

**Table 3: Examples of What IS and IS NOT Operating Income**

Each year, we receive questions regarding specific types of income and whether they are truly Operating Income that should be included in Line 52 of Table 3, “Budget/Spending Plan.” The information below is intended to help determine what should be considered Operating Income. If you have questions regarding this, contact Brant Henshaw at [bhenshaw@pnwumc.org](mailto:bhenshaw@pnwumc.org)

<i><b>Donations</b></i>	
<b>OPERATING INCOME (52)</b>	<b>NOT OPERATING INCOME</b>
Donations that are not designated (52 b or c)	Donations for Special Sundays (53d)
Donations designated for the General Fund or Operating Budget (52 a, b, or c)	Donations for General Advances or Conference Advances (53d)
Donations designated for items in the operating budget (e.g. Donation of \$100 designated for church utilities) (52a, b, or c)	Donations designated for special projects that are not in the operating budget (e.g. for camp scholarships or to replace carpet) (53d)
Donations of stock, or physical items that are sold whose proceeds are undesignated. (52b or c)	Donations to a Capital Campaign or Debt Retirement (53a)
	Donations to be passed through to other benevolent organizations (e.g. donations for the Salvation Army, the local food bank/pantry, UMCOR or the like) (53d)
	Memorial Gifts (53b)
	Bequests, even if undesignated (53b)
	Offerings that are designated for special project or another benevolent organization. This should be communicated to the congregation. Examples include: <ul style="list-style-type: none"> <li>• Christmas Eve offering designated for the local soup kitchen (53d)</li> <li>• Any change received for the month being designated for camp scholarships (53d)</li> <li>• Designating 10% of the offering for missions (53d)</li> </ul>
<i><b>Interest, Dividends, and Investment Related</b></i>	
<b>OPERATING INCOME</b>	<b>NOT OPERATING INCOME</b>
Interest and Dividends received from investing General Fund Dollars (e.g. CD interest) (52d)	Distributions received from an endowment or trust designated for other than budget support (53b)
Dividends received from stock that was donated (52d)	Dividends received from stock that was received through bequest (53b)
	Income received from land/property that was received through bequest (e.g. farmland bequeathed to a church that rents it out) (53b)
	Change in value of existing investments (25)

**Table 3: Examples of What IS and IS NOT Operating Income**

<i><b>Sale of Church Assets</b></i>	
<b>OPERATING INCOME</b>	<b>NOT OPERATING INCOME</b>
Proceeds from the sale of stock or physical items that were undesignated gifts to the church (52e)	Proceeds from the sale of stock or physical items that were designated (e.g. stock gift received for the capital campaign) (53c)
Sale of non-capital assets that the church no longer needs (e.g. Church selling extra pianos) (52e)	Sale of capital assets (land, buildings, major equipment, vehicles) where the proceeds will be used for debt retirement or purchase of a capital asset (53c)
<i><b>Building Use &amp; Rental Fees</b></i>	
<b>OPERATING INCOME</b>	<b>NOT OPERATING INCOME</b>
Fees charged to groups or individuals for the use of the church building (e.g. Fees for non-members who want to get married in the church) (52f)	Refundable damage deposits paid by groups for use of the church building (listed as a liability) Non-refundable deposits (53c)
Lease payments received (e.g. Daycare provider leases space in the church or a cell phone company leases some of the church's land for a tower) (52f)	Fees charged to groups that are to specifically cover increased costs (e.g. Church charges groups for the custodian's time in cleaning up after an event) (53c)
Income from renting out a parsonage that is no longer being used for pastor housing (52f)	
<i><b>Fundraisers (Net Income) and Other Income</b></i>	
<b>OPERATING INCOME</b>	<b>NOT OPERATING INCOME</b>
Net Income from Fundraisers that support the church budget (e.g. Turkey Dinners or Pancake Feeds where the net income goes to the General Fund) (52g)	Fundraisers for a specific project not in the budget (e.g. youth selling candy to go on a mission trip) (53d)
Net Income from programs where the profits support the church budget (e.g. Church daycare has net income of \$1,000/month which is deposited in the General Fund) (52g)	Fundraisers for another benevolent organization (e.g. Turkey Dinner where the net income goes to the Boy Scouts) (53d)
	Fundraisers to help an individual/family in need (53d)
	Reimbursements received (e.g. Pastor serving two churches is paid by the larger church. The smaller church reimburses the larger church for their share of the pastor's compensation) (offset to expense)
	Grants received (e.g. Grants from the Conference, the Foundation, the government, or another entity. (54a, b, or c)