Church Treasurer's Handbook

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This handbook was compiled for your convenience, and we hope you find it to be a valuable resource for your ministry. Inside, you will discover detailed guidance tailored to the unique responsibilities faced by church treasurers. Whether you are navigating daily tasks or tackling special projects, this handbook is designed to support your work with clarity and practical solutions.

~ORPAC District Treasurer

TABLE OF CONTENTS

1 Treasurer Responsibilities

2 Payroll Tax Withholding

4 The Pastor's Retirement Savings

5 The Pastor's Housing

6 Completing Form W-2 For Clergy

8 Allocations

10 Recognitions

11 Charitable Gifts

12 Designated Gift Policy

13 Annual Financial Review

TREASURER RESPONSIBILITIES

The excerpts pertaining to church finances and responsibilities of the church treasurer are taken from Church of the Nazarene Manual 2023

Excerpts

117.5. The remuneration of the pastor shall commence on the Monday preceding the first official Sunday of service to the local church.

139. Business. The **business of the church board** shall be**:**

139.20. To elect a treasurer from among the church membership who meets the qualifications for church officers as specified in paragraph 33. Such election shall be held at the first meeting of the new board. The individual so elected shall serve until the close of the church year and until a successor has been elected and qualified, and has voting privileges only if elected to the church board at a properly called meeting of the members of the congregation. No member of the pastor's immediate family can serve as the local church treasurer without the approval of the district superintendent and the District Advisory Board. Immediate family shall include spouse, children, siblings, or parents. (33, 115.7-115.8, 115.11, 138, 146.1-146.6)

139.21. To cause careful accounting to be kept of all money received and disbursed by the church, including any childcare/schools (birth through secondary) and Nazarene Missions International (NMI), Nazarene Youth International (NYI), Nazarene Discipleship International (NDI), and make report of the same at its regular monthly meetings and to the annual meeting of the church. (146.3-146.5)

139.22. To provide a committee, no fewer than two members of which shall count and account for all money received by the church.

139.23. To appoint an auditing committee or a committee of independent examiners, or such other qualified persons, that shall audit or examine, to at least the minimum standard required by national or state law if applicable, or other recognized professional standards, at least annually, the financial records of the treasurer of the church, the Nazarene Youth International (NYI), the Nazarene Discipleship International (NDI) Board, Nazarene childcare/schools (birth through secondary), and any other financial records of the church. The pastor shall have access to all records of the local church. (125.15)

146. Church Treasurer. The duties of the treasurer of the church board are:

146.1. To receive all moneys not otherwise provided for, and disburse the same only on order of the church board. (139.21)

146.2. To make monthly remittances of all district funds to the district treasurer, and of all general funds to the general treasurer through the appropriate office, except as otherwise provided. (125.9)

146.3. To keep a correct book record of all funds received and disbursed. (139.21)

146.4. To present a detailed monthly financial report for distribution to the church board. (139.21)

146.5. To present an annual financial report to the annual church meeting. (115.9, 139.21)

PAYROLL TAX WITHHOLDING

Churches are required to withhold payroll taxes for non-ministerial employees.

General Rules

- Employers are required to withhold payroll taxes, including Social Security and Medicare contributions, from employees' wages.
- Churches do not withhold Social Security or Medicare taxes from ministerial wages.

Special Rules for Ministers

- Ministers treated as employees may elect voluntary withholding of income taxes by submitting a Form W-4. Regardless of whether they voluntarily withhold or not, pastors should be provided with a W-2 to report their earnings.
- Ministers are always considered self-employed for Social Security and Medicare purposes. This applies even if they have voluntary income tax withholding.
- Ministers may request additional withholding to cover self-employment taxes – reported on line 4(c) of Form W-4.

