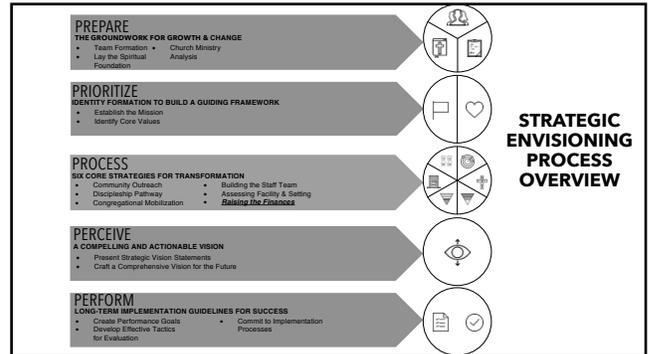


Finance & Stewardship

THE FELLOWSHIP | EASTON, MA



Stewardship

- Developing a strategy to raise and manage the church's finances.

Finances Quiz

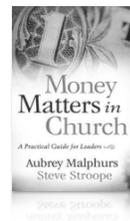
- Do you have a biblical strategy in place for raising and managing finances that has resulted in an increase in giving over the last few years?

Implementation

- This stewardship material provides much of the information that the Stewardship/ Finances Team needs to do its work.

Bibliography

Money Matters in Church
by Malphurs and Stroope
(Baker Books)



Discussion Question

Is stewardship important to your church?
If so, why?

Stewardship Provides the Necessary Funds for Ministry

- God in his wisdom has not exempted the church from dependence on money to do ministry.
- No money, no ministry!

Stewardship Encourages People to Give

- It informs people of what God expects from them.
- It addresses our financial responsibilities to God.

Stewardship Addresses Matters of the Heart

"For where your treasure is,
there will your heart be also."
Matt. 6:19-21

Definition of Stewardship

Stewardship is our management of God's temporal, earthly resources in general and finances in particular to accomplish his eternal, heavenly purposes.

READ: 1 Chron. 29:10-20

Theology of Stewardship

THE NEW TESTAMENT

- In the classical Greek stewardship was used of one (often a servant/slave) who managed the affairs of his master's household.
- The concept is used in the New Testament in much the same way (Lk. 12:42; 16:1-13).

Theology of Stewardship

THE NEW TESTAMENT

"The Lord answered, 'Who then is the faithful and wise manager, whom the master puts in charge of his servants to give them their food allowance at the proper time?' It will be good for that servant whom the master finds doing so when he returns. I tell you the truth, he will put him in charge of all his possessions."

Luke 12:42-43

Managing and Raising the Church's Finances

A Three Step Process

Step 1: Decide who's responsible for leading and directing the church's finances.

Step 2: Determine how to allocate funds to accomplish the church's mission.

Step 3: Discover how to raise funds to accomplish the church's mission.

Step 1: Determine Who's Primarily Responsible

- The **pastor** is primarily responsible to lead the church in the area of its finances.
- This involves **directing** and **monitoring** (cash flow, offerings, etc.) the church's finances, using the budget as his guideline (it's that important!)
- The Finance Team/Elders have **oversight**.

The Biblical Evidence

The pastor has responsibility for leading ("directing/managing") the church's finances.

1 Tim. 3:3-5, 5:17-18; Acts 11:29-30

The Biblical Evidence

"He must **lead/manage*** his own family well and see that his children obey him with proper respect. [If anyone does not know how to lead/manage his own family, how can he **lead/manage*** (includes finances) God's church?]." (NIV, AM)

1 Tim. 3:4-5

The Biblical Evidence

"The elders (pastors) who **direct/lead** (*proistami*) the **affairs of the church** well (includes finances) are worthy of double honor..."

1 Tim. 5:17

Directing Finances

Hybels concludes, "And like it or not, it is the leader's job to **create that river and to manage it wisely**. The sooner the leader realizes that the better."

Hybels, *Courageous Leadership*, 98.

Question

Who else would do it?

