

GENERAL INSTRUCTIONS

PLEASE READ THE INSTRUCTIONS IN FULL BEFORE COMPLETING THE FORM

THE INFORMATION NEEDED TO FILL IN EACH COLUMN IS EXPLAINED BELOW.
PLEASE READ ALL THE INSTRUCTIONS BEFORE YOU BEGIN COMPLETING THE FORM

IMPORTANT INFORMATION

CERTIFICATE(S) OF INSURANCE

When using an insured contracted service, a certificate(s) of insurance must be returned with the audit. This certificate(s) must have the workers' compensation section designated and must show coverage for the ENTIRE TIME PERIOD OF THE AUDIT.

CHURCH NAME, CMIC ACCOUNT #, FEIN

- Church Name please complete your church's name.
- CMIC Account # (Church Mutual Account Number) is the last 6 digits listed on the correspondence provided by Sovereign (for example "**ABC New Mexico Church 350199**"). On your Church Mutual policy it's the first 7 digits of your policy number (i.e. **0350199**-19-24556745)
- FEIN please indicate your church's Federal Tax Identification/Employer Identification Number (EIN) if you cannot locate your FEIN/EIN you can contact the IRS to obtain this by calling the Business & Specialty Tax Line at (800) 829-4933. The hours of operation are 7:00 a.m. - 7:00 p.m. local time, Monday through Friday.

NAME OF EMPLOYEE (W-2 HOLDER), 1099 CONTRACTOR, OR UNINSURED CONTRACTOR

- Please include every W-2 holder which is paid a wage, salary, honorarium, and/or any love offering, including part-time and full-time workers, 1099 recipients, and independent contractors, **unless they had their own workers' compensation insurance during the audit period.** (Workers' compensation is not part of state or IRS filing rules. When completing the audit form, the amount that each person was paid does not determine whether or not they need to be included on the audit form.)
- If they **do not** have their own workers' compensation coverage (uninsured contractor), they must be included on the audit.
- If they **do** have their own workers' compensation coverage, do not list them on the audit. You must obtain a certificate of insurance from them providing proof of workers' compensation coverage. You must submit that document along with your audit.
- If you have no regular paid clergy, list any paid interim positions or guest speakers.

JOB TITLE

Please indicate all job titles. For those employees with more than one job title, please indicate all job titles showing the amount of payroll for each job title.

GROSS PAYROLL FOR AUDIT PERIOD

THERE IS NO SUBTRACTING DEDUCTIONS OF ANY KIND FROM GROSS PAYROLL FOR THE AUDIT.

- Payroll means gross wages or salaries before deducting social security or withholding taxes
- Do **NOT ADD OR SUBTRACT** employer or employee contributions to health insurance or to pension plans.
- Do **NOT** include mileage or auto expenses that have been reimbursed or documented with receipts.
- **DO** include as payroll any auto allowance for which you do not require documentation of expenses.
- Indicate the amount for any church owned housing under the column of "Parsonage = 25% of Salary; OR Housing Allowance."

PARSONAGE = 25% OF SALARY; OR HOUSING ALLOWANCE

Rent-free living is church-owned housing provided to the recipient at no charge. **IF HOUSING IS PROVIDED BY THE CHURCH, THIS IS COMPENSATION AND MUST BE REPORTED, even if the housing is not used on a daily basis.**

- If your pastor lives in and/or has use of your parsonage:
 - Indicate 25% of Pastor's Gross Wages in this column;
 - If you reimburse another church for a portion of the "value" of the parsonage, **each church must report its own share** as Housing, which is 25% of the pastor's salary (or actual dollar amount if less than 25%) that is paid by your church
- Non-Cash Compensation:
 - A regular worker under the direction of the church receives no cash compensation but is allowed to live in the church owned house at no cost to the worker, must have the fair market rental value of the house reported as payroll.
 - Example: Person that does custodial work for the church, receives no salary, but is allowed to live in a church-owned house at no cost; indicate their name, title, and under the Housing column the fair market rental value of the house.
- If your pastor receives a housing allowance in lieu of a salary and there is no "Gross Payroll", leave "Gross Payroll" column blank and report 100% of the Housing Allowance in "Parsonage = 25% of Salary; OR Housing Allowance" column.
- When rent-free living quarters or housing allowance are not provided, please indicate not applicable (N/A).

- **DO NOT REPORT THE AMOUNT DESIGNATED AS HOUSING EXCLUSION** (which is a tax deduction and used for IRS purposes only)
 - Example: Pastor receives a **\$15,000 housing allowance** in lieu of salary or in lieu of parsonage and a \$15,000 housing exclusion. **Report \$15,000** as the housing allowance, NOT \$0!
 - If pastor **lives in his/her own house AND does NOT receive a Housing Allowance**, then **report N/A** as the housing amount in your payroll figure.

AC, LS, UC

You must indicate the type of each employee listed on the audit as follows:

AC = Appointed Clergy

LS = Laity/Hired Staff (includes supply pastors, youth pastors)

UC = Uninsured Contractor (includes all 1099 recipients)

TYPES OF EMPLOYEES TO INCLUDE ON THE AUDIT

- Employees of the church (church staff)
- Contracted workers who do not have their own workers' compensation insurance.
- **Note:** Contracted workers who **do have their own workers' compensation coverage, should NOT be listed**. However, you **must obtain a certificate(s) of insurance from them providing proof of workers' compensation coverage** for the ENTIRE AUDIT PERIOD. You **must** submit that document along with your audit.

YOUR APPOINTED PASTOR IS ALWAYS AN EMPLOYEE for workers' comp purposes! If your pastor is a Supply Pastor (hired by the church through the District Superintendent) report hired clergy as "Lay/Hired Staff" not as "Appointed Clergy."

Church/Clerical Employees:

- Appointed clergy
- Hired clergy (not appointed)
- Lay church office workers (includes youth director/pastor)
- Nursery attendants for worship time (not school or day care workers)
- Musicians
- Paid VBS staff

Day Care Employees:

- Teachers, directors and school clerical staff
- Do not include payroll for worship-time nursery attendant

Cemetery Worker Employees:

- Workers doing any physical labor relating to the operations of the cemetery, including lawn care and landscaping
- General cemetery maintenance personnel
- Grave diggers

Other Employees:

- Custodians/Janitors
- Lawn Care providers
- Snow Removal providers
- Thrift Store Staff/Retail Store Staff
- Drivers

This is not a complete list; you must report every:

- W-2 holder which is paid a wage, salary, honorarium, and/or any love offering, including part-time and full-time workers
- 1099 recipients and
- Independent contractors, **unless they had their own workers' compensation insurance during the audit period.**

"EMPLOYEES" NOT TO BE LISTED ON THE AUDIT

- **NON-CHURCH CONTROLLED SCHOOL PAYROLL.** Non-Church-Controlled Schools, Nursery Schools, or Day Cares are required to provide their own workers' compensation insurance
- Volunteer workers
- Contractors or subcontractors that have their own workers compensation coverage in force