2016 EDITION

Tax & Money SERIES

REPORTING PROCEDURES FOR CONGREGATIONS

Federal, state, and other reporting made easy.

ECFA PRESS

by Dan Busby
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Dan frequently speaks nationally on church and ministry issues. He has authored or co-authored six titles with more than 50 total volumes. His latest book is *TRUST: The Firm Foundation for Kingdom Fruitfulness*. He has been recognized for the years 2010, 2011, 2012, 2013, 2014, and 2015 on the *NonProfit Times*' Power & Influence Top 50 list and honored in the Hall of Fame of the National Association of Church Business Administration.

Dan served as a member of the Commission on Accountability and Policy for Religious Organizations, a national legislative advisory commission convened to address legislative proposals to the U.S. Congress for the nonprofit sector.

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Michael is passionate about helping churches and ministries with legal and tax-related issues and compliance with ECFA standards. In addition to authoring and reviewing articles and other resources featured in ECFA publications, he assists with member compliance and leads ECFA's church initiative.

Beginning with the 2013 edition, Michael co-authored the *Zondervan Minister's Tax & Financial Guide* and the *Zondervan Church and Nonprofit Tax & Financial Guide* with Dan Busby and John Van Drunen.

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Contents

This publication is designed to provide accurate and authoritative information regarding the subject matter covered. The text has been significantly excerpted from the *Zondervan Church and Nonprofit Tax & Financial Guide*, 2016 edition. It is distributed with the understanding that neither the publisher nor the authors are engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

Every effort has been made to make the materials in this text current as of the date of publication. Federal tax law, however, is subject to change. Congress can modify the law as it has on numerous occasions over the years. Also, court decisions and IRS rulings can significantly affect the application of federal tax laws. Such changes may affect the accuracy of this publication.

ISBN: 978-1-936233-33-5

Recent Developments

Churches continue to be faced with a plethora of tax and finance developments. A summary of some of the more significant developments follow (see the "In the News" link at ECFA.org for current updates on these issues and much more):

Department of Labor proposes modifications to overtime rules. The U.S. Department of Labor (DOL) has proposed modifications to the overtime rules of the Fair Labor Standards Act (FLSA). Some have projected that as many as 15 million workers may be newly eligible for overtime when the new rules are implemented.

Perhaps the most significant aspect of the proposed rules is the increase of the salary threshold for exempt workers from $23,660 to $50,440 per year (which equals the 40th percentile of wages for full-time salaried workers). This means that exemption from overtime rules would require salaried workers to earn at least $50,440 even if they are classified as executives, administrators, or professionals (the so-called "EAP" exemption). The last time the overtime threshold was significantly raised was in 1975.

The salary threshold would be adjusted annually, based on either a fixed percentile of wages or the consumer price index (the DOL has invited comment on which adjustment method would be the most appropriate). The salary threshold for exemption of highly compensated employees would also increase from $100,000 to $122,148.

A public comment period closed in September 2015 with over 250,000 comments filed with the DOL. The final regulations and an effective date are anticipated to be published in mid-2016.

For now, employers who have employees under the EAP exemption earning less than the proposed salary threshold of $50,440 (or exempt employees currently relying on the highly compensated exemption) should prepare to implement the regulations when they become final.

Health care reform. The Patient Protection and Affordable Care Act (ACA), passed by Congress in 2010, overhauled the nation's health care industry and has brought with it numerous changes to the tax code. The following is a summary of major ACA changes impacting churches:

- **Employer shared responsibility provision ("employer mandate").** The ACA's employer shared responsibility provision ("employer mandate") applies to churches and nonprofits with 50 or more full-time equivalent employees (FTEs), effective with 2015. Employers with 50 to 99 FTEs must fulfill their reporting obligations as planned beginning in 2015; however, they have until 2016 to comply with the coverage requirements or pay tax penalties. For employers with 100 or more FTEs, the mandate becomes effective in 2015, but employers that qualify for transition relief rules will only be required to provide coverage to 70% (instead of 95%) of their FTEs in 2015. The definition of "full-time" also remains at an average of 30 hours per week or more under the final regulations.

Number of Employees	2015 Plan Year	2016 Plan Year and Future
1-49 FTE	N/A	N/A
50-99 FTE	N/A	Employer must offer coverage to 95% of full-time employees and their dependents
100 or more FTE	Employer must offer coverage to 70% of full-time employees and dependents to age 26	Employer must offer coverage to 95% of full-time employees and their dependents

- **Health FSAs limits.** Health FSAs have traditionally been subject to a "use-or-lose" rule, under which employees must forfeit any remaining FSA amounts that are not used up during the plan year. Additionally, beginning in 2013, health FSAs became subject to a $2,500 annual limit indexed for inflation due to health care reform ($2,550 limit for 2015 and 2016). The IRS brought welcome news in late 2013 that it would somewhat relax the use-or-lose FSA rules in response to the new limit. Employers sponsoring health FSAs now have the option of amending their written plans to allow employees to carry over up to $500 of unused amounts remaining at the end of a plan year to the immediately following plan year, subject to certain limitations. The carryover does not otherwise affect the annual limit on FSAs.

Payments or reimbursements of employee healthcare-related expenses. By now, most smaller churches across America are probably aware they are exempt from the ACA employer mandate because they have fewer than 50 full-time equivalent employees (FTEs).[1] That's the good news.

The bad news: Without even knowing it, many churches may be subjecting themselves to penalties of up to $100 per employee, per day, per violation for making voluntary healthcare payments on behalf of employees (i.e., for individual policy premiums or for other out-of-pocket medical costs) that do not comply with ACA market reforms. These onerous penalties became effective for health plan years beginning on or after January 1, 2014, so care must be taken now to understand and follow the existing guidance.

- **Background.** For decades, it has been the common practice of many smaller churches that are unable to offer group health insurance coverage to assist employees with the cost of their individual health insurance coverage and/or other out-of-pocket medical expenses. Employers would pay these costs directly on behalf of employees or provide employees with reimbursements after incurring the expenses. If certain formalities were followed, generally these arrangements were blessed by the IRS and even allowed on a tax-free basis for employees.

  That all changed recently as the result of the issuance of certain guidance relating to the ACA market reforms. When the ACA guidance was initially issued related to reimbursements,[2] it was clear that the tax-free reimbursement of individual healthcare insurance premiums would trigger an excise tax of $100 per employee, per day, per violation. However, many people interpreted the initial guidance as permitting the employer to avoid ACA excise tax problems if they reimbursed the individual healthcare insurance premiums on a post-tax basis.

  A year later, the government issued additional guidance[3] clarifying (changing its position) that an employer is not permitted to reimburse individual healthcare insurance premiums on either a pre- or post-tax basis. That means employers who adjusted their practices to align with the initial guidance by paying after-tax reimbursements should discontinue these payments or reimbursements on either a pre- or post-tax basis to avoid excise tax liability.

  For more information, see the *5 Roads for Healthcare Reimbursement by Churches and Ministries* on the ECFA website (www.ECFA.org).

[1] Or less than 100 FTEs through 2015.

[2] IRS Notice 2013-54 published on September 13, 2013.

[3] "FAQs about Affordable Care Act Implementation (Part XXII)" prepared jointly by the Departments of Labor (DOL), Health and Human Services (HHS), and the Treasury published on November 6, 2014.

Appeals court rejects atheist challenge to the clergy housing exclusion. The U.S. Court of Appeals for the Seventh Circuit issued an important decision in Freedom From Religion Foundation v. Lew, concluding that the federal tax code provision that treats church-provided housing allowances to ministers as income tax-free must stand.

In doing so, the appeals court overturned a previous decision by a lower district court in favor of the atheist group, Freedom From Religion Foundation (FFRF). The district court had found that the exclusion is an unconstitutional benefit in favor of religious groups.

Before the Seventh Circuit could even analyze the constitutionality of the law, it first decided it had to dismiss the case on the procedural ground of standing. The court determined that FFRF and its leaders were not proper parties to challenge the law in federal court because they had not suffered any concrete, personal injury—a critical element to establish standing.[4]

IRS audits of churches. A court settlement between the IRS and the Freedom From Religion Foundation (FFRF) in a case regarding church political activity has shifted focus back to the issue of IRS audits of churches. The IRS began the process over five years ago of adopting updated procedures for auditing churches, but has failed to publicly announce the results. This left many, including FFRF, to wonder if the IRS was actively auditing churches for federal income tax compliance.

FFRF agreed to drop its case after the IRS disclosed procedures it had developed behind closed doors for auditing houses of worship, along with an indication that nearly 100 churches are possible targets for future IRS examinations based on concerns surrounding their political activity. At the same time, ECFA has also observed an uptick in the number of IRS payroll tax audits of churches and other ministries prompted by health care reform.

This settlement between the IRS and FFRF does not mark the end to disputes over church political activity. The recommendations of the Commission on Accountability and Policy for Religious Organizations (report issued in 2013) remains a balanced approach to this issue of constitutional significance to thousands of churches across the U.S.

[4] Freedom From Religion Foundation, Inc. v. Koskinen, No. 12-cv-946 (W.D. Wis. Dec. 17, 2014).

Key Federal Tax Limits, Rates, and Other Data

	2014	2015	2016
Social security:			
SECA (OASDI & Medicare) combined rate for employers and employees	15.3% on wages up to $250,000 married-joint $125,000 married-separate and $200,000 all others	15.3% on wages up to $250,000 married-joint $125,000 married-separate and $200,000 all others	15.3% on wages up to $250,000 married-joint $125,000 married-separate and $200,000 all others
OASDI maximum compensation base	$117,000	$118,500	$118,500
Benefits and contributions:			
Maximum annual contribution to defined contribution plan	$52,000	$53,000	$53,000
Maximum salary deduction for 401(k)/403(b)	$17,500	$18,000	$18,000
401(k) & 403(b) over 50 "catch up" limit	$5,500	$6,000	$6,000
Maximum income exclusion for nonqualified plans in 501(c)(3) organizations (IRC 457)	$17,500	$18,000	$18,000
IRA contribution limit – age 49 and below – age 50 and above	$5,500 $6,500	$5,500 $6,500	$5,500 $6,500
Highly compensated employee limit	$115,000	$120,000	$120,000
Maximum annual contribution to health flexible spending arrangements	$2,500	$2,550	$2,550
Per diem and mileage rates and other transportation:			
Standard per diem: Lowest rates in continental USA	Lodging $83 Meals & Incidentals $46	Lodging $83 Meals & Incidentals $46	Lodging $89 Meals & Incidentals $51
Business auto mileage rate:	56¢ per mile	57.5¢ per mile	54¢ per mile
Moving & medical auto mileage rate	23.5¢ per mile	23¢ per mile	19¢ per mile
Charitable auto mileage rate	14¢ per mile	14¢ per mile	14¢ per mile
Airplane mileage rate (1)	$1.31 per mile	$1.29 per mile	
Motorcycle mileage rate (1)	53¢ per mile	54.5¢ per mile	
Bicycle commuting rate	$20 per month	$20 per month	
Maximum value of reimbursement of business expenses (other than lodging) without receipt	$75	$75	$75
Luxury automobile value (limit on use of cents-per-mile valuation of company automobile)	$16,000	$16,000	
Monthly limit on free parking	$250	$250	$255
Transit passes/token – monthly tax-free limit	$250	$250	$255
Form 990/990-T/990-N and 1099-MISC threshold:			
Threshold for filing Form 990 (if not otherwise exempt)	Gross receipts ≥$200,000 or Total assets ≥$500,000	Gross receipts ≥$200,000 or Total assets ≥$500,000	Gross receipts ≥$200,000 or Total assets ≥$500,000
Threshold for required filing Form 990-T	$1,000 annual gross UBI	$1,000 annual gross UBI	$1,000 annual gross UBI
Threshold for required filing Form 990-N	Under $50,000 in annual gross receipts	Under $50,000 in annual gross receipts	Under $50,000 in annual gross receipts
Threshold for required filing of Form 1099-MISC (payment for most personal services)	$600	$600	$600
Quid pro quo:			
Minimum contribution and maximum cost of token	Minimum gift: $52.00 Maximum cost: $10.40	Minimum gift: $52.50 Maximum cost: $10.50	Maximum gift: $53.00 Maximum cost: $10.60
Maximum value of de minimus benefit	2% of gift, but not more than $104	2% of gift, but not more than $105	2% of gift, but not more than $106
Other:			
Federal minimum wage per hour	$7.25	$7.25	$7.25
Gift tax annual exclusion	$14,000	$14,000	$14,000

Charitable Gift Reporting

A gift is the unconditional transfer of cash or property with no personal benefit to the donor. The mere transfer of funds to a congregation is not necessarily a gift. Thus, when a parent pays the tuition for a child to attend a congregation-operated school, there is no gift or charitable deduction.

If payments are made to a congregation to receive something in exchange, the transaction is more in the nature of a purchase. The tax law states that a transfer to a congregation is not a contribution when made "with a reasonable expectation of financial return commensurate with the amount of the transfer." When one transfer comprises both a gift and a purchase, only the gift portion is deductible.

Charitable contributions are deductible if given "to and for the use of" a congregation to be used under its control to accomplish its exempt purposes.

Two types of gifts commonly given to a congregation are:

➤ **Gifts without donor stipulations.** Contributions received without donor restriction are generally tax-deductible.

➤ **Donor-restricted gifts.** The donor may designate contributions for a specific purpose of the congregation (also referred to as *restricted* gifts) rather than donate without stipulation. If the gifts are in support of the congregation's exempt program activities and not designated or restricted for an individual, they are generally tax-deductible.

If gifts are merely preferenced for a specific individual, a tax deduction is generally allowed if the congregation exercises full administrative control over the funds and they are spent for program activities of the congregation (earmarked gifts are generally not deductible).

● What Gifts Are Not Tax-Deductible?

The congregation should not provide a contribution acknowledgment for certain gifts. Some examples of gifts that do not result in a tax deduction are:

Warning

When a person makes a gift of services to a congregation, it may be the most valuable gift that can be made—a gift of one's talents. However, the gift of services does not qualify for a charitable deduction and it should never be receipted by the congregation—except to express appreciation. Out-of-pocket expenses related to the gift of services qualify as a charitable gift.

➤ **Services**. No deduction is allowed for the contribution of services to a congregation.

Example: A carpenter donates two months of labor on the construction of a new facility built by the congregation. The carpenter is not eligible for a charitable deduction for the donation of his time. He is entitled to a charitable deduction for the out-of-pocket expenses for any supplies he donates to the project, and his mileage driving to and from the project is deductible at the charitable mileage deduction rate (see page 6). If donated out-of-pocket expenses are $250 or more in a calendar year, the carpenter will need an acknowledgment from the congregation (see page 19).

➤ **Use of property**. The gift of the right to use property does not yield a tax deduction to the donor.

Example: A donor provides a congregation with the rent-free use of an automobile for a year. There is no charitable deduction available to the donor for the value of that use. If the donor paid the taxes, insurance, repairs, gas, or oil for the vehicle, these items would be deductible as a charitable contribution based on their cost.

- **Strings attached**. A gift must generally be complete and irrevocable to qualify for a charitable deduction. There is usually no charitable deduction if the donor leaves “strings attached” that can be pulled later to bring the gift back to the donor or remove it from the control of the congregation.

When Is a Gift Tax-Deductible?

When donors make gifts near the end of the year, the question often arises: “Is my gift deductible this year?” A donor’s charitable deduction, assuming deductions are itemized, depends on various factors:

- **Checks.** A donation by check is considered to be made on the date the check is delivered or mailed, as evidenced by its postmark, if the check subsequently clears the donor’s bank in due course. For example, a check that is mailed with a December 31 postmark and promptly deposited by the congregation will be deductible by the donor in the year the check is written, even though the check clears the bank the following year. However, a postdated check is not deductible until the day of its date.

  Example 1: A donor mails a check with a postmark of December 31, 2015. The congregation operates on a calendar year. It does not receive the check until January 7, 2016. The congregation deposits the check in its bank on January 7 and it clears the donor’s bank on January 10. The gift is deductible by the donor in 2015.

  Example 2: A donor delivers a check to the congregation on December 31, 2015. The donor asks that the check be held for three months. Following the donor’s request, the congregation deposits the check on March 31, 2016. This gift is deductible by the donor in 2016.

- **Securities.** A contribution of stock is completed upon the unconditional delivery of a properly endorsed stock certificate to your congregation or its agent. If the stock is mailed and is received by the congregation or its agent in the ordinary course of the mail, the gift is effective on the date of mailing. If the donor delivers a stock certificate to the issuing corporation or to the donor’s broker for transfer to the name of the congregation, the contribution is not completed until the stock is actually transferred on the corporation’s books.

- **Real estate.** A gift of real estate is deductible at the time a properly executed deed is delivered to the congregation.

- **Credit cards.** A contribution charged to a bank credit card is deductible by the donor when the charge is made, even though the donor does not pay the credit card charge until the next year.

- **Electronic fund transfers.** Donors can instruct their banks via phone or computer to pay contributions to your congregation. If a donor uses this method to make a donation, it’s deductible at the time payment is made by the bank.