Financial Accountability

- The church is wise to have some kind of **accountability process** in place to **protect** both the church and the pastor.
- This might include the following:
 - Monthly board/staff/deacon review.
 - Church financial review team or a finance committee.
 - Yearly independent audit (using a CPA outside the church?)

Financial Accountability Cont'd

- Flash Report - attendance, giving, weather impact, etc.
 - (on his desk Monday p.m. or Tuesday a.m.)

CHURCH LOGO HERE

FLASH REPORT

February 2 2015

	Dollar/ Number	Comments
Cash on hand	\$38,518.43	
Giving (Feb. 01, 2015)	\$20,943.15	
MFD Giving	\$20,943.15	
Open Accounts Payable	\$24,547.31	
Payroll (wk ending Feb. 04, 2015)	760	
MFD Payroll (dollars)	760	
Accounts Payable Balance Mo.	\$24,547.31	
Number of full time staff	Two (2)	Communications Administrator pastor intern
Number of part time staff	Seven(7)	
Attendance 2 nd Service	96	
Attendance 2 nd Service	227	
Children & Workers	107	
Students	40	
Gifts/Don. (Week ending 1-25-15)	211	
AWANA's	104	

SAMPLE FLASH REPORT

LOVE - FOLLOW - SHARE
JESUS CHRIST

Pastor's Reluctance

- They don't **understand the importance** of finances to the church's ministries.
- They don't **know how** to direct the church's finances.
- Some are **Bible teachers, but not leaders**.
- They don't want people to think they are **after the money**.

Finance Committee

- **Who:** Small group of leaders (Elders?) plus the pastor (How are they selected-any qualifications?).
- **What:** Assist the pastor in preparing budget, track spending, handling of gifts, etc.
- **Question:** What if they disagree with the pastor?

What If They Disagree?

Authority: As the primary leader of the church, go with the pastor.

"Obey your leaders and submit to their authority. They keep watch over you as men who must give an account."

Heb. 13:17

Step 2: Determine How Best to Allocate the Funds

THE BUDGET

- The church's budget is key to funding and allocating funds to accomplish the mission.
- The pastor develops the budget in concert with a board, any staff, finance committee, etc.

The Budget

The budget should be a **simple and easy tool to understand and use** (accountanteze?).

Working a Budget

Working a budget is **twofold**:

- **Building** the church's budget.
- **Monitoring** the church's budget.

Budget Blueprint

- Use a budget blueprint to construct a simple budget for your ministry.
- The blueprint addresses where you allocate your funds for ministry.

Allocate Funds to Four Primary Areas

- Missions
- Personnel
- Ministries
- Facilities

Determine Percentages

TMG suggests the following:

- Missions - **10% (at least)**
- Personnel - **50% (no more than)**
- Ministries - **20% (at least)**
- Facilities - **20% (no more than)**

Building the Budget

The Fellowship Average

Category	Dollars	% Total	% Ministry	Rec. %	Ideal \$
Missions	\$361,934.00	35.66%	N/A	10%	\$101,147.90
Personnel	\$434,233.00	42.93%	66.73%	50%	\$505,739.50
Ministries	\$63,450.00	6.27%	9.75%	20%	\$202,295.80
Facilities	\$153,062.00	15.13%	23.52%	20%	\$202,295.80
Totals	\$1,011,479.00	100%	100%	100%	\$1,011,479.00

Building the Budget

The Fellowship Average

Category	Dollars	% Total	% Ministry	Rec. %	Ideal \$
Missions	\$361,934.00	35.66%	N/A	10%	\$101,147.90
Personnel	\$434,233.00	42.93%	66.73%	50%	\$505,739.50
Ministries	\$63,450.00	6.27%	9.75%	20%	\$202,295.80
Facilities	\$153,062.00	15.13%	23.52%	20%	\$202,295.80
Totals	\$1,011,479.00	100%	100%	100%	\$1,011,479.00

Fair Compensation

- The church will set up a **fair compensation process** based on 1 Tim. 5:17-18.
- "The elders (pastors) who direct the affairs of the church well are **worthy of double honor**, especially those whose work is preaching and teaching. For the Scripture says, 'Do not muzzle the ox while it is treading out the grain,' and **The worker deserves his wages.**"

