

# Online Giving

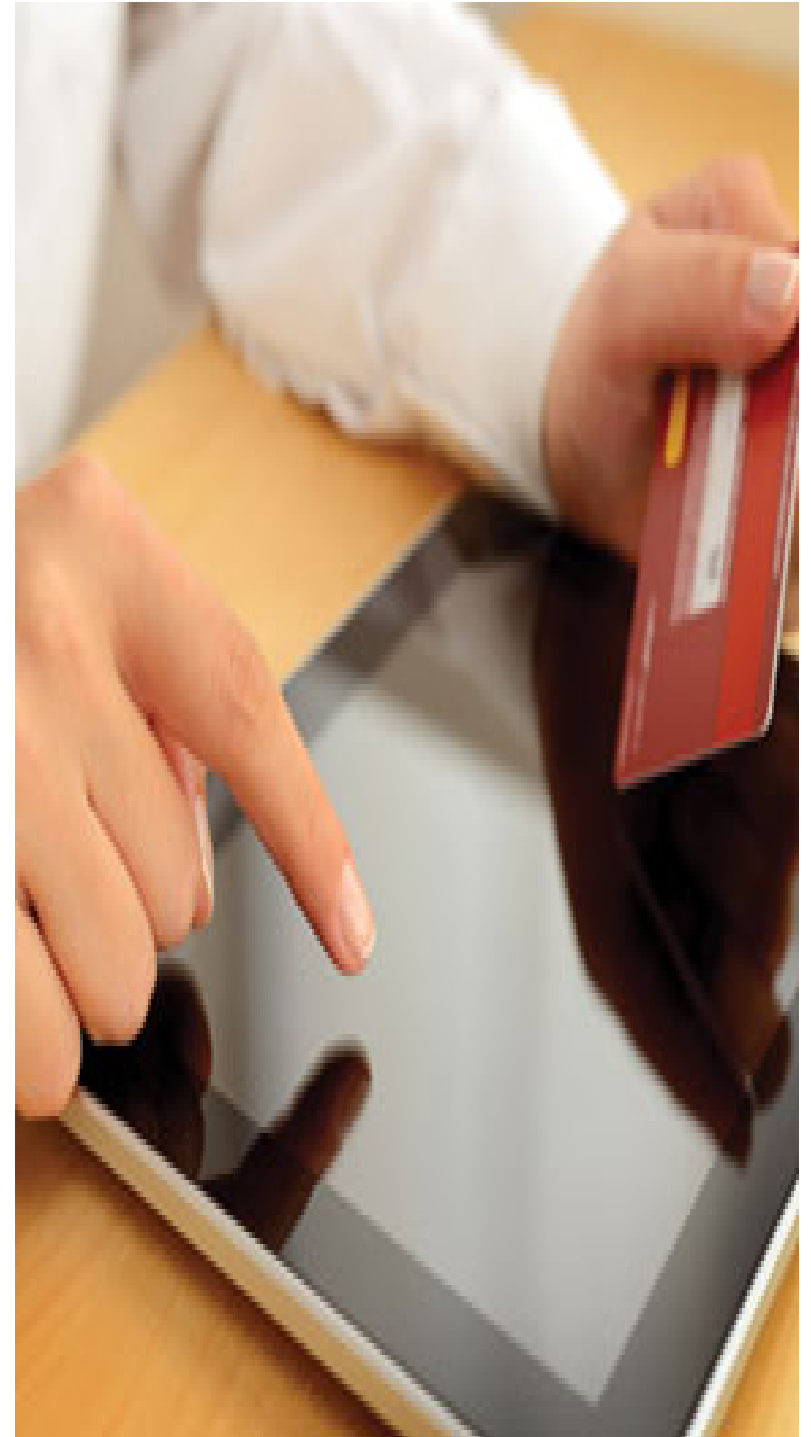
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## Church Financial Excellence Workshop

August, 2013

Sponsored by the Synod of Lincoln Trails  
Ministerial Excellence Fund in partnership with the  
Presbytery of Wabash Valley

**Eric Herzog**  
Books in Order, Indianapolis



# Why Offer Online Giving

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- ❑ In their 2012 “State of the Plate” survey, *Christianity Today* noted that “the way churches receive donations has shifted from the traditional ‘envelope packets’ toward electronic giving, such as internet and cell phone applications, automatic bank withdrawals, and even lobby kiosks.
- ❑ Of the more than 1360 church leaders they surveyed, 92% said that they still pass the offering plate, and a combined 47% said they offer online and cell-phone giving options.



