

Navigating Church Finances: The Benefits of Client Accounting Services

By Teresa Tribble, Supervisor – Consulting and Kenneth Q. Tan, Partner

Has your church considered client accounting services? These outsourced services range from basic accounting tasks to complex support and can be a cost-effective way to add functionality to your church's financial operations or accounting team.

There have been several recent developments in outsourced accounting, and we explain key considerations [here](#). Now let's look at some of the benefits and solutions outsourced client accounting services can provide for churches.

What types of outsourced client accounting functions do churches often use?

Client accounting services vary in complexity, longevity, and extent, depending on each client's needs. The CapinCrouse Consulting team offers a wide range of accounting functions, including:

- Outsourced daily accounting
- Bill pay
- Payroll
- Recommendations for internal controls
- Best practices and assistance with creating efficient [tech stacks](#)
- Chart of accounts restructuring

One of the most unique functions we help church accounting services clients with is tracking restricted and board-designated funds for areas such as building campaigns, mission trips, and tithes and offerings.

Sometimes we serve as the complete outsourced accounting team for a church, while in other instances, we work alongside church staff to fill gaps. We can tailor

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solutions to provide the specific skills, expertise, and insight your church requires.

What are some common accounting challenges that client accounting services can help churches with?

Examples of common accounting challenges and missed opportunities at churches include:

- **Incorrectly setting up or tracking funds without donor restrictions, including board-designated funds, and funds with donor restrictions.** Churches sometimes incorrectly classify funds that are donor-restricted for a building or capital campaign as contributions without donor restrictions. Incorrectly classifying those restricted fund as unrestricted could result in the restricted funds being used for unrestricted purposes.
- **Not booking assets on the Statement of Financial Condition.** Assets such as buildings are a crucial component of a church's overall financial situation, and excluding them from your Statement of Financial Condition (which is equivalent to a balance sheet at a for-profit company) paints an inaccurate picture of the church's financial health.
- **Waiting until year-end to review the list of vendors and contractors to determine which are required to receive IRS 1099 forms.** This can result in a scramble to get these individuals to complete W-9 forms. Your accounting team should request W-9 forms at the beginning of the vendor or contractor relationship so it is clear who will qualify to receive a 1099 form.
- **Having insufficient internal controls for ensuring the proper handling of funds.** The person spending the money should not be the person approving the expenditure. Every church should have policies in place to enforce expense guidelines and clear approval procedures.

A client accounting services provider that is experienced in nonprofit accounting and financial best practices can

help churches avoid these and other issues and streamline their processes.

When should a church consider outsourcing?

It is generally a good idea to evaluate your current accounting needs annually to determine if there are any gaps in the skills needed or the workflow.

In our experience, there are three criteria that may make a church a good candidate for outsourced accounting functions:

- Your current financial reporting is not providing the information or insight you need
- One person on the accounting team has all the vital information and expertise, and there is no succession or contingency plan if that individual leaves the church or is no longer able to work
- You are struggling to fit an accounting position into your budget

What should churches look for in a client accounting services firm?

Churches face a range of unique accounting issues, budget considerations, tax regulations, and much more. It's important to partner with a client accounting services provider who is experienced at working with churches and other nonprofits and can provide the specialized insight, expertise, and best practices you need.

Because CapinCrouse exclusively serves nonprofits, including more than 500 churches across the U.S., we have a deep understanding of the unique issues churches must manage. We also have subject matter experts who are nationally recognized leaders in the areas of nonprofit audit, tax, consulting, and cybersecurity and can help answer any questions that may arise.

We have found that many times clients focus on treating a symptom, whereas we are able to find the root of the problem and provide solutions they did not know they were looking for.

You can learn more about our client accounting services [here](#). Please [contact us](#) with any questions or to discuss your church's needs.

Additional Resources:

[CapinCrouse Church Insights: Recent Trends in Outsourced Accounting](#)

[The Church Financial Field Guide](#)

[Supporting Your Organization's Potential: Client Accounting Services for Nonprofits](#)

[Building Efficiency and Success: Client Accounting Services for Educational Institutions](#)

About the Authors

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Teresa joined CapinCrouse in November 2021 and is a supervisor on the Consulting team. She has over 25 years of accounting experience serving a variety of clients, including churches, nonprofit organizations, and small businesses, as well as 12 years of experience in a civilian position as a controller within the United States Air Force/Special Projects. Teresa has worked closely with several clients to provide accounting, consulting, triage, automation and payroll services as well as audit support for nonprofit organizations. She continues to assist her clients in getting their day-to-day accounting questions answered as well as with budgeting for current and future events.

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Ken has more than 15 years of public accounting and large nonprofit experience, providing both advisory and assurance services to various nonprofit entities, churches, and mission organizations. Prior to joining the firm, he managed the audits of public Fortune 100 and private multi-billion dollar companies for a Big 4 accounting firm, provided advisory and strategic planning for churches, nonprofits, and small to medium-sized businesses, and served as the controller and corporate officer for a large faith-based multi-national mission agency.

About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving nonprofit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. For over 50 years, the firm has served domestic and international outreach organizations, universities and seminaries, foundations, media ministries, rescue missions, relief and development organizations, churches and denominations, and many others by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at capincrouse.com.

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