling are not held to the high standards of a minister or other trained person that does counseling as a **professional** on a regular basis! Churches should, however, avoid the use of lay ministers with minimal training, or any other untrained minister that is used or designated as a counselor.

Terms such as "minister," "discipler," or "helper" may be used to reduce the risk of lawsuit. The courts often see the term "counselor" or "counseling" as setting standards, referring to one who is licensed and therefore may be held liable for what is suggested in counseling. The minister should not avoid helping the hurting person.

NOTE: The terms "counseling" or "counselor" should not be used in churches, camps, assemblies, etc., unless the one doing the counseling is "licensed."

Reduce the risk of a lawsuit by referring to your staff as ministers; therefore, ministering rather than counseling would be acceptable terminology.

CLERGY SEXUAL MISCONDUCT

Search committees and personnel committees should carefully consider their practices regarding the calling of staff persons. This study can enable them to determine whether they are at risk in "hiring practices."

Negligent hiring occurs when employers fail to **exercise reasonable care** in hiring employees. The term "reasonable care" in hiring practices most definitely includes **written applications, thorough interviews and reference checks**. Any search committee, whether involved in seeking a pastor or a staff person, should always secure a written application (Illustration D) and an appropriate release (Illustration E) and do a very detailed interview and a complete reference check (Illustration F). These documents must be protected for confidentiality and permanently retained.

If a church knows that a pastor or staff person has previously engaged in any kind of sexual misconduct, the church **should seriously consider its potential liability** should the person again engage in sexual misconduct.

If, after a thorough investigation, the church is convinced that the minister has received adequate counseling and is unlikely to repeat the conduct, the church should **still avoid** putting the minister in situations which might lead to the temptation or perception of sexual misconduct.

In the event that the denomination (state convention or association) or a previous church **knows of sexual misconduct** and has **withheld such information**, it **may be held liable** in the event of a repeat offense. Churches should be aware of the potential for negligent hiring claims when they fail to **exercise reasonable care** in calling a minister or staff person.

Churches have been sued as a result of the sexual misconduct of one or more of its staff or members. The number of lawsuits involving molestation, sexual abuse and sexual harassment against churches is alarming. It is very difficult to "prove innocence" since it is "one's word against another." The church can significantly reduce the risk of such incidents — and of false allegations — in a number of ways. The following procedures are recommended for handling **individual** ministerial assistance or "counseling" sessions:

- Sessions in the church office should be conducted **only during regular** office hours. (Sessions off the premises should be avoided when possible.)
- A **third party** should be available outside the session at all times.
- Some authorities suggest the **presence of a third party** during the session or at least **visible** through a glass partition.
- Limit total number of sessions to **no more than four per person**; and no longer than **45 minutes per session**.
- Consider using the **telephone** for sessions.
- Prepare the **furnishings** in the session room in such a manner as to maintain proper distance and separation of the parties involved.
- **Avoid the use of couches** in the session room.
- Allow the person being assisted to have **direct access to the exit door** without any obstruction.

See section entitled, "CLERGY MALPRACTICE," for additional information on "counseling."

Church leadership should be aware of and take precautions to prevent sexual harassment litigation. There are two primary forms of sexual harassment:

- **Quid Pro Quo** (Tangible Job Benefits)

Refers to unwelcome verbal or physical sexual advances, and/or requests for sexual favors when submission to such conduct is made a term or condition of an individual's employment either explicitly or implicitly.

- **Hostile environment**

Refers to conduct having the purpose or effect of unreasonable interference with an individual's work performance, or creating an intimidating, hostile or offensive work environment.

Ministers should be **cautioned** against inappropriate touching, terms of endearment, demeaning comments, advances, taking advantage of power positions, etc.

In either situation the church leadership has the responsibility of taking immediate and appropriate action if there is knowledge of the situation, and the church still may have liability if there **should have been knowledge** of the situation.

In addition, the church may be responsible for acts of nonemployees without immediate and appropriate corrective action. The **key point** is to take each allegation seriously and investigate thoroughly.

CHILD ABUSE/MOLESTATION

Lawsuits against churches are very common today. Lawsuits involving acts of child abuse in the church are frequently in the news.

Sex offenders often **prey on churches** and often seek to work with minors (all persons under eighteen (18) years of age). Always have **more than one unrelated adult worker** at the same time with minors.

Churches are **uniquely vulnerable** to sexual misconduct and abuse charges because of:

1. **Trust** — Churches tend to be trusting and unsuspecting institutions. Even when questions are raised about a worker's conduct, church leaders may ignore the evidence rather than question the worker's character or motives.
2. **Lack of Screening** — Some churches do nothing to "screen" youth or children's workers. Complete strangers may be accepted to work with children without any investigation.
3. **Opportunity** — Churches provide ample opportunity for unsupervised, close, personal contact between adults and children. This risk increases dramatically for overnight activities.
4. **Access** — Molesters are often attracted to an institution in which they have immediate access to potential victims in an atmosphere of complete trust, such as the church.
5. **Need** — Most churches struggle to get adequate help for children's and youth ministries. Securing workers can be a never-ending task. However, the personnel committee or age division director **must adhere** to the policies of the church regarding employees or volunteers.

Procedures should be established to prevent, as much as possible, any physical, emotional, and/or sexual abuse of minors (hereinafter used for babies, children and/or youth **under eighteen (18) years of age**). Such procedures should apply to **all paid staff members and volunteers** who relate to minors.

The procedures should address at least five areas, namely: worker **selection, worker supervision, and security of preschool age children, reporting obligations, symptoms of abuse.**

Managing Worker Selection

All paid employees of the church (including clergy) and volunteers should undergo a thorough screening process before they are permitted to work with minors. Unwillingness to assist in the screening process or unfavorable information discovered during the process are grounds to deny employment or not utilizing the volunteer. Areas of discussion should include Christian experience and church membership, places of previous employment or service, and references. The court has not determined what constitutes an adequate background check. Questions concerning abuse as a child and any criminal records should be asked with discretion.

Never simply ask publicly for volunteers to serve as workers, as sex offenders may use that opportunity to be near minors. Enlist only those you **know well** (and have properly screened) to serve in this capacity. Refer to Illustrations D and E for more information.

The **screening procedure** should involve four (4) different steps as follows:

1. An employment application form should be **required** for all paid employees and volunteers showing previous work references and church references.
2. This form should be reviewed by the senior pastor and/or his designee prior to submitting it to the personnel committee for further study and review. Following general approval by

the personnel committee, the church and work references should be **contacted** and **checked** on all paid employees and volunteers.

The nominating committee would select only those persons who have cleared the screening process.

Completion of a "criminal records" check authorization form should be used when considered appropriate.

Completion of a "credit check" authorization form should be used when considered appropriate.

3. A screening form should be used for those individuals who are **scheduled to work one hour a month or less** in the extended sessions.
4. A **personal interview** should be conducted by two (2) ordained staff members and/or the personnel committee for those individuals who will be dealing with minors in an **overnight event or in unsupervised activities**.

A good "**rule of thumb**" is to **never allow anyone** who has been a church member **less than a year** to work with children or youth. Certainly, exceptions to this policy may be considered with **wisdom and discretion**. Such as, the **written recommendation of a current ordained church staff member** based on prior personal knowledge of the volunteer and/or a **written recommendation from the prior church**. Your attorney is the best source of information regarding the laws concerning the church and sexual misconduct. It is important to seek an attorney familiar with these laws.

Any potential worker who **has been convicted of or pleaded guilty** to either child sexual or physical abuse should **not** be allowed to work in any capacity with minors.

Any potential worker who has been either sexually, emotionally or physically abused while a minor **should not** work with minors until **interviewed and approved** by the senior pastor and/or the personnel committee.

Managing Worker Supervision

The Two Adult Rule:

Two (2) or more unrelated adults should be present during any church educational or training activity on the church premises. The adult should be at least twenty-one (21) years old or more.

If one must leave the room for any reason, another person should be engaged to fill in the few minutes necessary.

This not only protects the children from potential abuse but also protects the adults from potential accusations. In addition, two related adults should not be allowed to work in the same classroom situation.

It is suggested that no teenagers (less than 15 years old) be used with bed babies.

As to one/two year olds, it is suggested that teenagers could assist as long as they are closely supervised by an adult. This means that the teenager should never be left alone without adult supervision at all times. The suggested ratio of adults to children in this age group is one to three. The very minimum would be to increase the ratio to four/five children.