# Why Offer Online Giving

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Give  
Online  
Here



- Automatic recurring donations minimize seasonal slumps in giving;
- Connection to Millennials (ages 20-35); online donation opportunity is becoming an expected option of your members/visitors.
- Reduces time spent tallying donations and preparing deposits;
- Reduces handling of checks and cash (can enhance security);
- Reduces use of natural resources - (donation envelopes and checks);

# Online Giving Basics

## □ Step 1

The donor navigates to a/your web portal and completes a form to collect information needed to process the gift. With most systems, the donor is also given the option of creating an account for future logins (*a login allows the retrieval of giving history/management of recurring gifts*). Most systems also allow for one-time gifts without requiring the donor to register.

Schedule gifts using my checking account

Give  to

starting

and continuing until

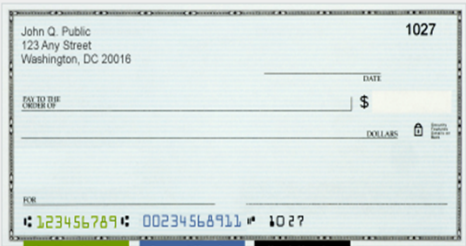
I change this schedule

contributions have been made

**Billing Information**

NOTE: Address must match exactly what is listed with your card company.

**Checking Account Information**



**Routing Number**  **Account Number**  **Check Number**

**Verify Routing #**  **Verify Account #**

**Authorization Confirmation**

I authorize CCB Stable to debit my account for the amount indicated above. I understand that I can contact CCB Stable at any time to cancel any future automatic payments.

[Cancel](#) or

# Online Giving Basics

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## ❑ Step 1 - Security

As part of processing the transaction, some information may be stored with your online giving vendor for reporting purposes. For this reason, make sure to verify that the vendor is certified as meeting Payment Card Industry (PCI) security standards. It is important you and your donors trust that credit card and donor information is secure.



# Online Giving Basics

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## ❑ Step 2

Credit card, debit card or ACH (bank checking or savings debit) processing is usually handled by a specialized merchant services company. Some online giving vendors manage the merchant services agreement for you. With others, you are responsible for securing a merchant account separately.

## ❑ Step 3

Donor funds are either deposited directly in the church bank account or sent as a check on a periodic basis. **The timeliness of delivering funds is one of the important factors to compare between vendors.**



ONLINE  
OFFERING

# Pros & Cons of Online Giving

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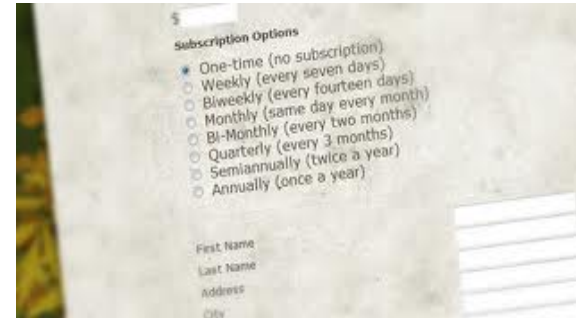
## A few potential benefits of Online (e-giving)

- You can do it anywhere. Traveling church members, college students, sick and shut-in can give to their home church in absentia;
- It can help the church to “connect” giving to worship more effectively with the millenials and Gen Xers.”
- It can help expand the donor base because givers need not be physically present. Also, guests attending a special event, like a concert, at your church may be more willing to give if they knew they could do so electronically;
- People may give more, and more consistently. Many people no longer use checks, or even carry cash, so if all they have in their wallet or purse is \$1, that’s what they’ll give. In contrast, a church member can use an e-giving portal to automatically debit a reoccurring amount or % to the church.



