



the Informer newsletter

Behold, the virgin shall conceive and bear a son, and they shall call his name Immanuel
Matthew 1:23 ESV



MONTHLY NEWSLETTER
PARAGON CHRISTIAN ALLIANCE INT'L (PCAI)
DECEMBER 2023 | ISSUE 12



THE NATIVITY SCENE: A Fresh Look at the Babe

By Dr. Henry Harbuck, PCAI Int'l General Overseer

The life of Christ has no beginning. He is eternal – without beginning or end. Thus His existence did not begin as a Babe in a manger. John introduces his Gospel account by saying, “In the beginning was the Word, and the Word was with God, and the Word was God.” This is the phrase the Jehovah’s Witnesses have tried to change. This is the phrase the Muslims hate. But it’s also the one phrase that Christians love. False religions see Jesus only as a man (or a prophet), and nothing more. However, we Christians see Him as the Eternal God. John 1:1 is the scripture that proves Christ has always existed before He became flesh. To the natural mind, this is impossible, yet the mystery of the incarnation remains today. Although He created the world and He was “in the world” yet “the world knew Him not.”

For some reason many people want to look at Jesus. During the Christmas season, we see many symbols, paintings, and figurines that make the Nativity scene come alive to us as Americans. In every race which has embraced Christianity, there is this unconscious desire to depict Jesus in some physical manner. Yet God, in His wisdom, left no visible portrait of His Son lest people venerate a picture. Before Jesus was born in the Bethlehem manger, many people had prayed for the Messiah to come. One such man was Simeon, to whom the Holy Spirit revealed he would not see death before looking upon the Messiah. In fact, he was allowed to hold the infant in his arms and pronounce a blessing upon him. What a joy!

Continued on page 3



President Dr. Henry & Vice-President Dr. Jan Harbuck, Paragon Christian Alliance International, Inc.

Narrative that God Cares For You



By Dr. Daniel O.C., Senior Pastor DLCC

Psalm 139:1-4

“O Lord, You have searched me and known me. You know my sitting down and my rising up; You understand my thought afar off. You comprehend my path and my lying down, and are acquainted with all my ways. For there is not a word on my tongue, but behold, O Lord, You know it altogether.”

O Lord, Adonai Yahweh, You have searched me thoroughly and have known me. You know my down sitting and my uprising; You understand my thought afar off. You sift and search out my path and my lying down, and You are acquainted with all my ways. For there is not a word in my tongue still unuttered, but, behold, O Lord, You know it altogether.

Every Day God thinks of you. (Psalms 68:19)
 Every Hour God looks after you. (2 Thessalonians 3:3)
 Every Minute God cares for you. (1 Peter 5:7)

Because Every Second He loves you. (Jeremiah 31:3)
 For a Christian, this world is the only hell they will know. For the unbeliever, this world is the only heaven they will know. David did not need to know Goliath’s strength because he already knew God’s strength. Nothing that you are facing today is stronger than Almighty God.

Remember, good things may come to those who wait but know it that, the best things come to those who Pray. God has a perfect timing. Never early. Never late. It takes a little patience; it takes a lot of faith!

POETIC PRAYER

In Jesus’ mighty name, Holy Spirit: Be my Wisdom to teach me faith; Be my Understanding in all my doubts; Be my Strength against all temptations; Be my Knowledge in fulfilling my vocation; Be my Godliness in all my actions; Be my holy Fear all the day long; That You may be my Comfort at the last, and my Happiness forever. Amen!♥

AG Investigations into Churches and Nonprofits are on the Rise:



AG investigations can lead to both civil and criminal penalties. What triggers such investigations, and how can your church be prepared?

By Dustin Gaines, Attorney Dustin Gaines is a pastor and a lawyer who is a partner with My Church Law Firm in Texas. Dustin specializes in litigation related to churches, schools, and religious non-profits.

While the Internal Revenue Service is seen as the primary watchdog to the nonprofit world, attorneys general also can investigate nonprofits, and AG investigations into nonprofits and churches are on the rise.

