



MONEY & MY CHURCH

a discussion for financial volunteers

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MISSION BASED MONEY
understanding. inspiring. raising.

Essential Financial Statements



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Essential Financial Statements

Record keeping, accounting & reporting

- ❖ What software are you using?
 - Church Windows, QuickBooks, combinations
 - Ideal: one integrated system with various levels of access
 - Really not ideal: Excel spreadsheets
- ❖ Creating reports
 - Streamline your chart of accounts
 - Easy financial documents
 - Export to Excel to make appealing graphics



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Essential Financial Statements

The Budget

1. What you hope you'll receive. What you expect to spend.
 - Line item budget = management document
 - Narrative budget = inspirer of generosity
2. Separating types of income & types of expense
 - What is your average gift per member?
 - What percentage of your income comes from gifts & offerings?
 - Do you budget your Five-for-Five giving?
3. Clergy are *not* overhead!



Essential Financial Statements

The Statement of Activities

1. What you actually received. What you actually spent.
 - Commonly known as Income/Expense or Profit/Loss
 - You are free to make a profit! You want to make a profit!
2. Review your Statement of Activities!
 - Monthly, quarterly, annually
 - Review demands comparison — with previous year, YTD, budget
3. Additional analysis that can be helpful
 - How are things changing year to year? Over the last five years?
 - What's working? What's not? What does it all mean?



Essential Financial Statements

The Statement of Financial Position

1. What you own, what you owe, what you're worth (financially)
 - **Assets** — cash, investments, property
Listed in order of decreasing liquidity
 - **Liabilities** — debt
Listed from short-term to long-term
 - **Net assets** — net worth: assets less liabilities
Break out restricted gifts, endowments, real estate for unrestricted
2. Review your Statement of Financial Position periodically
 - Valuing assets appropriately
 - A quick word about cash vs. accrual accounting



Reporting the Numbers

The Financial Dashboard

- ❖ Make it easy for people to understand the big picture
 - The bigger the audience, the more summarized the information
 - Decide five or six important factors your members should know
 - Always have your traditional, line-item statements handy
- ❖ Create appealing, easy-to-read reports
 - Use graphics and color — and remember that less is more!
 - Create a dashboard that fits nicely on a single sheet of paper



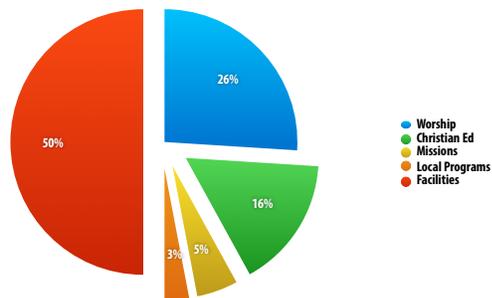
Reporting the Numbers

Our Income & Expenses



Reporting the Numbers

How We're Using Our Funds



Growing Generous Givers



Growing Generous Givers

- ❖ **Giving is a spiritual discipline**
 - The problem with stewardship
 - Giving is not about what the church needs!
- ❖ **Connect people to what they care about**
 - Shift the focus to the difference you're making!
 - Consider separating pledging from the budget
- ❖ **The pastor needs to know who gives what**
 - A practical, management concern
 - Confidentiality ≠ secrecy (which has no place in a church)
 - The good of the community
 - Appropriate pastoral care



Growing Generous Givers

- ❖ **Make giving easy!!**
 - Encourage online banking and automatic drafts
 - Add a donation button to your website — use PayPal
 - Accept credit cards!
- ❖ **Thank & cultivate your donors!**
 - Develop a solid donor database
 - Send out quarterly statements
 - Giving is a choice — make sure you make your case!
 - A note from the pastor can be hugely important
 - Remember: the widow depends on those with more resources



Growing Generous Givers

The Narrative Budget

- ❖ A giving “marketing” document — tell your story in several ways!
 - Gather photographs!
 - Use pie charts and other graphics
 - Use easy-to-read bullet-point lists
 - Avoid too much narrative
- ❖ Does not replace line-item/management financials
- ❖ More accurately reflects the actual cost of your ministry
- ❖ Infinitely flexible!



Growing Generous Givers

The Narrative Budget

1. Determine your frame with a four or five categories
 - By ministry areas: worship, education, pastoral care, mission...
 - By goals: building faith, reaching out, working for justice...
 - Use your church's mission statement
 - Avoid an “admin” or “personnel” category
2. Assign expenses to your categories
 - Ask clergy to estimate percentage of time spent in each category
 - Assign “administrative” costs across categories in a similar fashion
 - Consider distributing building costs across categories
3. Put it all together to be fun & engaging — and to tell your story!





Church Money Management



Church Money Management

Church Money & Church People

- ❖ Everyone has a backstory
- ❖ Church money handled differently from personal money
- ❖ Trust issues in a church may require more & careful communication
- ❖ What is best for the body?



Church Money Management

Ten Important Documents

1. Articles of Incorporation
2. Constitution & Bylaws
3. Conflict of Interest Policy
4. Minutes of all meetings
5. Annual Meeting reports
6. Member roster
7. Financial & tax records
8. Insurance policies
9. Employment records
10. Deeds



Church Money Management

The Treasurer's Role

1. Treasurer Responsibilities

- Defining the treasurer's tasks
- Divide tasks for dual control

2. Church & State

- Tax-exempt status — proving it, protecting it
- Clergy housing allowance
- Unrelated Business Income Tax (UBIT)
- Employees vs. independent contractors
- Contracting for payroll services



Church Money Management

The Treasurer's Role (continued)

3. Accounting for Gifts

- Restricted gifts — a burden for the treasurer
- Substantiating charitable contributions & giving statements

4. Protecting the Treasurer

- Term limits & assistant treasurers
- Divide tasks for dual control — and treasurer sanity
- Create systems & procedures to simplify the treasurer's job



Church Money Management

Protecting the Church's Funds

1. Financial (dual!) controls

- Ensuring no single person can manipulate a transaction
- Protecting the individual as well as the church!
- Even small churches can develop dual controls

2. Financial policies & procedures

- Require reimbursement documentation & sign-off
- Credit cards as appropriate — but no debit cards for anyone!
- Corral multiple, non-treasurer accounts

3. Audits (http://www.ctucc.org/resources/pdfs/auditprogram_full.pdf)

- What audits accomplish
- Using the audit checklist to develop financial policies & procedures
- Trading audit services with another church



Church Money Management

Protecting the Church's Funds *(continued)*

3. Gift Acceptance Policy

- What you will and won't accept & on what terms
- The right to decline

4. Comprehensive endowment policy

- The purpose of your endowment
- Your investment policy & investment issues
- Your spending policy and offering soft restrictions to donors
- Communication builds trust — and contributions

5. Spending from an endowment

- UPMIFA
- Income vs. total return
- Calculating a rolling average



Church Money Management

Protecting Your People

❖ Personnel Policies & Employee Handbook

- Set expectations for staff & volunteers
- Cover the essentials, but remain flexible
- Less is more!

❖ Safe Church Policies

- Protecting the vulnerable and volunteers
- Photography, internet, social media & more
- Sexual harassment policies and procedures

❖ Emergency & Safety Planning

- Natural disasters and unexpected events
- Medical issues and worst case scenarios



Church Money Management

Protecting Your Building & Grounds

❖ Preventing slips, trips & falls

❖ Facilities Self-Inspection Checklist

❖ Comparing Insurance Coverages

- Directors & Officers, Bonding
- Misconduct coverage
- Volunteer organizations