# Pros & Cons of Online Giving

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## Potential drawbacks of Online (e-giving)

- Credit costs. For most electronic transactions, the church will typically have to pay a percentage fee for the convenience;
- If the church offers a credit card giving option, an undisciplined credit card user, may end up accruing debt;
- Potential security risks. In one sense, credit is safer than paper as it's more difficult to steal or destroy electronic data. However, when you submit your financial data to a website, you also hand over some trust to that third party;
- What's the point in passing the plate, if no one is putting anything into it? Do we pray a public blessing over electronic tithes and offerings?



# Considerations

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- Consider your resources and walkthrough the process from start to finish – online/e-giving should be a simple and efficient process. There are services and software that can integrate easily with your current system and/or church management software;
- Have a giving envelope/card available in the pews/seats for people who give electronically. This will allow them to put something in the offering plate every Sunday;
- Don't expect everyone to get on board at once. Be intentional with your communications about e-giving options in your church. You must continue to communicate the options or people will not do it.

# Considerations

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## Selecting an Online Giving Service Provider

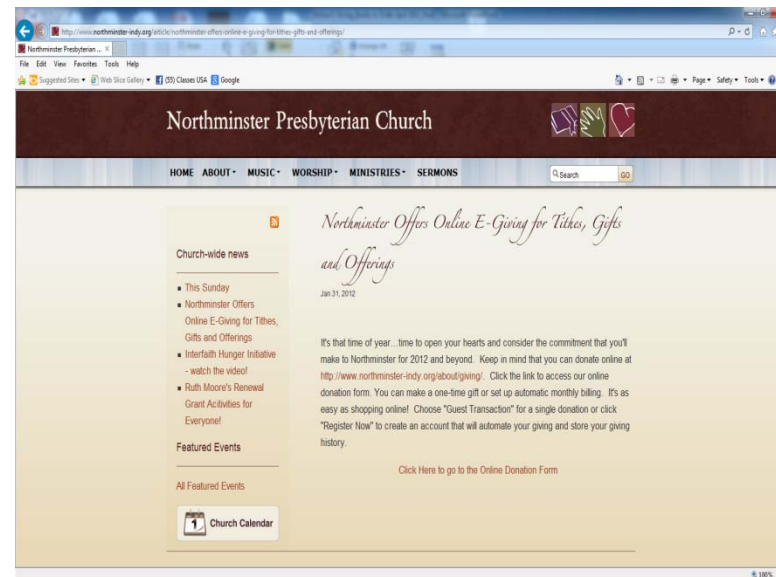
- ❑ The major obstacle to implementing a successful online/e-giving system is making the right selection of which company to use to handle the transactions.
- ***“We had trouble getting the electronic giving integrated with our current church management software.”***
- ❑ Does the church leadership want an on-line giving option or a product that is part of a much broader software.
- ***“We don’t need all of the other stuff; we just want the on-line giving portion.”***

# Considerations

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## Selecting an Online Giving Service Provider

### Vendor Service and Reputation



# Considerations

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## Selecting an Online Giving Service Provider

### ❑ Cost:

Components can include: set-up fees, monthly fees, charges for each transaction, hosting fees and fees based on a percent of each transaction that go to the online giving service provider.

Special features like “text-to-give” services, Quick Response (“QR”) code scan or card-swipe hardware can add to the real costs and resources needed to process transactions.

- ***Does the service provider offer you options for special and/or add on services?***
- ***Does the service have the option of prompting the donor to help cover the cost of the transaction by displaying that actual cost?***



# Considerations

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## Selecting an Online Giving Service Provider

- Support for recurring gifts
- Merchant account separate or included
- Pledges
- Fund designations for “regular” giving
- Designated giving
- Memorials gifts
- Other Mobile giving options

# Considerations

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## Other Important Factors to Consider

- What is the payment cycle
- Virtual terminal access (entering a donation on behalf of a member)
- Can a member log in and see a giving summary for the year
- Integration between the payment service and the church management system, email delivery service, online event registration
- Giving form integration with your website and Facebook page
- Name that appears on the donor's credit card statement
- System flexibility, event registrations, ticket sales, merchandise
- Ministry team/special fund-raising pages