This may be surprising, but in most states, attorneys general not only have the power to investigate nonprofits and churches, but they also have the power to render civil and criminal penalties and prosecute and remove board members.

In one non-church nonprofit matter in Minnesota, the attorney general even petitioned to dissolve a nonprofit.

There is certainly an overlap between an attorney general and the IRS’s involvement in investigating churches and nonprofits for financial concerns, but it seems that the attorney general’s offices are picking up in areas where the IRS is not.

Under IRS regulations, the IRS must have a “reasonable belief”—with evidence—that wrongdoing is occurring. However, “reasonable belief” is not a requirement for attorneys general.

In our law practice—exclusively devoted to representing churches and nonprofits—this has been the fastest-growing trend in years. From 2010 through 2022, we only saw a handful of these investigations. They predominantly focused on non-church nonprofit organizations. Since fall 2022, though, we have represented churches and nonprofits in more than a dozen attorney general investigations.

What triggers an attorney general investigation?

Just as Scripture refers to money as the root of all evil, in the nonprofit compliance world, money is indeed the root of all

state attorney general investigations. Due to the potential for fraud, state attorneys general are very interested in how church boards handle money provided by the citizens of their states.

The online complaint process is simple, and can trigger an investigation for reasons that include, but are not limited to, the following:

- **Loans to directors and officers:** In many states—such as Florida, Tennessee, New York, and California—it is illegal for a church to loan any money to individual board members. This may even include using church credit cards for personal purchases and reimbursing the church later, which amounts to short-term loans. There are serious legal consequences here for what essentially

amounts to the comingling of church and personal funds.

- **Misuse of ministry-owned housing:** Problems occur in this area when a board member—most often a pastoral staff member—lives in ministry-owned property but does not have a housing allowance set up or in place, and the church does not report the value of the ministry-provided housing on individual tax returns.
- **Questionable expenditures potentially in violation of tax laws:** When an attorney general receives a complaint that a board member is personally benefitting, the law treats this as “inurement” (improper personal financial gain from the nonprofit).

Red flags

Continued on page 3



AG Investigation...continued from page 2

1. Personal clothing purchases
2. Excessive travel expenses that appear to be personal
3. Personal expenses (food, medical treatment, and other similar items)

Impropriety Related to Unrelated Business Income (UBI):

Revenue generated by your church that appears to be substantial and not closely related to its exempt purposes may trigger unrelated business income taxes. Correct legal and accounting counsel on how to properly set up and facilitate your ministry's UBI is critical. Improperly structuring multi-entity ministries—especially if UBI is involved and board members are involved in the process—can have dire consequences and present the appearance that the church is funneling money to the personal business endeavors of the church's directors.

What does an attorney general investigation look like?

With an increase in these investigations, church leaders may wonder what to expect if one arises.

At the preliminary stage, there is a unique and limited opportunity to directly refute charges and provide the necessary evidence to do so. But suppose the investigator sees that the organizational and legal health of the church is in disarray. In that case, it is a sure bet that the attorney general's office will begin to investigate. At this juncture, this could be a criminal investigation into individual board members. It could also be a civil matter against board members and/or the entity, or a combination of both.

In all matters, hiring competent legal counsel to represent your organization throughout the investigation is critical. If the

matter is potentially criminal, the attorney general will have the option to investigate and present the findings to a grand jury for indictment. In lieu of indictment, some states may allow the church the opportunity to hire its own forensic auditor (holding certified fraud examiner (CFE) and/or certified financial fiduciary (CFF) certifications) to provide an independent report as to whether financial malfeasance occurred.

These audits often require \$50,000 to \$100,000 to complete. It's expensive, but it's better than a criminal indictment. And the state may still choose to indict depending on the findings.

Train your staff on how to avoid—and spot—financial misconduct with the help of Church Law & Tax's "Safeguarding Your Church's Finances"—an online course led by CPA Vonna Laue geared for church board members, pastors, church administrators and

financial leaders, and even volunteers.

How can my church be prepared for an attorney general investigation?

