

A globe of the Earth is shown, with the continents of North and South America visible in green and yellow. The oceans are a deep blue. Several hands of different skin tones (light, medium, and dark) are placed against the globe, with fingers spread, symbolizing global unity and support. The background is a solid dark blue.

# **Missions Support and the Local Church**

**Things to Consider When Making Missions Payments**

**World Wide New Testament Baptist Missions**  
*assisting churches since 1971*

# **MISSIONS SUPPORT AND THE LOCAL CHURCH:**

## **Things to Consider When Making Missions Payments**

**By WWNTBM Staff**

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This document is a compilation of recommendations for local churches, based on over fifty years of assisting with processing missions support funds. In addition to practical observations, our staff has spent much time researching legal and financial guidelines from many government agencies, as well as with our team of financial advisors and tax lawyers. We believe these recommendations will assist churches as they focus on giving to those who are going into all the world.

### **I. Consider making all funds payable to a missions agency**

#### **A. Benefits**

##### **1. Less paperwork for the church**

Churches who write funds payable to an individual are required by law to issue that individual with a 1099 Form, if the total sum of funds given in the course of the year is equal to \$600 or more. Note that this total includes cash donations, as well as donations made by check. However, when a church makes funds payable to a missions agency, this is viewed as a non-profit transferring funds to another non-profit, and the church does not need to issue any tax documentation for the funds.

##### **2. Less paperwork and record keeping for the missionary**

Individuals are required by law to claim as income all funds received in relation to their business, regardless of amount. Since a missionary's 'business' is raising funds to support the ministry, the missionary is responsible to track all income even if it is under the \$600 reporting threshold that the church is subject to. When checks are payable to a missionary, the missionary needs to record this income separately from income received through the missions agency.

##### **3. This is one reason a missions agency exists**

A missions agency will already be responsible to issue a 1099 Form to the missionary for all funds received by the agency and paid out to the missionary during the year. If all funds have gone through the agency, all funds are automatically accounted for and there is no additional record keeping needed.

B. Downside

In some instances, a missionary may need funds available immediately for a specific need, and it can take time for funds to be processed through the missions agency. However, depending on the situation, the missions agency may be able to make an immediate deposit to the missionary's bank account, so that the missionary can have quick access to funds and the church can still send funds through the missions agency for the accountability and tracking.

C. Recommendations

1. Research and learn how each missions agency prefers funds to be designated.
2. Some may prefer the missionary's name on the check memo.
3. Some may prefer an account number instead of a missionary's name.
4. Some may prefer a return receipt stub to be included, which can help the agency quickly and properly process the funds.

## **II. Considerations for mailing support checks**

- A. Most agencies have the ability to process donations when the church sends a single check for all missionaries supported through that agency. Sending separate checks for each missionary will increase the church's workload and cost, as it takes more time and more supplies.
- B. Be sure you spell names correctly, and include first and last names. Some agencies have multiple individuals with similar names, so the more precise information you include, the easier it will be for the agency to process the funds.
- C. The agency needs to know how to distribute the funds, but they do not need to know other information, such as whether the church is sending funds from their own general fund, faith promise fund, or another specific individual within the church. Sometimes sending too much information with a check can create confusion. Be sure to track information on your records as needed, but know that not all of that information needs to be sent to the recipient of the funds.
- D. Often churches will send mail for a missionary along with a support check. This includes anything from a simple note, to cards, letters, or even packages. This is not always best. It is always a good thing to check with a missionary and the agency before doing this.
  1. It can be difficult for the agency to keep up with special notes received with a check, and ensure that the missionary receives the note. Often, the item may need to be scanned and emailed to the missionary at month end with other mail, rather than the missionary receiving the actual physical note or card. Sending such correspondence directly to the missionary may enable them to receive it sooner.
  2. In the case of packages, the missionary may have to pay the shipping for the package to be forwarded to them on the field. In these instances, customs fees can also be exorbitant for the missionary compared to the cost of the item received.

3. It is always best to check with the agency and/or the missionary before sending mail along with a support check, or even to the agency mailing address.