# Additional Resources

**Solution Evaluation Matrix**  
Online Giving Vendor (1-10)

Weighting: 1-3 - Critical Feature, 2 - Some/Not Critical Feature  
1 - Historical Feature  
Features 1 to 3: 1 - Fully meets requirement, 2 - Partially meets requirement, 3 - Does not meet requirement

Criteria	Vendor 1	Vendor 2
11 Technology Provider Business Information	1	2
12 Vendor has a long-term profit orientation	1	2
13 Large installed base of congregations	1	0
14 Years in business (0-1, 1-3, 3+)	1	0
15 Vendor is able to provide strong references	1	0
16 Technology Provider Technical Capability	0	0
17 Demonstration site pages available	1	0
18 Background materials available for getting congregation council approval	1	0
19 Promotional materials available for use with members	1	0
20 Training (documentation, webinars, tutorials)	1	0
21 Technical support/Customer service	1	0
22 Security verification (PCI level 1)	1	0
23 Integration solution experience (web and mobile)	1	0
24 SUBTOTAL FOR NON TECHNICAL REQUIREMENTS	1	2
25 FUNCTIONAL & COST REQUIREMENTS		
26 General features for donors	0	0
27 Recurring gifts	1	0
28	1	0
29	1	0
30	1	0

**Online Giving**

Why Churches Should Implement Electronic Giving

White paper by Vijay Jeeke, Product Manager,  
Our Sunday Visitor Offertory Solutions

Our Sunday Visitor  
Building People, Advancing Ministry  
www.ourvisitor.com  
800-348-2886

**10 THINGS**  
You Should Know About Online Giving

**BONUS SECTION!**  
5 Don'ts Every Pastor Should Read About Church Giving

**MINISTRY PARTNERSHIP PROGRAM GUIDE**

Bringing people and mission together

Presbyterian FOUNDATION

**PRESBYTERIAN Mission Exchange**

	Presbyterian Mission Exchange	American Church	National Church Solutions	PAFA	Just Give	Second Step Exchange	Easy Give
No Refunds required	✓	✗	✓	✓	✗	NA	✓
Automatic ACH to church	✓	✓	✓	✓	✗	NA	✓
Multiple accounts as needed	✓	✓	✓	NA	✗	✓	✓
Withdraw funds as needed	✓	✗	✗	✗	✗	✗	✓
Instantment options for funds	✓	✗	✓	✗	✗	✗	✓
Recurring gifts	✓	✓	✓	✓	✓	✓	✓
Setup charge	No	\$200	No	No	No	\$125	No
Annual charge	No	\$100.00	NA	No	No	NA	No
Monthly charge	No	\$20	No	No	No	\$10	\$40
Transaction charge	1% per donation	.31 - .42	0.25	0.20	4.9% fee at transaction	.20 + other charges	0.25
Credit card charge	2.50% + \$28	2.80% - 4%	2% +	2.20%	Banked with transaction	Banked with transaction	1.95%
ETX/ACH charge	.20	0.20	0.0000%	NA	Banked with transaction	NA	NA

Compare the Presbyterian Mission Exchange to comparable services.

With the PRESBYTERIAN MISSION EXCHANGE there is no need to negotiate credit card fees, purchase complicated software, reconcile gifts to bank accounts, or track gifts and make acknowledgments by hand. The Foundation allows undirected funds and segregated gifts. Your ministry gains a partner - a talented group of faith-based, financial experts.

CONTACT US TODAY! To learn how we can expand your gifts and make online stewardship the easy choice for your ministry and your community. For more information, find your regional Ministry Relations Officer at [www.PresbyterianFoundation.org](http://www.PresbyterianFoundation.org).