Our firm has yet to encounter a board involved in an attorney general investigation that had been properly trained on: **Focus on the following areas to reduce the risk of a lengthy investigation:**

Board member training covering fiduciary duties, oversight responsibilities, and understanding your church's governing documents and board policies. Every new board member should also receive this training. **Proper board disciplines** should include—but not be limited to—keeping accurate minutes and board member recusal of voting as it relates to conflicts of interest.

Written board policies and procedures that promote legal and financial integrity virtually eliminate this risk. □

The Nativity Scene...continued from page 1

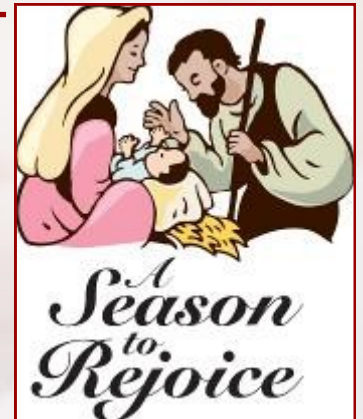
A brilliant star led the wise men to Jesus. These Magi (wise men) were probably either Persian or Chaldean. They are believed to have been a priestly class who interpreted dreams, studied the stars, and made predictions about the future. How did they know the appearance of the star meant the birth of a king? Some scholars suggest they had learned about the prophecies of Judaism from Jews of the Dispersion. But why did they have to ask the scribes in Jerusalem where the Christ should be born if they were familiar with the Old Testament prophecies? The scribes knew the prophecies and probably mentioned one of the most specific Messianic prophecies of the Old Testament: "*And thou, Bethlehem, land of Judah, art in no wise least among the princes of Judah: for out of thee shall come forth a*

governor, who shall be shepherd of my people Israel" (Matthew 2:6, Micah 5:2). I am not opposed to believing the Magi had direct instructions from God from the beginning. Why? Because later, after having found the Holy Child, God instructed them directly to return home by a different route. This proves God is not limited, and will reveal Himself to any person or people who seeks His will.

The Bethlehem Babe is no myth. The virgin birth is a fact. Harnack and Lobstein point out that the belief in the virgin birth of Christ can be traced back to the very "cradle of the church" and that it would take decades for such a myth to be developed from heathen sources. Powerful evidence is seen in the Septuagint Version translated at Alexandria in Egypt at the request of

Ptolemy Philadelphus (285-247 B.C.). It translates "almah" in Isaiah 7:14 by the Greek word "parthenos". It is certain the word means virgin in this passage. "Almah" is used six times in the Old Testament, and in every case means "virgin". Martin Luther once said, "If a Jew or Christian can prove to me that in any passage of scripture *almah* means a married woman, I will give him 100 florins, though God alone knows where I may find them. To this day, no person has taken Luther up on his challenge.

It is important for us to remember Who this Babe is. He is no longer the Bethlehem Babe, but the risen Christ who sits at the right hand of the Father interceding for you and me. As the Christmas season draws near, let us honor Him lest we become slack in our efforts to proclaim His truths. Sadly, some Americans don't know Him as Savior. To them



He is only a baby, a myth, a face on a canvas, or some type of Santa Claus. But we know and worship Him as Lord. This is why we must tell others who He really is so they too can experience the true joy of Christmas. Today He reigns supreme as the risen Christ and our soon coming King. **Let's put Jesus first during this Christmas season! After all...Jesus is the ONLY reason for the season.**