Threes through kindergarten suggested ratio is one to four. The introduction of teens to this mix would then make the ratio one to five/six. Again the teenager should never be left alone with the children.

This same two-adult rule should be followed through classes involving youth to eighteen (18) years of age.

The use of teenagers no matter how qualified highly increases the potential liability for the church, and additionally could prevent some potential parent from attending and/or joining your church. **The end result is that the church must make the final decision as to what liability they are willing to risk.**

The Three Adult Rule:

Three (3) or more adults should be present during **any church activity** away from the church facilities involving minors.

The adult to minor ratio for any activity away from the church should be **one (1) adult to every eight (8) minors.**

Parental Permission:

Minors attending regularly scheduled church activities are implied to have parental permission.

The worker shall obtain the written consent of the parent/guardian before going out alone with the minor, or spending time with the minor in an unsupervised situation. Such meetings should be held in church facilities where they can be visible or at a public where there is high visibility

Questionable Behavior:

Any observed **inappropriate conduct or relationship** between adult volunteers or paid staff member and a minor **should be confronted immediately.** Situations where such behavior continues should result in terminating the use of both the volunteer or paid staff member as appropriate.

Prior to beginning work with minors, each potential worker **should be counseled** concerning possible results of abusive relationships with minors.

Windows should be installed in **all classroom doors of rooms** used with minors.

Pairs of adults should be used as chaperons and supervisors for overnight events and should be approved by the senior pastor or his designee and/or personnel committee in advance of the event. There should be **one adult to chaperon every ten (10) participants.**

Each potential worker with minors **should be given a copy** of any existing policy concerning child abuse that the church may have during the recruiting process and they should acknowledge that they have read the entire document and agree with its contents.

Managing Security of Preschool Age Children

All preschool children will be treated as individuals requiring security.

The parent/guardian bringing a pre-school child to any church-sponsored activity will be given a token, receipt or card. That token, receipt or card will match a similar item placed on the child at the time of arrival. First time parent/guardian should fill out an enrollment card giving the basic information on their child. No child should be given to a parent/guardian without that parent/guardian identifying himself/herself with and returning the token, receipt or card.

A secondary procedure should require that parents or guardians provide correct answers to identification questions.

Managing Reporting Obligations (Questions and Answers)

A. Q: What constitutes sexual/child abuse?

A: In Kansas, child abuse is typically defined as any non-accidental physical injury, physical neglect, emotional injury or sexual act inflicted upon a child by a parent or caregiver. (See "Symptoms of Abuse/Molestation".)

- B. Q: Who must report sexual/child abuse?
A: Under Kansas statute, teachers, administrators and other employees of schools (including day cares) are MANDATORY reporters. If they suspect sexual/child abuse, they are required to report it under penalty of law.
- C. Q: Who else may report sexual/child abuse?
A: Anyone who is not a MANDATORY reporter is strongly encouraged to report any suspected child abuse. As a Christian, we have a moral obligation to report any suspected child abuse.
- D. Q: Can the reporter of child abuse be sued for reporting child abuse?
A: Kansas law provides immunity from lawsuits against reporters of child abuse.
- E. Q: Can the identity of the reporter be protected?
A: Under most circumstances, the reporter's identity will not be disclosed.

Symptoms of Abuse/Molestation

Church workers and staff **should be alert** to the physical signs of abuse and molestation, as well as the behavioral and verbal signs that a victim may exhibit. **Some** of the signs are summarized below:

Physical signs may include:

- Lacerations and bruises
- Nightmares
- Irritation, pain or injury to the genital area
- Difficulty with urination
- Discomfort when sitting
- Torn or bloody underclothing
- Venereal disease

Behavioral signs may include:

- Anxiety when approaching church or nursery area
- Nervous or hostile behavior toward adults
- Sexual self-consciousness
- "Acting out" of sexual behavior
- Withdrawal from church activities and friends

Verbal signs may include the following statements:

- I don't like (a particular church worker).
- (A church worker) does things to me when we're alone.
- I don't like to be alone with (a church worker).
- (A church worker) fooled around with me.

CHURCH RESPONSE TO SEXUAL MISCONDUCT

When confronted with the misdeeds of one of its staff or a member, the church has duties to the accused and the injured, depending on the circumstance. In cases of accidents or situations involving any kind of sexual misconduct, the church should act **quickly and decisively**. Delay invites **ill will at best** and **litigation at worst**.

Reckless inattention to take protective action after notice of inappropriate behavior can lead to punitive damages, and such damages may **not be covered** by the church liability policy. All such allegations must be taken **seriously** with a **prompt response**. Providing the accused more "loving care" than the victim has **enhanced awards** in some lawsuits.

The church **should adopt a policy** for responding to any allegations of sexual misconduct.

Some practical suggestions to consider:

- Immediately notify the **pastor, deacon chairman, director of associational missions, insurance representative** and your **local attorney**. If you do not have an attorney, contact Mr. Edgar Dwire, KNCSB legal counsel, at 1-316-265-4248.
- After consultation with the insurance representative and attorney, one person should be designated as "**spokesperson**" for the church in the event of having to talk to the media (television, radio and newspaper reporters).
- Immediately place any accused staff person(s) on **paid leave of absence**.
- The involved person(s) **should not participate** in church activities during the period of time the alleged incident is being reviewed.
- Select a committee to **hear, understand** and **respond** to the full implications of the alleged situation.
- This committee should be composed of three **respected lay members** (both genders represented) with leadership qualities and two **highly respected** leaders within the associational family. **Normally, the pastor should not serve on this committee.**
- The committee should establish **guidelines** to insure a timely, orderly and fair hearing of all parties involved.
- The church should offer **assistance for counseling** to the parties involved.
- The committee should arrange **professional counseling resources** for the parties involved if appropriate.
- The committee should make **recommendations** for the resolution of the situation with the parties involved and with the church.

CHILD CARE CENTER

Today's headlines frequently highlight child molestation in day care centers. Church-sponsored child care centers, "mother's day out" programs, and schools are not immune from this problem. Sponsoring such facilities/programs exposes the church and the minister to many dangers.

Every state has its own legal definition, so it is important to know exactly how your state defines sexual abuse. This information can be obtained from your local and state department of social services. Sexual abuse usually includes touching, as well as nontouching abuse, such as indecent exposure, language, exploitation, etc.

Following are some suggestions to prepare wisely for the operations of a child care center. This list is not exhaustive but should heighten awareness.

- Have a church-elected child care center committee. LifeWay Christian Resources (Church Leadership Department) can provide information on the responsibilities of such a committee.
- Written applications (Illustration D), appropriate releases (Illustration E), thorough interviews and thorough reference checks (Illustration F) are essential when considering prospective employees.
- Obtain insurance for such facilities. The committee should have a good working relationship with a reputable attorney. Church insurance professionals can assist you in selecting a qualified church insurance company that specializes in church-related insurance products.
- Make sure your principal or child care director is familiar with the laws and procedures in handling suspected molestations. One source of information is the book, *Reducing the Risk of Child Sexual Abuse in Your Church*, by Richard R. Hammar, Steve W. Kilpowicz, and James F. Cobble, Jr. This book may be secured from Christian Ministry Resources, P.O. Box 1098, Matthews, NC 28106, or phone 1-704-841-8066.
- Maintain good communication with your staff. People who get along well together naturally look out for one another.
- Children brought to day care must be released only to adults listed on the child's enrollment form. It should be the parent's/guardian's responsibility to maintain this form in a current condition. In the event that the day care worker in charge does not personally know the adult attempting to pick up a child, the worker must ask for personal identification.
- Inform parents, children and staff on handling improper advances. A voluntary information program may suffice, but it should be repeated every year. Additional efforts should be made to determine professional training available for child care workers. Staff and volunteer child care workers should be encouraged to attend such professional training.
- Build a solid base of support within the congregation for the child care center or school. Christian schools and child care centers provide a wonderful ministry. The possibility of problems should not hinder a church from having a child care center. Do it correctly!
- **It is very important** to check all legal implications of having a **church day care center**, **church school**, or **both** with your local and state departments of social services and health, etc. In addition, check with your attorney.