1 Tim. 5:17-18

Fair Compensation

Considerations:

- Size of the church
- Location of the church
- Responsibilities
- What comparable churches are paying
- Tenure (if improving)
- Specialized training (if it makes them better, e.g. degrees, etc.)
- Prior experience (if good experience)

Senior Pastor Packages

2016 Compensation Package

Avg. Weekly Attendance	Avg. Salary Plus Benefits
150-199	\$86,073
200-299	\$113,826
300-499	\$100,000

2016 Lifeway/GuideStone Compensation Report, New England

Full-Time Pastoral Staff Packages

2016 Compensation Package

Avg. Weekly Attendance	Avg. Salary Plus Benefits
150-199	\$48,000
200-299	\$71,550

2016 Lifeway/GuideStone Compensation Report, New England

Part-Time Pastoral Staff Packages

2016 Compensation Package

Avg. Weekly Attendance	Avg. Salary Plus Benefits
150-199	\$18,540
200-299	\$37,220

2016 Lifeway/GuideStone Compensation Report, New England

Basic Benefits

- Fair compensation includes certain **basic benefits**.
 - Retirement
 - Health insurance
 - Disability
 - Continuing education allowance
 - Housing allowance

Based on a Christianity Today national survey

Potential Benefits

- Fair compensation may include other potential benefits:
 - Cell phone (47%)
 - Employer-paid FICA (30%)
 - Dental insurance (27%)
 - Sabbatical (20%)
 - Vision insurance (12%)
 - Health club membership (8%)

*2006 Survey

Pay Raises

What about pay raises?

- The church may grant everyone a **cost of living** increase each year.
- The church should not **automatically** grant everyone a merit raise each year (fails to motivate).

Merit Raises

What about merit raises? Three options:

- The staff's **good performance** for the past year that will likely continue (based on staff evaluation).
- You **promote** or **increase the scope** of responsibility .
- You're **below** comparable market value.

Bonuses

What about **bonuses**?

- The church may grant a bonus for outstanding performance (but not obligated for the next year)
- Are the bonuses tied to an annual evaluation?

Research

There are churches that have managed to keep their staffing allocation to 35% or less of the total budget. A Leadership Network survey of these churches found that volunteer development was the common thread.

Warren Bird, "Lean Staffing: Churches That Handle Staff Costs in Under 35% of Budget," Leadership Network, Jan. 2010, 31.

Building the Ministry Budget

- The church has "fixed" costs:
 - Mortgage
 - Personnel
 - Utilities
 - Etc.
- Apart from significant change (i.e. major budget shortfalls or windfalls), these items change slowly
- What resources the Vision? **Ministry spending!**

How Most Churches Budget

- Finance Team: "What did children's ministry spend last year?"
- Pastor: "\$8000"
- Finance Team: "That seemed to be fine. Let's do \$8000 again."
- Pastor: "Done."

(Unless giving is down or up, then *everyone's* budget is adjusted relative to projected giving amounts.)

How Some Staff Operate

"It's the end of the fiscal year, quick, I better buy a TV for the youth room so that the Finance Team doesn't think I need my whole budget!"

- Me, as a twenty-year old youth leader.

Zero-Based Budgeting

- All expenses must be justified
- Ministries must justify both old and new expenditures, not just an increase for new expenditures
- Allows high-level strategic planning
- More time-consuming and granular
- More team-oriented

Zero-Based Budgeting

How?

1. **Start with your Identity (Mission & Values).**

1. Look at everything your ministry is doing right now.
2. Ask: Is it in alignment with our Mission? (Yes/No? How?)
3. Ask: Is it in alignment with our Values? (Yes/No? How?)
4. Ask: What do we need to eliminate that isn't in alignment?
5. Ask: What do we need to change in order to be more in alignment?
6. Ask: What will it cost to run *this* ministry, the new one that's in alignment with our Identity.

Zero-Based Budgeting

How?