FOR 18-12-01

Presbyterian FOUNDATION

**VANCO**  
SERVICES

# Transparent Financial Recordkeeping & Reporting

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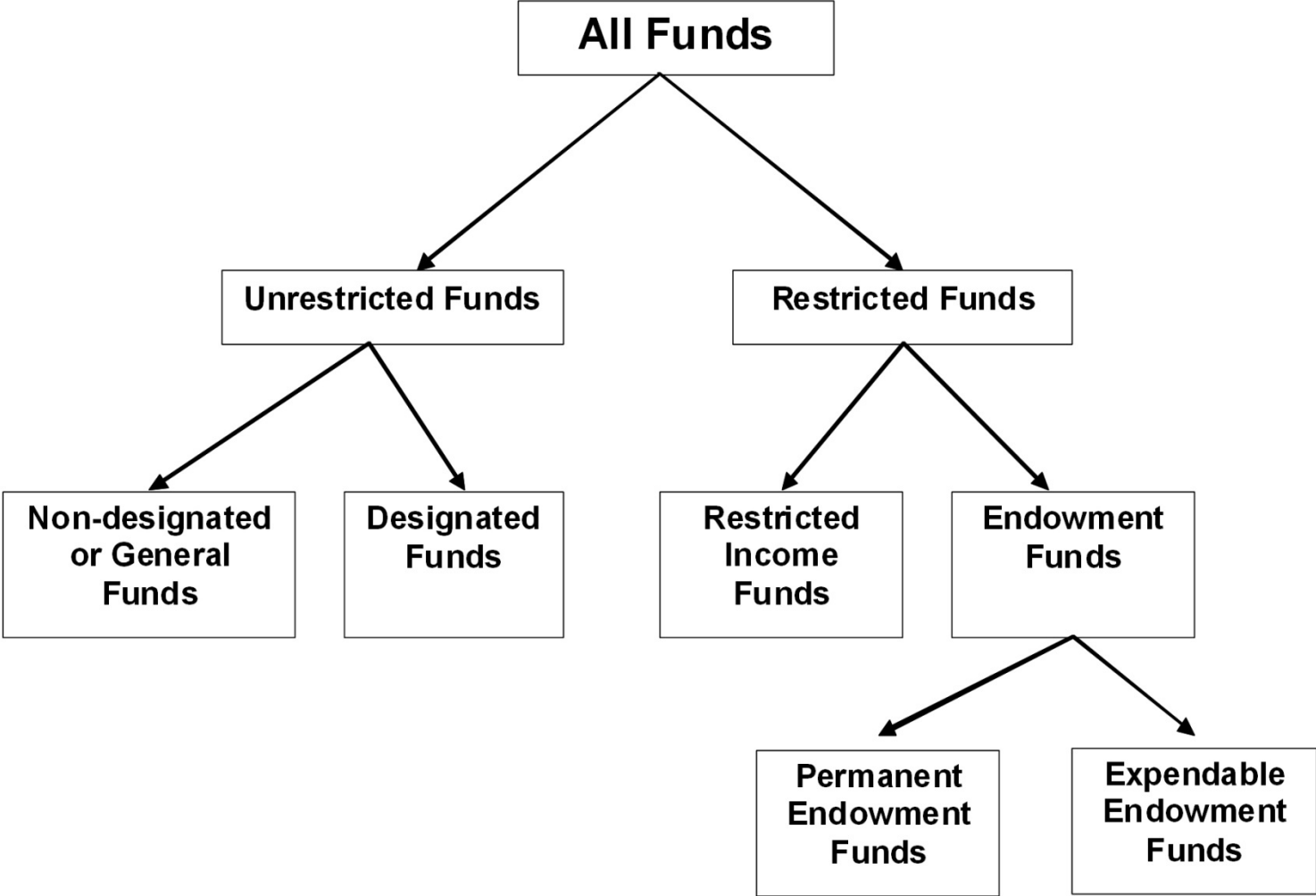
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**Eric Herzog**  
Books in Order, Indianapolis





# What is Fund Accounting?



## Building Fund STATEMENT

Knox Church, McDonald's Corners

### RECEIPTS

Balance on hand from 1918 .....	\$ 306 37
Net proceeds of festival .....	154 99
Anniversary collection and concert .....	111 10
Elphin's share expenses .....	20 35
Snow Road's share expenses .....	13 56
Interest on deposit in bank .....	11 48
	\$ 616 85

### EXPENDITURE

Insurance on manse .....	2 65
Insurance on church .....	27 15
Anniversary expenses .....	47 85
Taxes on manse .....	19 50
Communion Plates .....	10 10
Supplies and repairs at manse .....	40 27
Balance on hand .....	472 33
	\$ 616 85

## Knox Church STATEMENT

### RECEIPTS

Balance on hand from 1918 .....	\$ 110 61
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Initial offering .....	3 15