- Such situations **must be reported** when it is suspected that any child has been molested, abused and/or neglected; or if any person is suspected of child molestation, abuse and/or neglect.
- The report may be made **orally** and followed by a written report, if requested; and should contain, if known:
 1. The name and address of the child, the child's parents, or other individuals responsible for the child's care.
 2. The child's location.
 3. The child's condition, including the nature and extent of the child's injury.
 4. Whether the alleged perpetrator has access to the child.
 5. Any other information that the mandated reporter believes might be helpful in showing the cause of the injuries or the extent to which the child's life might be in danger.

The reports should be made to the state department of social services (SDSS). When the department is not open for business, the report may be made to an appropriate law enforcement agency, particularly if the child has serious injuries or is in immediate danger. A reporter may also call the statewide child abuse **TOLL FREE HOTLINE NUMBER 1-800-922-5330 (Kansas) or 1-800-652-2099 (Nebraska)**.

On the next day that the SDSS is open for business, the law enforcement agency shall report to the SDSS any report received (by the law enforcement agency) and any investigation initiated. These reports may be made orally or, on request of the SDSS, in writing.

The law provides immunity from lawsuits against reporters and other persons participating in the investigation of suspected child abuse or neglect.

INFECTIOUS DISEASES

Each church should adopt a policy for managing communicable infectious diseases such as flu viruses, measles, hepatitis, HIV infection, AIDS virus, etc., whether the church operates a child care center or not. Such a policy is necessary due to the many fears associated with infections and viruses including people's responses to sexual lifestyles and drug use. The policy should include a continuing education program for child care workers as well as other church leaders.

Initiate your policy by selecting a task force/committee to secure up-to-date medical and legal information. Such a policy should be developed over a period of time to educate church members, encourage a compassionate atmosphere among church members, and avoid allegations of discrimination against anyone that is HIV infected or has the AIDS virus.

The Americans with Disabilities Act applies to persons who are HIV infected or have the AIDS virus. This act affects churches with fifteen (15) or more employees, although there may also be nondiscriminating state laws that apply to churches with as few as four (4) employees.

Check with local and state departments of health and social services as well as the U.S. Department of Labor (OSHA) regarding health care standards for **infectious diseases**. Maximum health standards should be maintained whether required by law or not. Of particular concern is the HBV (hepatitis) virus, HIV infection and AIDS virus. This is a concern for workers who change diapers and/or come in contact with blood and other potentially infectious material (body fluids) in a variety of ways.

The following are a few **examples** of precautions that workers should take:

- Face shields, masks, gowns, aprons, disposable rubber gloves, etc. are available for handling persons where contact could be made with any infectious material (body fluids).
- Hepatitis B Vaccine is available and is required in some instances.
- Washing hands should be a policy of the church for all workers.
- Food handlers should be required to wash hands before and after distributing food.
- Sanitizing of carpets, toys, mattresses, etc. should be done on a regular basis.
- Cleaning kitchens/restrooms with bleach water.

Please note these precautions should be exercised in all childcare areas; whether the church maintains a day care center or not.

IMPROPER OR INADEQUATE SUPERVISION

It is impossible to over supervise. Probably **more litigation results** from "**failure to properly supervise**" than any other cause. If negligence cannot be found for any other reason, **attempts are made to find inadequate supervision.**

Instances where improper or inadequate supervision will likely be alleged are:

- The playground
- Sunday School
- Church outings
- Church-sponsored sporting events
- Church-sponsored field trips
- Church-sponsored swimming parties
- Church-sponsored fellowships
- Camps, such as Webster Conference Center and associational camps

Nursery and preschool departments must require very strict supervision and operational guidelines concerning the release of infants to adults. It is very important to have a "check-out" system for "bed babies," "toddlers" and "preschoolers" to insure that the proper parent or approved guardian is granted possession of the infant. It is suggested that a simple "coat check" system be used where a number is given to the parent or guardian placing the infant in the nursery and a matching number attached to the infant.

Another area of concern is the release of minors (under 18 years of age) from their classes before adults are released. This creates a period of time when the minors are loose to wander around; even known to leave church property. It is important to make sure that minors are not dismissed from any meeting before adults.

Proper location of supervisors on the playground or at the swimming pool is as important as the number of supervisors. Governmental authorities should be contacted prior to events on public property to determine any safety requirements and to notify authorities of the type of activity planned. Parents should be informed in writing of the exact nature of the planned event and the supervision to be given by the church. Written parental consent (Illustration G) should be obtained for any special event.

Qualifications required for supervisory personnel should be determined for each event. The church needs to provide people of mature judgment who have experience supervising groups of children or young people. The supervisors should not have a history of problems with assigned groups. Be certain that a thorough check has been made on any individual serving as a supervisor, especially those who are employees of the church-sponsored school. Do not enlist just any person or persons available. Select only responsible, mature adults.

SHORT-TERM MISSION TRIPS

The mission field of today is vastly different from the one the early apostles faced. Nowadays, you can't just strap on your sandals and go. As a ministry leader, you must be aware of the risks involved with short-term missions and how you'll handle the problems that can easily occur.

Decide the **purpose** of your mission trip early in the planning process. Will your team work on a building project, minister through a Vacation Bible School, or evangelize with a street drama? Knowing what your team will be doing during their time in the mission field will help you anticipate and prepare for potential problems.

Here are some thoughts to assist in your planning for a short-term mission trip to any area administered by the North American Mission Board:

- Recruit an adequate number of **experienced** leaders.

Leadership requirements should include cross-cultural "sensitivity" training, participation in previous ministry trips and familiarity with the project locale.

- Develop a thorough **screening procedure** for participants.

Examples of eligibility requirements include:

- Good health
- Verification of personal health
- Life and property insurance
- Parental approval for minors
- Willingness to assume the risks associated with a mission trip

As you contact potential participants and they are interested in the mission trip, be sure that the parent/guardian executes on behalf of a minor or the adult participant executes a Short-Term Mission Trip Agreement. (See illustration J.)

- Require **ministry training** for participants and parents of minors.

Thoroughly explain the known risks involved with the project and legally document the participant's assumption of risk.

- Recruit someone with **medical training** to serve as a team member.

Illness and injury are serious threats to mission trips since quality medical care is not always available. If no one is available that has medical training be sure to recruit someone trained in first aid procedures. In addition, before you arrive at the mission site, know the location of the nearest hospital or medical facility. Establish an emergency plan in advance, including how you plan to transport an injured participant.

- Ask participants to have physical and dental **checkups**.

Team members who have chronic health problems should carry extra medication in case of delays returning home. Store medication in its original container.

- Appoint a trip **secretary** to organize the paperwork.

Keep medical release forms, acknowledgment of risk forms and other paperwork in one easily accessible location. (See Illustration H.)

- Establish a **chain of communications** for emergencies.

Designate a contact person at home to relay information to families. That way you'll only have to concern yourself with taking care of the situation at the mission location.

For those persons planning international mission trips in any area administered by the International Mission Board, all of the above conditions apply as well as the following:

- Contact the **Centers for Disease Control** (CDC).

Contact the CDC for health precautions related to your project destination. Check with them about required inoculations.

- Know the location of the **U.S. Embassy**.

Most public libraries can give you the address and phone number. Find out what services or advice embassy officials can provide.

- Arrange for the **passport/visa** information.

The trip secretary should keep passport and visa information in addition to the forms and paperwork mentioned above.

Questions & Answers About Coverage

Q: What insurance protection applies if one of our participants becomes ill or is injured on the trip?

A: The answer depends on whether the participant is an employee or a volunteer and if the trip is in the continental United States or in a foreign country.

If the team member is an employee of your organization, workers' compensation coverage should apply to cover medical, disability and death benefits. However, benefits apply according to schedules established by each state. Make sure your organization has purchased workers' compensation insurance protection.

If the team member is a volunteer, there are three possible sources of insurance protection:

- Individual insurance.

An individual or family insurance program should include: health, life, disability (short and long-term) and personal liability insurance (included in their homeowner's policy). Some policies, however, don't provide benefits outside the United States. Participants should check their individual policies for coverage limitations.

- Your organization's activity/medical insurance.

If a volunteer is injured during a short-term mission trip, the organization's policy provides certain limited medical coverage. Please check with your insurance agent.

- Special accident/sickness insurance.