Handling Form W-4s

- Employees must submit a completed Form W-4 before withholding begins.
- If no Form W-4 is submitted, withhold as if the employee is single with no allowances.
- Employees may claim exemption if they qualify by writing "Exempt" in the space below Line 4(c) and signing the form. However, Social Security and Medicare taxes are still withheld. Exemptions expire annually and require a new W-4 each year.
- Form W-4 can be found here: https://www.irs.gov/forms-pubs/about-form-w-4

Encourage Annual W-4 Review

- Changes in personal circumstances – such as a birth, marriage, pay increase, or significant medical expenses – can impact tax withholding.
- Updates to tax laws may result in lower overall tax liabilities.

Reporting and Payments

- Federal taxes are reported quarterly using Form 941. Filers submitting 10 or more information returns in a calendar year, including annual Forms W-2, 1099, and 1042-S, are required to file electronically using IRS approved software or an authorized IRS e-file provider. Form 941 and information on reporting requirements can be found here: https://www.irs.gov/forms-pubs/about-form-941
- Federal withholding is paid online at: https://www.eftps.gov/eftps/
- State quarterly payroll taxes and annual Forms W-2 and 1099 are reported online at: https://frances.oregon.gov/Employer/_/
  and paid here: https://revenueonline.dor.oregon.gov/tap/_/

- More information on state payroll tax withholding can be found here: https://www.oregon.gov/dor/programs/businesses/Pages/Withholding-and-Payroll-tax.aspx
- If the minister does not request voluntary withholding, he or she will be required to make quarterly payments using IRS Form 1040 ES and file IRS Form 1040 SE with their tax return. These forms can be downloaded at: https://www.irs.gov/forms-pubs/about-form-1040-es and https://www.irs.gov/forms-pubs/about-schedule-se-form-1040
- Non-employee – guest speakers, vendors, etc. – payments over $2,000 must be reported on Form 1099-NEC. The form and information on reporting requirements can be found here: https://www.irs.gov/forms-pubs/about-form-1099-nec

More Resources

https://nbusa.org/wp-content/uploads/2026/05/memo_3_-_tax_and_reporting_procedures_for_congregations.pdf

THE PASTOR'S RETIREMENT SAVINGS

Pastors should be encouraged to participate in the 403 (b) retirement savings plan provided by Fidelity Investments through Nazarene Benefits USA (NBUSA). Employee contributions withheld from salary are not reportable by the church and should not be included as income in box 1 of the W-2.

Enrollment and Changes to Contributions

- The process for enrolling a new pastor into the 403(b) retirement savings plan is the same as updating a contribution amount. The pastor and the church treasurer need to fill in and sign the "Contribution Agreement" form, which can be found online at this link: https://nbusa.org/nazarene-403b-retirement-plan/
- After the form is filled and signed, return it to NBUSA via email or fax. NBUSA will handle the administrative tasks needed to establish a Fidelity account for the pastor.

THE PASTOR'S HOUSING

A housing allowance is the most important tax benefit for pastors. For a church to have a housing allowance resolution in place for a specific calendar year, it needs to be adopted by December 31 of the previous year. A resolution can be adopted after the start of a new calendar year, but it only applies from the date of the adoption and going forward. The housing allowance is reported in box 14 of the W-2.

Sample Housing Allowance Resolution for Pastors

The following resolution was duly adopted by the board of directors of [Name of Church] at a regularly scheduled meeting held on [Day, Month, Year], a quorum being present:

Whereas, ministers who own or rent their home do not pay federal income taxes on the amount of their compensation that their employing church designates in advance as a housing allowance, to the extent that the allowance represents compensation for ministerial services, is used to pay housing expenses, and does not exceed the fair rental value of the home (furnished, plus utilities); and

Whereas, Pastor [First and Last Name] is compensated by [Name of Church] exclusively for services as a minister of the gospel; and

Whereas, [Name of Church] does not provide Pastor [First and Last Name] with a parsonage; therefore, it is hereby

Resolved, that the total compensation paid to Pastor [First and Last Name] for calendar year [____] shall be [$_____], of which [$_____] is hereby designated to be a housing allowance; and it is further

Resolved, that the designation of [$_____] as a housing allowance shall apply to calendar year [____] and all future years unless otherwise provided.