- **Pledges.** A pledge is not deductible until payment or other satisfaction of the pledge is made.

Charitable Gift Acknowledgments

Contributors to your congregation seeking a federal income tax charitable contribution deduction must produce, if asked, a written receipt from the congregation if a single contribution’s value is $250 or more. Strictly speaking, the burden of compliance with the $250 or more rules falls on the donor. In reality, the burden and administrative costs fall on the congregation, not the donor.

If a donor makes multiple contributions of $250 or more to your congregation, one acknowledgment that reflects the total amount of the donor's contributions to the congregation for the year is sufficient. In other words, the congregation can total all of the contributions for a donor and only show the total amount on the receipt (see page 11 for sample receipts).

Caution

A donor will not be allowed a charitable deduction for single donations of $250 or more unless the donor has a receipt from your congregation. This applies to any type of donation. For a single donation of $250 or more made by check, the canceled check is not adequate substantiation.

➤ Information to be included in the receipt. The following information must be included in the gift receipt:

- ☐ the donor's name,
- ☐ if cash, the amount of cash contributed,
- ☐ if property, a description, but not the value (if the gift is an auto, boat, or airplane, the congregation must generally provide Form 1098-C—see page 13—to the donor of the property),
- ☐ a statement explaining whether the congregation provided any goods or services to the donor in exchange for the contribution,
- ☐ if goods or services were provided to the donor, a description and good-faith estimate of their value and a statement that the donor's charitable deduction is limited to the amount of the payment in excess of the value of the goods and services provided, and if services were provided consisting solely of intangible religious benefits, a statement to that effect,
- ☐ the date the donation was made, and
- ☐ the date the receipt was issued.

➤ **When receipts should be issued.** Donors must obtain their receipts no later than the earlier of either the due date, plus any extension, of their income tax returns or the date the return is filed. If a donor receives the receipt after this date, the gift does not qualify for a contribution deduction, even on an amended return.

If your congregation is issuing receipts on an annual basis, you should try to get them to your donors by at least January 31 each year and earlier in January if possible. This will assist your donors in gathering the necessary data for tax return preparation.

➤ **When receipts should not be issued.** Your congregation may be asked to issue receipts when no receipt is due. When payments made to your congregation represent the fair market value of products or services provided to the payer, no receipt should be issued. When a check is given to your congregation but the payee is another nonprofit organization, no receipt is due.

Example 1: The Brown family uses the sanctuary and fellowship hall for a wedding and a reception. The normal rental fee is $300. Their check to the congregation for $300 is marked "Contribution" and they ask for a receipt since the amount was for $250 or more. No receipt should be given because no charitable contribution was made.

Example 2: The Brown family uses the sanctuary and fellowship hall for a wedding and a reception. The congregation does not have a stated use fee but asks for a donation from those who use the facility. The comparable fee to rent similar facilities is for $250. The Browns give a check to the congregation for $250 marked "Contribution" and ask for a receipt since it was for $250 or more. No receipt should be given because no charitable contribution was made.

Example 3: Your congregation operates a school. The parent of a student at the school writes a $400 tuition check payable to the congregation and requests a receipt since it was for $250 or more. No receipt should be given because no charitable contribution was made.

Example 4: The Sunday services are recorded and tapes from the service may be obtained for a "contribution" of $5 per tape. This is a quid pro quo transaction (see page 17). There is generally no charitable deduction for this payment since the $5 approximates the fair market value of the tape.

➤ **Frequency of issuing receipts.** Receipts or acknowledgments can be issued gift-by-gift, monthly, quarterly, annually, or by any other frequency. For ease of administration and clear communication with donors, many congregations provide a receipt for all gifts, whether more or less than $250.

➤ **Form of receipts.** Except for Form 1098-C, used for gifts of autos, boats, or airplanes, no specific design of the receipt is required. The IRS has not issued any sample receipts for congregations to follow.

The receipt can be a letter, a postcard, or a computer-generated form. It does not have to include the donor's social security number or other taxpayer identification number. A receipt can also be provided electronically, such as via an email addressed to the donor. There is no requirement for the receipt to be signed.

➤ **Separate gifts of less than $250.** If a donor makes separate gifts during a calendar year of less than $250, there is no receipting requirement since each gift is a separate contribution. The donor's canceled check will provide sufficient substantiation. However, most congregations receipt all gifts with no distinction between the gifts under or over $250.

➤ **Donations payable to another charity.** A member may place a check in the offering plate of $250 or more, payable to a mission organization and designed for the support of a particular missionary serving with the mission. In this instance, no receipting is required by your congregation. Since the check was payable to the mission agency, that entity will need to issue the acknowledgment to entitle the donor to claim the gift as a charitable contribution.

➤ **Donor's out-of-pocket expenses.** Volunteers may incur out-of-pocket expenses on behalf of your congregation. Substantiation from your congregation is required if a volunteer claims a deduction for unreimbursed expenses of $250 or more. However, the IRS acknowledges that the congregation may be unaware of the details of the expenses or the dates on which they were incurred. Therefore, the congregation must substantiate only the types of services performed by the volunteer which relate to the out-of-pocket expenses.

➤ **Foreign organizations.** Donations must be made to domestic organizations to qualify for a charitable deduction.

Example 1: A gift made directly to a missionary group organized and operating in Israel does not qualify for a charitable deduction.

Example 2: A gift to a congregation with a designation that the funds be used for a China-based mission agency may qualify for a charitable deduction if the congregation conducts adequate due diligence with respect to the work conducted by the China-based ministry.

Caution

If an individual is chosen as a representative to an annual congregation-related convention, purchases an airline ticket for $500, and is not reimbursed by the congregation, this expense may be claimed as a charitable deduction. The congregation should provide a statement describing the services provided in attending the convention and state that no goods or services were provided in exchange for the gift, if this is true.

Sample Charitable Gift Receipt

Received from: Howard K. Auburn Receipt #1
Cash received as an absolute gift:

Date Cash Received	Amount Received
1/2/15	$250.00
1/16/15	50.00
3/13/15	300.00
3/27/15	100.00
6/12/15	500.00
7/10/15	150.00
8/21/15	200.00
10/16/15	400.00
11/20/15	350.00
	$2,300.00

Any goods or services you may have received in connection with this gift were solely intangible religious benefits.
(***Note:*** It is very important for a congregation to use wording of this nature when no goods or services were given in exchange for the gift.)
This document is necessary for any available federal income tax deduction for your contribution. Please retain it for your records.

Receipt issued on: January 10, 2015
Receipt issued by: Harold Morrison, Treasurer
Castleview Congregation
1008 High Drive
Dover, DE 19901

1. This sample receipt is based on the following assumptions:
   A. No goods or services were provided in exchange for the gifts other than intangible religious benefits.
   B. The receipt is issued on a periodic or annual basis for all gifts, whether over or under $250.
2. All receipts should be numbered consecutively for control and accounting purposes for all the receipts prepared by a congregation.

Sample Charitable Gift Receipt

Receipt #2

Received from: Charles K. Vandell
Cash received:

Date Cash Received	Gross Amount Received	Value of Goods or Services	Net Charitable Contribution
1/23/15	$80.00	$25.00 (1)	$ 55.00
3/20/15	300.00		300.00
4/24/15	60.00		60.00
6/19/15	500.00	100.00 (2)	400.00
9/04/15	275.00		275.00
10/30/15	200.00		200.00
12/18/15	1,000.00		1,000.00
			$2,290.00

Property received described as follows:
Received on October 22, 2014, 12 brown Samsonite folding chairs.

In return for certain gifts listed above, we provided you with the following goods or services (our estimate of the fair market value is indicated):
(1) Christian music tapes $25.00
(2) Limited edition art print $100.00

You may have also received intangible religious benefits, but these benefits do not need to be valued for tax purposes.

The deductible portion of your contribution for federal income tax purposes is limited to the excess of your contribution over the value of goods and services we provided to you.

This document is necessary for any available federal income tax deduction for your contribution. Please retain it for your records.

Receipt issued on: January 15, 2016
Receipt issued by: Harold Morrison, Treasurer
Castleview Church
1008 High Drive
Dover, DE 19901

1. This sample receipt is based on the following assumptions:
   A. Goods or services were provided in exchange for the gifts.
   B. The receipt is issued on a periodic or annual basis for all gifts whether over or under $250.
2. All receipts should be numbered consecutively for control and accounting purposes.

➤ **Individuals.** Gifts made to poor or needy individuals ordinarily do not qualify as charitable contributions. Gifts made personally to employees of a congregation are not charitable contributions.

Reporting to the IRS

Most gifts do not require any reporting by the congregation to the IRS. In addition to gifts of autos, boats, and airplanes, certain gifts require IRS reporting, or execution of a form that the donor files with the IRS:

➤ **Gifts of property in excess of $5,000.** Substantiation requirements apply to contributions of property (other than money and publicly traded securities), if the total claimed or reported value of the property is more than $5,000. For these gifts, the donor must obtain a qualified appraisal and attach an appraisal summary to the return on which the deduction is claimed. There is an exception for nonpublicly-traded stock. If the claimed value of the stock does not exceed $10,000 but is greater than $5,000, the donor does not have to obtain an appraisal by a qualified appraiser.

The appraisal declaration must be completed on page two of Form 8283 (see pages 20–21), signed and dated by the congregation and the appraiser, and attached to the donor's return on which a deduction is claimed. The signature by the congregation does not represent concurrence in the appraised value of the contributed property.

Caution

Charitable deductions for gifts of autos, boats, and airplanes are generally limited to the gross proceeds of the sale of the property by the congregation.

If Form 8283 is required, it is the donor's responsibility to file it. The congregation is under no responsibility to see that donors file this form or that it is properly completed. However, advising donors of their obligations and providing them with the form can produce donor goodwill.

➤ **Gifts of property in excess of $500.** Gifts of property valued at $500 or more require the completion of certain information on page 1 of Form 8283. For gifts between $500 and $5,000 in value, the IRS does not require an appraisal or signature of the charity.

➤ **Charity reporting for contributed property.** If property received as a charitable contribution requiring an appraisal summary on Form 8283 is sold, exchanged, or otherwise disposed of by the congregation within three years after the date of its contribution, the congregation must file Form 8282 (see pages 22–23) with the IRS within 125 days of the disposition.

This form provides detailed information on the gift and the disposal of the property. A copy of this information return must be provided to the donor and retained by the congregation. A congregation that receives a charitable contribution valued at more than $5,000 from a corporation generally does not have to complete Form 8283.

A letter or other written communication from a congregation acknowledging receipt of the property and showing the name of the donor, the date and location of the contribution, and a detailed description of the property is an acceptable contribution receipt for a gift of property.

There is no requirement to include the value of contributed property on the receipt. Additionally, most congregations are not prepared to value gifts of property. A tension often surrounds a significant gift of property because the donor may request the congregation to include an excessively high value on the charitable receipt. It is wise for the congregation to remain impartial in the matter and simply acknowledge the property by description with the exclusion of a dollar amount.

Example: A congregation receives a gift of real estate. The receipt should include the legal description of the real property and a description of the improvements, with no indication of the dollar value.

➤ **Acknowledging and reporting gifts of autos, boats, and airplanes.** Congregations are required to provide contemporaneous written acknowledgment (generally using Form 1098-C; see page 13) containing specific information to donors of autos, boats, and airplanes. Taxpayers are required to include a copy of the written acknowledgments with their tax returns in order to receive a deduction. The congregation is also required to provide the information contained in the acknowledgment to the IRS. The information included in such acknowledgments as well as the meaning of "contemporaneous" depends on what the charity does with the donated vehicle.

Vehicle sold before use or improvement. If the donated auto, boat, or airplane is sold before significant intervening use or material improvement by the congregation, the gross proceeds received by the congregation from the sale of the vehicle must be included on the written acknowledgment. Therefore, for donated property sold before use or improvement, the deductible amount is the gross proceeds received from the sale.

Vehicle not sold before use or improvement. Congregations may plan to significantly use or materially improve a donated auto, boat, or airplane before or instead of selling the property. The deductible amount for contributed autos, boats, or airplanes that will be used or improved by the congregation is the fair market value of the property, as determined by the donor, taking into consideration accessories, mileage, and other indicators of the property's general condition.

7878 ☐ VOID ☐ CORRECTED

DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Lamont Community Church 101 East Main Street Lamont, KS 66855	1 Date of contribution 2a Odometer mileage 1/15/14	OMB No. 1545-1959 **2015** Form **1098-C**	**Contributions of Motor Vehicles, Boats, and Airplanes**
	2b Year 2003 | 2c Make Chevy | 2d Model S10 Pickup		
DONEE'S federal identification number 35-0189211 | DONOR'S identification number 514-41-8007	3 Vehicle or other identification number 1FAP58923V159753		
DONOR'S name Fred Wilbur	4a [X] Donee certifies that vehicle was sold in arm's length transaction to unrelated party		
Street address (including apt. no.) 512 North Main	4b Date of sale 1/25/15		**Copy A**
City or town, state or province, country, and ZIP or foreign postal code Lamont, KS 66855	4c Gross proceeds from sale (see instructions) $ 3,000		**For Internal Revenue Service Center** **File with Form 1096.**
5a ☐ Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use			
5b ☐ Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose			
5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use			For Privacy Act and Paperwork Reduction Act Notice, see the **2015 General Instructions for Certain Information Returns.**
6a Did you provide goods or services in exchange for the vehicle? ▶ Yes ☐ No ☐			
6b Value of goods and services provided in exchange for the vehicle $			
6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits ▶ ☐			

In certain instances, an auto, boat, or airplane may be sold at a price significantly below fair market value (or gratuitously transferred) to needy individuals in direct furtherance of the congregation's charitable purpose (although it is difficult to imagine how a boat or an airplane would meet this definition).

Generally, no deduction is allowed unless donors receive Form 1098-C within 30 days after the date that the property is sold or within 30 days of the donation date if the congregation keeps the property. If the property is sold, donors must be informed of the gross selling price.

If the congregation keeps the property, the private-party sale price must be used by donors to figure the charitable tax deduction, not the higher dealer retail price.

● Special Charitable Contribution Issues

Granting of Scholarships

When scholarship assistance is provided by a charity, it requires careful compliance with tax laws and regulations. Three distinct areas of the tax law must be addressed:

- ➤ **Protecting the contributor's tax deduction.** The contribution deduction requires the gift be "to or for the use of" a congregation, not an individual. To qualify, the gift must be to a congregation (or other charity), knowing it will be used for scholarships, but without knowing who will receive the scholarship. A gift designated for a specific individual will not qualify.

Five guidelines for protecting the contribution deduction are that

1. The congregation determines all scholarship recipients through the use of a scholarship committee.
2. The congregation has a well-published policy stating that it determines the recipients according to its own policies and that it expressly rejects any effort to honor a donor's recommendation(s).
3. All scholarship policies contain the following statement: "Scholarships are awarded without regard to sex, race, nationality, or national origin."
4. Recipients of scholarships and the amount they are to receive will be based on funds already received.
5. At a minimum, the criteria for scholarship qualification are in writing.

Key Issue

Too often, well-meaning people want to help a relative or a friend pay their school bills, plus they want a tax deduction for the assistance. So, instead of making a personal nondeductible gift to the intended beneficiary, they make a "gift" to a congregation with a request to provide a scholarship for a designated individual. This transfer of funds is not a charitable contribution and the funds should not be accepted by the congregation.

➤ **Protecting the status of the payments to the scholarship recipient.** Only a candidate for a degree can exclude amounts received as a scholarship. A qualified scholarship is any payment to or for the student if it is for "tuition and fees" or for enrollment or "fees, books, supplies and equipment" required for specific courses. It is not necessary for a congregation granting a scholarship to confirm that it will be used only for qualified uses. The person receiving the scholarship must report excess amounts as taxable income.

➤ **Employee dependent scholarship programs.** Generally, scholarships for employee's dependents will be considered taxable compensation to the employee unless they meet the following precise guidelines. A few of the requirements include:

1. The existence of the program must not be presented as a benefit of employment by the organization.
2. Selection of beneficiaries must be made by an independent committee.
3. Selection must be based solely upon substantial objective standards that are completely unrelated to the employment of the recipients or their parents.
4. Generally, not more than 25% of eligible dependents may be recipients of scholarships.

Contributions to Needy Individuals and Benevolence Funds

Contributions made directly by a donor to needy individuals are not deductible. To qualify for a charitable deduction, contributions must be made to a congregation or other qualified organization. Contributions to benevolence funds may be claimed as charitable deductions if they are not earmarked for particular recipients.

A gift to a congregation involved in helping needy people that is marked "to aid the unemployed" is generally deductible. Yet if the gift is designated or restricted for the "Brown family" and the congregation passes the money on to the Browns, the gift is generally not tax deductible.