A special trip policy can provide limited benefits on either a primary basis (pays first regardless of other available coverage) or excess basis (pays after other available coverage is exhausted or to cover uninsured expenses). Some trip policies provide an accidental death benefit. Contact your insurance agent for help obtaining this type of policy.

Q: What about theft or damage to personal property taken on the trip?

A: Again the answer depends.

Is the personal property owned by your organization or does it belong to one of the trip participants? If personal property is owned by the organization, your property insurance policy may provide some limited automatic benefit. If you plan to take expensive equipment such as a laptop computer, multimedia projector, video camera, etc., make a careful inventory of your property, including make, model, serial numbers and cost of the item. Then check with your insurance agent to determine if you need to purchase additional coverage.

Trip participants should be informed that they are responsible for damage to their personal property. Advise them to make a complete inventory of the property they plan to take on the trip and contact their insurance agent to see what coverage is available under their homeowner's policy.

If necessary, you may be able to purchase a special property "floater" policy covering all property taken on the trip. Check with your insurance agent to see what options exist.

HAZARDOUS ACTIVITIES

We encourage and enjoy activities that foster good fellowship. However, in some activities the **dangers outweigh the enjoyment**. These are classified as hazardous and extra hazardous. Hazardous activities should be **stringently supervised** with strict limitations. The church or the church-sponsored school should not sponsor extra hazardous activities.

Hazardous *

Basketball
Canoeing
Ice skating
Paddle boating
Roller skating
Rope jumping contests
Sack races
Snow skiing
Softball
Touch football
Swimming
Volleyball
Water rafting
Water skiing
Water slides
Skateboarding

Extra Hazardous *

Dune buggies
Firework displays and stands
Haunted houses
Hayrides
Horseback riding
Monkey bar playground equipment
Motorbikes
Mud Olympics
Obstacle courses
Rock climbing/rappelling
Rodeos
Rope swings
Snowmobiles
Snow boarding/tubing
Tackle football
Trampolines
Go carts
Hang gliding
Scuba diving
Skateboarding on elevated surfaces

Under all circumstances an "ACTIVITY PARTICIPATION AGREEMENT" (Illustration G) and a "MEDICAL RELEASE FORM" (Illustration H) should be signed by the parents of minors before such scheduled activity. In addition, it is recommended that adults sign the same forms before any church and/or associational sponsored activity.

* **The church insurance industry has generally defined these activities as above normal risks.**

EMPLOYMENT LIABILITY

Your church should have adequate legal safeguards for your pastor, staff, support staff and volunteers.

Unfortunately, there is only limited number of employment situations in which an organization, operating as a religious institution, is protected by the First Amendment. Those situations include: terminating clergy, expressing concerns within a board meeting, or requiring certain employees to be of a specific faith. However, even in these cases, state employment laws may contain provisions that allow legal action to be brought.

Discrimination lawsuits have increased over 2,000 percent in the past twenty years, and religious institutions are not exempt. During the hiring process, most employers do not anticipate problems with the employee. Rather, issues tend to surface after the employment relationship begins. For example, what starts as a personality conflict or constructive criticism escalates quickly into a situation involving a disgruntled employee. This is especially true when the employee is dependent on the income or when confrontations have become emotionally charged.

What Can We Do?

Bylaws should be in agreement with what is being done.

A comprehensive, **written** "job description," including physical and mental requirements, benefits and general guidelines should be furnished to each prospective employee and volunteer. The church should keep an initialed copy of it.

When the church uses a personnel handbook, it must be **kept up to date** and **in compliance** with current state and federal laws. Your attorney should review the handbook annually.

Consult with local counsel prior to making employment decisions to determine whether you are complying with federal and state laws.

Conduct annual performance reviews, document all disciplinary actions, maintain accurate records, and avoid emotional confrontations.

Be aware of the federal and state laws that affect your organization, regardless of the number of employees.

Provide factual information on a strict, need-to-know basis. Do not offer opinions. In addition, never reveal information to individuals who are not members of your staff or congregation.

Implement a sexual harassment policy that provides for zero tolerance of sexual harassment and educate your staff as to what constitutes sexual harassment.

Always consult an attorney prior to firing an employee.

Developing an Employee Handbook

Begin by reviewing notes you have made, articles you have read, and information you've collected relating to employment issues.

Compile a list of your basic employment practices such as attendance, vacation policy, benefits, and work rules.

Review problems that may have arisen in each of these areas, then consider how a published policy could help avoid these pitfalls in the future.

Consider including an arbitration or Christian Conciliation provision that identifies how disputes that may arise will be handled.

Ask an attorney to review the final product for compliance with employment laws. Legal counsel will also be able to ensure that you did not omit legally necessary or desirable policies or that you did not inadvertently create an employment contract.

Do not include identifying information such as employee's race, color, sex, national origin, age, disability or marital status.

Record all changes in employee status such as promotions, leaves of absence and rates of pay.

Institute security procedures to protect employee privacy.

Release confidential information regarding employees only to those individuals who have a legitimate "need to know."

Maintain accurate attendance records documenting absences and tardiness.

Provide employees with copies of documents that affect their status.

Include disclaimers stating that the handbook does not constitute a contract, that employment is at-will, and that the handbook may be changed at any time at the church's sole discretion.

Obtain signed acknowledgments from all employees that they have read and received a copy of the handbook.

How to Protect Against Employment Claims

Seek legal counsel.

Maintain detailed personnel records. It is suggested that two (2) personnel files be maintained on all employees as follows:

File A — Supervised access to employee — containing application, job description, Form I-9, Form W-4 and all written reports such as job evaluations, etc.

File B — Confidential file with no employee access — containing all reference reports, etc.

Maintain confidentiality.

Apply policies consistently.

Ensure policies and procedures are updated annually.

Purchase Employment Practices Liability Coverage.

What to Do if an Employment Claim Arises

Call your attorney. If you do not have an attorney call the Kansas-Nebraska Convention of Southern Baptists.

Call your insurance agent

Review your records.

Document the situation. The **Application for Position, the Applicant's Statement and Release and the Reference Contact forms** (Illustrations D, E and F) should be current and in compliance with state and federal laws.

Title VII of the Civil Rights Act of 2064, prohibits discrimination on basis of race, sex, religion, color and national origin. It applies to employers **engaged in industry affecting commerce**, with 15 or more employees. The court has **never addressed the issue** of whether a church affects commerce; however, the courts tend to give commerce a broad meaning in civil rights cases (telephone and mail).

Because of the First Amendment, courts have not interfered in the relationship between a church and its clergy, and churches and religious organizations are **permitted to discriminate on the basis of religion**.

Also, there are other laws dealing with discrimination against disabled persons or veterans. These laws will relate, but are not limited, to the following:

- Recruitment
- Testing and employment requirements
- Checking references
- Promotion policies
- Sexual harassment
- Termination
- Giving references

Churches should use the **utmost integrity** in giving references. Neutral reference policies are increasingly popular for employers who want to avoid defamation lawsuits. On the other hand, they present an obstacle for employers checking references of job applicants. Your church needs some **guidelines** about giving references, and it also needs a **strategy** for checking them. See Illustrations E and F.

Americans with Disabilities Act

The Americans with Disabilities Act protects qualified individuals with disabilities from employment discrimination. This act expressly prohibits asking a prospective employee about any disability. A person has a disability if he/she has a physical or mental impairment that substantially limits a major life activity. (Major life activity is defined as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, learning, breathing and working.)

An employer simply cannot discriminate merely on the basis of disability. An employer still has the right to employ the **best-qualified person**. However, if a disabled person is not hired and brings a lawsuit, the **defendant must prove** the nondisabled person who was hired was **better qualified** and the decision was **not based on disability**.

Churches are **not yet bound** to abide by the public accommodation portion of the Americans with Disabilities Act.

Employment and Termination of Certain Groups

Be aware of state and federal statutes concerning employment and termination of certain protected groups — based on race, color, sex, age, national origin, ancestry, disability and marital status. Some disability and discrimination laws do apply to churches with four or more employees — see state statutes.

Each church should review its screening, interviewing and reference checking process including the following:

- **Review** complaint handling procedures
- **Review** disciplinary procedures
- **Review** termination procedures

Churches must provide a safe working environment for its employees and volunteers. Specific **plans must be in effect for major catastrophes** — such as evacuation plans in case of fire, and getting to a shelter in case of a tornado, etc. These same plans must be in effect during church meetings. Church members and staff should be aware of evacuation and shelter plans, and such plans should be posted.