Source: Church Law & Tax | Lead your ministry with confidence Housing Allowance Resolution for Pastors

More Resources

https://nbusa.org/wp-content/uploads/2026/05/memo_1_-_housing_for_your_pastor.pdf
https://nbusa.org/wp-content/uploads/2026/05/memo_6_-_housing_allowance_in_retirement.pdf
https://nbusa.org/wp-content/uploads/2026/05/memo_13_-_the_ministers_housing_allowance.pdf

COMPLETING FORM W-2 FOR CLERGY

Employers must provide Form W-2 to employees, including ministers, for wages paid for services by January 31st. For employees whose employment ends before the end of the year, W-2 Forms can be supplied any time after employment ends, but no later than January 31st. If the employee requests his or her W-2 form, it must be furnished within 30 days of the request or within 30 days after the final wage payment, whichever is later. More specific instructions on completing Form W-2 are available at the IRS website https://www.irs.gov

Instructions

- **Box A**, Control Number does not have to be completed.
- **Box B** is the Employer Identification Number. Each local church should have its own Employer Identification Number (EIN). Employer Identification Numbers can be obtained by filing IRS Form SS-4.
- **Box C, D, E & F** are self-explanatory.
- **Box 1** contains certain items of compensation paid by the church. Set forth below are two lists;

  ITEMS REPORTED IN BOX 1

  1. Salary, wages and bonuses
  2. Most gifts which are paid through a church account
  3. Allowances (other than the housing allowance) must be reported as well as reimbursements which are made under a non-Accountable Reimbursement Policy
  4. If a per diem arrangement is used, payments in excess of IRS rates
  5. Any amount in excess the IRS standard mileage rate
  6. Taxable fringe benefits, the most common are:
     a. the cost of employer-provided group term life insurance and CPP or BPP death benefits that exceeds $50,000
     b. The value of the personal use of a church-provided automobile
  7. A social security allowance (or any portion of the minister's self-employment taxes paid by the church)
  8. Reimbursements of moving expenses

  ITEMS NOT REPORTED IN BOX 1

  1. Salary reduction contributions to the Board of Pensions and Health Benefits 403(b) Plan or other qualified plans
  2. Properly designated (in advance) housing and utility allowance
  3. Qualified health and medical plan premium payments

4. Reimbursement of business expenses under an Accountable Reimbursement Policy
5. Payments under a qualified salary reduction plan — for medical reimbursement accounts or dependent care assistance
6. Excludable Fringe Benefits:
    a. Term life insurance up to $50,000 of coverage
    b. Qualified tuition payments

- **Box 2,** left blank unless there is voluntary withholding
- **Box 3, 4, 5 & 6** are left blank for clergy. Clergy are defined as self-employed for Social Security or SECA purposes (under the Internal Revenue Code Section 3121 (b)(8)(A)). The church should not report Social Security/Medicare wages and must not do any Social Security/Medicare tax withholding.
- **Box 7, 8 & 9** are not applicable.
- **Box 10** would include any dependent care benefits that are paid.
- **Box 11** does not apply for most clergy. Amounts contributed to plans administered by the General Board of Pension and Health Benefits (GBPHB) or other 403(b) plans should not be included in this box. However, if a pastor is a participant in some other (non-qualified) plan, amounts may need to be reported here.
- **Box 12** is to be used to show codes and amounts of benefits or contributions for clergy. (See the IRS Form W-2 instructions for a complete list of codes.) The following codes are the most relevant for clergy:
    a. Code C — If the pastor is provided more than $50,000 in death benefits or group term life insurance, you need to show the premiums attributed to benefits in excess of $50,000. If CPP and BPP together provide more than $50,000 in death benefits, the General Board of Pension and Health Benefits will supply this information on request. If the pastor has served more than one church during the year, typically this information is only included in the W-2 of the last church served.
    b. Code E — 403(b) employee salary reduction contributions
- **Box 13** is checked if the pastor is a participant in the church retirement plan(s)
- **Box 14** may be used for additional reporting. You may include information on a housing allowance or utility allowance here. If the church does not put that information here, the church should independently tell the pastor these amounts.
- **Box 16** state wages should match Box 1
- **Box 17—20** left blank unless there is voluntary withholding

Oregon Pacific District Church of the Nazarene is not engaged in providing legal or accounting services. If legal or tax advice is required, the service of a competent professional should be sought.

