

## Legal Duties of Church Treasurers

The basic legal duties of a local church treasurer are obvious. The treasurer is the custodian of all church funds. He or she must deposit these funds in a bank or other financial institution in the name of the church. In addition, the treasurer is to forward all conference funds to the conference each month. It is up to the church treasurer to issue accurate receipts to members and others making donations to the church. The church treasurer is responsible for paying the church's bills and disbursing church funds properly. Finally, the church treasurer must keep accurate records of the church's financial situation and make periodic reports of that financial situation to the church board.

The church treasurer has a legal and ethical duty to always strictly maintain the confidentiality of other church members. He or she should be careful never to comment, except to those who share the responsibility of the treasurer's work, on the tithe, offerings, or other confidential donations of any member or on any member's income. A failure to maintain this confidentiality is not only a breach of a Christian's moral duty, *it could expose the church treasurer, the church itself, and the conference to legal liability to the member about whom the information has been disclosed by the treasurer.*

The church treasurer has what the law calls a "fiduciary duty" to the church and its members in regard to the church's funds. The term "fiduciary" refers to someone who holds a position *requiring trust, confidence, and the scrupulous exercise of good faith and candor*. As a fiduciary, the church treasurer must act only for the benefit of the church and its members in dealing with church funds.

This means, among other things, that the church treasurer must not deal with church funds in any manner other than *as authorized by the policies of the Seventh-day Adventist denomination and by the local church board*. The church treasurer carries out policies but does not unilaterally make policy.

*The church treasurer's "fiduciary duty" to the church and its members also means that he or she must not use church funds in any way that would benefit the treasurer, a family member, a friend, or any other person. For instance, the treasurer must always keep church funds separate from his or her own—there must be no co-mingling of church funds and the treasurer's funds.*

In that regard, sadly, embezzlement of church funds by local treasurers has become a real problem for the Seventh-day Adventist denomination in North America. And the Central California Conference has not been an exception. Therefore, *if a local church treasurer is discovered to have embezzled church funds, the conference will report the matter to and will cooperate with the appropriate law enforcement authorities*. In a recent case, this resulted in a former church treasurer being sentenced to federal prison for the theft of church funds. *In addition, the conference will take the necessary steps, including bringing a civil action against the church treasurer, to recover embezzled church funds.*

The Central California Conference Bylaws provide that the conference has the right to indemnify a local church treasurer who is sued in that capacity. But to do this, the conference must make a determination that the treasurer has acted honestly and reasonably. The conference also has insurance covering local church treasurers. But, again, this insurance may not cover church treasurers who act dishonestly or in bad faith.

The legal duties of the local church treasurer are strict but they are not complex. By using common sense and closely following his or her conscience, the church treasurer can make the office a fulfilling way to serve his or her congregation without unduly exposing himself or herself to legal liability.