Guidelines for Employing Teenagers

Under guidelines provided by the U.S. Department of Labor, youths 14 and 15 years old may work outside of school hours in non-hazardous jobs from 7:00 a.m. until 7:00 p.m.

- 3 hours on a school day
- 18 hours in a school week
- 8 hours on a non-school day
- 40 hours on a non-school week

Deductions should be made for Medicare, Social Security, federal and state income taxes.

There are certain hazardous jobs as determined by the Secretary of Labor that are out of bounds for 14 and 15 year olds such as

- Power driven mowers and cutters
- Construction including repairs
- Any work requiring the use of scaffolding and ladders
- Cooking and baking

Any teenager under 18 should be prohibited from the use of power-driven equipment such as:

- Wood-working machines
- Hoisting equipment
- Circular saws
- Band saws

New Hire Requirements

Amendments to the Personal Responsibility and Work Opportunity Reconciliation Act enacted new regulations for employers regarding new employees. Each state will establish an automated directory that will contain information supplied by employers on each newly hired employee. All employers, including churches, must report particular information on all newly hired and recalled workers. Religious organizations are not exempt from the act. Such report shall contain:

- Federal Identification Number of the Church
- Name
- Address
- Social Security Number

Some states require the employee's date of hire and whether they are newly hired or recalled to work. The "date of hire" is considered to be the first day that services are performed for wages by an individual.

The act requires that New Hires be reported within twenty (20) days of the date of hire. However, states are given the option to establish reporting time frames that may be shorter than twenty (20) days.

States are given the option to impose penalties on employees for noncompliance.

EMPLOYEE VS. INDEPENDENT CONTRACTOR

The church must carefully determine whether a person is an "**employee**" or an "**independent contractor**." As an employee, the person has FICA, federal and state income taxes withheld; whereas an independent contractor would have nothing withheld, but would be liable for self-employment tax at the rate of 15.3%. The church **faces serious liability for taxes, penalties and interest** if a person was treated as an independent contractor when in fact the person should have been an employee.

There are several factors the courts and the IRS look to in determining whether a worker is an "independent contractor" or an "employee." The following represent a sampling of circumstances usually considered by the IRS when determining proper classifications:

CHURCH EMPLOYEE

No risk of profit or loss

Dependent on church for work

Employee has minimal authority — at discretion of employer

Services performed for only one employer

Work integrated into employer's operations

Work controlled and directed by employer

Employer provides work place

Employer sets work schedule

Employer provides tools, materials, and pays expenses

Employer provides fringe benefits

Employer pays hourly wage or salary

On-going relationship with employer

INDEPENDENT CONTRACTOR

Risk of profit or loss

Can generate business independently

Delegates authority, hires, fires, and sets pay

Services performed for several employers

Services are independent of employer's operations

Work not supervised or controlled by employer

Provides own work place

Determines own work schedule

Provides own tools, materials, and pays own expenses

No fringe benefits

Receives lump sum payment

Relationship with employer terminates at end of job or contract

Under Revenue Ruling #87-41, the IRS has developed a 20-item checklist helpful in determining whether an individual is an employee or independent contractor. These should be reviewed very carefully to determine the status of each individual.

VOLUNTEER LABORERS

Many churches undertake remodeling or construction projects with much or all of the work done by church volunteers. Any time volunteer work is done, injuries can occur.

Before volunteer work begins, take steps to reduce the risk of injury during the activity. Make sure that:

- The project is **conducive** to volunteer labor. (Large or complex jobs are best left to professionals.)
- All members are **qualified** to do the work they are undertaking.
- The project is **well organized**.
- The volunteers have been **properly instructed** in their tasks.
- Keep **safety foremost** in mind prior to and during the activity undertaken.

Check with your insurance agent for special coverages available that volunteer builders can purchase for protection while they are on a mission-building trip.

Workers' Compensation for Volunteers

Volunteers typically aren't covered under Workers' Compensation policies. Medical coverage would be available only under your church's Commercial General Liability premises and/or activity medical coverage.

This coverage usually consists of some primary coverage, but may be excess over other collectible insurance. Sports medical, as defined in most insurance carriers policies, is almost always excess. The coverage applies to the balance after the volunteer's own medical insurer has made payment. The coverage becomes primary less any deductible that applies, if there is no primary coverage.

Unless the volunteer's injury arose out of negligence on the part of your church (your church did something wrong that caused the injury), no further payment will be available under your policy.

Because your premises medical payments insurance is limited, you should ask potential volunteers about the medical coverage they carry. If a volunteer has no independent medical insurance available, it may be in the best interest of the church and the volunteer laborer for him or her to forego volunteer labor for any activity where injuries are common.

If your church undertakes a large project, consult your attorney to make certain all potential liability exposures have been addressed. You may wish to consider having volunteers and independent contractors sign a "hold harmless" agreement to protect the church against liability claims arising out of the project.

Volunteer labor can be an effective way to reach your goals. Foresight on the part of your church leadership can alert volunteers to the potential risk they assume as well as help prevent injury and resulting claims.

Volunteer Protection Act

The Volunteer Protection Act of 1997 was passed to provide increased protection for volunteers performing work for section 501(c)(3) organizations. The act provides protection for volunteers who work for nonprofit organizations.

The act generally provides that a volunteer cannot be held liable for harm caused by an act or omission of the volunteer as long as he is acting within the scope of his responsibilities to the nonprofit entity. The harm caused by the volunteer must not be caused by willful or criminal misconduct, or gross negligence on the part of the volunteer.

The term volunteer means an individual performing services for a nonprofit organization who does not receive:

- Compensation (other than reasonable reimbursement or allowance for expenses actually incurred); or
- Any other thing of value in lieu of compensation, in excess of \$500 per year.

The term includes a volunteer serving as a director, officer, trustee, or direct service volunteer.

The law generally says that a volunteer of a religious organization is not liable for harm caused by an act or omission of the volunteer on behalf of the organization or entity if the following occurs:

1. The volunteer was acting within the scope of the volunteer's responsibilities in the organization at the time of the act or omission;
2. If appropriate or required, the volunteer was properly licensed, certified, or authorized by the appropriate authorities for the activities or practice in the state in which the harm occurred;
3. The harm was not caused by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer; and
4. The harm was not caused by the volunteer operating a motor vehicle, vessel, aircraft, or other vehicle for the state requires the operator or owner of the vehicle, craft, or vessel to:
 - Possess an operator's license, or
 - Maintain insurance.

The act does not affect any civil action brought by a nonprofit organization against any volunteer of the organization. Nothing in the act affects the liability of a nonprofit organization with respect to harm caused to any person.

The act provides protection to volunteers, not the organization.

INSURANCE PROTECTION FOR THE CHURCH

Your church represents a major financial and personal commitment by your members. It is important that you select the proper insurance carrier and the proper insurance coverage that will give your church the protection needed.

It is suggested that the church prepare, with the assistance of a church insurance professional, "**insurance specifications**" on coverage for your church. This would help insurance companies in their ability to bid the coverage in a manner that could **more easily be understood by the church leadership**. It is further suggested that you deal with a company specializing in church insurance with a rating of "A" or better with the A. M. Best Insurance Rating Service. The lowest premium should never be the only criteria in purchasing insurance coverage. Coverage should be very carefully evaluated along with the service record and reputation of the agent. The coverages discussed below are only skeletal in nature. All coverages should be periodically evaluated to make sure they are adequate. Listed are some important coverages available:

Property Coverage

This type of insurance provides protection for buildings and personal property. This coverage is usually written on an **all-physical loss form** that includes fire, lightning, explosion, windstorm, hail, vandalism, etc. Be sure that all buildings are adequately **insured for replacement!**

You can insure your property on either a scheduled or combined basis. The combined basis allows you to develop one property limit at additional premium for all your insured buildings and personal property. Should a covered loss occur at any insured location, the combined limit would be available to cover that loss. The combined limit does not override other specific limits or exclusions in the policy.

When the scheduled approach is used the amount of insurance at the time of loss can never exceed the insurance value the religious institution places on each specific building.

Personal property is often underinsured. A complete inventory of all personal property should be taken to be sure that it is adequately insured for **full replacement cost**.

