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# Honoraria, Love Gifts, and Compensation of CVAC Invitees Rendering Professional Services.

Voted on 6/10/2019

## Conn Valley Adventist Church – Finance Committee

The Finance Committee recommends to the Church Board in adapting the following policy regarding Honoraria and Love Gifts. The contents for this policy is based on existing policies and guidelines provided by the following entities:

1. The Seventh-day Adventist Church's policy on Conflict of Interest which applies to denominational employees and volunteers.
2. Southern New England Conference guidelines on honoraria.
3. Feedback from the Pennsylvania Conference for guidelines on honoraria and gifts.
4. Advice from the Legal Counsel's office of the General Conference.

## Background

1. Honoraria and Love Gifts are for the purposes of recognizing someone's professional services that are rendered without charge.
2. Honoraria and Love Gifts are to be of "nominal value" as classified by the SDA Conflict of Interest Policy and by IRS.
3. Honoraria and Love Gifts should not be considered as a payment for rendered services.
4. Honoraria and Love Gifts should not be considered as expense reimbursement.
5. Honoraria and Love Gifts should be treated as a gift over and above any expenses, hotel, per diem, mileage, airfare, etc.
6. There are IRS tax implications for Honoraria and Love Gifts:
  - a. They are taxable by Federal tax laws, like any other form of income.
  - b. Organizations are required to report such gifts to the IRS on Form 1099-MISC if the cumulative gift in one calendar year is of \$600 or more.



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7. Honoraria and Love Gifts are not to be confused with a Fee/Compensation for rendering Professional Services.
    - a. Non-denominational employees / Self-employed professionals, in public speaking, music, counseling, etc. who offer such services in the course of their profession they operate on a fee basis, and they set their rates, which are to be negotiated between the professional and the calling organization. Often, they may choose to offer a volunteer service to CVAC on an honorarium or love gift basis.
    - b. Denominational employees in the same line of professional services, cannot set fees for rendering services to CVAC as this will constitute a conflict of interest.

## P35 Conflict of Interest Policy of the Seventh-day Adventist Church

P 35 10 Individuals Included Under This Policy—"All trustees, officers, executive committee/board members, employees, and volunteers of denominational organizations shall be subject to this policy."

P 35 15 Conditions Constituting Conflict—

"7. Accepting or offering of any gratuity, favor, benefit, or gift or of any commission or payment, monetary or non-monetary, of greater than nominal value, in connection with work for the denominational organization other than the compensation agreed upon between the denominational organization and/or the employer and the employee."

Currently the auditors have approved the amount of 2 times the per diem rate which currently is \$50 per day to help define "nominal value". The General Conference is in the process of amplifying the policy so there is no confusion that this means honorariums, love offerings and any other kind of gift, and it will list the rate as 2 times the per diem rate.

## CVAC Policy & Process

1. Honoraria must be budgeted by the calling CVAC department head, during the budget development time. It is the responsibility of the department head to plan and account for such expenses when submitting their budgets for approval.



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2. Love Gifts / Love Offerings / Freewill Offerings are not budgeted but are collected by the church members as an offering.
    - a. When collecting such offerings, the Southern New England process must be following in handling that money, as outlined in the SNEC President's letter 31 March 2014.
      - i. Such offering must be treated as any other offering – money are to be collected, counted, turned to the treasurer, and recorded in the church books as any other offering.
      - ii. The treasurer in turn issues a payment to the individual(s) in the form of a church check, not in the form of cash.
    - b. The treasurer shall record this type of offering under account #8004.
  3. Set the amount of \$100 honorarium per speaking appointment with a maximum of \$500 per engagement for a week-long or more engagements.
    - a. If there will be more than one speaking appointment in a given engagement, then a \$50 honorarium will be assessed for each additional appointment, to the maximum of \$500.
  4. For denominational employees, who may expect an honorarium, the honorarium, and/or any love offerings will be sent by the CVAC Treasurer to the hiring Conference or Union.
  5. For nondenominational employees, who are invited on the basis of an honorarium or love gift, the money will be sent to the individual by the Treasurer following the SNEC process of distributing funds.
    - a. If the total amount of gifts in a given calendar year is \$600 or more, the invitee will be required to complete the IRS W-9 form (if not on file) and the 1099-MISC will be issued to the invitee.
  6. If a nondenominational employee is to be invited on a fee basis for professional services, the calling CVAC department will be responsible to present the inquiry and the associated expenses to the Church Board for approval prior to solidifying the engagement.
  7. Honoraria and Love Gifts should be treated as a gift be over and above any expenses, hotel, per diem, mileage, airfare, etc. Such expenses are to be covered by the calling department and need to be budgeted accordingly during the budget cycle and approved by the Church Board or the Church at Business Session.
  8. Transportation, lodging, mileage, food are reimbursable expenses for any invitee.
    - a. Expenses must be budgeted during the budget cycle by the calling department head and approved by the Church Board or the Church at Business Session.
    - b. Invitees need to complete an Expense Form adopted from the "Expense Report for Non-NAD Employee" and attach the corresponding receipts.



- i. The form may be downloaded from the [www.ConnecticutAdventist.org](http://www.ConnecticutAdventist.org) website.
    - ii. Filename: "CVAC\_Travel\_Expense\_Report\_for\_Non-NAD\_Employee.pdf"
  - c. The department head must approve the expenses by signing the submitted expense form.
  - d. The department head should turn the form into the Treasurer for reimbursement.
9. It is the responsibility of the calling CVAC department to communicate the policy on compensation or honoraria or love gifts to the invitee.
10. Any changes to the above policy must be reviewed by the Finance Committee and approved by the Church Board.