2. **Next, align with the Vision.**

1. Ask: Where is The Fellowship going in 2018?
2. Ask: What role can my ministry play in achieving our goals?
3. Ask: What do we need to eliminate that takes away from our Vision objectives?
4. Ask: What do we need to change in order to be more in alignment with our Vision objectives?
5. Ask: What will it cost to run *this* ministry, the new one that's in alignment with our Vision.

Zero-Based Budgeting

How?

3. **Finally, collaborate.**

1. Senior Pastor needs to ensure that every ministry has properly planned.
2. Everyone brings their new, Zero-Based Budget (ZBB) to an annual planning meeting.
3. Everyone presents their ZBB, focusing on how their ministry is moving forward the 2018 Vision (and reporting any Identity-alignment changes).
4. All ZBB's are put together for first-draft budget to go to Finance Team.
5. Second round of budget process reflects any necessary reductions recommended by Finance Team.
6. Ministry staff collaborate to decide on any savings/reductions.

Step 2: Determine the Amount of Funding

Working the budget is twofold:

- **Build** a strategic church budget.
- **Regularly monitor** the church budget.

Monitoring the Budget

Monitoring/Analyzing the budget involves asking key questions:

1. What percent of your funds are allocated to evangelism, personnel, ministries, and facilities?

Monitoring a Budget

IDEAL

1. Missions 10%
2. Personnel 50%
3. Ministries 20%
4. Facilities 20%

Monitoring the Budget

The Fellowship Expenditures YTD

Category	Dollars	Percentage	Ideal %	Ideal \$
Missions	n/a	n/a	10	\$14,732.58
Personnel	\$108,166.86	73.42%	50	\$73,662.89
Ministries	\$6,735.84	4.57%	20	\$29,465.16
Facilities	\$32,423.08	38.77%	20	\$29,465.16
Totals	\$147,325.78	100%	100%	\$147,325.78

Monitoring the Budget

1. Are there any ministries that should be funded outside the budget (special projects, fundraiser; capital campaign; or user costs)?

Monitoring the Budget

2. Ask about every line item, "Why is the church paying for this?" (Retreats, curriculum, Bible studies, etc.)*

Monitoring the Budget

3. "Does the church hold high giving expectations of its people (Schaller)?"

"You get what you expect!"

Monitoring the Budget

4. What percent of the budget is for staff development and how much is that?

When staff stop learning, they stop leading!
(Conferences, classes, coach/mentor, etc.)

Monitoring the Budget

5. Does the church have from one to three months of funds in cash reserves in case of an emergency?
- Smaller churches - one month
 - Medium Churches - three months
 - Larger Churches - 10% of the annual budget
 - **The Fellowship - 1 - 3 months (ideal)**

Step 3: Discover how to raise funds to accomplish the church's mission.

Five Reasons People Don't Give

1. Church has provided **no vision**.
2. Some feel it's a **poor investment**. (What's the ROI on giving?)
3. People don't understand the church needs money **to operate**.
4. Some are **ignorant of what the Bible teaches** about money and giving.
5. Some are **selfish/greedy**.

How to Raise Finances

So how do we raise the finances of the church?

Raising Finances

1. **Articulate a theology of finances** (what does the Bible teach about giving?)

See the Appendix of *Money Matters in Church* by Malphurs and Stroope.

Raising Finances

1. Articulate a theology of finances.
2. **Regularly cast the church's vision.**

A Vision for Finances

We envision a body of believers practicing Biblically-based giving of the financial resources with which God has entrusted us for the advancement of the Kingdom locally and globally. Training and equipping of members of all ages creates sacrificial, joyful giving of first fruits flowing out of appreciative hearts. As we embrace generosity, our time, talents, and finances are the fuel for ministry.

A Vision for Finances (cont'd)

In turn, financial management of the church is done with integrity, wisdom and clarity so that all may understand and trust in the significance of their giving as a spiritual act of worship.