Additional Property Coverage

Water Damage – Various coverages are available including flood and sewer backup. Check with your insurance carrier.

Theft of Money and Securities – Limits are usually \$5,000 or lower. Higher limits are available by endorsement.

Employee Dishonesty/Treasury Bond – Limits usually available by church insurers up to \$500,000. Additional Bond limits are available through specialty bond companies. Check with your church insurance specialist. This coverage provides benefits to the church because of dishonest acts by persons defined in the policy. This type of loss has become more frequent in churches.

Limited Law & Ordinance Enforcement Coverage – This coverage extension provides additional insurance protection for three types of indirect loss, caused by the enforcement of an ordinance or law.

1. The value of the undamaged portion of building that the ordinance requires to be demolished.
2. The increased demolition and debris removal expense, associated with demolishing and removing the undamaged portion of the building.
3. The increased cost of construction involved in rebuilding to a more costly construction standard, due to a change in the law or ordinance. Numerous churches have been penalized because of insufficient limits for this type of coverage for the time of a major loss (fire or tornado). The limits of insurance will vary from company to company.

Pastor's Business or Personal Property — Typically church insurers include the pastor's **business** property on the church premises such as books, computers, etc. Some policies include the pastor's **non-business** personal property and may include personal property at the parsonage or rented dwelling. Check with your agent.

Limited Building and Personal Property — There is usually limited building and personal property that is away from the church premises included in church policies. Some property may need to be insured on an Inland Marine (Floater). Check with your insurer.

Systems & Equipment Breakdown Coverage — Typical property policies — while covering perils like fire, wind, hail and vandalism — specifically exclude most equipment breakdown accidents, including electrical arcing, mechanical breakdown, and explosions from steam pressure and centrifugal force. To protect your church or related ministry's equipment investment, you need to consider Systems Equipment Breakdown Coverage (SEBC).

SEBC pays the cost of repair or replacement of electrical or mechanical equipment such as organ and sound systems, office equipment, kitchen equipment, electrical systems, air conditioning units, and boiler and pressure vessels.

If your ministry operates a day care or school, SEBC provides insurance against the loss of tuition or the extra expense needed to continue normal operations and is covered as the result of a systems equipment breakdown.

From your heating and air conditioning, computers and telephones and sound systems, you rely on equipment every day to accomplish the work of your ministry. Think about the investment you've made. Can you afford the costs of repair or replacement?

Maintenance contracts cover routine care (cleaning, adjustments), but they do not pay for damage due to operator error, the cause of over 35 percent of equipment breakdowns. Maintenance contracts do not pay for business income losses or spoilage resulting from the breakdown. In addition, if you have equipment that requires state-mandated inspection, your SEBC provides that service.

Liability Coverage

Basic Liability (general liability) Insurance and optional liability endorsement forms can be purchased based on the churches ability to pay and the risk they are willing to assume (self insure) above the limits and options purchased.

Liability exposure to churches has increased dramatically in years. You should purchase the highest limits of protection possible that you can reasonably afford. If a plaintiff prevails in a lawsuit against your organization and the judgment is higher than the limits of liability, or for a coverage omitted, your ministry property/assets can be attached for that judgment.

Liability limits should be based on an "occurrence" coverage basis. In simple terms, occurrence means that as long as the coverage was in force at the time a claim-producing event occurred, coverage will apply for the church or organization regardless of when the claim or lawsuit is brought even years after the policy has expired.

Unfortunately, some insurance companies, including some who write insurance programs for church and religious organizations, occasionally introduce "claims-made" coverage forms into their policies. It is common for such insurers to include such forms on director's and officer's liability, pastoral counseling, sexual acts, and employment practice liability.

Claims-made forms are not as broad as occurrence-based forms and can leave the church or related ministry with a significant uninsured exposure. The claims-made form means that the claim-producing event will be covered only if the event occurs, and the "claim is made" within the term of the current "claims-made" policy. It is quite common for claims or lawsuits to be made years after the claim-producing event has occurred. Unless additional "tail coverage" is purchased at considerable expense, changing insurance policies may create an

insurance gap in coverage when changing from claims-made form. Tail coverage extends the reporting period beyond the expiration date of claims-made policies.

Liability coverage can vary a great deal. There are numerous options in addition to the basic liability, such as: counseling; sexual abuse; directors, officers and trustees; and hired and non-owned auto liability; medical for premises and activities (including sports and volunteer labor, etc.). It is important to be adequately protected in all these areas.

Sexual Misconduct Insurance

Regretfully, sexual misconduct can happen anywhere, including churches. It can involve any church employee, including members of the clergy. In recent years it has become a more frequent occurrence.

The *Los Angeles Times* has reported that child sexual abuse is the worst problem facing the church in centuries. According to *Church Law and Tax*, the sexual misconduct problem is the most serious financial exposure facing church-related organizations. Nationwide media coverage of such incidents reflects the growing concern of our society about sexual misconduct.

Similarly, false allegations of sexual misconduct have increased. One of our Southern Baptist ministers was sued for \$6,000,000 alleging sexual misconduct. Although he eventually won the case, substantial expenditures were required for his personal defense. A number of sexual abuse claims have been filed in Kansas and Nebraska against churches and other religious organizations.

Sexual misconduct insurance provides protection for legal liability up to the stated policy limits. This type of coverage protects the church and its members, directors, officers, employees, and volunteers where the church may be held legally responsible and liable for the acts or conduct of such individuals. This is true even if the church is not specifically aware of, does not participate in, and does not direct or condone such conduct or actions in instances of sexual misconduct. Those claims, which occur most frequently against churches or individuals, are based upon poor hiring or supervisory practices, although the allegations can take many forms.

Sexual misconduct insurance is available through most church insurers. The church leadership should review this coverage with the insuring company. Generally, the limits available for this coverage will be stated as a separate amount, usually lower than your other liability exposures. Church insurers are offering higher limits for an appropriate screening procedure. Some companies offer protection to employees for allegations of sexual misconduct (including the pastor). Most companies will not continue defense for the employee if there is a confession or conviction, but will continue to defend the church. This coverage will not apply to individuals who actually engage in sexual misconduct nor will it apply if a KNOWN perpetrator is appointed to a position within the organization.

Director's and Officer's Liability

This optional endorsement provides protection for covered claims of financial damage arising out of decisions made by your organization's leaders, including trustees.

Employment Practices Liability

This optional endorsement provides protection for covered claims of emotional injury, personal injury, or financial damages arising out of employment-related events.

The covered injury must be sustained by a past or present employee or job applicant and the event(s) causing the covered injury must constitute an improper employment practice or wrongful employment act of your church or related organization.

Counseling Acts Liability (Non Fee-Based)

Coverage for bodily injury, emotional injury, or personal injury arising from counseling acts undertaken on your behalf by your pastoral counselor(s) or trained lay counselor(s) is provided through this optional endorsement coverage. Incidental counseling liability is available by some religious institution insurance specialists.

Fee-Based Counseling Acts Liability

Where this exposure exists, coverage can be provided with or without coverage for the counselor(s), depending on whether the counselor has his or her own professional counseling liability coverage.

Excess Liability (Umbrella)

Additional liability coverage available either as a separate policy or as an option included in the multi-peril policy will extend your liability limits under most of your liability coverages, including: vehicle coverage, workers' compensation, general liability, etc. Check with your agent for a more complete description.

Additional Liability Coverages

Check with your insurance carrier for additional coverages that are available such as:

- Day Care Liability
- Nursery & Child Care Emotional Injury Liability
- Christian School Liability
- Christian School Teachers Liability
- Christian School Counseling Acts Liability
- Food Preparation Liability
- Employment Benefit Liability
- Civil Liability & Defense Reimbursement Liability
- Wage Loss Reimbursement Coverage
- Religious Communication & Religious Activity Liability
- Membership Emotional Injury Liability
- Personal Injury Liability

Pastor's Personal Liability

The church should determine that the pastor has personal liability, particularly to cover a parsonage, rented dwelling, or apartment. This coverage is available in some church multi-peril packages at a nominal premium.

This liability will also cover the pastor's family. (See "Pastor's Business and Personal Property" under "Additional Property Coverage.")

Foreign Liability & Foreign Travel Insurance

Many churches and related ministries are sending students, mission teams, or tour groups outside the United States. Virtually all insurance policies issued to cover domestic ministry operations contain exclusions or restrictions of coverage that leave your organization and the individuals who travel inadequately insured or completely uninsured.