If a donor makes a suggestion about the beneficiary of a benevolent contribution, it may be deductible if the congregation exercises proper control over the benevolence fund. The suggestion

Sample Benevolence Fund Policy

Whereas, New Haven Congregation has a ministry to needy individuals; and

Whereas, The congregation desires to establish a Benevolence Fund through which funds for the support of needy individuals may be administered; and

Whereas, The congregation desires to operate the Benevolence Fund according to the highest standards of integrity;

Resolved, That New Haven Congregation establish a Benevolence Fund to help individuals in financial need and develop written procedures to document the need, establish reasonable limitations of support per person during a specified time period, and obtain external verification of the need; and

Resolved, That the congregation will accept only contributions to the Benevolence Fund that are "to or for the use" of the congregation, and their use must be subject to the control and discretion of the congregation board. Donors may make suggestions but not designations or restrictions concerning the identity of the needy individuals; and

Resolved, That the congregation will provide a charitable contribution receipt for gifts that meet the test outlined in the previous resolution. The congregation reserves the right to return any gifts that do not meet the test.

must only be advisory in nature, and the congregation may accept or reject the gift. However, if every "suggestion" is honored by the congregation, the earmarking could be challenged by the IRS.

A congregation may want to help a particular individual or family that has unusually high medical bills or other valid personal financial needs. To announce that funds will be received for the individual or family and to receipt the monies through the congregation makes the gifts personal and not deductible as charitable contributions. An option is for the congregation to set up a trust fund at a local bank. Contributions to the trust fund would not be deductible for tax purposes. Payments from the trust fund would not represent taxable income to a needy individual or family. This method of helping the needy person or family is clearly a legal approach and would represent personal gifts from one individual to another.

Warning

An area of frequent abuse involves a donation in which the donor specifies that the money must go to a particular individual (or family) to assist their financial needs. Before accepting such a gift, a congregation must exercise due diligence to ensure the transaction does not actually constitute earmarking of the funds by a donor, which is not deductible as a charitable contribution.

Contributions to Support Missionaries

Donations may be received, payable to your congregation, preferenced for the support of a particular missionary (often referred to as deputized fundraising). These gifts generally qualify as a charitable contribution if the congregation exercises sufficient discretion and control over the gift. If so, the congregation should include the amounts in acknowledgments issued to donors. Then, the funds should be remitted as a gift or a grant to the missionary-sending organization for their disbursement in relation to the individual missionary or directly to the missionary, if the missionary is independent of a missionary-sending organization. The IRS has acknowledged that deputized fundraising is a widespread and legitimate practice and that the contributions properly raised by this method are tax-deductible.

Contributions for Short-Term Mission Trips

It is a common practice for congregations to raise funds to send volunteers on short-term mission trips. The funds are often raised by a participant preferenced for his or her own trip expenses, as opposed to raising the funds for the group of volunteers as a whole.

Tax-deductible contributions for short-term missionary trips must be made "to or for the use of" the congregation.

If the donor only intends to benefit the person—using the congregation as an intermediary in order to obtain a tax deduction for an otherwise nondeductible gift—the contribution will not be tax-deductible. Such a motivation may be encouraged by promises of a refund if the person does not go or if too much money is raised.

Idea

Donations for short-term missions trips generally fall under the same rules as gifts to support the ministry of career missionaries. Even gifts from an adult trip participant to a congregation to fund the adult's trip qualifies for a charitable deduction. Further analysis is necessary regarding the person v. ministry purpose of the trip when funds are raised for minors.

However, when the congregation exercises control over the project, the contributions, and who participates; and when contribution requests emphasize funding the project, as a whole, the donor's contributions should be treated as tax-deductible gifts to the congregation.

Quid Pro Quo Disclosure Requirements

A quid pro quo payment is made partly as a contribution and partly for goods or services provided to the donor by the congregation. A donor may deduct only the amount of the contribution above what the goods or services are worth.

The congregation is required to provide a receipt for all transactions in which the donor makes a payment of more than $75 to the congregation and receives goods or services (other than intangible religious benefits or items of token value).

➤ **Form of the receipt.** The receipt must:

- ☐ inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the difference in the amount of money and the value of any property contributed by the donor over the value of the goods or services provided by the congregation, and
- ☐ provide the donor with a good-faith estimate of the value of goods or services that the congregation is providing in exchange for the contribution.

Only single payments of more than $75 are subject to the rules. Payments are not cumulative. It is not a difference of $75 between the amount given by the donor and the value of the object received by the donor that triggers the disclosure requirements, but the amount actually paid by the donor.

➤ **Calculating the gift portion.** It is not a requirement for the congregation to actually complete the subtraction of the benefit from a cash payment, showing the net charitable deduction. However, providing the net amount available for a charitable deduction is a good approach for clear communication with donors.

Remember

Many congregations offer products and suggest a donation amount with respect to the products. For example, a congregation may offer a book with a suggested donation amount of $30. If the fair market value of the book is $30 and the individual sends $30 to the congregation, no charitable donation has been made. However, if the congregation receives $50, a $20 charitable deduction is available.

- **When to make the required disclosures.** The disclosure of the value of goods or services provided to a donor may be made in the solicitation as well as in the subsequent receipt. However, sufficient information will generally not be available to make proper disclosure upon solicitation. For example, the value of a dinner may not be known at the time the solicitation is made.

- **Goods provided to donors.** To determine the net charitable contribution, a gift must generally be reduced by the fair market value of any premium, incentive, or other benefit received by the donor in exchange for the gift. Common examples of premiums are books and tapes. For gifts of over $75, organizations must advise the donor of the fair market value of the premium or incentive and that the value is not deductible for tax purposes.

  Donors must reduce their charitable deduction by the fair market value of goods or services they receive, even when the goods or services were donated to the congregation for use as premiums or gifts or when they were bought wholesale by the congregation. Therefore, congregations cannot pass along to donors the savings realized by receiving products at no cost or buying products at a discount.

> **Warning**
>
> A congregation must furnish a disclosure statement in connection with either the solicitation or the receipt of a quid pro quo contribution of over $75. The statement must be in writing and must be made in a manner that is likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

  If donors receive benefits of insubstantial value, they are allowed a full tax deduction for the donation if the item is provided free to the donor and if it is low-cost to the congregation:

  - **Low-cost items.** If an item has a cost (not retail value) of less than $10.60 (2016 inflation-adjusted amount) and it bears the name or logo of your congregation is given in return for a donation of more than $53.00 (2016 inflation-adjusted amount), the donor may claim a charitable deduction for the full amount of the donation. Examples of items that often qualify as tokens are coffee mugs, key chains, bookmarks, and calendars.

  - ***De minimis* benefits.** A donor can take a full deduction if the fair market value of the benefits received in connection with a gift does not exceed 2% of the donation or $106 (2016 inflation-adjusted amount), whichever is less.

- **Examples of the quid pro quo rules.** Here are various examples of how the quid pro quo rules apply.

  - **Admission to events.** Many organizations sponsor banquets, concerts, or other events to which donors and prospective donors are invited in exchange for a contribution or other payment. Often, the donor receives a benefit equivalent to the payment and no charitable deduction is available.

    But if the amount paid is more than the value received, the amount in excess of the fair market value is deductible if the donor intended to make a contribution.

  - **Bazaars.** Payments for items sold at bazaars and bake sales are not tax-deductible to donors since the purchase price generally equals the fair market value of the item.

  - **Banquets.** Whether your organization incurs reporting requirements in connection with banquets where funds are raised depends on the specifics of each event.

Sample Letter to Volunteers

Date ________________

Dear Volunteer:

We appreciate the time, energy, and out-of-pocket costs you devote to our cause as follows:

[Description of Services/Expenses Provided/Date Provided]

____

____

No goods or services were provided to you by our congregation, except intangible religious benefits, in consideration of your volunteer efforts.

You may deduct unreimbursed expenses that you incur incidental to your volunteer work. Transportation costs (travel from home to our congregation or other places where you render services), phone calls, postage stamps, stationery, and similar out-of-pocket costs are deductible.

You can deduct the IRS approved charitable mileage rate (14 cents per mile for 2015) in computing the costs of operating your car while doing volunteer work as well as unreimbursed parking and toll costs. Instead of using the cents-per-mile method, you can deduct your actual auto expenses, provided you keep proper records. However, insurance and depreciation on your car are not deductible.

If you travel as a volunteer and must be away from home overnight, reasonable payments for meals and lodging as well as your travel costs are deductible. Your out-of-pocket costs at a convention connected with your volunteer work are deductible if you were duly chosen as a representative of our congregation.

You cannot deduct travel expenses as charitable gifts if there's a significant element of personal pleasure, recreation, or vacation in the travel.

You cannot deduct the value of your services themselves. For example, if you devote 100 hours during the year to typing for us and the prevailing rate for these services is $8.00 per hour, you cannot deduct the $800 value of your services. Although deductions are allowed for property gifts, the IRS doesn't consider your services "property." Nor is the use of your home for meetings a "property contribution."

Finally, you may be required to substantiate your deduction to the IRS. Be prepared to prove your costs with canceled checks, receipted bills, and diary entries. If your expenses total $250 or more for the calendar year, you must have this acknowledgment in hand before you file your income tax return (including any extensions).

Again, thank you for furthering our cause with that most precious commodity: your time.

Castleview Congregation

Sample Letter to Noncash Donors

Noncash Acknowledgment #_____

(All acknowledgments should be numbered consecutively for control and accounting purposes.)

Date Acknowledgment Issued

Charitable Gift Receipt for Noncash Gifts
(other than for autos, boats, or airplanes)
RETAIN FOR INCOME TAX PURPOSES

Donor's name and address

Thank you for your noncash gift as follows:

Date of gift:

Description of gift:

(***Note:*** No value is shown for the gift. Valuation is the responsibility of the donor.)

To substantiate your gift for IRS purposes, the tax law requires that this acknowledgment state whether you have received any goods or services in exchange for the gift. You have received no goods or services. (***Note:*** If goods or services were provided to the donor, replace the previous sentence with: In return for your contribution, you have received the following goods or services __(description)__ which we value at __(good-faith estimate)__. The value of the goods and services you received must be deducted from the value of your contribution to determine your charitable deduction.)

If your noncash gifts for the year total more than $500, you must include Form 8283 (a copy of Form 8283 and its instructions are enclosed for your convenience) with your income tax return. Section A is used to report gifts valued at $5,000 or under. You can complete Section A on your own. When the value of the gift is more than $5,000, you will need to have the property appraised. The appraiser's findings are reported in Section B of Form 8283. The rules also apply if you give "similar items of property" with a total value above $5,000—even if you gave the items to different charities. Section B of Form 8283 must be signed by the appraiser. As the donee, we have already signed the form. It is essential to attach the form to your tax return.

You might want an appraisal (even if your gift does not require one) in case you have to convince the IRS of the property's worth. You never need an appraisal or an appraisal summary for gifts of publicly traded securities, even if their total value exceeds $5,000. You must report those gifts (when the value is more than $500) by completing Section A of Form 8283 and attaching it to your return.

For gifts of closely held stock, an appraisal is not required if the value of the stock is under $10,000, but part of the appraisal summary form must be completed if the value is over $5,000. If the gift is valued over $10,000, then both an appraisal and an appraisal summary form are required.

If we receive a gift of property subject to the appraisal summary rules, we must report to both the IRS and you if we dispose of the gift within three years.

Again, we are grateful for your generous contribution. Please let us know if we can give you and your advisors more information about the IRS's reporting requirements.

Castleview Congregation

Note: If the gift involves an auto, boat, or airplane, see pages 12–13 for the gift deduction congregation rules.

Form **8283**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Noncash Charitable Contributions

► **Attach to your tax return if you claimed a total deduction of over $500 for all contributed property.**

► **Information about Form 8283 and its separate instructions is at *www.irs.gov/form8283*.**

OMB No. 1545-0908

Attachment Sequence No. **155**

Name(s) shown on your income tax return	Identifying number
Mark A. and Joan E. Murphy	392-83-1982

Note. Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of $5,000 or Less and Publicly Traded Securities—List in this section **only** items (or groups of similar items) for which you claimed a deduction of $5,000 or less. Also list publicly traded securities even if the deduction is more than $5,000 (see instructions).

Part I **Information on Donated Property**—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached).	(c) Description of donated property (For a vehicle, enter the year, make, model, and mileage. For securities, enter the company name and the number of shares.)
A	Endless Mountain Church 561 Maple, Rochester, NY 14623	☐	Used bedroom furniture
B		☐	
C		☐	
D		☐	
E		☐	

Note. If the amount you claimed as a deduction for an item is $500 or less, you do not have to complete columns (e), (f), and (g).

	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	(i) Method used to determine the fair market value
A	10/1/15	4/00	Purchased	3,400	750	Sales of comparable
B						used furniture
C						
D						
E						

Part II **Partial Interests and Restricted Use Property**—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ► ______
If Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ► ______
(2) For any prior tax years ► ______

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
Name of charitable organization (donee)
Address (number, street, and room or suite no.)
City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ► ______

e Name of any person, other than the donee organization, having actual possession of the property ► ______

		Yes	No
3a	Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?		
b	Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?		
c	Is there a restriction limiting the donated property for a particular use?		

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 62299J Form **8283** (Rev. 12-2014)

This form must be completed and filed with the donor's income tax return for gifts of property valued at $500 or more. There is no requirement of an appraisal or signature of the donee organization for gifts valued between $500 and $5,000.

Form 8283 (Rev. 12-2014) Page **2**

Name(s) shown on your income tax return	Identifying number
Mark A. and Joan E. Murphy	392-83-1982

Section B. Donated Property Over $5,000 (Except Publicly Traded Securities)—Complete this section for one item (or one group of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions of publicly traded securities reported in Section A). Provide a separate form for each property donated unless it is part of a group of similar items. An appraisal is generally required for property listed in Section B. See instructions.

Part I **Information on Donated Property**—To be completed by the taxpayer and/or the appraiser.

4 Check the box that describes the type of property donated:

a ☐ Art* (contribution of $20,000 or more)
b ☐ Qualified Conservation Contribution
c ☐ Equipment
d ☐ Art* (contribution of less than $20,000)
e ☒ Other Real Estate
f ☐ Securities
g ☐ Collectibles**
h ☐ Intellectual Property
i ☐ Vehicles
j ☐ Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

5	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift	(c) Appraised fair market value
A	Residence and two lots:	Good Repair	242,500
B	2080 Long Pond Road		
C	Syracuse, NY		
D			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions: (h) Amount claimed as a deduction	See instructions: (i) Date of contribution
A	7/20/08	Purchased	236,900		242,500	
B						
C						
D						

Part II **Taxpayer (Donor) Statement**—List each item included in Part I above that the appraisal identifies as having a value of $500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than $500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions. ►

Signature of taxpayer (donor) ► Mark A. Murphy Date ► 11/28/15

Part III **Declaration of Appraiser**

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). In addition, I understand that I may be subject to a penalty under section 6695A if I know, or reasonably should know, that my appraisal is to be used in connection with a return or claim for refund and a substantial or gross valuation misstatement results from my appraisal. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign Here Signature ► Andrew J. Noble Title ► President Date ► 11/20/15

Business address (including room or suite no.)	Identifying number
1100 North Adams Street	541-90-9796

City or town, state, and ZIP code
Elmira, NY 14904

Part IV **Donee Acknowledgment**—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ► 8/31/14

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ► ☐ Yes ☒ No

Name of charitable organization (donee)	Employer identification number	
Fairlawn Heights Church	35-4029876	
Address (number, street, and room or suite no.): PO Box 829	City or town, state, and ZIP code: Oswego, NY 13126	
Authorized signature: James A. Black	Title: Executive Pastor	Date: 12/15/15

Form **8283** (Rev. 12-2014)

Section B must be completed for gifts of items (or groups of similar items) for which a deduction was claimed of more than $5,000 per item or group.

Form **8282**
(Rev. April 2009)
Department of the Treasury
Internal Revenue Service

Donee Information Return
(Sale, Exchange, or Other Disposition of Donated Property)
▶ **See instructions.**

OMB No. 1545-0908
Give a Copy to Donor

Parts To Complete

- If the organization is an **original donee,** complete *Identifying Information,* Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III.
- If the organization is a **successor donee,** complete *Identifying Information,* Part I, Part II, and Part III.

Identifying Information

Print or Type

Name of charitable organization (donee): Oneonta First Church
Employer identification number: 35 | 4829942
Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address): 292 River Street
City or town, state, and ZIP code: Oneonta, NY 13820

Part I **Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property**

1a **Name of original donor of the property**: Keith E. Chapman
1b **Identifying number(s)**: 512-40-8076
1c Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address): 504 Church Street
1d City or town, state, and ZIP code: Solvay, NY 13209

Note. Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).

2a **Name of charitable organization**
2b **Employer identification number**
2c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)
2d City or town, state, and ZIP code

Part II **Information on PREVIOUS DONEES. Complete this part only if the organization was not the first donee to receive the property.** See the instructions before completing lines 3a through 4d.

3a **Name of original donee**
3b **Employer identification number**
3c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)
3d City or town, state, and ZIP code
4a **Name of preceding donee**
4b **Employer identification number**
4c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)
4d City or town, state, and ZIP code

For Paperwork Reduction Act Notice, see page 4. Cat. No. 62307Y Form **8282** (Rev. 4-2009)

This form must generally be filed by a congregation if it disposes of charitable deduction property within three years of the date the original donee received it and the items are valued at $500 or more.