ALLOCATIONS

Since the early 1920s, local Nazarene churches have pooled resources to accomplish more. These resources support worldwide mission outreach, denominational pension benefits, Nazarene educational institutions, and district ministries. Reporting and payments are done via the Funding the Mission platform: https://ftm.nazarene.org

Reporting Income

- Church giving goals are based on total income raised for all purposes. Mission giving is automatically deducted from the income base before applying allocation rates but must be included in reported income. Income includes regular tithes and offerings, special offerings, revival offerings, building fund offerings and all missions offerings. A more extensive list of income with samples can be found here: https://orpac.org/wp-content/uploads/2023/03/Definition-of-Income_2023_v2.pdf
- Reporting income and paying allocations should be done on a monthly basis.

Exceptions

- There are ways for a church to ask for an exemption from reporting certain gifts as part of their church income. Examples and requests can be done online at: https://nazarene.org/exceptions-rare-circumstances

Allocations

- After reporting income, your giving goals will be automatically calculated on the "Financial Detail Summary" page of your dashboard. The allocations and rates are listed below.
    1. World Evangelism Fund (WEF) 5.5% – Funds missionaries, new global churches, international clergy development and ordination, multi-language literature, and mission specials like Nazarene Compassionate Ministries, JESUS Film Harvest Partners, Alabaster, World Mission Broadcast, and more.
    2. Nazarene Benefits USA (NBUSA) 2.0 % – Provides up to $30,000 in basic life and $500 a month in long-term disability insurance coverage to eligible U.S. pastors whose churches pay at least $1 of their NBUSA allocation. In some cases, provides benevolence payments for emergency medical, funeral and disability assistance.
    3. Educational Institution (NNU) 2.5% – All church giving for Northwest Nazarene University (NNU) goes to help fund scholarships for Nazarene students.
    4. District Ministries (DUB) 3.05% – Working together, church giving helps support the various district programs including but not limited to training and developing churches and pastors, grants for new initiatives, pastoral counseling, youth, children and Hispanic ministries.

Remittance

- WEF and NBUSA and all other missions and special project payments can be paid online via the Funding the Mission (FTM) platform on the contributions page. Checks and the accompanying remittance form can be mailed to The Church of the Nazarene, Global Ministry Center, Attn: Donor Services, 17001 Prairie Star Pkwy, Lenexa KS 66220-7900.
- Deputation offerings should be given directly to the missionary and will be counted toward mission giving after it has been reported to the general treasurer – this can be done via Point-to-Point (see "How To" video). "How To" video and PDF handouts can be found online: https://nazarene.org/funding-the-mission/resources
- District and education payments can be paid online via the FTM platform on the contributions page or by scanning the following QR codes. Checks and the accompanying remittance form can be mailed to ORPAC District Church of the Nazarene, P. O. Box 217, Lebanon OR 97355.

District **Education**

- Global and district remittance forms can be downloaded from the FTM online platform on the "List of Contributions" page.

RECOGNITIONS

Historically, the denominational center has distributed to churches around the world a variety of honors for raising mission funds. While neither churches nor pastors seek this praise, the denominational center will not allow the sacrifice and generosity of churches to go unnoticed. Without individual churches dedicating themselves to the spread of the gospel around the world, the Church of the Nazarene as a whole would not be able to reach out to the various work areas that it does today. Thank God for the spirit of generosity that prevails in Nazarene churches around the globe!