### EXPENDITURE

	\$ 877 32
Presbytery and Synod rates for 1918 and 1919 .....	33 00
Rev. A. M. Little stipend .....	534 38
Caretaking .....	52 00
Printing financial reports .....	13 00
Mrs. D. McConnell, boarding ministers .....	4 50
Rev. J. G. Greig .....	10 00
J. G. Barr, account .....	4 44
Wood .....	20 50
Session Fund .....	12 16
Duplex Envelopes .....	6 50
Express, postage, etc .....	1 14
Balance on hand .....	176 70

\$ 877 32

Schemes .....	138 00
Women's Missionary Society .....	95 53
Memorial Bell .....	402 70
Bible Society .....	70 15
Sailors' Mission .....	34 60
Sunday School collections .....	16 03
Sunday School missions .....	28 95
Young People's Guild .....	29 22
Adult Bible Class .....	31 36
Dominion Alliance .....	67 70

Total money collected .....

\$1792 56

## \*A Simplified Review of the Church Accounting “Cycle”



\*\*New 12 month calendar / fiscal period\*\*

1. Net Fund Assets = Starting Balance 1/1/2013
2. We add Income = Increase in Net Assets
3. We incur Expenses = Decrease in Net Assets
4. Net Fund Assets = Ending Balance 12/31/2013



\*\*New 12 month calendar / fiscal period\*\*

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## Primary Financial Reports

- **Statement of Financial Position**  
*(Balance Sheet)*
- **Statement of Financial Activities**  
*(Income Statement)*

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**Building Fund**  
**STATEMENT**  
Knox Church, McDonald's Corners

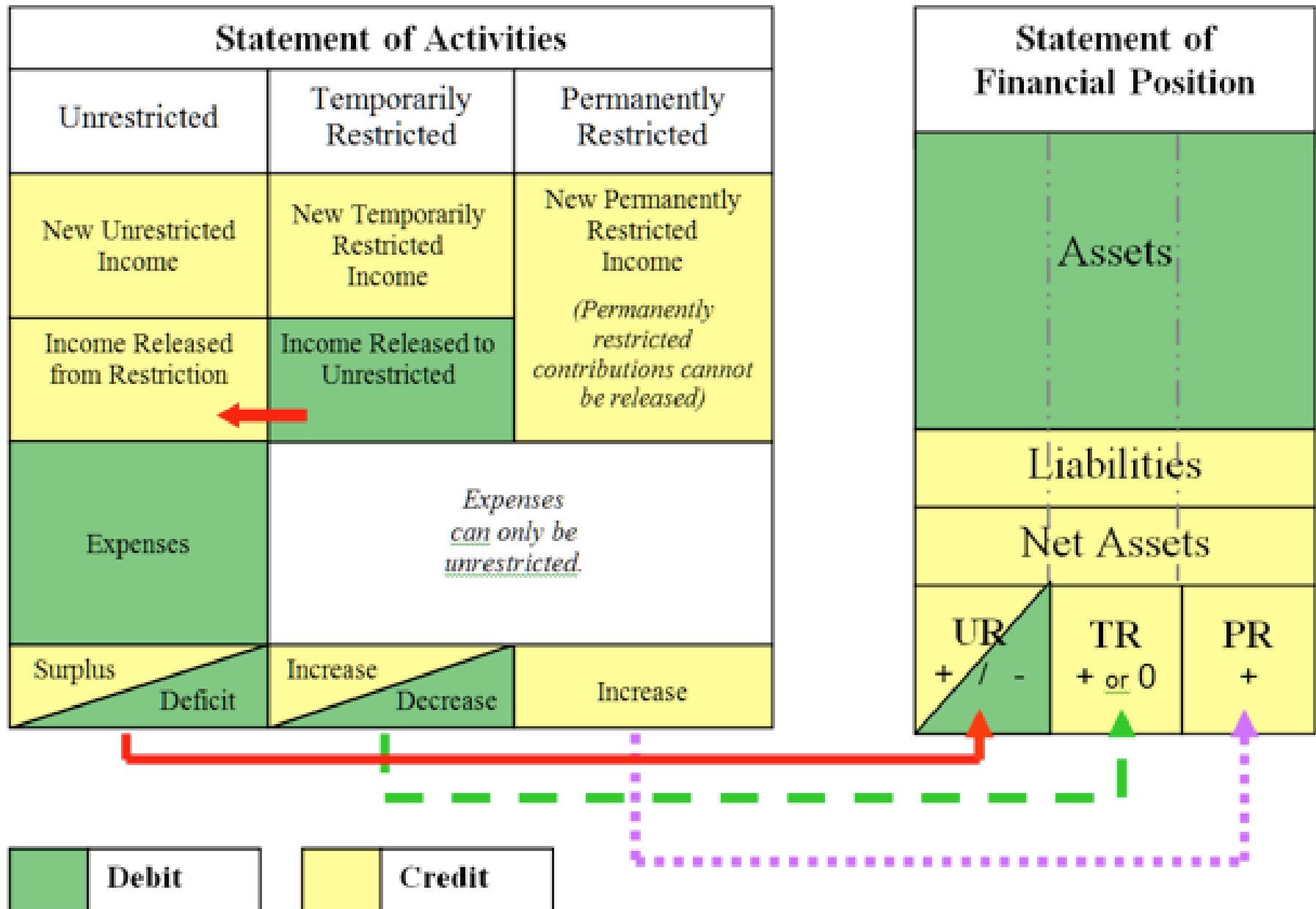
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EXPENDITURE