Form 8282 (Rev. 4-2009) Page **2**

Part III **Information on DONATED PROPERTY**

	1. Description of the donated property sold, exchanged, or otherwise disposed of and how the organization used the property. (If you need more space, attach a separate statement.)	2. Did the disposition involve the organization's entire interest in the property? Yes	2. No	3. Was the use related to the organization's exempt purpose or function? Yes	3. No	4. Information on use of property. • If you answered "Yes" to question 3 and the property was tangible personal property, describe how the organization's use of the property furthered its exempt purpose or function. Also complete Part IV below. • If you answered "No" to question 3 and the property was tangible personal property, describe the organization's intended use (if any) at the time of the contribution. Also complete Part IV below, if the intended use at the time of the contribution was related to the organization's exempt purpose or function and it became impossible or infeasible to implement.
A	Real estate/Vacant lot, 82 White St. Oneonta, NY	X			X	
B						
C						
D						

		Donated Property A	B	C	D
5	Date the organization received the donated property (MM/DD/YY)	9 / 1 / 15	/ /	/ /	/ /
6	Date the original donee received the property (MM/DD/YY)	/ /	/ /	/ /	/ /
7	Date the property was sold, exchanged, or otherwise disposed of (MM/DD/YY)	11 / 10 / 15	/ /	/ /	/ /
8	Amount received upon disposition	$ 3,780	$	$	$

Part IV **Certification**

You must sign the certification below if any property described in Part III above is tangible personal property and:

- You answered "Yes" to question 3 above, or
- You answered "No" to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720B, I certify that either: (1) the use of the property that meets the above requirements, and is described above in Part III, was substantial and related to the donee organization's exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

[signature] | Treasurer | 12/1/15

Signature of officer | Title | Date

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer | Title | Date

Type or print name

Form **8282** (Rev. 4-2009)

Reporting as an Employer

Congregations are generally required to withhold federal (and state and local, as applicable) income taxes and social security taxes and to pay employer social security tax on all wages paid to all full-time or part-time employees (except qualified clergy).

• The Classification of Workers

Questions frequently arise about the classification of certain congregational workers. Seasonal workers and those working less than full-time, such as secretaries, custodians, and musicians, require special attention for classification purposes. If a worker receives pay at an hourly rate, it will be difficult to justify independent contractor status. This conclusion holds true even if the workers are part-time.

Employee

If a worker (other than clergy) is an employee, the congregation must withhold federal income tax (and state income tax, if applicable) and Federal Insurance Contributions Act (FICA) taxes; match the employee's share of FICA taxes; and, unless exempted, pay unemployment taxes on the employee's wages. In addition, the congregation may incur obligations for employee benefit plans such as vacation, sick pay, health insurance, and retirement plan contributions.

"Control" is the primary factor in determining whether an individual is an employee or an independent contractor. Among other criteria, employees comply with instructions, have a continuous relationship, perform work personally, work full- or part-time, are subject to dismissal, can quit without incurring liability, are often reimbursed for expenses, and must submit reports.

Key Issue

The employee vs. independent contractor decisions is one of the most fundamental issues facing an employer making payments to workers. If a worker is truly an employee but is treated as an independent contractor, this can result in not withholding the appropriate income and FICA-type social security tax amounts.

Independent Contractor

If the worker is classified as an independent contractor, quarterly estimated income taxes and social security taxes under the Self-Employment Contributions Act (SECA) are paid by the worker. Federal income tax is not withheld for independent contractors unless under a voluntary agreement for clergy. There is no unemployment tax liability or income or social security tax withholding requirement for independent contractors.

Independent contractors normally set the order and sequence of work, set their hours of work, work for others at the same time, are paid by the job, offer their services to the public, have an opportunity for profit or loss, furnish their own tools, and may do work on another's premises, and there is often substantial investment by the worker.

Common Law Rules

The IRS generally applies common law rules to decide if an individual is an employee or self-employed (independent contractor) for income tax purposes. Generally, the individual is an employee if the congregation has the legal right to control both what and how work is done, even if the individual has considerable discretion and freedom of action.

The Classification of Clergy

It is important for a congregation to decide if the services of clergy employed by the congregation qualify for special tax treatment as ministerial services. Most ordained, commissioned, or licensed clergy serving local congregations are eligible for the six special tax provisions listed on page 25 with respect to services performed in the exercise of ministry. The IRS and courts apply certain tests to these clergy, including whether clergy administer the sacraments, conduct worship services, are considered spiritual leaders by the congregation, and if clergy perform services in the "control, conduct, or maintenance of a religious organization." It may not be necessary for clergy to meet all of these tests to qualify for the special tax treatment.

Special Tax Provisions for Clergy

- ❏ Exclusion for income tax purposes of the housing allowance and the fair rental value of a congregation-owned parsonage provided rent-free to clergy.
- ❏ Exemption of clergy from self-employment tax under very limited circumstances.
- ❏ Treatment of clergy (who do not elect social security exemption) as self-employed as it concerns income from their ministerial services.
- ❏ Exemption of clergy compensation from mandatory income tax withholding.
- ❏ Eligibility for a voluntary income tax withholding arrangement between clergy-employees and the congregation.
- ❏ Potential double deduction of mortgage interest and real estate taxes as itemized deductions and as housing expenses for housing allowance purposes.

Payroll Tax Reporting

Form W-2s are provided annually to clergy-employees. There is no requirement to withhold income taxes, but they may be withheld under a voluntary agreement. Social security taxes are not withheld.

If an employee does not qualify for tax treatment as clergy, the congregation is liable to withhold and pay FICA and income taxes.

• Payroll Tax Withholding

FICA

Congregations must withhold FICA taxes from the employee wages of all nonclergy and pay them to the IRS along with the employee's share of the tax. In 2016, employers pay a 6.2% and employees pay a 6.2% tax rate on the social security wage base of up to $118,500. Similarly, both the employer and the employee pay a 1.45% Medicare tax rate on all pay above $118,500.

Warning

FICA-type social security taxes should never be withheld from the compensation of clergy since they are self-employed for social security purposes. They must file Schedule SE to compute self-employment social security tax, unless they have opted out of social security.

Federal Income Tax

Most congregations are exempt from the payment of federal, state, and local income tax on the congregation's income (see page 47 for the tax on unrelated business income). But they must withhold and pay federal, state, and local income taxes on the wages paid to each employee. Clergy-employees are an exception to this rule.

A clergy-employee may have a voluntary withholding agreement with a congregation relating to the cleric's income taxes (or he or she may file Form 1040-ES, or both). An agreement to withhold income taxes from wages must be in writing. There is no required form for the agreement. Clergy may request voluntary withholding by submitting Form W-4 (Employee Withholding Allowance Certificate) to the congregation indicating the additional amount to be withheld in excess of the tax table, or the written request may be in another format.

> **Caution**
>
> Federal income taxes are not required to be withheld from the salary of clergy. But under a voluntary withholding agreement, federal income tax may be withheld—even sufficient to cover the self-employment tax liability. This withholding must be identified as "federal income tax withheld" (and not social security taxes withheld).

Federal income taxes for all employees (except clergy) are calculated based on the chart and tables shown in IRS Publication 15. State and local income taxes are usually required to be withheld according to state and local withholding tables.

- **Form W-4.** All employees, part- or full-time, must complete a W-4 form. (Clergy are an exception to this requirement unless a voluntary withholding arrangement is used.) The withholding allowance information completed on this form gives the basis to determine the amount of income tax to be withheld.

  Congregations must file with the IRS all Forms W-4 on which employees claim exempt status from withholding (and the employees' wages would normally exceed $200 weekly) or claim more than 10 withholding allowances.

- **Form W-7.** Certain individuals who are not eligible for a social security number (SSN) may obtain an Individual Taxpayer Identification Number. The following individuals may file Form W-7: (1) nonresident aliens who are required to file a U.S. tax return, (2) nonresident aliens who are filing a U.S. tax return only to claim a refund, (3) individuals being claimed as dependents on U.S. tax returns and who are not eligible to obtain a social security number, (4) individuals being claimed as husbands or wives for exemptions on U.S. tax returns and who are not eligible to obtain a SSN, and (5) U.S. residents who must file a U.S. tax return but are not eligible for a SSN.

Social Security Tax

Clergy are always subject to social security under the Self-Employment Contributions Act (SECA). Therefore, social security taxes (FICA) should never be withheld from the salary of clergy. But under the voluntary withholding agreement for federal income taxes, additional federal income tax may be withheld sufficient to cover clergy self-employment tax liability. When these withheld amounts are paid to the IRS, they must be identified as federal income tax withheld (and not social security taxes withheld).

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.

OMB No. 1545-0074
2015

1 Your first name and middle initial: Walter R.
Last name: Knight
2 Your social security number: 511-02-7943

Home address (number and street or rural route): 601 Oakridge Boulevard
3 ☐ Single ☒ Married ☐ Married, but withhold at higher Single rate.
Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

City or town, state, and ZIP code: Vinton, VA 24179
4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ► ☐

5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2) — 5: 4
6 Additional amount, if any, you want withheld from each paycheck — 6: $
7 I claim exemption from withholding for 2015, and I certify that I meet **both** of the following conditions for exemption.
• Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability, **and**
• This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.
If you meet both conditions, write "Exempt" here ► 7

Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature
(This form is not valid unless you sign it.) ► Walter R. Knight Date ► 1/01/15

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.) 9 Office code (optional) 10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2015)

This form must be completed by all lay employees, full- or part-time by. Your exemption for 2015 expires on February 17, 2016. If clergy complete this form, it can be the basis to determine income tax withholding under a voluntary agreement.

Depositing Withheld Payroll Taxes

The basic rules for depositing payroll taxes are:

- If the total accumulated and unpaid employment tax (income tax withheld, social security tax withheld and matched by the congregation) is less than $2,500 in a calendar quarter, taxes can be paid directly to the IRS when the congregation files Form 941. These forms are due one month after the end of each calendar quarter.
- If payroll taxes are over $2,500 for a quarter, payroll tax deposits must be made monthly or before the 15th day of each month for the payroll paid during the preceding month. Large congregations with total employment taxes of over $50,000 per year are subject to more frequent deposits.

The costs of missing these deadlines can be very high. Besides interest, the congregation is subject to penalties at progressively stiffer rates. These range from 2% if you deposit the money within five days of the due date to 15% if it is not deposited within 10 days of the first delinquency notice or on the day that the IRS demands immediate payment, whichever is earlier.

Only very small organizations are exempted from depositing electronically: employers with $2,500 or less in quarterly employment taxes that pay their liability when filing their returns. All other coupon users must switch to making deposits by wire using Treasury's Electronic Federal Tax Payment System (EFTPS): www.eftps.gov or call 800-555-4477.

Using EFTPS is free and a convenient way to make federal tax payments online or by telephone, 24/7. To enroll in this system, you merely need your taxpayer identification number, bank account and routing number, and address and name as they appear on your IRS tax documents. After you enter the requested information online, you will receive your PIN. Then call 1-800-982-3526 to get a temporary Internet password. Then you are ready to make a payment online or by telephone.

Filing Quarterly Payroll Tax Forms

Employers must report covered wages paid to their employees by filing Form 941, Employer's Quarterly Federal Tax Return, with the IRS.

Form 941

Congregations that withhold income tax and both social security and Medicare taxes must file Form 941 quarterly. There is no requirement to file Form 941 if your congregation has not been required to withhold payroll taxes, even if you have one or more clergy-employees. However, if the only employee is a cleric and voluntary federal income tax has been withheld, your congregation must file Form 941.

Idea

Do not file more than one Form 941 per quarter even if you deposit payroll taxes monthly. If you have multiple locations, you must file only one Form 941 per quarter. Filing more than one return may result in processing delays and require correspondence with the IRS.

Most Common Errors Made on Form 941. The IRS has outlined the most common errors discovered during the processing of Form 941 and the best way to avoid making these mistakes. A checklist for avoiding errors follows:

- ☐ Do not include titles or abbreviations, such as Dr., Mr., or Mrs.
- ☐ On line 2, do not include amounts designated as housing allowance for qualified ministers.
- ☐ Make sure that taxable social security wages and the social security tax on line 5a and the taxable Medicare wages and the Medicare tax on line 5c are reported separately. Most employers will need to complete both lines 5a and 5c.
- ☐ The preprinted form sent by the IRS should be used. If the return is prepared by a third-party preparer, make certain that the preparer uses exactly the name that appears on the preprinted form that was sent.
- ☐ Check the math for lines 5d, 10, and 11. Line 11 should always be the sum of lines 3, 5d, and 9.
- ☐ Make sure the social security tax on line 5a is calculated correctly (social security wages x 12.4%).
- ☐ Make sure the Medicare tax on line 5c is calculated correctly (Medicare wages x 2.9%).
- ☐ Be sure to use the most recent Form 941 that the IRS sends. The IRS enters the date the quarter ended after the employer identification number. If the form is used for a later quarter, the IRS will have to contact the employer.
- ☐ Make sure there is never an entry on both lines 14 and 15. There cannot be a balance due and a refund.

Form **941 for 2015: Employer's QUARTERLY Federal Tax Return** 950114

(Rev. January 2015) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) ☐☐ - ☐☐☐☐☐☐☐

Name (not your trade name) Barnett Ridge Church

Trade name (if any)

Address PO Box 517

Number Street Suite or room number

Selma AL 36704

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Report for this Quarter of 2015
(Check one.)

- [X] 1: January, February, March
- [ ] 2: April, May, June
- [ ] 3: July, August, September
- [ ] 4: October, November, December

Instructions and prior year forms are available at *www.irs.gov/form941*.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1	**Number of employees who received wages, tips, or other compensation for the pay period including: *Mar. 12* (Quarter 1), *June 12* (Quarter 2), *Sept. 12* (Quarter 3), or *Dec. 12* (Quarter 4)**	1	0
2	**Wages, tips, and other compensation**	2	24,811 .
3	**Federal income tax withheld from wages, tips, and other compensation**	3	4,642 .
4	**If no wages, tips, and other compensation are subject to social security or Medicare tax**	☐	**Check and go to line 6.**

		Column 1		Column 2
5a	**Taxable social security wages**	16,340 .	× .124 =	2,026 .
5b	**Taxable social security tips**	.	× .124 =	.
5c	**Taxable Medicare wages & tips**	16,340 .	× .029 =	474 .
5d	**Taxable wages & tips subject to Additional Medicare Tax withholding**	.	× .009 =	.

5e	**Add Column 2 from lines 5a, 5b, 5c, and 5d**	5e	2,500 .
5f	**Section 3121(q) Notice and Demand—Tax due on unreported tips** (see instructions)	5f	.
6	**Total taxes before adjustments.** Add lines 3, 5e, and 5f	6	7,142 .
7	**Current quarter's adjustment for fractions of cents**	7	.
8	**Current quarter's adjustment for sick pay**	8	.
9	**Current quarter's adjustments for tips and group-term life insurance**	9	.
10	**Total taxes after adjustments.** Combine lines 6 through 9	10	7,142 .
11	**Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, 944-X (PR), or 944-X (SP) filed in the current quarter**	11	7,142 .
12	**Balance due.** If line 10 is more than line 11, enter the difference and see instructions	12	0 .
13	**Overpayment.** If line 11 is more than line 10, enter the difference .		Check one: ☐ Apply to next return. ☐ Send a refund.

▶ **You MUST complete both pages of Form 941 and SIGN it.** Next ▶

File this form to report social security (FICA) and Medicare taxes and federal income tax withheld.

950214

Name *(not your trade name)*	Employer identification number (EIN)
Barnett Ridge Church	35 - 2017883

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

14 Check one: ☐ **Line 10 on this return is less than $2,500 or line 10 on the return for the prior quarter was less than $2,500, and you did not incur a $100,000 next-day deposit obligation during the current quarter.** If line 10 for the prior quarter was less than $2,500 but line 10 on this return is $100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule below; if you are a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.

☒ **You were a monthly schedule depositor for the entire quarter.** Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability:	**Month 1**	2,201 .
	Month 2	2,493 .
	Month 3	4,448 .
Total liability for quarter		7,142 . **Total must equal line 10.**

☐ **You were a semiweekly schedule depositor for any part of this quarter.** Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

15 If your business has closed or you stopped paying wages . . . . ☐ Check here, and

enter the final date you paid wages   /   /   .

16 If you are a seasonal employer and you do not have to file a return for every quarter of the year . . ☐ Check here.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

☐ Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS.

☐ No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X Sign your name here: David Baker

Print your name here: David Baker

Print your title here: Office Manager

Date: 4 / 15 / 15

Best daytime phone: 334-873-1754

Paid Preparer Use Only   Check if you are self-employed . . . ☐

Preparer's name		PTIN	
Preparer's signature		Date	/ /
Firm's name (or yours if self-employed)		EIN	
Address		Phone	
City	State	ZIP code	

Page **2**   Form **941** (Rev. 1-2015)

Form 941-X

Form 941-X may be used to correct errors reported on Forms 941 or 941-SS for one quarter only. Form 941-X must be filed separately from Form 941.