### **III. Considerations for using automated payment options**

#### **A. Bill Pay Services that mail a physical check on your behalf**

1. Pros
  - a. Fewer checks for you to write.
  - b. Saves on costs of purchasing checks.
  - c. May save on postage costs.
  - d. May save on staff time involved.
  - e. Ensures consistent payments for missionaries on a regular time schedule.
2. Cons
  - a. If you frequently change the amounts or designations of your giving, this type of system can be difficult to maintain and to ensure all information is correct.
  - b. Donors who use these services should be sure they are aware what the auto bill payment looks like, and be sure it includes all information needed for it to be processed correctly.
    - For instance, often the check indicates only the name of the online payment company, rather than the name of the church. This can be difficult for the missions agency to process, unless the check includes a donor account number.
    - If there is only one option for a memo field on the check, and that is used for the donor account number, it can be difficult for the donor to have a location to indicate for whom the funds are designated. This can also make it difficult for the missions agency to process.

#### **B. Direct Debit or Direct Deposit Options**

1. Direct Debit allows the agency's bank to automatically debit the church's bank account.
2. Direct Deposit allows the church's bank to automatically deposit funds to the agency's bank account.
3. Both options require the church and agency to share bank information including name and address of the bank, name and address of the account holder, routing number, and account number.
4. For both options, there should be a formal ACH Credit/Debit form obtained and kept in a file. This protects all entities involved and provides proof to the banks, if needed, that the transfers are authorized.
5. These options tend to be very cost effective.
6. Again, if wishing to use either of the above options, be sure you clearly communicate with the agency, to be sure all necessary information is included with the transfers. If an agency has 100 churches depositing funds directly into their bank, it can be difficult to track who the funds are from and who they are intended to support.

C. Online Giving Options

1. There are many other online giving options available, such as [Paypal](#), [tithe.ly](#), and other church management softwares.
2. These options all have pros and cons, similar to those listed above for Bill Pay companies.
3. One key thing to keep in mind if using an online option: most of these services charge a small fee or percentage for each transaction. Depending on the situation, those fees will need to be covered either by the donor, the agency, or the missionary.
4. For an illustration of online giving options, see [WWNTBM's page](#).

**IV. Considerations if you choose to give directly to a missionary**

- A. The church should obtain a [W-9 Form](#) at the time of the donation. This is the official IRS document to request a SSN, for the purposes of issuing a 1099 at year end. Even if the initial donation is less than \$600, if there is any chance of giving \$600 during the course of the year, this form should be obtained.
- B. Those who fail to obtain proper [W-9 Forms](#) at the time of the transaction, often find themselves scrambling in January to prepare for tax deadlines.
- C. Churches should be careful of issuing funds as an expense reimbursement in lieu of issuing a 1099 for the full amount of donations.
  1. This can sometimes conflict with expense reimbursement plans a missions agency already has in place, and can unexpectedly create conflicts where expenses are “reimbursed” twice, thus putting this missionary in an awkward tax situation.
  2. If the church is truly reimbursing an expense, such as hotel or gas costs, proper records should be kept to ensure the church is not reimbursing more than the IRS allows. This includes having the missionary provide receipts or mileage records to the church.
- D. These same considerations apply if paying an evangelist.

**V. Considerations for special designations**

A. Ethical issues

As missionaries communicate with donors they will often mention specific ministry or personal needs, such as for a new building, or for vehicle repair costs. Churches often wish to assist with these costs. However, when funds are given with a specific designation or “strings attached” it can have unintended consequences.

1. Non-profit agencies cannot legally accept and receipt designated funds unless they already have determined the appropriateness of the designation.
  - a. For instance, ABC Agency cannot receive funds designated for a missionary not already associated with them.
  - b. Similarly, even if the agency handles funds for the missionary’s personal support needs, that does not mean they can handle funds designated for a

local individual in that missionary's ministry who wants to go to Bible College.

