

# Assessing Potential Risks

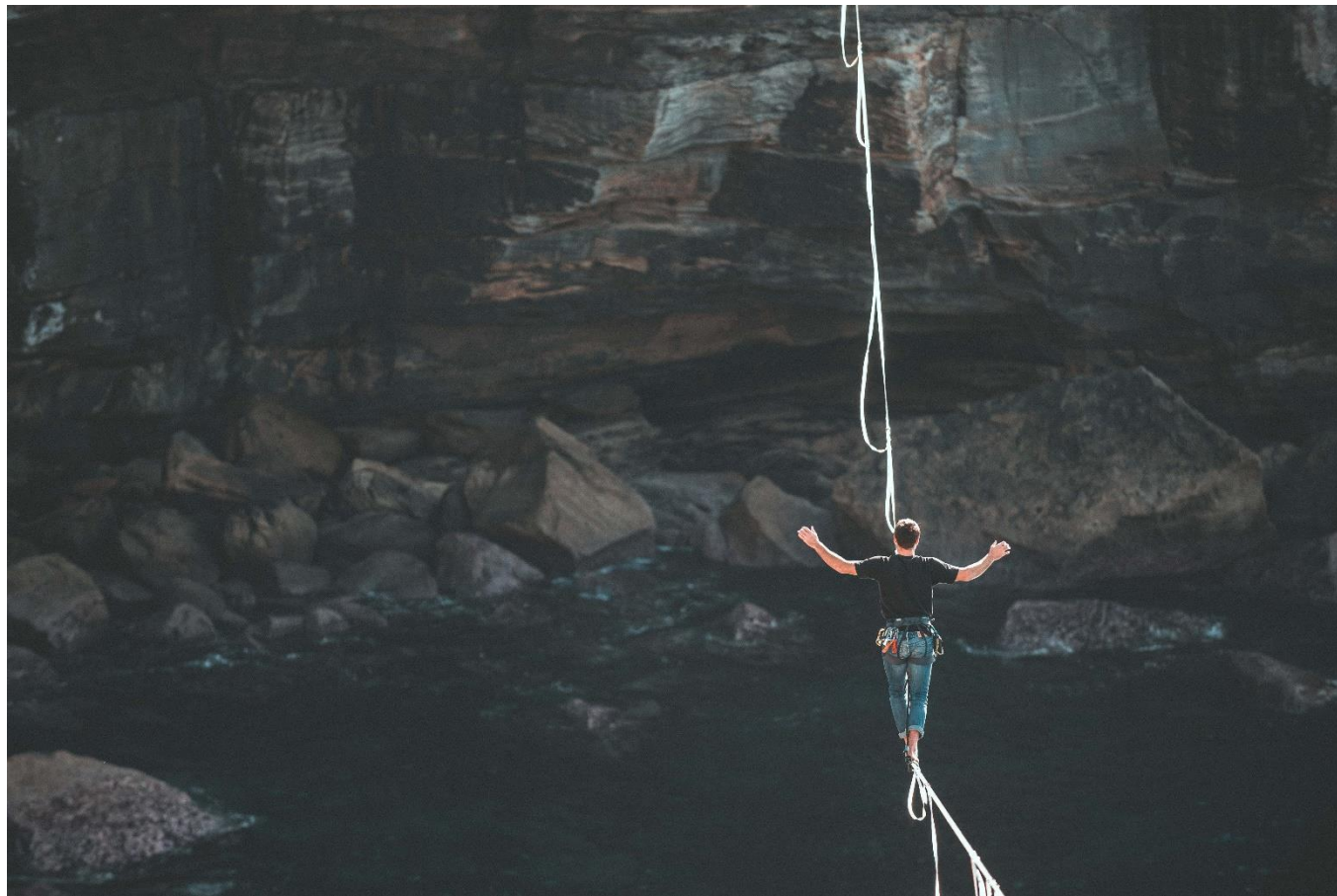
**Melodi Bunting, CPA, CMA, CGMA,**  
Training and Career Development Manager, Wegner CPAs



## Learning Objectives

- Explore the unique challenges and risks for churches
- Analyze the fiduciary duty of governance

# Risks



# Jeopardizing Tax-Exempt Status

- Net earnings may not inure to the benefit of any private individual or shareholder
- No substantial part of its activity may be attempting to influence legislation
- The organization may not intervene in political campaigns
- The organization's purposes and activities may not be illegal or violate fundamental public policy



# Knowing Organizational Structure

- Constitution
- Bylaws
- Incorporation
- State registration and other requirements
- Governing board responsibility

# Taxes and Compliance

- Unrelated business income tax (UBIT)
- Property tax exemption
- Sales tax
- Payroll taxes
- Employee versus contractor status
- Affordable Care Act
- Raffles
- Debt covenants



## Other Legal Risks

- Safety and security
- Discrimination
- Negligence – selection/screening
- Bodily injury
- Sexual abuse
- Abuse reporting



# Financial Management Risks

- Insufficient internal controls
- Stakeholder expectations
- Impaired decisions
- Fines or penalties
- Donor denied deductibility
- Security breach



# Minimizing Risks

- Anticipate and assess potential risks
- Documentation of risks and management plans
- Engaged and responsible governing board and leadership
- Insurance
- Physical inspections
- Checklists
- Policies and procedures



## Assign Responsibility

- Risk awareness and identification
- Risk management
- Annual review of by-laws and policies
- Communications

# Governance

- Continuity of responsibility and information
- Onboarding and training
- Fiduciary responsibility
  - Duty of Care
  - Duty of Loyalty
  - Duty of Obedience

# Where to Start



# Thank You!

Wegner CPAs  
2921 Landmark Pl., Ste. 300  
Madison, WI 53713  
(608) 274-4020

[melodi.bunting@wegnercpas.com](mailto:melodi.bunting@wegnercpas.com)

[www.wegnercpas.com](http://www.wegnercpas.com)



[wegnercpas.com/blog](http://wegnercpas.com/blog)



[facebook.com/WegnerCPAs](https://facebook.com/WegnerCPAs)



[linkedin.com/company/WegnerCPAs](https://linkedin.com/company/WegnerCPAs)



[twitter.com/WegnerCPAs](https://twitter.com/WegnerCPAs)



[instagram.com/WegnerCPAs](https://instagram.com/WegnerCPAs)



[youtube.com/WegnerCPAs](https://youtube.com/WegnerCPAs)