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. April 2015)
Department of the Treasury — Internal Revenue Service
OMB No. 1545-2009

Employer identification number (EIN): 3 5 – 6 3 0 9 2 9 4

Name (not your trade name): Little Valley Church

Trade name (if any):

Address: 4865 Douglas Road
Number Street Suite or room number

Springfield OH 45504
City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Return You Are Correcting ...

Check the type of return you are correcting:

X 941

941-SS

Check the ONE quarter you are correcting:

X 1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Enter the calendar year of the quarter you are correcting: 2015 (YYYY)

Enter the date you discovered errors: 05 / 10 / 2015 (MM / DD / YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all three pages. Do not attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

X 1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you are correcting both underreported and overreported amounts on this form. The amount shown on line 20, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you are filing this form.

2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 20. Do not check this box if you are correcting ANY underreported amounts on this form.

Part 2: Complete the certifications.

3. **I certify that I have filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.**

Note. If you are correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you are correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax does not include Additional Medicare Tax. Form 941-X cannot be used to correct overreported amounts of Additional Medicare Tax unless the amounts were not withheld from employee wages or an adjustment is being made for the current year.

4. **If you checked line 1 because you are adjusting overreported amounts, check all that apply.** You must check at least one box.
I certify that:

a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

b. The adjustments of social security tax and Medicare tax are for the employer's share only. I could not find the affected employees or each affected employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I did not withhold from employee wages.

5. **If you checked line 2 because you are claiming a refund or abatement of overreported employment taxes, check all that apply.** You must check at least one box.
I certify that:

a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

c. The claim for social security tax and Medicare tax is for the employer's share only. I could not find the affected employees; or each affected employee did not give me a written consent to file a claim for the employee's share of social security tax and Medicare tax; or each affected employee did not give me a written statement that he or she has not claimed (or the claim was rejected) and will not claim a refund or credit for the overcollection.

d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I did not withhold from employee wages.

Next ➡

Use this form to correct income, social security (FICA), and Medicare tax information reported on Forms 941. It may be necessary to issue Form W-2c to employees relating to prior year data. The Form 941-X has three pages.

● Filing Annual Payroll Tax Forms

Form W-2

By January 31, each employee must be given a Form W-2. Be sure to reconcile the data reflected on Forms W-2, W-3, and 941 before distributing Form W-2s to employees. If these forms do not reconcile, the IRS generally sends a letter to the employer requesting additional information. For help or information, call 866-455-7438.

Make all entries without a dollar sign or comma but with a decimal point and cents (do not use whole dollars).

Remember

One of an employer's primary challenges is to determine if all of an employee's compensation is reported on Form W-2. Taxable compensation that is often erroneously omitted includes life insurance premiums paid for the employee (only group term life up to $50,000 is tax-free) and expense allowances (only expenses reimbursed under an accountable plan are tax-free).

22222 Void ☐ | a Employee's social security number 517-38-6451 | For Official Use Only ▶ OMB No. 1545-0008

b Employer identification number (EIN) 35-2948039	1 Wages, tips, other compensation 93800.00	2 Federal income tax withheld 7000.00
c Employer's name, address, and ZIP code ABC Charity 2870 North Hull Road Traverse City, MI 49615	3 Social security wages 95000.00	4 Social security tax withheld 3990.00
	5 Medicare wages and tips 95000.00	6 Medicare tax withheld 1377.50
	7 Social security tips	8 Allocated tips
d Control number	9	10 Dependent care benefits
e Employee's first name and initial Michael A — Last name Black — Suff.	11 Nonqualified plans	12a See instructions for box 12: E 1200.00
15550 Cleveland Avenue Traverse City, MI 49615	13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐	12b P 984.73
	14 Other	12c
f Employee's address and ZIP code		12d

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
MI	6309294	93800.00	700.00			

Form **W-2** Wage and Tax Statement **2015**

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable.

Cat. No. 10134D

Do Not Cut, Fold, or Staple Forms on This Page

Form W-2 must be filed for each employee who received taxable compensation or for whom income tax or FICA-type social security tax was withheld. The example shown above is for a lay employee.

Void – Put an X in this box when an error has been made on this W-2.

Box 1 – Wages, tips, other compensation. Items to include in Box 1 (before any payroll deductions) are:

- ➤ total wages paid during the year (including love offerings paid by the congregation to clergy or other employee);
- ➤ the value of noncash payments, including taxable fringe benefits;
- ➤ business expense payments under a nonaccountable plan;

- ➤ payments of per diem or mileage allowance paid for business expense purposes that exceed the IRS specified rates;
- ➤ payments made by a congregation to an employee's Individual Retirement Account;
- ➤ payments for nonexcludable moving expenses;
- ➤ all other compensation, including taxable fringe benefits ("Other compensation" represents amounts a congregation pays to an employee from which federal income tax is not withheld. If you prefer, you may show other compensation on a separate Form W-2); and
- ➤ the cash housing allowance or the fair market rental value of housing and utilities, which must be reported as taxable income for lay employees unless furnished on the congregation's premises and the employee is required to accept the lodging as a condition of employment.

Caution

Do not include any per diem or mileage allowance or other reimbursements for employee business expenses under an accountable plan in Boxes 1 or 14, if the total reimbursement is less than or equal to the amount substantiated.

Exclude the following:

- ➤ the fair rental value of a congregation-provided parsonage or a properly designated housing allowance for clergy;

Checklist for Completing Box 1 of Form W-2

Data Included for			
Clergy Only	Both	Nonclergy Only	
	yes		Salary
no		yes	Housing/furnishings allowance (designated in advance)
no		yes	Parsonage rental value
no		yes	Utilities paid by congregation
	yes		Social security/Medicare "allowance" or reimbursement
	no		Transportation/travel and other business and professional expense reimbursements, only if paid under a board-adopted accountable reimbursement plan
	yes		"Reimbursements" if not paid under an accountable reimbursement plan
	yes		Congregation love offerings or cash gifts in excess of $25
	no		Contributions to a tax-sheltered annuity plan
	no		Health/dental/long-term care insurance premiums paid directly or reimbursed by the congregation
	no		Group term life insurance premiums (for up to $50,000 coverage) paid directly by the congregation
	no		Excludable moving expenses paid for or reimbursed to an employee
	yes		Nonexcludable moving expenses paid for or reimbursed to an employee
	yes		Value of personal and nonbusiness use of congregation's vehicle

- auto, business, or qualified moving expense reimbursements paid through an accountable expense plan; and
- contributions to 403(b) tax-sheltered annuities or 401(k) plans.

Box 2 – Federal income tax withheld. Enter the total federal income tax withheld according to the chart and tables in IRS Publication 15.

A clergy-employee may enter into a voluntary withholding arrangement with the congregation. Based on Form W-4 or other written withholding request, federal income tax withholding may be calculated from the chart and tables in Publication 15, excluding any housing allowance amount.

Clergy may request that an additional amount of income tax be withheld to cover self-employment tax. However, the additional amount withheld is reported as income tax withheld on the quarterly Form 941 and in Box 2 of Form W-2.

A congregation that provides additional compensation to the clergy-employee to cover part or all of the self-employment tax liability may:

- pay the additional compensation directly to the IRS by entering that amount on the congregation's Form 941 and in Boxes 1 and 2 of Form W-2, or
- pay the additional compensation to clergy with the clergy being responsible for remitting the amounts to the IRS with a Form 1040-ES. If this procedure is followed, the congregation reports this amount only as additional compensation on Form 941 and only in Box 1 of Form W-2.

Box 3 – Social security wages. Show the total wages paid (before payroll deductions) subject to employee social security tax (FICA). This amount must not exceed $118,500 in 2015 (the maximum social security tax wage base). Include nonaccountable employee business expenses reported in Box 1. Generally, all cash and noncash payments reported in Box 1 must also be shown in Box 3. Voluntary salary reduction tax-sheltered annuity contributions for nonclergy employees are included in Box 3.

Box 3 should be blank for qualified clergy (an individual who meets the ministerial tests of the IRS).

Box 4 – Social security tax withheld. Show the total FICA social security tax (not including the organization's share) withheld or paid by the congregation for the employee. The amount shown must equal 6.2% of the amount in Box 3 and must not exceed $7,347 for 2015. Do not include the matching employer FICA tax (6.2%).

Some congregations pay the employee's share of FICA tax for some or all nonclergy employees instead of deducting it from the employee's wages. These amounts paid by the congregation must be included in Boxes 1, 3, and total paid to the employee as advance earned income credit payments.

Box 4 should be blank for qualified clergy. Any amount of withholding to meet the cleric's SECA tax liability must be reported in Box 2, not in Box 4 or Box 6.

Box 5 – Medicare wages. The wages subject to Medicare tax are the same as those subject to social security tax (Box 3), except that there is no wage limit for the Medicare tax.

> ***Example:*** A *nonminister* employee is paid wages of $120,000. The amount shown in Box 3 (social security wages) should be $118,500, but the amount shown in Box 5 (Medicare wages) should be $120,000. If the wages are less than $118,500, the amounts entered in Boxes 3 and 5 will be the same.

Box 5 should be blank for clergy. Nonqualified moving expense reimbursements and payments for lay employees are included in Box 5.

Box 6 – Medicare tax withheld. Enter the total employee Medicare tax (not your share) withheld or paid by you for your employee. The amount shown must equal 1.45% of the amount in Box 5. Box 6 should be blank for qualified clergy.

Box 9 – Advance EIC payment. Show the total paid to the employee as advance earned income credit payments.

Box 10 – Dependent care benefits. Show the total amount of dependent care benefits under Section 129 paid or incurred by you for your employee, including any amount over the $5,000 exclusion. Also include in Box 1, Box 3, and Box 5 any amount over the $5,000 exclusion.

Box 11 – Nonqualified plans. Enter the total amount of distributions to the employee from a nonqualified deferred compensation plan. Nonqualified plans do not include a tax-sheltered annuity or a "Rabbi trust." Include an amount in Box 11 only if it is also includible in Box 1 or Boxes 3 and 5.

Box 12 – Additional entries. The following items are most frequently inserted in Box 12 by congregations:

C – Group term life insurance. If you provided your employee more than $50,000 of group term life insurance, show the cost of the coverage over $50,000. Also include the amount in Box 1 (also in Boxes 3 and 5 for a lay employee).

DD – Value of employer-provided health coverage. This data is required for 2013 W-2s for employers issuing 250 or more Form W-2s.

E – Section 403(b) voluntary salary reduction agreement to purchase an annuity contract. This amount would not be included in Box 1 for either clergy or lay employees. This amount would be included in Boxes 3 and 5 for a lay employee.

L – Generally, payments made under an accountable plan are excluded from the employee's gross income and are not required to be reported on Form W-2. But if the congregation pays a per diem or mileage allowance, and the amount paid exceeds the amount substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount substantiated. Report the amount substantiated (the nontaxable portion) in Box 12. In Box 1, show the portion of the reimbursement that is more than the amount treated as substantiated. For lay employees, the excess amount is subject to income tax withholding, social security tax, Medicare tax, and possibly federal unemployment tax.

Example 1: An employee receives a mileage reimbursement at the rate of 57.5 cents per mile for 2015, and substantiates the business miles driven to the congregation. The mileage reimbursement is not reported on Form W-2.

Example 2: An employee receives a mileage allowance of $2,000 per year and does not substantiate the business miles driven. The $2,000 allowance is includible in Box 1 as compensation for clergy and Boxes 1, 3, and 5 for a lay employee. The business mileage is deductible as a miscellaneous deduction on the employee's Schedule A, subject to limitations.

Payments made to nonclergy employees under a nonaccountable plan are reportable as wages on Form W-2 and are subject to income tax withholding, social security tax, Medicare tax, and possibly federal unemployment tax.

Payments made to clergy-employees under a nonaccountable plan are reportable as wages on Form W-2 and may be subject to income tax withholding under a voluntary agreement, but are not subject to mandatory withholding, social security (FICA), or Medicare tax.

P – Report nonqualified moving expense reimbursements and payments in Box 1 for either ministerial or lay employees. This amount is included in Boxes 3 and 5 for lay employees.

R – Congregation contributions to an Archer medical savings account.

S – Salary reductions to a savings incentive match plan for employees with a SIMPLE retirement account.

T – Employer payments under an adoption assistance plan.

Y – Deferrals under section 409A nonqualified deferred compensation plan.

Z – Income under a section 409A nonqualified deferred compensation plan.

Box 13 – Check the appropriate boxes. The box that may apply to employees of churches and nonprofit organizations is the retirement plan box.

Mark this box if the employee was an active participant (for any part of the year) in any of the following:

1. A qualified pension plan described in section 401(a)—(including a 401(k) plan)
2. An annuity plan described in section 403(a)
3. An annuity contract or custodial account described in section 403(b)
4. A simplified employee pension (SEP) plan described in section 408(k)

Filing Tip

Clergy housing allowance could be included in Box 14 with the words "Housing Allowance." However, some congregations prefer to provide clergy with a separate statement reflecting the housing allowance amount.

Box 14 – Other. You may use this box for any other information the employer wishes to provide to an employee. Label each item and include information such as health insurance premiums deducted or educational assistance payments.

If the congregation owns or leases a vehicle for an employee's use, the value of the personal use of the vehicle is taxable income. The value of the use of the vehicle (using one of the methods shown below) must be included in Box 1 (and in Boxes 3 and 5 for a lay employee) or on a separate statement to the employee. The employee is required to maintain a mileage log or similar records to substantiate business and personal use of the vehicle and to submit this to the employer. If its use is not substantiated, the employer must report 100% of the use of the vehicle as taxable income.

If the employee fully reimburses the employer for the value (reimbursement for gas is not a full reimbursement) of the personal use of the vehicle, then no value would be reported in either Box 1 or in Box 14.

Vehicles provided by a congregation to employees for business use are often partially used for personal purposes. The IRS treats most types of personal use of a congregation-provided vehicle as a noncash fringe benefit, and generally requires the fair market value of such use to be included in the employee's gross income (to the extent that the value is not reimbursed to the congregation).

If the employee reimburses the congregation in a chargeback system for the full dollar value of personal use, it will cost the employee more than if the congregation includes the personal use value in the income of the employee.

Several methods may be used to value the personal use of a congregation-provided vehicle. This value must be included in the employee's compensation if it is not reimbursed by the employee. The two methods most commonly used by clergy are discussed here.

➤ **Annual lease value rule**. Under this rule, the fair market value of a vehicle is determined and that value is used to determine the annual lease value amount by referring to the annual lease value table:

Lease Value Table

Fair Market Value of Car	Annual Lease Value	Fair Market Value of Car	Annual Lease Value
$0 – 1,999	850	22,000 – 22,999	6,100
2,000 – 2,999	1,100	23,000 – 23,999	6,350
3,000 – 3,999	1,350	24,000 – 24,999	6,600
4,000 – 4,999	1,600	25,000 – 25,999	6,850
5,000 – 5,999	1,850	26,000 – 27,999	7,250
6,000 – 6,999	2,100	28,000 – 29,999	7,750
7,000 – 7,999	2,350	30,000 – 31,999	8,250
8,000 – 8,999	2,600	32,000 – 33,999	8,750
9,000 – 9,999	2,850	34,000 – 35,999	9,250
10,000 – 10,999	3,100	36,000 – 37,999	9,750
11,000 – 11,999	3,350	38,000 – 39,999	10,250
12,000 – 12,999	3,600	40,000 – 41,999	10,750
13,000 – 13,999	3,850	42,000 – 43,999	11,250
14,000 – 14,999	4,100	44,000 – 45,999	11,750
15,000 – 15,999	4,350	46,000 – 47,999	12,250
16,000 – 16,999	4,600	48,000 – 49,999	12,750
17,000 – 17,999	4,850	50,000 – 51,999	13,250
18,000 – 18,999	5,100	52,000 – 53,999	13,750
19,000 – 19,999	5,350	54,000 – 55,999	14,250
20,000 – 20,999	5,600	56,000 – 57,999	14,750
21,000 – 21,999	5,850	58,000 – 59,999	15,250

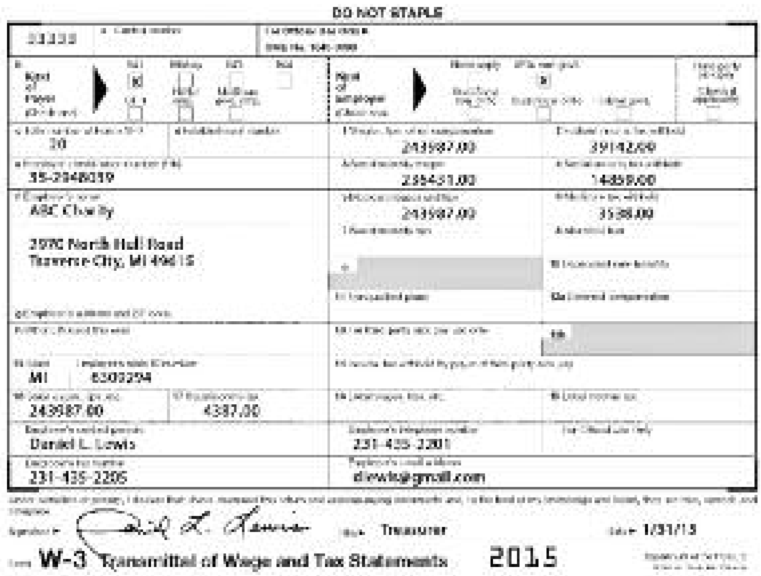
The annual lease value corresponding to this fair market value, multiplied by the personal use percentage, is the amount to be added to the employee's gross income. Amounts reimbursed by the employee are offset.