The following coverages are available to protect your ministry for these events:

- Foreign General Liability
- Foreign Contingent Auto Liability
- Foreign Employers Liability
- Foreign Worker's Compensation
- Foreign Accidental Medical and Sickness for non-employee volunteers
- Foreign Accidental Death and Dismemberment for employees & volunteers

- Emergency Medical Evacuation/Repatriation Exposures
- Other (Check with your convention or associational office.)

Workers' Compensation

The Kansas State law requires churches to carry this coverage if in the preceding twelve-month period the church paid its employees (including the pastor) a sum of \$20,000. This includes housing allowance and utilities paid by the church.

Nebraska state law requires all churches with one or more employees to carry this coverage without regard to any minimum payrolls.

NOTE: Churches are not exempt from this law and can be **held liable** to an employee (including their pastor) for injuries that occurred to any employee while performing duties for the church.

Workers' Compensation is to protect your valued employees and their families from life threatening or life altering accidents and injuries. Just one "slip and fall" or fall down a flight of stairs or auto accident by an employee could cause serious injuries and time-consuming recovery periods during which huge medical bills will be accumulated with no means for payment. Such an accident could devastate your church and cause serious emotional injuries and conflicts.

Personal medical coverage **may not apply** for injuries incurred in the performance of your duties of employment. Workers' Compensation benefits are more generous than other benefits and are automatic without the necessity of filing a lawsuit.

Employers (churches) are required by law to post written notice, in Spanish and English, of their worker's compensation coverage. Free posting notices and other posters are available by calling the Division of Workers' Compensation or your insurer.

When income is received from more than one source it should be directed through the primary ministry and reported to the primary ministries insurer in order to provide maximum benefits.

CONCLUSION

A serious effort has been made by the **Church Legal, Tax and Financial Resource Book** work group to make Kansas-Nebraska Southern Baptist churches aware of major **legal, tax, and financial** issues we face today; and provide some "**practical helps**" in confronting them.

The church can conduct a "**self-audit**" of these issues and other important responsibilities to determine areas needing attention. Christian Ministry Resources has a booklet entitled, "*Risk Management for Churches, A Self-Directed Audit*" that can assist the church in this process.

If you would like to:

- Have more details concerning information contained in this resource book
- Suggest a change/correction in the resource book
- Suggest an additional topic for the resource book
- Arrange a conference or seminar on **legal, tax and financial** issues facing the church

please contact the office of the Business Administrator:

Kansas-Nebraska Convention of Southern Baptists
5410 SW Seventh St.
Topeka, KS 66606
(785) 228-6800
1-800-984-9092
FAX: (785) 273-4992
E-mail: hconley@knksb.org

Please feel free to download and reproduce this resource book as much as you want in its entirety or any section as needed.

Respectfully Prepared by:

Darrell Duncan, CPA
Edgar Dwire, Attorney
Larnard Smith, Church Insurance Specialist
Harold Conley, KNCSB Business Administrator

Illustration A

MINISTER'S ESTIMATE OF HOUSING EXPENSE

TO: _____ (Name of Church)

FROM: _____ (Name of Minister)

Subject: Housing Allowance for 20____

The amounts listed below are an estimate of the payments I expect to make during the coming year to provide a home.

For Ministers Living in a Church Owned Home:

Omit items 1, 2, 3, and 4. Include all other items if being paid by the minister.

Note: The fair rental value of the home + utilities paid by the church is to be included as part of the total compensation and reported for Self-Employment Social Security purposes.

<u>ITEM</u>	<u>AMOUNT</u>
1. Down Payment on Home	_____
2. Principal & Interest Payments on a Home Mortgage	_____
3. Real Estate Taxes	_____
4. Homeowners Association Dues	_____
5. Insurance on the Home and/or Contents	_____
6. Rent on Residence	_____
7. Utilities (Electric, Gas, Phone, Water, Trash, etc.)	_____
8. Furnishings and Appliances	_____
9. Structural Repairs and Remodeling	_____
10. Yard Maintenance and Improvements	_____
11. Maintenance Items (Household Cleansers, Light Bulbs, Pest Control, etc.)	_____
12. Other Housing Expenses: _____	_____
TOTAL	\$ _____

The estimated Fair Rental Value of my home for 20____ is: \$ _____
(See note above for any other items provided.)

Date

Minister's Signature

Illustration B

**NOTIFICATION OF HOUSING ALLOWANCE
FROM THE CHURCH TO THE MINISTER**

Date: _____

Dear _____: (Pastor's Name)

This is to advise you that during the business meeting held on the _____ day of _____,

20____, the:

Church Name _____

City _____ State _____

Officially designated and **fixed** your housing allowance for the year 20____, in the amount of \$_____.

*If a **parsonage is provided**, add:* You will also have rent-free use of the home located at

_____ for the year 20____, which is estimated to have a "**Fair Rental Value**" of \$_____. Please note that this amount is **in addition** to the Housing Allowance stated above.

This action has been recorded and is a part of the church minutes. You should keep an accurate record of your expenditures to provide a home in order to be able to substantiate any amounts excluded from gross income in filing your Federal Income Tax return.

Sincerely,

Clerk's Signature

Illustration C

SAMPLE REIMBURSEMENT POLICY

In accordance with income tax regulations 1.62-17 and 1.274-5(3) the:

Church Name _____

City _____ State _____

Hereby establishes a reimbursement policy for the pastor and staff members with the following terms and conditions:

1. The church will reimburse only ministry-related expenses incurred by a minister or staff member. Subject to budget limitations, such expenses will include:
 - a. Business use of automobile, up to the current IRS standard mileage rate;
 - b. Business travel away from home, transportation, lodging and meals;
 - c. Convention and conference registration expenses;
 - d. Education expenses, if otherwise qualified as an itemized deduction;
 - e. Subscriptions, books, and tapes, if related to ministry or employment;
 - f. Entertainment/hospitality expenses if business connection requirement is met.
2. The minister or staff member will account for each allowable expense in writing monthly. Documentation will include the amount, time and place, business purpose and relationship of each expense. A receipt will accompany the documentation.
3. The minister or staff member will return advances or reimbursements that exceed actual business expenses.
4. Under this accountable arrangement, the church will not report amounts reimbursed as taxable income on the minister or staff member's Form W-2. Neither will the minister or staff member report the reimbursed amounts as income on Form 1040 for personal tax purposes.

Illustration D

APPLICATION FOR POSITION

_____, _____, _____
Church Name City State

Position Applied For Date / /

- Please complete this form due to our concerns for:
1. The conditions of the world in which we live
 2. Children and their parents
 3. The body of Christ
 4. AND YOU.

To be completed by the prospective minister/staff person/volunteer

Name _____
First Middle Last
Maiden Name _____ Other Last Names Used _____
Address _____
City _____ State _____ Zip _____
Social Security # _____ Date of Birth _____
Current Drivers License # _____ State of Issue _____
Traffic Violations _____



List the church where you presently serve/belong and all other churches in which you have served/belonged or regularly attended. (Attach a separate page, if necessary.)

Name of Church _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____

Name of Church _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____

Name of Church _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____

List places of employment not listed above and organizations in which you have been involved. (Attach a separate page, if necessary.)

Name of Employer/Organization _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____

Name of Employer/Organization _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____

Name of Employer/Organization _____ Dates _____
Address _____ City _____ State _____ Zip _____
Positions Held _____ Paid? Yes No
Specific Responsibilities _____



Have you ever been convicted of or pleaded guilty or no contest to a crime involving physical, emotional or sexual abuse? No Yes
If yes, please explain. (Attach a separate page, if necessary.) _____

Were you a victim of abuse or molestation while a minor? No Yes
If you prefer, you may refuse to answer this question, or you may discuss your answer with the chairperson of the search or nominating committee rather than answering it on this form.