Awards

- World Evangelism Church – congregations that give at least 5.5% of their total income for World Evangelism and meet all other district, educational, and ministerial retirement savings plan goals.
- World Evangelism Church of Excellence – congregations that give at least 5.7% of their total income (or exceed the 5.5% goal by $1,500 US) for World Evangelism.
- Mission 10 (15, 20, 25, 30, +) Church – congregations that give at least 5.5% of their total income for World Evangelism and meet all other district, educational, and ministerial retirement savings plan goals and generously increase their giving for Nazarene Missions (World Evangelism and Mission Specials) to 10 (15, 20, 25, 30) % of their total income.

CHARITABLE GIFTS

A charitable gift is an unconditional transfer of cash or property with no personal benefit to the giver.

Qualified Gifts

- Charitable contributions are deductible if given "to and for the use of" a qualified tax-exempt organization to be used under its control to accomplish its exempt purposes.
- Tax law states that a transfer to a church 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.

Gift Acknowledgments

- Organizations must provide a timely acknowledgment of the charitable gift. Donors must obtain charitable gift acknowledgments no later than the due date of their income tax returns plus any extension, or the date the return is filed, whichever date is earlier. Ideally, such an acknowledgement would be sent much sooner since many givers file their income tax returns in January or February.
- For gifts of autos, boats, or airplanes with value of more than $500, organizations must provide Form 1098-C within 30 days after the date the vehicle is sold or within 30 days of the donation date if the charity keeps the property. More information can be found here: https://www.irs.gov/forms-pubs/about-form-1098-c
- Organizations must refrain from issuing gift acknowledgments for transactions that do not represent charitable gifts.
- Information on federal tax requirements for charitable contributions may be found in IRS Publication 526: https://www.irs.gov/forms-pubs/about-publication-526

Source: https://www.ecfa.org/content/comment73

DESIGNATED GIFT POLICY

A designated gift policy provides guidance for managing different types of donations and should be approved by the Church Board and leadership. Although donors may have specific intentions for their contributions, such a policy enables churches to allocate resources effectively, including supporting global initiatives.

Integrity

- The Church of Nazarene policy encourages designated funds to be used toward the purpose of which they were raised. Designated giving policies within local churches are designed to establish how designated funds will be used as well as notify donors of these facts. A designated giving policy should provide notice to donors that percentages of their gifts will be given toward the giving goals of the church.

Sample Policy

- The Evangelical Council for Financial Accountability (ECFA) provides excellent resources including examples of designated gift policies: https://www.ecfa.org

Source: https://nazarene.org/funding-the-mission/designated-gift-policy

ANNUAL FINANCIAL REVIEW

The Manual of the Church of the Nazarene (paragraph 139.23) requires that an annual review of church finances be performed.

Procedures

- Churches may utilize the services of a professional accountant, but it is not required.
- Churches can conduct their own review utilizing qualified members who are not related to those who handle funds on behalf of the church.
- If any impropriety or irregularity is suspected, it would be well advised to seek the services of a Certified Public Accountant. In this case, the district should be notified.
- A list of audit procedures can be downloaded at https://orpac.org/resources/

Report and Follow-up

- When the financial review has been completed, the person(s) carrying out the review shall present a signed written report to the district. The report will say one of the following:
  1. "We have reviewed the financial records of _____ Church of the Nazarene for (YEAR) and find them to be in good order and in accordance with generally accepted accounting procedures."
  2. "We have reviewed the financial records of _____ Church of the Nazarene for (YEAR) and find the following irregularities: (LIST) We make the following suggestion(s) for correction: (LIST)"
  3. "We have reviewed the financial records of _____ Church of the Nazarene for (YEAR) and find the following irregularities: (LIST) We recommend that the church employ the services of a Certified Public Accountant to assist in resolving these irregularities and bringing the church's financial records into conformance with generally accepted accounting procedures.

More Resources

https://nbusa.org/wp-content/uploads/2026/05/memo_8_-_the_annual_church_audit.pdf