➤ **Cents-per-mile valuation rule.** Generally, this rule may be used if the congregation reasonably expects that the vehicle will be regularly used in the ministry of the congregation, or if the vehicle is driven at least 10,000 miles a year and the vehicle is primarily used by employees. This valuation rule is available only if the fair market value of the vehicle, as of the date the vehicle was first made available for personal use by employees, does not exceed a specified value set by the IRS. For 2015, this value is $16,000.

Multiply the number of miles driven for personal purposes by the current IRS standard mileage rate (see page 6) to determine the value of personal use.

Form W-3

A Form W-3 is submitted to the IRS as a transmittal form with Forms W-2. Form W-3 and all attached W-2s must be submitted to the Social Security Administration Center by February 28 (April 1 if e-filing). No money is sent with Form W-3.



DO NOT STAPLE

33333

20

35-2046019

ABC Charity

2970 North Hull Road

Traverse City, MI 49615

243587.00

39142.00

235451.00

14859.00

243587.00

3538.00

MI 6300254

243587.00 4387.00

Daniel L. Lewis

231-435-2201

231-435-2205

dlewis@gmail.com

Treasurer

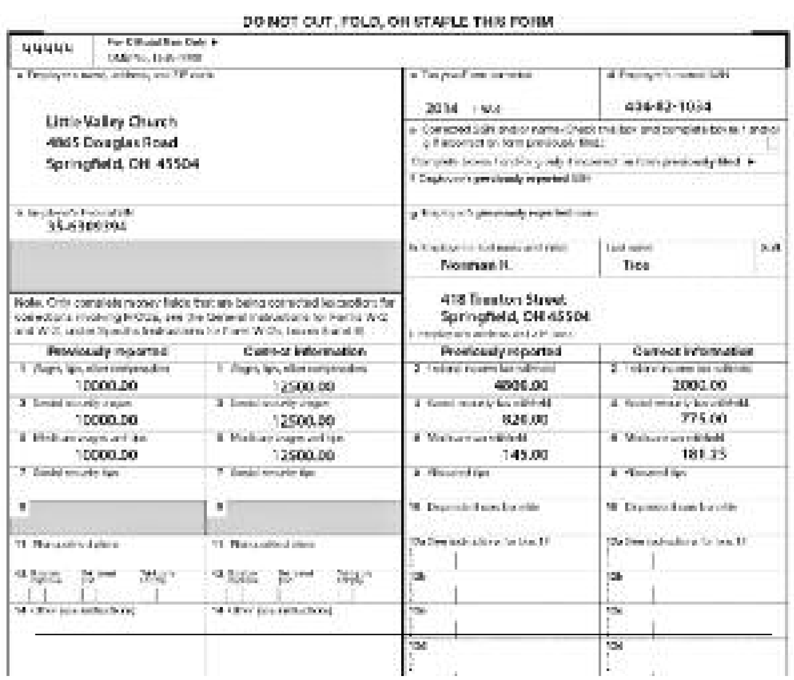
1/31/15

W-3 Transmittal of Wage and Tax Statements 2015

Form W-3 is the "cover sheet" or transmittal form for all Forms W-2.

Form W-2c

Use Form W-2c to correct errors on a previously filed Form W-2.



DO NOT CUT, FOLD, OR STAPLE THIS FORM

44444

Little Valley Church

4865 Douglas Road

Springfield, OH 45504

35-6300954

2014

434-82-1054

Norman R. Tice

418 Trenton Street

Springfield, OH 45504

Previously reported	Correct information	Previously reported	Correct information
10000.00	12500.00	4800.00	3000.00
10000.00	12500.00	620.00	775.00
10000.00	12500.00	145.00	181.25

Form W-3c

Use Form W-3c to transmit corrected W-2c forms to the Social Security Administration.

Unemployment Taxes

The federal and state unemployment systems provide temporary unemployment compensation to workers who have lost their jobs. Employers provide the revenue for this program by paying federal unemployment taxes, under the Federal Unemployment Tax Act (FUTA), and state unemployment taxes. These are strictly employer taxes, and no deductions are taken from employees' wages.

The current federal unemployment tax law exempts from coverage:

- services performed in the employ of a congregation, a convention, an association of congregations, or an organization that is operated primarily for religious purposes (to qualify for exemption, employees must be performing strictly religious duties);
- services performed by duly ordained, commissioned, or licensed clergy of a congregation in the exercise of ministry or by a member of a religious order in the exercise of duties required by such order;
- services performed in the employ of an unincorporated congregation-controlled elementary or secondary school.

Filing Tip

Recent court cases reflect attempts by states to subject religious organizations, including congregations, to state unemployment taxes. Except for an Oregon case and a New York case, most courts have held that congregations are not subject to state unemployment tax.

States may expand their coverage of unemployment taxes beyond the federal minimum. In many states, exemption is also provided for:

- services performed in the employ of a separately incorporated school, if the school is operated primarily for religious purposes and is operated, supervised, controlled, or principally supported by a congregation, convention, or association of congregations.

Paying Employee Expenses

An accountable expense reimbursement plan is a reimbursement or expense allowance arrangement that requires: (1) a business purpose for the expenses, (2) employees to substantiate the expenses, and (3) the return of any excess reimbursements.

The substantiation of expenses and return of excess reimbursements must be handled within a reasonable time. The following methods meet the "reasonable time" definition.

- The "fixed date" method applies if
  - ❑ an advance is made within 30 days of when an expense is paid or incurred;
  - ❑ an expense is substantiated to the congregation within 60 days after the expense is paid or incurred; and
  - ❑ any excess amount is returned to the congregation within 120 days after the expense is paid or incurred.

Idea

While the business connection and return of amounts exceeding expenses are criteria that must be satisfied, substantiation of the expenses is often very challenging. Adequate accounting generally means the submission to the congregation of an account book, diary, log, statement of expense, trip sheet, or similar record maintained by the employee and recorded at or near the time of the expense.

- ➤ The "periodic statement" method applies if:
  - ❑ the congregation provides employees with a periodic statement that sets forth the amount paid under the arrangement in excess of substantiated expenses;
  - ❑ the statements are provided at least quarterly; and
  - ❑ the congregation requests that the employee provide substantiation for any additional expenses that have not yet been substantiated and/or return any amounts remaining unsubstantiated within 120 days of the statement.

If employees substantiate expenses and return any unused excess payments to the congregation on a timely basis, payments to the employee for business expenses have no impact on tax reporting. They are not included on Form W-2 for the employee.

Nonaccountable Expense-Reimbursement Plans

If business expenses are not substantiated by the employee to the congregation, or if the amount of the reimbursement to the employee exceeds the actual expenses and the excess is not returned within a reasonable period of time, reporting is required.

Nonaccountable reimbursements and excess reimbursements over IRS limits must be reported as wages on Form W-2. They are generally subject to federal income tax and FICA withholding for employees other than clergy.

If a congregation pays allowances to employees for continuing education, books, subscriptions, and other similar professional expense items and does not require an accounting, these payments are part of a nonaccountable plan. The amounts must be included on Form W-2 and are subject to income tax and FICA withholding for nonclergy.

● Reporting the Housing Allowance to Clergy

The designated housing allowance may be reflected on Form W-2 in Box 14 with the notation "Housing Allowance." Or the congregation can report the designated housing allowance to clergy by providing a statement separate from Form W-2. This may be in a memo or letter. The statement should not be attached to the income tax return.

The congregation may erroneously include the housing allowance on Form W-2, Box 1. If this happens, the congregation should prepare a corrected form.

● Compensation-Related Loans

Some congregations make loans to employees. The loans are often restricted to the purchase of land or a residence or to the construction of a residence. Before a loan is made, the congregation should determine if the transaction is legal under state law. Such loans are prohibited in many states.

If a congregation receives interest of $600 or more in a year relating to a loan secured by real estate, a Form 1098 must be provided to the payor. For the interest to be deductible as an itemized deduction, an employee loan must be secured by the residence and properly recorded.

If a congregation makes loans to employees at below-market rates, the congregation may be required to report additional compensation to the employee. If the loan is below $10,000, there is no additional compensation to the borrower. For loans over $10,000, additional compensation is calculated equal to the foregone interest that would have been charged if the loan had been made at a market rate of interest. The market rate of interest is the “applicable federal rate” for loans of similar duration. The IRS publishes these rates monthly. The additional compensation must be reported on Form W-2, Box 1.

Obtaining an Employer Identification Number

All congregations must obtain an Employer Identification Number (EIN) by filing IRS Form SS-4 (see page 42). An EIN is required for a congregation, even though congregations are not required to file with the IRS for tax-exempt status. This number is not a “tax-exempt number,” but is simply the congregation’s unique identifier in the IRS’s records, similar to an individual’s social security number.

When a congregation applies for exemption from state or local income, sales, or property taxes, the state or local jurisdiction may provide a certificate or letter of exemption which, in some jurisdictions, includes a serial number. This number is often called a “tax-exempt number.” This number should not be confused with the EIN.

Application for Recognition of Tax-Exempt Status

Congregations are not required to apply to the IRS for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and are exempt from filing Form 990. Some donors may ask if a congregation is listed in the Exempt Organizations Select Check database (formerly IRS Publication 78, *The Cumulative List of Organizations*), which identifies entities to which tax-deductible contributions may be made. However, there is no requirement for congregations to be listed in the IRS database since a congregation is tax-exempt by its very nature.

Immigration Control

The Immigration Reform and Control Act of 1986 (IRCA) prohibits all congregations from hiring unauthorized aliens, imposes documentation verification requirements on all congregations, and provides an “amnesty” program for certain illegal aliens. The law also prohibits congregations with three or more employees from discriminating because of national origin. An I-9 Form (see page 43) must be completed and retained on file by all congregations for each employee hired. Form I-9 may be obtained by calling 800-375-5283 or at http://uscis.gov/files/form/i-9.pdf.

The Form I-551, Alien Registration Receipt Card, is the exclusive registration card issued to lawful permanent residents as definitive evidence of identity and U.S. residence status.

Racial Discrimination

Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax, must be filed by congregations that operate, supervise, or control a private school. The form must be filed by the 15th day of the fifth month following the end of the organization’s fiscal year. For organizations that must file Form 990, there is no requirement to file Form 5578, since the information is included in Schedule E.

The “private school” definition includes preschools; primary, secondary, preparatory, and high schools; and colleges and universities, whether operated as a separate legal entity or as an activity of a congregation.

Form **SS-4** (Rev. January 2010) Department of the Treasury Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

► See separate instructions for each line. ► Keep a copy for your records.

OMB No. 1545-0003

EIN

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested
Lynn Haven Church

2 Trade name of business (if different from name on line 1)

3 Executor, administrator, trustee, "care of" name

4a Mailing address (room, apt., suite no. and street, or P.O. box)
PO Box 4382

5a Street address (if different) (Do not enter a P.O. box.)
3801 North Florida Avenue

4b City, state, and ZIP code (if foreign, see instructions)
Miami, FL 33014

5b City, state, and ZIP code (if foreign, see instructions)
Miami, FL 33133

6 County and state where principal business is located
Dade County, FL

7a Name of responsible party
Mark Smith, Treasurer

7b SSN, ITIN, or EIN
516-03-9091

8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? ☐ Yes ☒ No

8b If 8a is "Yes," enter the number of LLC members ►

8c If 8a is "Yes," was the LLC organized in the United States? ☐ Yes ☐ No

9a **Type of entity** (check only one box). **Caution.** If 8a is "Yes," see the instructions for the correct box to check.

- ☐ Sole proprietor (SSN)
- ☐ Partnership
- ☐ Corporation (enter form number to be filed) ►
- ☐ Personal service corporation
- ☒ Church or church-controlled organization
- ☐ Other nonprofit organization (specify) ►
- ☐ Other (specify) ►
- ☐ Estate (SSN of decedent)
- ☐ Plan administrator (TIN)
- ☐ Trust (TIN of grantor)
- ☐ National Guard
- ☐ State/local government
- ☐ Farmers' cooperative
- ☐ Federal government/military
- ☐ REMIC
- ☐ Indian tribal governments/enterprises

Group Exemption Number (GEN) if any ►

9b If a corporation, name the state or foreign country (if applicable) where incorporated | State | Foreign country

10 **Reason for applying** (check only one box)

- ☒ Started new business (specify type) ► Church
- ☐ Hired employees (Check the box and see line 13.)
- ☐ Compliance with IRS withholding regulations
- ☐ Other (specify) ►
- ☐ Banking purpose (specify purpose) ►
- ☐ Changed type of organization (specify new type) ►
- ☐ Purchased going business
- ☐ Created a trust (specify type) ►
- ☐ Created a pension plan (specify type) ►

11 Date business started or acquired (month, day, year). See instructions.
2/01/15

12 Closing month of accounting year

13 Highest number of employees expected in the next 12 months (enter -0- if none).
If no employees expected, skip line 14.

Agricultural	Household	Other
		3

14 If you expect your employment tax liability to be $1,000 or less in a full calendar year **and** want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be $1,000 or less if you expect to pay $4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. ☐

15 First date wages or annuities were paid (month, day, year). **Note.** If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ►

16 Check **one** box that best describes the principal activity of your business.

- ☐ Health care & social assistance
- ☐ Wholesale-agent/broker
- ☐ Construction
- ☐ Rental & leasing
- ☐ Transportation & warehousing
- ☐ Accommodation & food service
- ☐ Wholesale-other
- ☐ Retail
- ☐ Real estate
- ☐ Manufacturing
- ☐ Finance & insurance
- ☒ Other (specify) Religious Organization

17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.

18 Has the applicant entity shown on line 1 ever applied for and received an EIN? ☐ Yes ☒ No
If "Yes," write previous EIN here ►

Third Party Designee

Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.

Designee's name | Designee's telephone number (include area code) ( )

Address and ZIP code | Designee's fax number (include area code) ( )

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly) ►

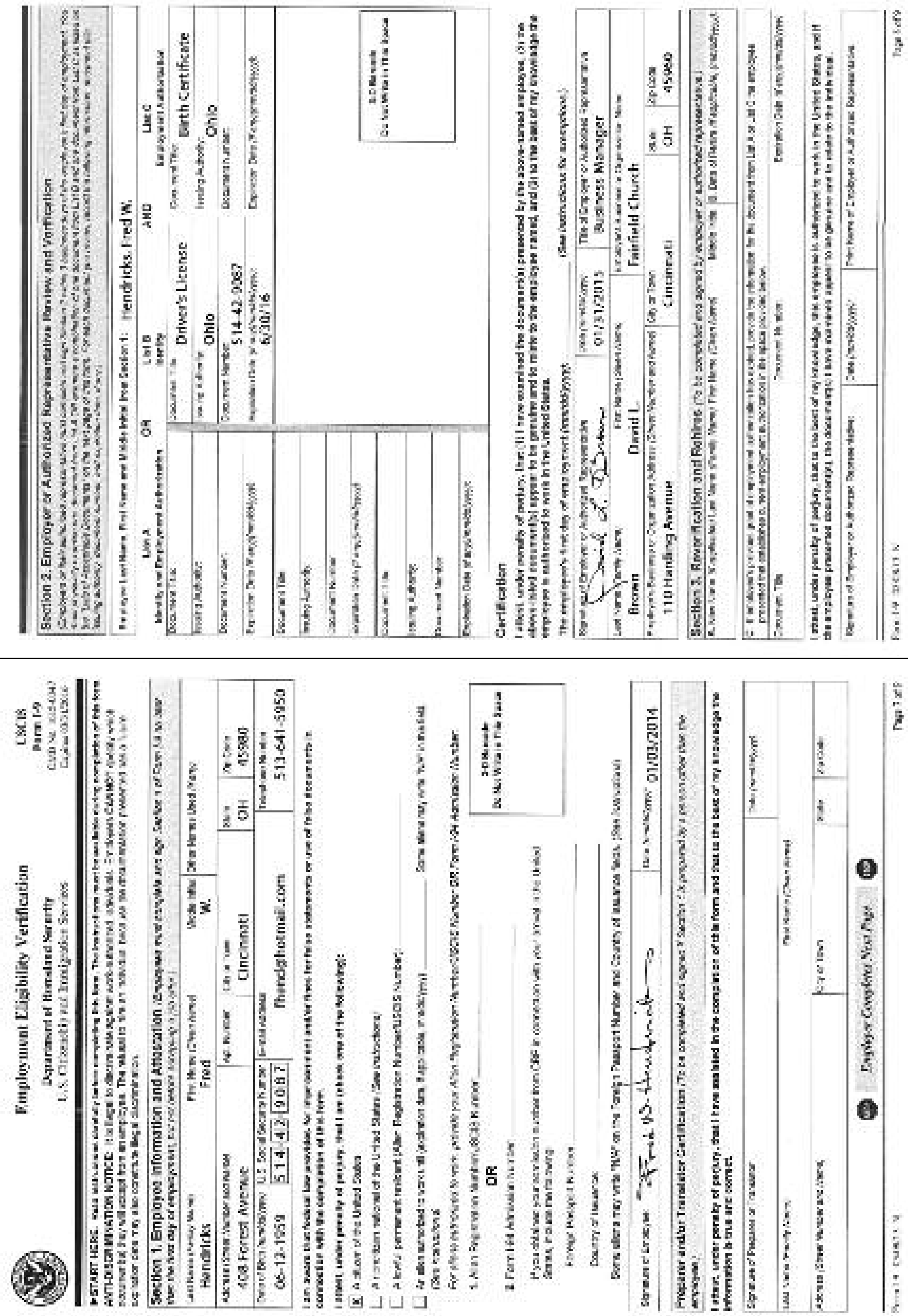
Applicant's telephone number (include area code) ( )

Applicant's fax number (include area code) ( )

Signature ► Mark Smith Date ► 2/28/15

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 16055N Form **SS-4** (Rev. 1-2010)

Nearly every congregation needs an Employer Identification Number (EIN) obtained by filing this form.



