

NEW WINESKINS

Rev. Karen McArthur

^{5:37} No one puts new wine into old wineskins; otherwise the new wine will burst the skins and will be spilled, and the skins will be destroyed. ³⁸ But new wine must be put into fresh wineskins. (Luke 5:37-38)

I recently met with the leaders of a 294-year-old congregation who were seeking advice regarding their longstanding financial reporting practices. Over the nearly three centuries of their history, they had accumulated an endowment, along with a multitude of traditions, policies, practices, and expectations regarding the various financial activities and funds of the congregation. It's not easy to change the way things have "always" been done.

How refreshing to be able to think about setting up a financial system in a brand new church! Unlike a church with centuries of history, a new church can begin simply and clearly with 21st century tools and 21st century assumptions about how things might be done. These include both current financial accounting standards as well as computerized recordkeeping. What are these standards? And how can technology help?

In 1993, the Financial Accounting Standards Board overhauled financial reporting formats for non-profit organizations. Wanting to make sure that restricted gifts were used properly, they added new vocabulary and concepts that work simply and clearly, once we understand them.

First, FASB required all non-profit organizations to classify their contributions as either unrestricted, temporarily restricted, or permanently restricted, depending on the donor's wishes. Temporarily Restricted funds may only be used for a specified purpose, such as One Great Hour of Sharing or organ repair, or they may be restricted by time, as are prepaid pledges. Permanently Restricted funds may never be spent, but must be invested, with the income used according to the donor's specifications.

Second, the accountants developed standard financial reporting formats and required these formats for all external financial reporting. This means that if a church

ever applies for a grant or a bank loan, it will need to be able to produce financial statements in this standard format. Finally, they clarified the rules regarding the investment of permanently restricted funds.

These accounting standards have simplified and clarified non-profit recordkeeping. However, since churches are exempt from most governmental reporting and audit requirements, many churches have not yet become familiar with these new standards. Further information on these “new” reporting formats is available at www.stewardsprophet.com.

What is then the easiest way to keep church financial records, in compliance with these accounting standards? A good accounting system should produce reports that are complete and concise, transparent and trustworthy. For the past twelve years, I have used *QuickBooks Pro* for dozens of congregations. I have found that it provides a solid financial system that can be as simple or complex as needed, depending on the church.

Ten best features of *QuickBooks Pro*:

1. **Low Cost** – under \$200, with updates needed only every three years
2. **Accessible** – requires no bookkeeping knowledge of debits and credits
3. **Clarity** -- capacity to track fund balances and to customize reports so that they are consistent with non-profit accounting standards. Each income or expense transaction is tagged with both an account (such as Contribution) and a fund (Organ Fund). Or Postage expense / Operating Fund. Or Flower expense / Flower Fund. One report shows the balance of every fund at any moment. There is an additional feature that can track grants.
4. **Detail** -- direct and immediate double-click links from reports to the itemized detail for that item, all the way back to the initial data entry of a payment or deposit
5. **Collapse/Expand** – one click toggles between a detailed budget and a summary budget
6. **Integrated payroll** -- for a fraction of the cost of an outside payroll service, including printable IRS tax forms (941s, 944, W-2, 1099, etc.)

7. **Efficiency** -- prints checks, paystubs for a clear paper trail of all disbursements
8. **Customization** – reports can be customized and memorized, and can be exported into Excel or Word
9. **Memorized transactions** – recurring transactions can be scheduled
10. **Shortcuts** – many features reduce keystrokes and increase speed and accuracy

QuickBooks Pro can make a significant contribution to the faithful stewardship of your financial resources. Its capacity to track budgets, produce succinct reports, and delineate complete detail can boost the congregation's confidence and increase contributions. A list of customized reports and features useful to churches, as well as a beginning QuickBooks file template, is available at www.stewardsprophet.com/Technology.html

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