

Stewardship Forum

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Stewardship Tools for Leaders : Features

Title: 7 Things They Didn't Teach You at the Bible College: Insights on Church Finances for New Pastors

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The young pastor was heartbroken and tearful. His problems stemmed from church finances and he took little comfort in the fact that other pastors before him had faced similar problems. He grew up in a family where finances were rarely discussed and had little financial expertise. Government grants and a savings account set up by his parents paid for his education, thus during college important 'learning experiences' concerning handling finances were bypassed. The Bible College he went to taught him very little about handling church finances. Now, financial problems had cast a heavy spell over his ministry.

At some point during his or her ministry, every church leader encounters financial problems in their churches. It is essential for a pastor to understand and use financial tools for handling church finances properly. Whether you are a new pastor or an established one the basic principles outlined below can help you to develop good stewardship of finances in your church.

0. Prepare a budget

A budget helps to establish ministry priorities and improve money management in the church. It also provides a useful measure for reviewing the achievement of ministry goals. Those involved in preparing the budget should have good financial skills and a deep awareness of God's vision for the ministries and mission of your church. Although there needs to be a planned process to approve extra expenditures – the church should practice good stewardship by learning to live within its budget.

0. Insist on accountability

No church treasurer and member of a financial team should be exempt from accountability in how they are handling church finances. Financial accountability minimises any risks of mismanagement of funds. Yearly audits preferably carried out by qualified accountants (even when the law does not strictly require this) indicate integrity and effective money management. Furthermore, accountability prevents certain individuals or groups from building a power base in the church. Some church treasurers behave, as if they own the money of the church and do not let anyone spend any of it for ministry purposes or outreach events. Others are very secretive with the facts about the financial status of the church.

0. Monitor finances

To monitor does not mean to be a watchdog over all expenses; it means to review financial facts in a regular basis and make corrections when necessary.

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The process of monitoring the finances includes:

- *Cash flow.* Cash flow makes funds available for emergencies and other pending bills. Sometimes cash flow trends (historic and forecast) can serve to predict future problems. For example, cash flow changes can indicate the congregation's commitment to outreach and mission. A cash flow decrease is a warning sign that something might be wrong with the economy of our country or, with relationships between people in the church. An increase in cash flow might indicate that the ministries of the church could be expanded without having to wait for end of the financial year report.
- *Accounts payable.* Accounts payable should be updated regularly and mismanagement of earmarked funds avoided. Recently I spoke to a leader of a church where money allocated for the insurance bill was used for an outdoor event that was going to cover costs and bring extra income. Due to bad weather conditions and poor publicity the outdoor event was not well attended. The church lost both the money for the insurance bill and the money spent on organising the outdoor event.
- *Budget by month.* Pounds raised or spend are meaningless unless they are placed against the number of months left in a budget. Before cutting back expenses or adding new components to the existing budget, the decrease or increase should be out into the perspective of the entire financial year.

0. Watch investments

Before investing, church leaders and finance committee members, should carefully consider the following questions:

0. What monies can or should we invest?
0. Is the investment going to be a short or long term one?
0. In case of an emergency, can we have immediate access to the monies invested?
0. How are we going to use the income from such investments?

Some research of investment potential might be necessary before embarking on investment ventures. It is the duty of those investing on behalf of the church not to take undue risks with investments. Many churches invest their funds using advice from Christian financial consultants who understand the ethos and mission of the church. Whether the church is using outside help or taking advice from one of its members it is vital that the leadership team receive information about the performance of the invested funds and reviews the situation regularly.

The investment of church monies is another indication of good stewardship. However, as a church leader you should not allow the enticement of investments pull money away from developing meaningful ministries. The church exists to share the Gospel message and to reach out to those in need not to serve as a financial institution.

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0. Communicate the Financial Picture

Often, the only time church leaders communicate with their members about church finances is when there is a need for money. We are aware that the money for everything the church does comes from those who sit in the pews but seem to forget that those who give should know about the financial situation of the church.

One Methodist pastor showed me a set of OHP slides he had used in a recent church meeting about finances. Each slide contained colourful graphs and pie charts that explained various items of the budget. These visuals not only helped church members understand how various financial items fitted into the purposes of the church but prompted some of them increase their giving to the church.

0. Consider Zero-Base Budgeting

Zero-base budgeting means that you re-evaluate each section of the budget when preparing the new one instead of simply adding certain percentages to existing categories. Zero-base budgeting helps us to review the relationship between the ministries undertaken and finances of the church.

A Baptist church in East London called a new pastor to its pulpit. He had been there for nearly a year when he invited the members of the leadership team and the treasurer to a 'brainstorming' session to discuss two main issues. Firstly, they identified the main components of this church's vision and new mission opportunities for the future. Secondly, they evaluated the effectiveness of the ministries of the church and established some priorities before designing the budget for the coming year. In-depth discussions followed over the next few months. Three work parties were set up to evaluate the existing ministries of the church, to assess the needs in the local community and explore how this church could minister to those needs. When the leadership team met, they used the information received to chart a new course for mission and growth. A 'larger than usual budget' was presented to the congregation and the treasurer was not the only one that was surprised by the generous giving that followed. Zero base budgeting had forced this church to see itself for what and where it was and to move forward in fulfilling God's plan for them.

0. Allow Room for New Opportunities

In all the financial planning and control, there needs to be room for dreams, growth, as well as for faith. Not all intrusions into the budget are unwelcome! Often churches are presented with opportunities to show love in action either in their communities or abroad. We can respond to such opportunities without dipping into the annual budget. The '*love offerings*' and '*free will offerings*' are great ways of responding to new opportunities to share our faith and love with others. By encouraging people in our churches to give '*free will offerings*' we are providing them with opportunities to share in God's mission to the world and to honour Him with our hearts and purses.

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