Merry Christmas from my family to yours. ♥
Bro. Harbuck

Year-End Checklist for Church/Ministries Bookkeepers



ANNOUNCEMENTS

- 1. Housing Allowance.** Church Boards and/or Congregations should designate an annual 2024 housing allowance for ministers who own or rent their home (and for ministers who live in a parsonage and pay some of their housing expenses).
- 2. W-4 forms.** All employees should complete new W-4 forms to ensure accurate withholding.
- 3. Notice of donors.** Donors should be advised in a church bulletin, newsletter, or by letter from the church, not to file their federal income tax return before they receive their Contributions Statement from the church. Some people may not be able to deduct certain contributions if they file a tax return before receiving their church contributions receipt.
- 4. Christmas gifts.** Be sure to correctly handle Christmas gifts made by the church or congregation to a minister or staff member. In most cases, these gifts represent taxable income and must be reported as income on the recipient's W-2 or 1099.
- 5. Handling end of year contributions.** The general rule is that a contribution is effective when delivered. This means that a check deposited in the church offering in January of 2024 becomes effective that day even if it is backdated to 2023. **It is not deductible for 2023.** One exception: **Checks postmarked in 2023 are deductible in 2023 — even though not received until 2024.**
- 6. Business Expenses.** If your church reimburses some or all of a minister's business expenses, reimburse these year-end business expenses NOW.
- 7. Reclassification of workers.** Now is the time to decide if you want to reclassify any of your workers for tax reporting purposes. If you have a minister or lay worker who is treated as self-employed for federal income tax reporting purposes, and you would like to reclassify the person as an employee, the ideal time to make the change is on January 1st of the new year.
- 8. Voluntary withholding.** Ministers' wages are exempt from tax withholding. This means they use the quarterly estimated tax procedure to prepay their federal taxes. Ministers who report their income taxes as employees can enter into a voluntary withholding arrangement with their employing church. Under such an arrangement, the employing church withholds income taxes as it would for any other employee; and it can also withhold an additional amount of income taxes to cover the ministers' self-employment tax liability.

9. Order tax publications and renew subscriptions. December is a good time to order your new 2024 copy of IRS Circular E (withholding table) and copies of Forms W-2, W-3, 1099, and 1096 that you will be issuing for compensation in year 2024. To order forms simply call the IRS toll-free number at 1-800-TAX-FORM (1-800-829-3676) or visit the IRS website (www.IRS.gov).

10. NEED HELP? If you need assistance on good tax information for churches and ministers, please contact the PCAI info below:

Jan Harbuck, Ph.D.
Church Tax/Law Specialist-PCAI Office
Call: 1-866-268-5600 |
Email: info@paragonchristianalliance.org



IMPORTANT LEGAL INFO

ANNUAL CHARTER RENEWAL

Check with your Secretary of State office to verify that your state incorporation is current and active. Some states vary from needing renewal every year or like Texas every four (4) years. Without valid state incorporation your federal incorporation (501 c 3) becomes invalid. You may not receive notice from your Secretary of State that it is due as it is your responsibility to handle this.

Association of Evangelical Gospel Assemblies
(Trademark of Paragon Christian Alliance Int'l, Inc.)
2149 Hwy 139, Monroe, LA 71203
Tel: 1-800-842-5176

Have you renewed your state incorporation and have confirmation that it is active? Without a current state incorporation your federal incorporation (501 c 3) becomes void. You may not receive notice from your Secretary of State that it is due since it is your responsibility.

2023 Charter Renewal DEADLINE: MARCH 28TH

ATTENTION!

501(c)(3) Chartered Ministries & Churches under PCAI Group Exemption will receive their Charter Renewal Yearly Report Packet in January.

OR, Forms are also available in our website: <https://www.paragonchristianalliance.org> under "Resources" tab in a PDF file. **It is important that your report be received in our office no later than March 28th.**

These renewals are **necessary to remain in compliance** with the IRS code and maintain your charter's tax-exempt status under the PCAI Group Exemption.

PLEASE REVIEW: This is a good time to review your monthly giving obligation to ensure you are up-to-date on your ministerial and charter giving. These must be current in order for your 501(c) (3) to be renewed in 2024.

Tax Filing Information

Your **contribution information** for 2023 will be enclosed in the **January 2024 Informer**. Please pay close attention and remove the contribution statement and put it with your tax filing information. Each year we get numerous request on April 14th saying they never received any information. We want to save you some stress. It will be in your **January 2024 Informer**.

If you have a church or ministry, remember that you are required by law to get **contribution information** to your donors in a timely manner. **February 1, 2024** is the last mailing date for contribution statements to be sent to your donors.

Also remember only **checks** received by **December 31, 2023** can be counted as **2023 deductions**. The check may be hand delivered to the church or ministry on **December 31, 2023** to count for that year or it can have a **December 31, 2023** post mark on the envelope to count toward **2023** deductions. □