- c. Legal and tax situations may need to be considered before the agency can handle funds for the purchase of land or buildings in the missionary's ministry.
  - d. Often, the ability to receive funds requires a specific vote by the agency's Executive Board after all facts have been reviewed.
2. Missions agencies who receive designated funds are legally obligated to ensure the funds are used only for the designated purpose.
  3. If a missionary needs \$500 for a vehicle repair, and multiple churches give a total of \$1,500 for the same need, the agency is liable to ensure the funds are held in savings and only used for future vehicle repair needs.
  4. Practically speaking, this means if the missionary repairs the vehicle, but the following month needs to replace a water heater, the remaining \$1,000 funds already given cannot be used for the new need.
- B. Record keeping issues
1. It is easy to see how the above illustration creates additional record keeping issues for the agency and the missionary, to ensure funds are used as designated.
  2. Another illustration is when a specific need or project will be a one-time situation. For instance, assume a total of \$5,000 is needed for a special outreach, but a total of \$7,000 is given. Once the initial need is met, unless there is a chance this same need will come up in the future, the agency/missionary may legally need to return the extra funds to donors, or alternatively contact every donor for permission to use funds for another need.
  3. Determining how to return funds can be difficult when you consider that multiple donors may give over a period of time. Choices must be made of which gifts to keep and which to return.
- C. Best Practices
1. Give all funds "For Use As Needed."  
Most churches simply want to help during a time of need. In the majority of cases, their desire is to ease a burden on the missionary. To avoid the complications illustrated above, churches can give funds to the missionary "to use as needed." This removes all strings and limitations and allows the missionary to cover the immediate need, as well as any possible future need. It eases responsibilities for the agency and the missionary.
  2. In cases where the church does specifically want funds to go for a certain item, such as a building project, it is always best to contact the missions agency prior to mailing funds, to ensure that the agency is prepared to handle the designated funds.

## **VI. Special Considerations for Non-US Citizen missionaries**

- A. Many churches, and even missions agencies, are unaware of tax, visa, and legal implications that Non-US Citizen missionaries may face.



- B. Paying funds directly to a Non-US Citizen, especially when they are present in the US, can create many problems for them, especially depending on the type of visa they have.
- C. Multiple government agencies including the IRS, Homeland Security, and US Citizen and Immigration Services all have regulations that affect payments to Non-US Citizens.
- D. Every individual has a unique situation, and their visa limitations may depend on things such as what country they are from, how many trips they have made to the US, how long they have spent cumulatively in the US, and whether they have relatives living in the US. Therefore, just because something worked for one individual does not guarantee it will be the same for another individual.
- E. WWNTBM has created a separate document for this situation based on our extensive research on Non-US Citizen missionaries.
- F. Churches should be aware that this is a very sticky legal area.

## **VII. Miscellaneous Considerations**

- A. Non-cash donations to a missionary may still have a tax impact for them, and may require tax reporting by the church.
- B. We recommend seeking guidance from a qualified CPA who is familiar with situations that affect churches and other non-profit entities, and having guidelines in place to ensure the church knows how to handle non-cash donations, including gift cards.
- C. We recommend reviewing return receipts and/or invoices on a regular basis to ensure accuracy. Mistakes do happen, and they are easier to resolve if they are caught early.

## **VIII. Recommended resources for churches**

- A. *From the Offering Plate to Disbursement*, published by the Christian Law Association. [www.christianlaw.org](http://www.christianlaw.org)
- B. *Requirements for the Tax Exemption of Ministries*, published by the Christian Law Association. [www.christianlaw.org](http://www.christianlaw.org)
- C. [ministrycpa.blogspot.com](http://ministrycpa.blogspot.com) - a blog written by our CPA, Corey Pfaffe, specifically for churches and Christian ministries.
- D. [irs.gov/charities-non-profits/churches-religious-organizations](http://irs.gov/charities-non-profits/churches-religious-organizations) - a listing of IRS documents specifically related to churches and religious organizations
- E. Check with your state or local Department of Revenue for any state-specific guidelines for churches and/or ministries.
- F. WWNTBM encourages all churches to retain the services of a qualified CPA who is familiar with situations that affect churches and other non-profit entities.

## **IX. Flowchart of missions support - see illustration on the next page.**

# A Typical Flow Chart of Missions Support Dollars