Employment Eligibility Verification
Department of Homeland Security
U.S. Citizenship and Immigration Services

USCIS
Form I-9

Section 1. Employee Information and Attestation

Last Name (Family Name)	First Name (Given Name)	Middle Initial	Other Names Used (if any)
Hendricks	Fred	W.	

Address (Street Number and Name)	Apt. Number	City or Town	State	Zip Code
408 Forest Avenue		Cincinnati	OH	45980

Date of Birth (mm/dd/yyyy)	U.S. Social Security Number	E-mail Address	Telephone Number
06-13-1959	514-42-9087	fhend@hotmail.com	513-641-5950

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):

- [x] A citizen of the United States
- [ ] A noncitizen national of the United States (See instructions)
- [ ] A lawful permanent resident (Alien Registration Number/USCIS Number):
- [ ] An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy)

1. Alien Registration Number/USCIS Number:

OR

2. Form I-94 Admission Number:

Foreign Passport Number:

Country of Issuance:

3-D Barcode
Do Not Write in This Space

Signature of Employee: Fred W. Hendricks Date (mm/dd/yyyy): 01/03/2014

Preparer and/or Translator Certification

I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Employer Completes Next Page

Page 7 of 9

Section 2. Employer or Authorized Representative Review and Verification

Employee Last Name, First Name and Middle Initial from Section 1: Hendricks, Fred W.

List A Identity and Employment Authorization	OR	List B Identity	AND	List C Employment Authorization
Document Title:		Document Title: Driver's License		Document Title: Birth Certificate
Issuing Authority:		Issuing Authority: Ohio		Issuing Authority: Ohio
Document Number:		Document Number: 514-42-9087		Document Number:
Expiration Date (if any)(mm/dd/yyyy):		Expiration Date (if any)(mm/dd/yyyy): 6/30/16		Expiration Date (if any)(mm/dd/yyyy):

3-D Barcode
Do Not Write in This Space

Certification

I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): (See instructions for exemptions.)

Signature of Employer or Authorized Representative	Date (mm/dd/yyyy)	Title of Employer or Authorized Representative
David L. Brown	01/31/2015	Business Manager

Last Name (Family Name)	First Name (Given Name)	Employer's Business or Organization Name
Brown	David L.	Fairfield Church

Employer's Business or Organization Address (Street Number and Name)	City or Town	State	Zip Code
110 Handling Avenue	Cincinnati	OH	45980

Section 3. Reverification and Rehires

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Page 8 of 9

This form must be completed and retained on file for all employees hired after November 1, 1986. For more information on completing this form, go to www.uscis.gov.

Information Reporting Requirements

● General Filing Requirements

Information forms (1098 and 1099) must be provided to the payers/recipients on or before January 31 following the calendar year that the funds were paid or received. Copies of the forms (or electronic media) must be filed with the IRS by February 28 (if you file electronically, the due date is April 1) following the year that the funds were paid or received.

An extension of time to file may be requested by filing Form 8809, Request for Extension of Time to File Information Returns, by the due date of the returns.

Obtaining Correct Identification Numbers

Congregations required to file information returns with the IRS must obtain the correct taxpayer identification number (TIN) to report real estate transactions, mortgage interest paid to the congregation, and certain other transactions.

Form W-9, Request for Taxpayer Identification Number and Certification, (see page 49) is used to furnish the TIN to the congregation and in certain other situations to

- ➤ certify that the TIN furnished is correct,
- ➤ certify that the recipient of the income is not subject to backup withholding, or
- ➤ claim exemption from backup withholding.

Remember

If the recipient does not furnish a completed Form W-9, the church or nonprofit organization is required to withhold 28% of the payment for amounts paid, deposit the withholding with Form 8109 or 8109-B, and report amounts withheld on Form 1099-INT, 1099-MISC, or 1099-R, as applicable.

● Reporting on the Receipt of Funds

Receipt of Interest on Mortgages

Use Form 1098, Mortgage Interest Statement, to report mortgage interest of $600 or more received by an organization during the year from an individual, including a sole proprietor. There is no requirement to file Form 1098 for interest received from a corporation, partnership, trust, estate, or association. A transmittal Form 1096 must accompany one or more Forms 1098.

● Reporting on the Payment of Funds

Payments to nonresident aliens

Payments for personal services made to noncitizens who are temporarily in this country (nonresident aliens) are often subject to federal income tax withholding at a 28% rate. (A nonresident alien is a person who is neither a U.S. citizen nor a resident of the United States.) Some payments may be exempt from income tax withholding, if the person is from a country with which the United States maintains a tax treaty. Salary payments to nonresident aliens employed in the United States are subject to income tax withholding based on the regular withholding tables.

Single, nonrecurring, fixed, or determinable payments to nonresident aliens are not generally subject to withholding. Honoraria paid to visiting speakers usually fit this definition. It is not clear if love offerings are subject to withholding.

All payments to nonresident aliens, other than expense reimbursements and amounts reported on Form W-2, must be reported on Form 1042 and 1042-S. These forms are filed with the IRS Service Center in Philadelphia by March 15 for the previous calendar year, and a copy of Form 1042-S must be sent to the nonresident alien.

Caution

Generally, you must withhold 30% from the gross amount paid to a foreign payee, unless you can reliably associate the payment with valid documentation that establishes the payee as a U.S. person. If you do not have documentation or if you believe the documentation is unreliable or incorrect, you must follow the presumption rules outlined in IRS Publication 515.

Payments of Interest

File Form 1099-INT, Statement for Recipients of Interest Income (see page 50), for each person to whom the congregation paid interest reportable in Box 1 of at least $10 in any calendar year. This form is also required if any federal income tax was withheld under the backup withholding rules (28%), regardless of the amount of the payment. In certain instances, the $10 limit increases to $600. There is no requirement to file Form 1099-INT for payments made to a corporation or another tax-exempt organization.

The $10 limit applies if the interest is on “evidences of indebtedness” (bonds and promissory notes) issued by a corporation in “registered form.” A note or bond is in “registered form” if its transfer must be effected by the surrender of the old instrument and either the corporation’s reissuance of the old instrument to the new holder or its reissuance of a new instrument to the new holder.

Example 1: Sleepy Hollow Congregation financed a new facility by issuing registered bonds. Forms 1099-INT must be provided to each bond investor receiving $10 or more in interest during any calendar year.

If Sleepy Hollow engaged a bond broker to handle the issuance of the bonds, the broker would issue the 1099-INT forms. If Sleepy Hollow issued the bonds without using a bond broker, the congregation would issue 1099-INT forms.

Example 2: Sleepy Hollow Congregation borrows funds from members. The notes are transferable. There is no requirement to return the bonds to the congregation for reissuance. The $600 limit applies for the issuance of 1099-INT forms for the payment of interest on these notes.

Payments of Royalties and for Other Services

File Form 1099-MISC (see page 50) for each recipient (other than corporations) to whom you have paid:

- at least $10 in royalties, or
- at least $600 in rents, payments for services or medical healthcare payments.

Example: A congregation has established a written, nondiscriminatory employee health reimbursement arrangement under which the congregation pays the medical expenses of the employee, spouse, and dependents.

If $600 or more is paid in the calendar year to a doctor or other provider of health care services, a Form 1099-MISC must be filed. Amounts paid to an employee under a health reimbursement arrangement are not reportable on Forms W-2 or 1099-MISC.

Do not include the payment of a housing allowance to clergy on Form 1099-MISC. Advances, reimbursements, or expenses for traveling and other business expenses of an employee are not reportable on Form 1099-MISC. These payments may be reportable on Form W-2, if they do not comply with the accountable expense plan rules.

Caution

There is more misunderstanding about the use of the Form 1099-MISC than about most IRS forms. Payments of $600 or more per calendar year to noncorporate providers of services trigger the filing of this form. This form should not be used for employee compensation payments. Thus, a congregation should not report clergy compensation (or the housing allowance) on this form.

Advances, reimbursements, or expenses for traveling and other business expenses of a self-employed are not reportable on Form 1099-MISC, if made under an accountable expense reimbursement plan. Under this type of plan, expenses are reimbursed only if they are substantiated as to amount, date, and business nature, and any excess reimbursements must be returned to the congregation.

On Form 1099-MISC, report all advances, reimbursements, or expenses for traveling and other business expenses of a self-employed person for income tax purposes that are not substantiated to the congregation.

Example 1: Westview Congregation organizes a seminar and engages a speaker. The speaker is paid a $750 honorarium, and Westview reimburses the travel expenses upon presentation of proper substantiation by the speaker. A Form 1099-MISC should be issued to the speaker for $750.

Example 2: Same facts as Example 1, except for the $750 payment, $250 is designated for travel expenses and the speaker substantiates to Westview for the travel. Since the honorarium is $500 after excluding the substantiated payments, and therefore is less than the $600 limit, there is no requirement to issue a Form 1099-MISC to the speaker.

If Westview paid another honorarium to the same speaker during the same calendar year of $100 or more, bringing the total for the year to the $600 level, a Form 1099-MISC should be issued.

Example 3: Same facts as Example 1, except that of the $750 payment, $250 is designated for travel expenses. But the speaker does not account to Westview for the travel expenses. A Form 1099-MISC should be issued to the speaker for $750.

Example 4: Westview Congregation contracts for janitorial services with an unincorporated janitorial service and pays $2,000 during the year for this service. Westview should issue a Form 1099-MISC for these payments.

Payments to Volunteers

Payments to volunteers that represent a reimbursement under an accountable business expense reimbursement plan for expenses directly connected with the volunteer services are not reportable by the congregation to the volunteer.

The tax law does not specifically address whether volunteers are eligible for mileage reimbursement at the standard charitable or business mileage rate (see page 4 for applicable mileage rates), as contrasted with a deduction of 14 cents per mile (2015 rate) when volunteer mileage is not reimbursed. When an organization provides liability insurance for its volunteers, the value of the coverage can be excluded from the volunteer's income as a working condition fringe benefit.

Payments to or on behalf of volunteers that are not business expenses are reported on Form W-2 or Form 1099-MISC, depending on whether or not a common law employee relationship exists. When the relationship takes the form of an employer-employee relationship, payments other than expense reimbursement are reported on Form W-2. Payments to nonemployee volunteers for medical, education, or personal living expenses must be reported as nonemployee compensation on Form 1099-MISC. Payments to volunteers for lodging, meals, and incidental expenses may be made under the per diem rules, if the duration of the travel is under one year. Tax-free payments to volunteers for lodging, meals, and incidental expenses are limited to actual expenses (including use of the charitable mileage rate).

Remember

Tax law does not specifically address what deductions are allowable for volunteers. However, if the volunteer renders services under the direction and supervision of the ministry, then the tax provisions for expense reimbursement of employees appears to apply to such volunteers, including mileage reimbursement payments at the business mileage rate.

Unrelated Business Income

Most congregations are supported primarily from contributions or revenue from activities directly related to their exempt purposes. Sales of religious books, tuition at schools, and campers' fees at camp are examples of exempt purpose revenue. On the other hand, income from activities not directly related to fulfilling a congregation's exempt purposes may be subject to the tax on unrelated business income.

All income of congregations is presumed to be tax-exempt from federal income tax unless the income is generated by an activity that is

- not substantially related to the congregation's exempt purpose or function,
- a trade or business, and
- regularly carried on.

Although congregations are exempt from filing Form 990, they must file Form 990-T if they have $1,000 or more of gross unrelated business income (UBI) in a year. There is a specific deduction of $1,000 in computing UBI. This specific deduction applies to an individual congregation, convention, or district.

Other Filings

Form 5578 must be completed and furnished to the IRS to provide information regarding nondiscrimination policies of private schools. This includes preschools and primary, secondary, and high schools operated by a congregation.

Types of Payments

An alphabetical list of some payments and the forms necessary to report them is shown on page 48.

Summary of Payment Reporting Requirements

Below is an alphabetical list of some payments and the forms necessary to report them. It is not a complete list of payments, and the absence of a payment from the list does not suggest that the payment is exempt from reporting.

Types of Payment	Report on Form
Advance earned income credit	W-2
Annuities, periodic payments	1099-R
*Attorneys' fees	1099-MISC
**Auto, personal use of congregation-owned vehicle	W-2
Auto reimbursements *(nonaccountable plan)*:	
Employee	W-2
Nonemployee	1099-MISC
Awards:	
Employee	W-2
Nonemployee	1099-MISC
Bonuses:	
Employee	W-2
Nonemployee	1099-MISC
Cafeteria/flexible benefit plans	5500/5500-C or 5500-R
Car expense *(nonaccountable plan)*:	
Employee	W-2
Nonemployee	1099-MISC
Christmas bonuses:	
Employee	W-2
Nonemployee	1099-MISC
Commissions:	
Employee	W-2
Nonemployee	1099-MISC
Compensation:	
Employee	W-2
Nonemployee	1099-MISC
Dependent care payments	W-2
Director's fees	1099-MISC
Education expense reimbursement *(nonaccountable plan)*:	
Employee	W-2
Nonemployee	1099-MISC

Types of Payment	Report on Form
Employee business expense reimbursement *(Nonaccountable plan)*	W-2
Fees for services:	
Employee	W-2
Nonemployee	1099-MISC
Group term life insurance	W-2 or 1099-R
Interest, mortgage	1098
Interest, other than mortgage	1099-INT
Long-term care benefits	1099-LTC
Medical expense reimbursement plan (employee-funded)	5500, 5500-C, or 5500-R
Mileage *(nonaccountable plan)*:	
Employee	W-2
Nonemployee	1099-MISC
Mortgage interest	1098
Moving expenses:	
***Employee	W-2
Nonemployee	1099-MISC
Prizes:	
Employee	W-2
Nonemployee	1099-MISC
Real estate proceeds	1099-S
Rents	1099-MISC
Royalties	1099-MISC
Severance pay	W-2
Sick pay	W-2
Supplemental unemployment	W-2
Vacation allowance:	
Employee	W-2
Nonemployee	1099-MISC
Wages	W-2

* The exemption from reporting payments made to corporations does not apply to payments to a lawyer or a law firm for legal services, even if the provider of the legal services is incorporated.

** Or, the value may be reported on a separate statement to the employee.

*** Qualified moving expenses paid directly to an employee must be reported on Form W-2, only in Box 13, using Code P.

Form **W-9**

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

1 Name: Richard K. Bennett

3 Check appropriate box for federal tax classification: [X] Individual/sole proprietor or single-member LLC

5 Address (number, street, and apt. or suite no.): 829 Garner Street

6 City, state, and ZIP code: Thomasville, SC 27360

Part I **Taxpayer Identification Number (TIN)**

Social security number: 403 – 99 – 1297

or

Employer identification number

Part II **Certification**

Sign Here — Signature of U.S. person ▶ Richard K. Bennett — Date ▶ 1/2/16

Use this form to obtain the Taxpayer Identification Number in nonemployee situations.

Do Not Staple 6969

Form **1096**

Department of the Treasury Internal Revenue Service

Annual Summary and Transmittal of U.S. Information Returns

2015

FILER'S name: ABC Charity

Street address (including room or suite number): 2870 North Hull Street

City or town, state or province, country, and ZIP or foreign postal code: Traverse City, MI 49615

For Official Use Only

Name of person to contact	Telephone number
Marianne Smith	231-435-2201
Email address	**Fax number**
marsmith@msn.com	231-435-2206

1 Employer identification number	2 Social security number	3 Total number of forms	4 Federal income tax withheld	5 Total amount reported with this Form 1096
35-2946039		10	$	$ 5843.00

6 Enter an "X" in only one box below to indicate the type of form being filed. [X] 1099-MISC

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ Daniel L. Lewis Title ▶ Treasurer Date ▶ 1/13/16

This form is the "cover sheet" or transmittal form that must accompany all your Forms 1099-MISC and other information forms.