Do you have any communicable disease? No Yes



List any gifts, callings, training, education, or other factors that have prepared you for ministry:

Personal References (not former employers or relatives):

Name _____
Address _____
City/State/Zip _____

Name _____
Address _____
City/State/Zip _____

Signature

Date

Illustration E

APPLICANT’S STATEMENT AND RELEASE

_____, _____, _____
Church Name *City* *State*

The information contained herein is correct to the best of my knowledge. I authorize any and all individuals, churches, charities, employers and references you may contact to give any information (including opinions) that they may have regarding my character and fitness for ministry. I hereby release any individual, church, charity, employer, reference or any other person or organization, including record custodians, both collectively and individually, from any and all liability for damages of whatever kind or nature which may at any time result to me, my heirs or family, on account of compliance or any attempts to comply, with this authorization. I waive any right that I may have to inspect any information provided about me by any person or organization.

I further authorize the State of Kansas/Nebraska, Department of Social and Rehabilitation Services to release any information which pertains to any record of convictions contained on me whether local, state or national. I hereby release said agency from any and all liability resulting from such disclosure.

Should my application be accepted, I agree to be bound by the Bylaws and policies of _____ Baptist Church, and to refrain from unscriptural conduct in the performance of my services on behalf of the church. I further state that **I HAVE CAREFULLY READ THE FOREGOING RELEASE AND KNOW THE CONTENTS THEREOF AND I SIGN THIS RELEASE AS MY OWN FREE ACT.** This is a legally binding agreement, which I have read and understand.

Signature _____ Date _____

Witness _____ Date _____

REFERENCE REPORT

(Individual providing reference may use this space.)

Exhibit F

**REFERENCE CONTACT FORM
CONFIDENTIAL**

Name of applicant: _____

Reference or church contacted (If a church, identify both church and person contacted.)

Date letter/release form mailed: _____

Date and time of contact: _____

Method of contact: Telephone Letter Personal Conversation Other

Summary of conversation (summarize the reference's remarks concerning the applicant's fitness and suitability for youth or children's work.)

Signature

Position

Date

Illustration G

ACTIVITY PARTICIPATION AGREEMENT

Activity Information

(To be completed by the activity sponsor)

Name of sponsoring organization: _____

Address: _____ Phone: _____

Name of sponsor coordinator: _____ Phone: _____

Description of activity: _____

Date(s) and location of activity: _____

Participant Information

(To be completed by participant or an authorized guardian)

Name of participant: _____

Address: _____ Phone: _____

Name of emergency contact: _____

Phone: _____

(Day)

(Evening)

Is sponsor authorized to approved medical treatment? Yes No

Is participant covered by personal/family medical insurance? Yes No

If yes, name of insurer: _____

Policy or group number: _____

Participation Agreement

By signing below, the participant (or parent/guardian if participant is a minor) acknowledges and accepts the risks of physical injury associated with participation in the activity described above. Except for gross negligence on the part of the sponsor, the participant (or parent/guardian) accepts personal financial responsibility for any bodily or personal injury sustained during the activity. Further, the participant (or parent/guardian) promises to hold harmless the sponsoring organization and its representatives for any injury related to the activity.

If a dispute over this agreement or any claim for damages arises, the participant (or parent/guardian) agrees to resolve the matter through a mutually acceptable arbitration process.

Signature of participant or parent/guardian if participant is a minor

Date

This form provided by Brotherhood Mutual Insurance Company.

Illustration H

MEDICAL RELEASE FORM

_____, _____, _____
Church Name *City* *State*

Name _____

Address _____

City/State/Zip _____

Birthday _____ Age _____

Parent/Guardian Name _____

Address _____
(if different from above)

City/State/Zip _____

Employed by _____

Daytime Phone (_____) _____ Evening/Night Phone (_____) _____

Are you currently taking medicine or treatment? Yes No

If yes, explain _____

Have you been restricted from sports or swimming for any reason? Yes No

If yes, explain _____

Date of last Tetanus Toxoid Immunization: Month _____ Year _____

Have you ever had a severe reaction to a bee/hornet sting, or insect bite? Yes No

If yes, explain _____

Do you have:

- Sinus Trouble
- Hay Fever
- Heart Trouble
- Epilepsy
- Asthma
- Diabetes

List any Allergies:

Food _____

Drugs _____

Other Medical Needs: _____

EMERGENCY MEDICAL AUTHORIZATION

Event: _____

In the event of an emergency, I hereby give permission to the church-appointed sponsors who are with my child at the above mentioned event to obtain medical assistance for my child. I also give permission to the physician selected to hospitalize and secure proper treatment for my child.

Parent/Guardian Signature _____

Insurance Company _____

Policy Number _____

If I cannot be reached, please notify: _____
(_____) _____ or (_____) _____

Today's Date _____

Illustration I

SHORT-TERM MISSION TRIP AGREEMENT

Trip Information

(To be completed by the trip sponsor)

Location of mission trip: _____

Dates: _____

Sponsoring church (trip sponsor): _____

Participant Information

Participant's name: _____

Address: _____

Person to contact in case of emergency: _____

Phone: _____

List all current:

Allergies: _____

Illnesses: _____

Physical problems: _____

Medications: _____

Name of health insurance company covering participant: _____

Insurance company address: _____

To attend the mission trip, the reverse side of this form must be read and signed.

ACKNOWLEDGMENT OF RISK RELEASE AND WAIVER FORM

If the participant is a **minor**, his/her guardian agrees to the following:

- I agree to waive any and all rights and claims for damages that I or my spouse may have against the trip sponsor and its agents, employees and representatives for any and all injury, damage or loss sustained by the participant arising directly out of the mission trip;
- I further agree that, in the event that I, my spouse, the participant or another child in my care should make any claim against the trip sponsor for damage, injury or loss arising directly or indirectly out of the mission trip, I will personally indemnify, defend and hold harmless the trip sponsor and its agents, employees and representatives against any and all such injury, damage or loss; and
- I authorize the trip sponsor or representative to obtain any medical treatment for the participant that should appear to be necessary during the mission trip, and I will be responsible for the payment of expenses related to such illness or injury.

I affirm that I have the right to authorize and agree to the foregoing. I have carefully read and understand this agreement, and have willingly placed my signature below as evidence of my acceptance of all the conditions contained herein.

Signature of Parent/Guardian

Date

Note: The mission trip, trip sponsor and participant referred to in this agreement are shown on the reverse side of this form.

If the participant is an **adult**, participant agrees to the following:

- I agree to waive any and all right and claims for damages that I or my spouse may have against the trip sponsor and its agents, employees and representatives for any and all injury, damage or loss sustained by the participant arising directly or indirectly out of the mission trip;
- I further agree that, in the event that I should make any claim against the trip sponsor for damage, injury or loss arising directly or indirectly out of the mission trip, I will personally indemnify, defend and hold harmless the trip sponsor and its agents, employees and representatives against any and all such injury, damage or loss.

I affirm that I have the right to authorize and agree to the foregoing. I have carefully read and understand this agreement, and have willingly placed my signature below as evidence of my acceptance of all the conditions contained herein.

Signature of Adult Participant

Date

Note: The mission trip, trip sponsor and participant referred to in this agreement are shown on the reverse side of this form.

This form provided by Brotherhood Mutual Insurance Company.

RESOURCES

Books

Bloss, Julie L., *The Church Guide to Employment Law*, Christian Ministry Resources, P.O. Box 2301, Matthews, NC 28106, (704) 821-3845.

Grange, George R., Richard Hammar, James F. Cobble, Jr., *Risk Management For Churches, A Self-Directed Audit*, Christian Ministry Resources, P.O. Box 2301, Matthews, NC 28106, (704) 821-3845.

Hammar, Richard, *Pastor, Church and Law*, Christian Ministry Resources, P.O. Box 2301, Matthews, NC 28106, (704) 821-3845.

Hammar, Richard, Steve W. Kilpowicz and James F. Cobble, Jr., *Reducing the Risk of Child Sexual Abuse in Your Church*, Christian Ministry Resources, P.O. Box 2301, Matthews, NC 28106, (704) 821-3845.

Periodicals

Church and Law: Essential Information for Church Leaders, Baptist General Convention of Oklahoma, 3800 North May, Oklahoma City, Oklahoma 73112.

Church Administration, LifeWay Christian Resources, Southern Baptist Convention, 127 Ninth Avenue, North, Nashville, TN 37234.

Ministers Tax Guide, Annuity Board, Southern Baptist Convention, 2401 Cedar Springs Rd., P.O. Box 2190, Dallas, TX 75221-2190, 1-800-262-0511.



A COOPERATIVE PROGRAM MINISTRY OF
**THE KANSAS-NEBRASKA CONVENTION
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