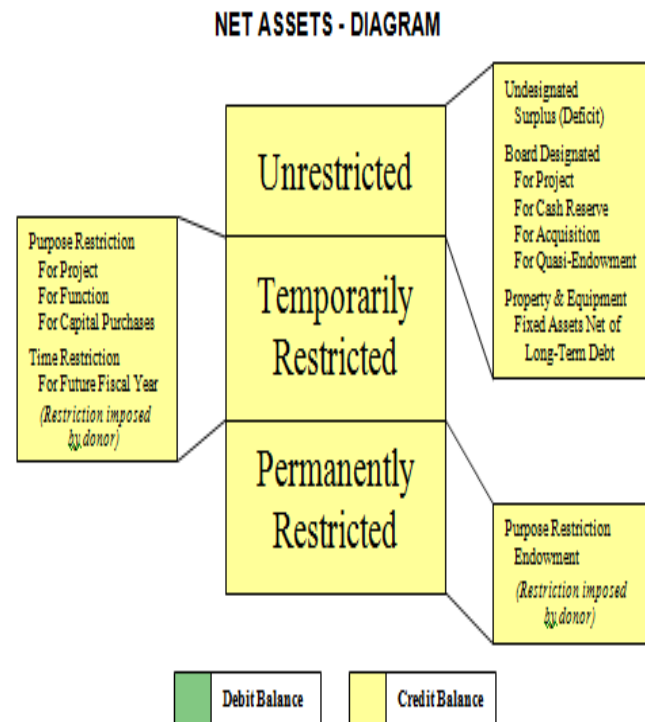
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## Relationship of the Statements



# TR, PR & UR Net Assets

- Temporary Restricted (TR) net assets comprise contributions received by the church that carry a donor imposed restriction as to when (time restriction) or for what purpose (purpose restriction) the funds can be used.
- Permanently Restricted (PR) net assets comprise contributions received by the church that carry a donor imposed restriction that the “corpus” of the gift can never be used and are typically provided as long-term income generating balances.
- All net assets that are not PR or TR are Unrestricted (UR) and can be used by the church as the Council/Session sees fit. It is useful, at least for internal financial management purposes, to separate liquid from non-liquid UR net assets in order to have a better idea of the church’s liquidity, the financial resources it can use for day-to-day transactions. A single UR line item balance does not always tell the full story.



# The Chart of Accounts

“A chart of accounts is a list of accounts used by the church to classify financial transactions.”

