



Financial Reports 2018:

A Checklist to Ensure You Have Properly Completed Your Report

Following is a list of commonly overlooked items on financial reports. Please review this checklist, to be sure that you are following all of the current procedures. This is meant to be an overview. If you have questions, we encourage you to refer to more detailed information in our Procedures Manual and in editions of Headquarter Happenings. Our goal is to remain “above any question” with the IRS in the way that we process all reports, in the hopes that we will not raise any flags that could cause problems for anyone within our missions family. Thank you for understanding our position in these areas. If you ever have questions please feel free to discuss them with us. Thank you!

Due Dates

- All financial reports are due on the first of the month. Expenses should be reported within 60 days. Therefore, your January report is due March 1, February is due April 1, and so forth. Reports will not be accepted or approved after the due date, unless there are providential and extenuating circumstances.

Receipt Logs

- The receipt log should be a record of exact receipt amounts for ministry related purchases; therefore numbers on the reports should match your actual expenditures. It is never correct to estimate expenses listed on financial reports.
- Receipt logs must be completed and submitted as part of the entire report. It is not sufficient to submit only a cover sheet with the totals for each category.
- Receipt logs should indicate all of the information about the purchase - date of purchase, description of the item(s), location where it was purchased (store name), and cost.
- Each row of the receipt log should represent a single receipt. Please do not lump receipts together on the same line, as this causes confusion when matching with individual receipts.
- Please be sure that you are listing expenses in the appropriate category. If you need additional rows for a certain category, please contact us and we will be happy to add them to the template for you.
- If it is necessary to split a receipt between two categories (ie: when a single receipt includes both office supplies and equipment,) please indicate that split on any accompanying receipts.
- When utilizing the “Foreign Currency” column of the template to calculate the exchange rate, please be sure to only enter the foreign amount; do not enter figures in both the US\$ and the Foreign Currency columns for the same receipt. You will need to ensure that the conversion rate is included on the cover sheet of the report, for this to work.

Meal Allowances

- The meal allowance may only be listed when you are gone away from home overnight for a ministry purpose, or on nights when you return home past midnight (after you have spent at least one full night away from home.)
- You may claim a variable Meal Allowance, based on where you spent the night. Refer to the website, www.gsa.gov/perdiem, and enter the zip code for you location. Alternatively, if you do not wish to research the rate, you may claim the standard allowance of \$51 per night. Foreign meal allowances are set by the State Department. To locate those rates, please refer to the GSA website, and follow their link to the State Department site for foreign rates.
- Due to the variable rates available, Meal Allowances should be entered as a daily line item, instead of grouping multiple days on a single row of the report.

Lodging Expenses

- You may record the actual cost incurred for lodging while you are away from home for ministry purposes.
- Lodging expenses may not be listed if you stay with a relative.
- Paying for groceries or meals for you and your host during your stay is not considered a lodging expense.
- The Vehicle / Mileage Logs provide a column for you to list your lodging expenses.

Vehicle Expenses

- Vehicle & Travel logs must include odometer readings.
- Vehicle & Travel logs must include the ministry purpose for each trip. Simply listing “ministry” does not really define the purpose. Better examples would be visitation, bus route, counseling session, Bible study, deputation meeting, drop in service, etc.
- There should be a separate travel log for each vehicle.
- Vehicle logs should record only ministry related miles traveled, per IRS definitions and our published guidelines. It is virtually impossible to prove that 100% of the miles traveled are ministry related. Please refer to published guidelines if there is a question.
- Trips to the church/office each day, and trips to regular church services (unless running a ‘bus’ ministry) are considered personal miles and should not be listed as ministry miles.
- If you use the Actual Expenses method for a vehicle, be sure that to include the cost of all expenses related to the vehicle: gas, oil changes, repairs, insurance, license fees, etc. The ministry percentage of your total expenses is then calculated on this form. These items should be listed on the actual vehicle log so the percentage will calculate.
- If you regularly drive a vehicle that is not your own, such as one owned by your church or ministry, and you are the sole or primary driver of the vehicle, you should use the Actual Expense method.
- If others in your church/ ministry also drive the vehicle, you may only claim expenses that occur during your usage of the vehicle as a ministry expense. Expenses that occur while someone else is driving the ministry vehicle may not be claimed as a ministry expense. If you choose to pay for the expenses that occur while someone else is driving the ministry vehicle, those expenses are considered to be a charitable donation.

Telephone & Internet Expenses

- Missionaries may report the full cost of their primary cell phone, up to \$120.00 per month.
- Costs for a land line may only be listed if the phone is in a separate location, other than your home.
- Ministry related long distance charges may be listed.
- You may list the cost of your internet service as a ministry deduction.

Submitting Receipts

- It is your responsibility to obtain a receipt for all items \$75 and above. In case a receipt is not offered, we suggest that you purchase and use a blank receipt book, and request that the vendor sign a receipt for your purchase.
- The purpose of the receipt is an outside verification of the expense. You should never receipt yourself.
- Receipts should be obtained at the time the expense occurs.
- Please be sure the receipt is labeled to match what is recorded on the receipt log. If you have already converted the funds to US\$, it is helpful to indicate the exchange rate on the receipt.
- Per the IRS, "A canceled check, together with a bill from the payee, ordinarily establishes the cost. However, a canceled check by itself doesn't prove a business expense without other evidence."
- When copying or scanning receipts, please do not submit receipts for several months on the same page, as this makes it very difficult for us to match receipts to the appropriate report.
- We recommend using a scanner to email receipts, rather than sending through the mail, if possible. You could also take pictures of a receipt, if a scanner is not available. If emailing receipts is not an option, we encourage you to retain copies of all receipts that are mailed to the office. If an original receipt is lost by the Post Office, the expense may not be verified on your reports.

Personal Expenses

- Banking fees (including those charged by WWNTBM), post office box rentals, tax preparation fees, immunizations (even if required for travel to the field), dry cleaning bills, moving expenses, wills, POAs, personal legal paperwork, and “book table” items are always considered to be personal expenses.

Overlooked Expenses

We frequently find that some items are not listed on reports, even though they would qualify as a ministry expense. Double-check your reports to be sure you are including these commonly overlooked items! We do our best to update these if we notice the omission; however it is always your responsibility to be sure you are claiming all allowable expenses.

- Prayer letter expenses or Ministry expenses that are paid by the office, especially on credit card statements
- Salary deferrals for 403(b) retirement on Line 3
- Salaries paid to national workers or administrative assistants (if approved by the Exec. Board)
- Meal allowances
- Expenses related to hosting a visiting pastor or church group