Raising Finances

1. Articulate a theology of finances.
2. Regularly cast the church's vision.
3. **Provide opportunities for giving.**

Six Pockets of Giving

1. General giving.
2. Missions giving.
3. Benevolence giving.
4. Capital/Facilities giving.
5. Special giving.
6. Designated giving.*

Six Pockets of Giving

- Do you make all six available to your people? (Don't forget to have these available online too!)
- Some will give to one need but not others (e.g. general fund).
- Not to give them the opportunity means their money will go elsewhere!

Raising Finances

1. Articulate a theology of finances.
2. Regularly cast the church's vision.
3. Provide opportunities for giving.
4. **Implement a church-wide stewardship ministry.**

Church-Wide Stewardship Ministry

- Sermons (one month per year).
- Sunday school/Bible study.
- Small groups/life groups.
- New Member's class
- Treasure Principle - Alcorn
- Financial Peace University - Ramsey
- Financial counseling.
- Workshops and seminars.
- Ministry of deferred giving.

Ministry of Deferred/Planned Giving

- Wills, trusts, real estate, annuities, etc.
- \$41 trillion will pass hands over next 20+ years.
- 9 of 10 will leave nothing to the church
(Why? Because we're not asking them to!)

Raising Finances

1. Articulate a theology of finances.
2. Regularly cast the church's vision.
3. Provide opportunities for giving.
4. Implement a church-wide stewardship ministry.
5. **Constantly communicate the church's financial circumstances to the congregation.**

Communicate with the Church

Why?

- "People are down on what they're not up on!"
- Builds trust - a vital element when it comes to raising money.

Communicate with the Church

How?

Public vs. Private Communication

- Internal communication - what's "for our ears only?"
- External communication - what's for guests?

Communicate with the Church

How?

- Snail mail newsletter
- Weekly e-mail
- Website
- Graphs, pie charts, etc.
- Announcements
- Podcasts
- Social Media (FB, Twitter, LinkedIn, YouTube)

Communicate with the Board and Staff

WEEKLY CHURCH FLASH REPORT

- Attendance
- Offering/Giving
- Expenses/Payables
- Cash on hand
- Number of Employees
- Weather or special circumstances, holidays

Raising Finances

6. Conduct **capital campaigns**. (Monies over and above regular giving)

Capital Campaigns

- Two primary reasons:
 - Debt reduction (frees up funds for ministry)
 - Raise funds for new building
- Other good reasons:
 - Outreach funding
 - Church/campus planting

Capital Campaigns

- "You'll only want to do one in your whole career!" - Dan Lian (Teaching Pastor, NewSpring Church)
- 3 - 5 year commitment
- Need *at least* the same period between campaigns, closer to 10 years
- Prevents "giving fatigue"

Raising Finances

6. Conduct **capital campaigns**. (Monies over and above regular giving)
7. Make it **easy to give**. (Use an envelope system, give online, bank drafts, kiosks, planned giving, financial advisors, etc.)

Online Giving

1. Online giving facilitates recurrent giving
2. Services like ChurchCenter.com help
3. Top giving churches receive the majority of their giving OUTSIDE Sunday morning
4. Online giving reduces the workload and creates more predictable giving/budgets
5. Consider services like "Text to Give"

Envelope System

1. A visual reminder to give regularly.
2. Facilitates giving (envelope).
3. Provides a record of who's giving and how much (spiritual and IRS purposes).
4. Allows people to designate giving.
 1. General fund
 2. Missions fund
 3. Building fund
5. ***This is not the future of giving- they prefer what's simple (read: they use technology)***

Raising Finances

6. Conduct **capital campaigns**. Monies over and above the budget (building, missions, etc.)
7. Make it **easy to give**. (Use an envelope system, give online, bank drafts, kiosks, planned giving, financial advisors, etc.)
8. **Call for commitment** to support the church (membership commitment).

Membership Commitments

1. **Get involved** in a Life Group (Sunday school or a small group ministry).
2. **Serve** somewhere.
3. **Share the gospel** with the lost.
4. Regular **personal Bible study and prayer**.
5. **Support the church financially**.

