

## **FAQ about Finances at The Heights**

### **What does The Heights believe about money?**

We believe God has blessed our church financially because we follow some core principles in the way we handle money: (1) Money is a ministry tool and should be used build and expand God's Kingdom. (2) We take seriously the fact that God has entrusted us to carry out His mission and we prayerfully seek His plans. (3) We also know that we have been entrusted to be good stewards and must spend with integrity, knowing that we are spending people's financial gifts to God.

### **Where does The Heights get all of its money?**

Our support comes from the normal tithes (10% of earnings) and offerings of members and regular attenders. There is no organizational or government support.

### **Does The Heights have high accounting standards?**

Yes, we have an annual audit by an independent CPA firm. You can request a copy of their report for any year and you'll find that money given to The Heights is managed with integrity.

### **How does our budgeting process work?**

We pray about our ministry goals for the upcoming year. A budget proposal for each ministry department is developed based on the overall vision and direction of the church. Ministry leads break the overall department budget into subcategories based on their ministry plans. The Personnel Committee requests and approves compensation changes and the Finance Committee reviews the combined budget. The proposed budget is made available to the entire congregation and usually a couple of weeks are given to allow members to review and ask questions. At a business meeting in March, church members are asked to affirm the budget.

### **Can we ask questions about the budget?**

Prior to the vote, at least two Budget Info sessions are provided to give opportunity for any questions. Questions may also be submitted electronically or in written form to the Executive Pastor or the Finance Committee and they will be answered.

### **Do we have an open book policy?**

Yes, we give weekly summaries of our giving in our bulletin and the monthly Treasurer's report is available at the Information Desk. A request for a more detailed summary information may be requested based on standard reports issued by the Financial office.

### **Does this mean I can find out individual staff salaries?**

No, we feel that the release of this kind of personal financial information can lead to comparison and discontentment among staff members and in the congregation at large. We believe in trusting those in leadership who are making those financial decisions, specifically our Personnel and Finance Committees.

### **Who sets salaries?**

The overall salary structure, including annual increases is set by the Personnel Committee. The recommendations for staff salary adjustments are made by senior staff leadership based on performance reviews done throughout the year. The salary of the Senior Pastor is

recommended to the Personnel Committee by the Executive Committee of the church (which consists of the chairmen of Personnel, Finance, and Deacons). Following approval by the Personnel Committee, the structure is communicated to the Finance Committee for inclusion in the budget.

### **What happens with yearly left-over money?**

Individual line items zero out at the end of each fiscal year. Left over money is put into general funds and any allocation of that money is approved by the Finance Committee.

### **What do I need to know about charitable contribution deductions?**

Monetary contributions of any amount must be supported with a bank record (check, electronic transfer) or a receipt from the charitable organization. For ease of recordkeeping and best practices, it is recommended that you use an offering envelope. These are always available in the worship center or if you would like to receive preprinted envelopes for your cash contributions, please contact the office. If you do not use an envelope for your checks, we scan the checks for your information when we record them. However, this means any cash dropped into the offering does not qualify for an income tax deduction unless the church issues a receipt. To do so, cash contributions must be in a completed offering envelope.

### **What are some alternative ways I can give?**

Gifts of stocks and other appreciated securities are simple to make and can have an immediate impact while also providing you with significant tax benefits.

Charitable Gift Annuities - By donating assets like cash, appreciated securities or real estate to fund a life-income gift such as a charitable gift annuity, you receive income for yourself or up to two beneficiaries for life. You may also be able to receive significant tax savings now.

Gifts by Will or Living Trust – A bequest is the most traditional way to provide important help for worthwhile causes. With a gift through your will or living trust you retain full use of your gift property during your life. It's also possible to make a gift at death but reserve lifetime income to a spouse or other family member.

Life Insurance – You can name a charity as the beneficiary of your life insurance. A better idea may be to transfer actual ownership of the policy to an organization, or buy and contribute to a new policy. Such a gift will entitle you to an income tax deduction, the future premium payments will be tax deductible.

Financial Accounts – Most accounts at financial institutions can be made payable at death to a person or a charitable organization. Ask the manager of the institution how you can arrange to designate a death beneficiary for your CD, savings account, brokerage account, etc.

Benefits from IRAs and Pension Funds – Your estate can save both income taxes and estate taxes if you make a charity the death beneficiary of your individual retirement account or other retirement savings plan. You also can arrange for lifetime income to be paid to a family member after your death, with the charity's benefit coming later.

**Why should I consider donating stock?**

Gifts of stock can provide donors with a double tax benefit. First, you may be able to claim a charitable contribution deduction in the amount of the current market value of the donated stock. That is, you can deduct not only the original cost you paid for the donated shares but also the increase in the value of those shares. Second, you can avoid paying taxes on the appreciated value of the stock. The greater the amount of appreciation, the more capital gains tax the shareholder will face if the stock is sold. But this tax can be avoided if you donate the stock to the church, and also the church pays no capital gains tax when it sells the donated stock.

**Are there any special rules with the IRS?**

Yes. Generally, the stock should be publicly traded stock that has been held for more than one year. Privately held stock is subject to its own set of special rules. There is also a limit to the amount of charitable contributions given as "capital gain property", and generally this is 30 percent of your adjusted gross income. If you have questions about the tax consequences of your donation, please contact your tax advisor for further clarification.

**Should I sell the stock first, and donate the proceeds?**

No, unless it is stock that has declined in value. If the stock has appreciated in value, you will want to donate the stock directly to the church so you do not have to pay capital gains tax on the appreciated value.

**What is the process for donating stock?**

The simplest way is to do it via electronic transfer, from your broker to the church's broker. The Heights has set up a special account to handle these donations. The first thing to do will be to contact your broker for specific instructions about your specific stock. Make sure that the broker understands that you want to transfer the stock, not sell it. Then you should contact the church financial office to get The Heights's account information and other electronic transfer information. Call the church office at 804-526-0424, and ask for Cindy Moore or Mike Osborne. That's about all there is to it.

**Are mutual funds done the same way?**

Generally yes, but you'll want to contact your broker for any specific instructions.

**For additional questions about giving at The Heights, please e-mail us at [mosborne@theheightsonline.com](mailto:mosborne@theheightsonline.com) or call us at 804-526-0424.**