



## **How to evaluate and improve your church's financial position**

### **GOAL: Positive Cash Flow**

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Church leaders find themselves like Abraham in the desert, fearful that the provisions will run dry, and the people will perish. We are hearing that many of our church leaders, pastors, finance people, and really anyone who loves their church family, are fearful that the money will run dry and the church will perish. To help allay fears and get back to the work of spreading God's love in your community, it may be helpful to gather up the financial facts and make a plan, sans emotion (or as little as possible). Here is a road map to help you find your way.

1. Evaluate your current income
  - a. How many recurring e-gifts or bank bill payments do you receive typically? historically?
  - b. How many new e-gifts or checks in the mail have you received since everything shut down?
  - c. Are you able to personally talk to the steady, generous retired members who historically write regular checks? How many would be willing to continue supporting the church if sent self-addressed, stamped envelopes? How many would like to use the technology of bill-pay or e-giving but just need a little help to set it up?
  - d. For the previous year what is a typical offering for the first, second, third, fourth and fifth Sunday of each month? How have recent Sundays compared?
2. What is the reserve position of your church?
  - a. Consider cash reserves first – list where they are
    1. Are there any penalties for cashing out time deposits (like CDs)?
    2. Do you have all the signers in place for accounts that haven't been touched in years?
  - b. Investment market value – what could you sell it for today?
  - c. What restrictions are on those reserve funds, such as scholarships, building funds that would prevent you from using them for operating funds? Are these restrictions from the donor or a from a church vote?

- d. Do your policies include a provision to invade the principal or exceed spending policies in an emergency?
3. Divide your budget line items into three categories, essential, nonessential at this time, and gray area.
    - a. Essential
      1. Payroll
      2. Technology for communicating
      3. Serving those in need in your community
      4. Insurance premiums
      5. Others
    - b. Nonessential
      1. Loan payments
      2. Many program expenses if groups are not meeting
      3. Others
    - c. Gray area: Utilities, equipment leases, etc., will they extend a grace period?
    - d. Where will you put apportionment payments?
  4. Then – Do the math.
    - a. What is the anticipated income for the next four (4) months?
    - b. What is the monthly total of essential expenses?
    - c. Subtract b from a. This is your projected monthly or weekly surplus or deficit.
    - d. If you project a deficit, then divide your reserves from Section 2 by the anticipated deficit; this is how many weeks or months can you fund. **Don't panic**, and move on next step 5.
  5. NOW – you have done your homework. It's time to approach the major donors in your congregation. Remember that donors give to mission, not to an organization that needs to pay its bills.
    - a. What is your mission, at least for the next few months? This is sometimes called a case statement and is essential for new gifts. Rehearse this before calling any donor. Be prepared with detailed examples of how that is taking shape in the new reality.
      1. **Caution**: Sunday worship is not the mission of the church – having Sunday services online, or by phone is important. It's a method to provide hope and stability in a very discouraging and unstable time.
        1. Talk about how this online effort is uplifting your members.
        2. Maybe your service is inspiring members who have never come to your church. Is there a way to register attendance?
        3. How you are reaching the members who may feel marginalized because they don't have access to technology to participate?
        4. How, personally, are you being pastoral? Have examples.
      2. You may have a mission statement at your church, or you may be using the United Methodist mission *Making Disciples of Jesus Christ for the*

*Transformation of the World.* How is this playing out? Be prepared to provide specific examples of prayers, presence, gifts, service, and witness.

1. We are delivering food baskets to those at risk.
  2. We have a babysitting network for parents working in health care.
  3. The Tuesday morning crew that usually comes to church to do odd jobs has volunteered to make repairs in someone's home if they need help.
  4. Our Bible study groups are getting together by conference call to connect with each other.
  5. We are calling members and asking if they would like to pray during the call.
  6. Members are dropping off toilet paper at the back door so that we can distribute it to those in need.
  7. Every day we call members who are in nursing homes and together we recite the Lord's prayer. I can always hear someone else in the background reciting it too.
  8. What are your stories?
- b. Demonstrate your stewardship of resources by showing the major donors your new budget and cash position.
- c. Ask the major donors for their input and invite them to be a part of the conversation and planning – Seek engagement first. And then “The Ask” can look something like this, “Would you consider providing a gift to make this *thing that you and I are working on* happen and join me by inviting others to join us in these efforts?”

A final note. While we believe in the process we have outlined, the reality is that both fund raising and ministry are far more art than science. Your ministry context involves factors that make it unique and these must not be ignored. But we encourage you to lead and to lead courageously, keep your church's mission in front of you and invite those in your congregation to be a part of that work.