Lake Pointe Church, Rockwall, TX

Membership Commitments

Section B Duties and Privileges of membership

1. To keep spiritually fit by prayer and Bible study.
2. To familiarize himself with the church covenant.
3. To endeavor with all earnestness to practice the same.
4. To attend faithfully the services of the church.
5. To contribute regularly and generously to the support of the general program of the church, including current expenses and benevolences.
6. To participate in the organized work of the church both in time and efforts.

Raising Finances

9. Cultivate **giving champions**.

Cultivate Champions

- Some people have the gift of giving.
- Cultivate them as well as others.
- At times ask them to give for a special project, etc.

"Donors to religious organizations gave an average of \$2,904 (or 42%) more when asked in person by someone they know."

Philanthropy Journal, Oct. 7, '09

Raising Finances

10. Recruit a **Minister/Pastor of Stewardship/Generosity.**

Pastor of Stewardship

"Innovative churches are creating new, full-time staff positions to help integrate the value and a culture of generosity into all aspects of congregational life."

This could also be a gifted lay person!

Raising Finances

- Challenge people to give.
- Ask the congregation to increase giving by 1, 2 percent or more.
- Address giving in men's ministry as a leadership issue.
- **Cast a very big vision.**

Challenge People to Give

- Intentionally move givers into the next category

	\$1-\$3000	\$3001-\$6000	\$6001-\$9000	\$9001-\$12000	\$12001-\$15000	\$15001-\$18000	\$18001-\$21000	\$21001-\$24000	\$24001-above
Ministry Fund	112	34	14	6	4	2	1	0	1
Missions Fund	93	15	2	2	2	0	1	0	2

Challenge People

"The study found that a major reason Christians do not give is because they are not asked to."

Rob Mall, "Scrooge Lives," C.T., vol. 52 #12, Dec. 2008, 25.

Challenge People

"I firmly believe that if the right people are presented with the right kingdom opportunity in the right way at the right time, the result will be a joyful and generous outpouring of support."

Bill Hybels

Review

1. Articulate your theology of finances
2. Regularly cast the church's vision
3. Provide opportunities for giving (five pockets)
4. Implement a church-wide stewardship ministry
5. Constantly communicate with the congregation

Review Cont'd

6. Conduct capital campaigns
7. Call for a commitment (membership)
8. Make it easy to give (envelope system, online giving, bank drafts)
9. Cultivate giving champions
10. Enlist a Pastor of Stewardship/ Generosity.
11. Challenge people to give (1%+).

Communication Plan

- **What** should be communicated?
- **Who** should communicate it? (Pastor, staff person, team, congregation, etc.)
- **When?** (Immediately, one month, two months, etc.)
- **How?** (Sermon, announcement, bulletin, web site, newsletter, etc.)
- **Where?** (Worship, Sunday school, New Members Class, etc.)
- **How often?** (Regularly, monthly, quarterly, annually, etc.)
- **Why?** (Builds congregational trust!)

Finances Exam

1. What does stewardship mean?
2. Who is responsible for overseeing and raising the church's finances?
3. What are the four areas to which a church should allocate its funds?
4. What percentage of the funds goes to each area?
5. Name four benefits that a church should provide for its staff.

5. What does per capita giving tell the church about its giving?
6. Should a church have cash in reserves in case of an emergency?
7. Name three reasons why people don't give?
8. The church's vision isn't important to raising money for ministry?
9. Agreeing to support the church financially should be a qualification for membership?
10. Most churches pursue deferred giving (wills, trusts, etc.)?

Questions?

Appendices

Finance Committee & Authority

Guidelines

Seeking proper checks and balances in a *congregational* context.

1. The congregation has authority but only when acting as a congregation (voting on some issue). No single congregant has power over anyone else.

The Committee & Authority

2. The committee has authority only when acting as a committee on behalf of the congregation (no single committee member has authority over anyone else).

It is responsible to work with the pastor, but may or may not have the authority to override him, depending on whether the congregation grants it that authority.

The Committee & Authority

3. As the designated leader of the church (Heb. 13:17), the pastor has authority over all people as individuals, including committee members. (He may not have authority over the committee when they act corporately.)
4. Every three or four years, each committee member (except for the pastor) will rotate off the committee for at least one year.