9595 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents	OMB No. 1545-0115	**Miscellaneous Income**
ABC Charity 110 Harding Avenue Cincinnati, OH 45963		$	**2015**	
		2 Royalties $	Form **1099-MISC**	
		3 Other income $	4 Federal income tax withheld $	**Copy A** **For Internal Revenue Service Center**
PAYER'S federal identification number 35-1148942	RECIPIENT'S identification number 389-11-8067	5 Fishing boat proceeds $	6 Medical and health care payments $	**File with Form 1096.**
RECIPIENT'S name Mark A. Mitchell		7 Nonemployee compensation $ 2400.00	8 Substitute payments in lieu of dividends or interest $	For Privacy Act and Paperwork Reduction Act Notice, see the **2015 General Instructions for Certain Information Returns.**
Street address (including apt. no.) 512 Warren Avenue		9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ▸ ☐	10 Crop insurance proceeds $	
City or town, state or province, country, and ZIP or foreign postal code Norwood, OH 45212		11	12	
Account number (see instructions)	FATCA filing requirement ☐ / 2nd TIN not. ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $	15b Section 409A income $	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form **1099-MISC** Cat. No. 14425J www.irs.gov/form1099misc Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Use this form to report royalty and nonemployee services payments.

9292 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)		OMB No. 1545-0112	**Interest Income**
Lancaster Community Church 1425 Spencer Avenue Logansport, IN 46958		1 Interest income $ 913.00		**2015** Form **1099-INT**	
		2 Early withdrawal penalty $			**Copy A**
PAYER'S federal identification number 35-7921873	RECIPIENT'S identification number	3 Interest on U.S. Savings Bonds and Treas. obligations $			**For Internal Revenue Service Center**
RECIPIENT'S name James R. Moore		4 Federal income tax withheld $	5 Investment expenses $		**File with Form 1096.**
Street address (including apt. no.) 804 Linden Avenue		6 Foreign tax paid $	7 Foreign country or U.S. possession		For Privacy Act and Paperwork Reduction Act Notice, see the **2015 General Instructions for Certain Information Returns.**
City or town, state or province, country, and ZIP or foreign postal code Wabash, IN 46992		8 Tax-exempt interest $	9 Specified private activity bond interest $		
	FATCA filing requirement ☐	10 Market discount $	11 Bond premium $		
		12	13 Bond premium on tax-exempt bond $		
Account number (see instructions)	2nd TIN not. ☐	14 Tax-exempt and tax credit bond CUSIP no.	15 State / 16 State identification no.	17 State tax withheld $ $	

Form **1099-INT** Cat. No. 14410K www.irs.gov/form1099int Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Use this form to report certain interest payments to the recipients.

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2015 or other tax year beginning __________, 2015, and ending ________, 20 _____.
▶ Information about Form 990-T and its instructions is available at www.irs.gov/form990t.
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

OMB No. 1545-0687

2015

Open to Public Inspection for 501(c)(3) Organizations Only

A ☐ Check box if address changed

B Exempt under section
☒ 501(c)(3)
☐ 408(e) ☐ 220(e)
☐ 408A ☐ 530(a)
☐ 529(a)

C Book value of all assets at end of year

Print or Type

Name of organization (☐ Check box if name changed and see instructions.)
Family Bible Church

Number, street, and room or suite no. If a P.O. box, see instructions.
400 North Sunset Avenue

City or town, state or province, country, and ZIP or foreign postal code
Lemon Grove, CA 92045

D Employer identification number (Employees' trust, see instructions)
35-4427081

E Unrelated business activity codes (See instructions.)
532000

F Group exemption number (See instructions.) ▶

G Check organization type ▶ ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trust

H Describe the organization's primary unrelated business activity. ▶

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ ☐ Yes ☒ No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ Telephone number ▶

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales				
b	Less returns and allowances c Balance ▶	1c			
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3			
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5			
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7	79,740	52,301	27,439
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule)	12			
13	**Total.** Combine lines 3 through 12	13	79,740	52,301	27,439

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	
16	Repairs and maintenance	16	
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	
20	Charitable contributions (See instructions for limitation rules)	20	
21	Depreciation (attach Form 4562) 21		
22	Less depreciation claimed on Schedule A and elsewhere on return 22a	22b	
23	Depletion	23	
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	
27	Excess readership costs (Schedule J)	27	
28	Other deductions (attach schedule)	28	
29	**Total deductions.** Add lines 14 through 28	29	
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	27,439
31	Net operating loss deduction (limited to the amount on line 30)	31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	27,439
33	Specific deduction (Generally $1,000, but see line 33 instructions for exceptions)	33	1,000
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	26,439

For Paperwork Reduction Act Notice, see instructions. Cat. No. 11291J Form **990-T** (2015)

Projected 2016 Filing Dates

January

15 Monthly deposit of Social Security, Medicare and withheld income tax

February

1 Distribute Form 1099 to recipients

1 Distribute Form W-2 to employees

1 Form 941 due for Social Security, Medicare, and withheld income tax

1 Form 940 for unemployment tax

16 Monthly deposit of Social Security, Medicare and withheld income tax

18 Federal tax withholding deductions reset for anyone who has not given you an updated Form W-4

March

1 Paper filing of 1099 with IRS – unless filing electronically (see April 1)

1 Form W-3 and Copy A of all Forms W-2 – unless filing electronically (see April 1)

15 Monthly deposit of Social Security, Medicare and withheld income tax

April

1 Electronic filing of Forms 1099 and W-2 with the IRS

15 Form 990-T due if more than $1,000 in gross receipts of unrelated business income

15 Monthly deposit of Social Security, Medicare and withheld income tax

May

2 Quarterly Form 941 due

16 Form 990 due for calendar year-end organizations (other year-ends 15th day of the 5th month after your year-end)

16 Monthly deposit of Social Security, Medicare and withheld income tax

June

15 Monthly deposit of Social Security, Medicare and withheld income tax

July

15 Monthly deposit of Social Security, Medicare and withheld income tax

August

1 Quarterly Form 941 due

15 Monthly deposit of Social Security, Medicare and withheld income tax

September

15 Monthly deposit of Social Security, Medicare and withheld income tax

October

17 If you had an automatic extension to file individual tax return, it’s now due

17 Monthly deposit of Social Security, Medicare and withheld income tax

31 Quarterly Form 941 due

November

15 Monthly deposit of Social Security, Medicare and withheld income tax

December

15 Monthly deposit of Social Security, Medicare and withheld income tax

Citations

Charitable Gifts

- Congregation school gifts
  Rev. Rul. 83-104
- Contribution denied/indirectly related to school
  Ltr. Rul. 9004030
- Contribution earmarked for a specific individual
  Ltr. Rul. 9405003
  IRS Announcement 92-128
  Ltr. Rul. 8752031
  Rev. Rul. 79-81
- Contribution of congregation bonds
  Rev. Rul. 58-262
- Contribution of promissory note
  Allen v. Commissioner, U.S. Court of Appeals, 89-70252, (9th Cir. 1991)
- Contribution of services
  Rev. Rul. 67-236
- Contribution of unreimbursed travel expenses
  Tafralian v. Commissioner, T.C.M. 33 (1991)
  Rev. Rul. 84-61
  Rev. Rul. 76-89
- Contribution sent to children who are missionaries
  Davis v. U.S., 110 S. Ct. 2014 (1990)
- Contribution to needy individuals
  Stjernholm v. Commissioner, T.C.M. 563 (1989)
  Ltr. Rul. 8752031
  Rev. Rul. 62-113
- Criteria used to determine deductibility of payments to private schools
  Rev. Rul. 83-104
  Rev. Rul. 79-99
- Deductibility of gifts to domestic organizations for foreign use
  Ltr. Rul. 9211002
  Ltr. Rul. 9131052
  Rev. Rul. 75-65
  Rev. Rul. 63-252
- Deductibility of out-of-pocket transportation expenses
  Treas. Reg. 1.170A-1(g)
  Rev. Rul. 76-89
- Deductibility of payments relating to fund-raising events
  Pub. 1391
  Rev. Rul. 74-348
- Determining value of donated property
  IRS Pub. 561
- Gifts of inventory
  Code Sec. 170(e)
- Gifts of life insurance
  Ltr. Rul. 9147040
- Incentives and premiums
  IRS. Pub. 1391
  Rev. Proc. 96-59
  Rev. Proc. 92-102
  Rev. Proc. 92-49
  Rev. Proc. 90-12
- Payments in connection with use of ministry services
  Rev. Rul. 76-232
- Scholarship gifts
  Rev. Rul. 9338014
  Rev. Rul. 83-104
  Rev. Rul. 62-113
- Substantiation rules
  Omnibus Budget Reconciliation Act of 1993

Reporting as an Employer

- Classification of workers
  Rev. Proc. 85-18
  Sec. 530 of the Revenue Act of 1978
- Employee v. self-employed for income tax purposes
  Rev. Rul. 87-41
- Moving expenses
  Code Sec. 82
- Noncash remuneration
  Code Sec. 3401(a)
- Per diem allowances
  IRS Publication 1542
- Personal use of employer-provided auto
  Temp. Reg. Sec. 1.61-2T
- Unemployment taxes
  Code Sec. 3309(b)
- Voluntary withholding for clergy
  Rev. Rul. 68-507

Information Reporting Requirements

- Issuing Form 1099-MISCs
  Rev. Rul. 84-151
  Rev. Rul. 81-232
- Nonresident alien payments
  Code Sec. 1441
  Code Sec. 7701(b)
- Volunteer fringe benefits
  Prop. Reg. 1.132-5(r)
- Withholding of tax on nonresident aliens
  Pub. 515

Other

- Audits of Congregations
  I.R.C. Sec. 7611

Index

Why Do **Churches** Join **ECFA**?

To Demonstrate **Integrity!**

Life.Church's accreditation by ECFA serves as a clear statement of assurance to our attendees, our donors, and to the public that we conduct Kingdom business with integrity and accountability.

***Craig Groeschel**, Senior Pastor, Life.Church, Edmond, OK*

Resources for Church Members

- ChurchPulse Monthly eNewsletter
- Educational Webinars and Videos
- Knowledge Center Documents
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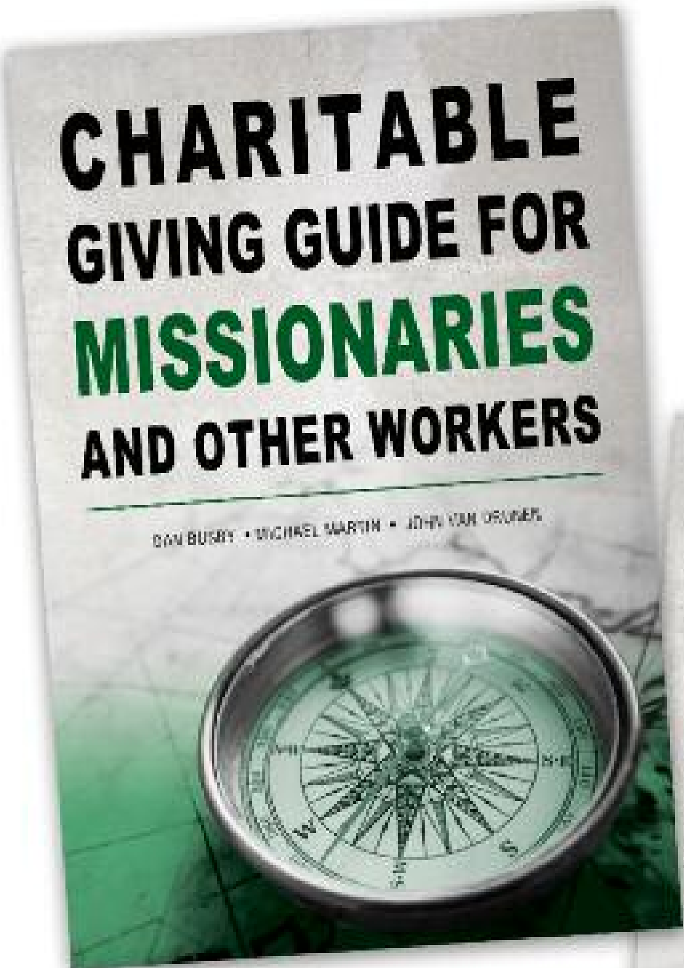
CHARITABLE
GIVING GUIDE FOR
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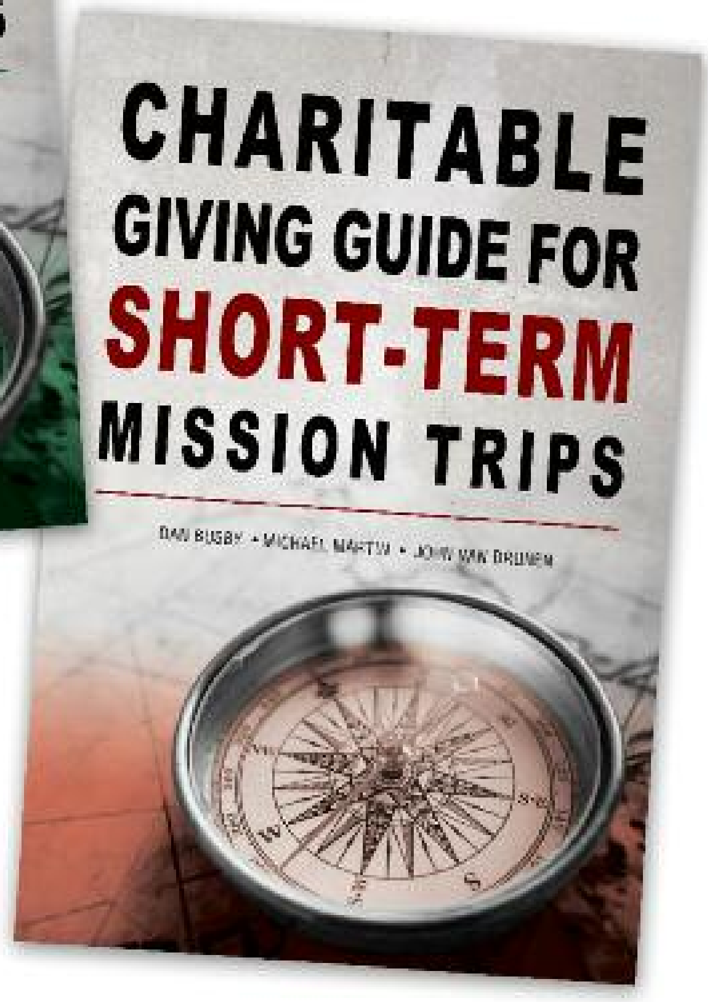
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10 Biggest Tax Mistakes Made By Congregations

1. **Congregation does not report clergy compensation.** Every congregation is responsible to report clergy taxable compensation to the IRS. A Form W-2 should be used in nearly every instance.

2. **Congregation pays or reimburses for out-of-pocket medical expenses without establishing a proper plan.** The selection and adoption of an appropriate plan by the congregation is the starting point for medical expense reimbursements. Different rules govern flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), and Health Savings Accounts (HSAs).

3. **Congregation makes payments to clergy investment accounts and the payments are treated as tax-free.** If a congregation remits contributions under a Section 403(b) or 401(k) plans for clergy, these amounts are generally tax-deferred for clergy. However, payments by a congregation to clergy personal investment accounts are fully taxable and should be reported on Form W-2.

4. **Congregation reimburses clergy personal commuting miles.** A congregation may reimburse clergy for congregation-related miles (at a maximum rate of 54 cents per mile for 2016). But a congregation should not reimburse personal commuting miles.

5. **FICA tax is deducted from clergy salary and matched by the congregation.** All qualified clergy are subject to self-employment social security tax (using Form SE). A congregation should never withhold FICA-type social security tax from clergy pay and match the amount withheld. FICA-type social security only applies to lay employees.

6. **Congregation reimburses clergy expenses without adequate documentation.** Clergy expenses should not be reimbursed by a congregation unless they are adequately documented. The why, who, what, when, and where of expenses should be documented.

7. **Congregation does not formally designate a housing allowance, but treats clergy as having a proper housing allowance.** Unless a congregation has formally and prospectively designated a housing allowance for clergy, a housing allowance should not be excluded from clergy Form W-2s.

8. **Congregation distributes benevolence amounts based solely on donor's designation.** Contributions to a general benevolence fund without a donor's designation of the benevolent recipient generally constitute tax-deductible contributions. However, gifts that are restricted for a particular benevolent recipient are typically not tax deductible.

9. **Congregation acknowledges property gifts and values them for the donor.** The donor is always responsible to value any gifts of property (except for certain gifts of autos, boats, or airplanes). A congregation should simply acknowledge a gift of property, identifying the date of the gift and describing the gift without providing valuation data.

10. **Congregation receives a gift of services and receipts the gift with a stated dollar amount.** Gifts of services are not tax deductible to the individual who performed the services. While a congregation can express appreciation for gifts of services, receipts should never be issued for them.

The Zondervan Church & Nonprofit Tax & Financial Guide

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2016 Edition for 2015 Returns

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