1000 = Assets

2000 = Liabilities

**3000 = Net Assets**

4000 = Income Categories

5000 = Expense Categories

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**Knox Church  
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- Close
- Close All
- Save as
- Preferences ▶
  - System Setup Options
  - User Setup Options
  - Family Mailing List Setup
  - Personal Profiles Setup
  - Contributions Setup
  - Activities & Skills Setup
  - Accounting Setup**
  - Events Setup
  - Check In Setup
  - Custom Check Layout
  - Mailing Label Setup
  - Passwords
  - Background Checks
- Exit

### Accounting Setup Options

General **Fund Accounting** Accounts Payable Payroll

Account number ranges

Assets:	1000	1999	Income:	4000	4999
Liabilities:	2000	2999	Expenses:	5000	8999
Equity:	3000	3999			

Transfer accounts

Use transfer accounts

Account number range: 9000 9999

The default equity account in each fund is: 3110-000

Equity term used in reports: Fund Balance

Number of months that can be open at one time: 18

Donor restricted release accounts

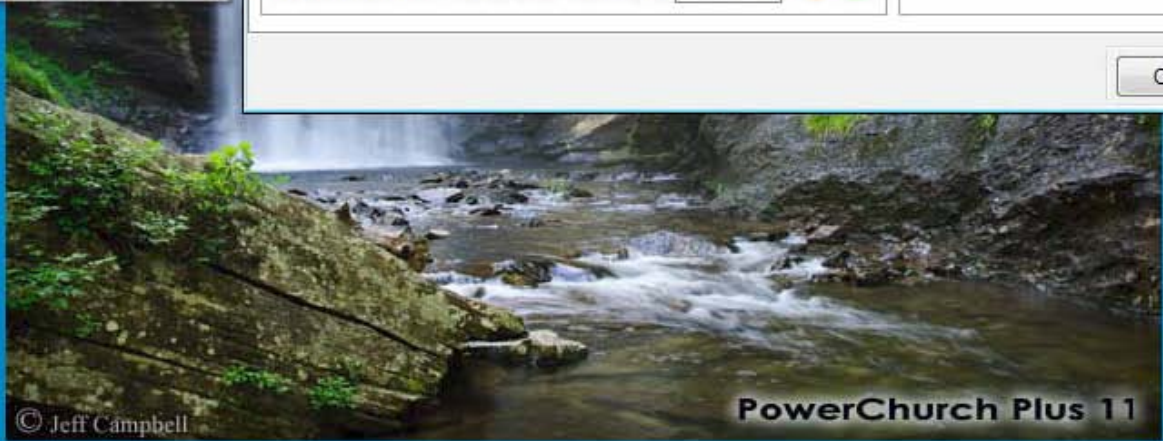
Use release accounts

Negative amount format

The released from restriction account is: 4999-000

Format negative amounts as: -123

OK Cancel



# **The Chart of Accounts**

## **Fundamental Criteria for a Chart of Accounts Design**

**One type of information**

**Information (accounts) are not repeated**

**Descriptive account names**

**Enough room to expand**

**Use logical numbering ranges**

**No reliance on spreadsheets**

## **Integrated Church Management Databases**

[ACS Technologies](#) - Church management, school administration and denominational office software and services.

[Acolyte Software](#) - Software for church management, accounting and religious education.

[CCIS Software](#) - Solutions for three challenges: membership/attendance, fund accounting and payroll.

[CDM Plus](#) - Tracks membership, attendance, contributions, fund accounting, payroll, events and facilities management.

[CahabaWorks](#) - Church Management Software solution supporting Members, Groups and Fund Accounting.

[Church Windows](#) - Church management software designed for Windows operating systems.

[ChurchPro](#) - Network ready software for tracking payroll, accounting, attendance, membership, and contributions.

[ChurchSoft](#) - management system designed to track membership, attendance, contributions, prospects, and finances.

[Icon Systems](#) - Web based and Windows based church management software with membership and fund accounting

[PowerChurch Plus](#) - Church management software, manages membership, accounting, events and contribution information.

[Shelby Systems](#) - Management software for churches, denominational headquarters and related faith-based ministries.

[Shepherd's Staff](#) - Church Management Software for tracking, membership, attendance, contributions, and finance.

[Torbert Data Systems](#) - Management Software tracking membership, donations, fund accounting and event tracking.

[Total Church Software](#) - Church management software including; membership, attendance, financial, accounting, follow-up and gifting.

# Thank you!

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