



M I C H I G A N
M I N I S T R Y
N E T W O R K

**QUESTIONS TO ASK DURING
A CHURCH FINANCIAL STRUGGLE
GUIDE**

We live in unique times that present many challenges to leadership. Daily, you are confronted with issues that require a deep dependence on God's wisdom.

Cultural issues, such as inflation, a lack of commitment to giving, debt, and loss of people and vision, can affect a church's financial stability. Due to these and other factors, many local churches like yours have had to cut back on their spending to steward the church's resources.

While many church members have been faithful in their tithe, some have not. This can create a sense of uneasiness about spending and the future. While it is wise to steward God's resources wisely for excellence, let me encourage you to neither grow stagnant nor stop advancing the mission of reaching the world with the message of hope in Jesus. Let us continue investing in the NextGen students in our churches. Let us continue to support missions, both locally and globally.

While it is true that faith and stewardship are two sides of the same coin, leaders tend to focus only on one side. We tend to either live by faith at the expense of stewardship or by stewardship at the expense of faith. We must remain financially wise while we trust God with the provision and advancement of His plans for our local church.

If you find yourself in a difficult financial season, please function prayerfully and hopefully. Even if finances are down or limited, ask God to provide supernaturally. Ask God for blessing as you move forward in faith and wisdom.

This guide is designed to be a point of evaluation and discussion for the Lead Pastor and board when navigating a tough financial season in the church.

TEN QUESTIONS TO ASK

(HOW TO EVALUATE YOUR CHURCH FINANCES WITH WISDOM)

Below are ten questions to ask each team member when facing financial struggles. This will allow the weight of this season to be shared and the responsibility of tough decisions to be carried by all. The only thing worse than making tough financial decisions is to do it alone.

QUESTION #1

Have you made this a matter of prayer?

While this sounds like a Christian cliché, it is not. Too often, we treat church financial struggles as a practical issue instead of recognizing that it is also a spiritual issue.

God imparted the dream of your church into the hearts of those who planted it long ago. It is His church, and He loves it more than we do. We must both practice practical wisdom with a supernatural focus on his provision.

God is primarily responsible for the church's finances. He has given us the responsibility of stewardship, but ultimately, He is the provider.

QUESTION #2

Who has primary authority for major financial decisions?

Understanding who is responsible for making financial decisions is essential to healthy stewardship. It ensures that all appropriate people are brought together for these critical discussions.

Difficult financial seasons are challenging and not much fun. Each team member must be more interested in what's right for the organization than in personal preferences. When making decisions, it's what's right, not who's right.

No one should singularly seek to control the process or ignore the others on the team who share in this process.

QUESTION #3

Are your financial struggles due to mismanagement, misalignment, the economy, or declining church attendees?

Knowing the root issues may help you determine how to approach any cuts that need to be made. Each scenario considered will help narrow the significance of reductions that need to be made.

Mismanagement of resources is often due to a need for clearer priorities, processes and procedures, accountability, or vision. These can be addressed and corrected quickly and effectively.

Misalignment is often due to a lack of corporate vision, which should guide the use of your church's finances. Sometimes, the lead pastor may need to identify and restructure the budget with vision as the priority. This may result in some personnel decisions and changes in compensation.

Sometimes, the community is affected simply by an economic downturn, recession, or significant layoffs. These are challenging issues since we have yet to learn how long these economic struggles will last.

The decline in attendance is a much more challenging endeavor. Due to the lack of people to contribute, significant reductions will be required.

QUESTION #4

In what ways are you working to increase the income of the church?

There are many ways that a church can focus on increasing rather than cutting expenses. Certainly, expenses must be considered, but a church should also examine how it addresses income.

- **Do you have a membership class?** Does it teach how your church works and why financial support matters? A membership class is an excellent opportunity to share about tithing and tie it to the vision of what the tithe accomplishes.

While tithing is a Biblical principle, people want to ensure that their giving is managed well. Sharing how your church handles finances, funds ministries, supports families, reaches the community, and changes lives will go a long way toward generating financial support.

- **Have you spoken about tithing/generosity from the pulpit?** Discussing giving can often feel uncomfortable and awkward. Pastors frequently approach this subject in an ashamed or apologetic manner.

The truth is that this is a Biblical principle and should be taught with confidence.

Indeed, we should never attack people or preach out of frustration or desperation, but it does need to be presented with a strong sense of meaning and value.

If you never teach your church these principles, you neglect part of your leadership duty. An excellent question for your church is: "If everyone gave as you give, what would happen to our church? Everyone reaps the benefits of this church, even though not everyone contributes to it."

- **Have you communicated the financial needs to the church?**

Even beyond the board, informing the congregants of the current financial picture is wise. There are several reasons for this.

- Any cuts made will impact them, so sharing the reason helps them understand.
- Involving them in the process allows those who do not give, have stopped giving, or have more to give to do so. The church's needs are the whole church's responsibility.

- **Do you have any assets that can be sold?**

One way to increase income is to sell any assets that are no longer used or essential to the function and accomplishment of your church's vision.

A church should be careful not to cannibalize itself by slowly reducing assets to cover operational expenses. Yet, it should also not hold onto land, houses, or liabilities no longer needed or used.

This should only be done if the proceeds are used to reduce debt or eliminate expenses to maintain said assets.

QUESTION #5

Do you have an approved budget?

The point of a budget is to provide a stated plan for managing your church's finances. A budget is vital for establishing accountability and clear church leadership goals. Proverbs 21:5 reminds us, "The plans of the diligent certainly lead to advantage, but everyone who is in a hurry certainly comes to poverty."

In Luke 14:28-30, Jesus reminds us, "For which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who are watching it will begin to ridicule him, saying, 'This person began to build and was not able to finish!'"

Budgeting prioritizes your church's day-to-day spending, tracks income and spending, and gives measurable evaluation goals.

When using the following example of a budget, keep a few key points in mind:

- Some of these categories may not apply to your local church, but they may help assess future needs.
- This example of a church budget is simply a guide to setting up a budget.
- The prices in this sample budget are generic numbers to show what it can look like.

Income Budget Categories:

Tithes/Offerings (Non-Designated Income)	\$ 75,000
Special Offerings (Designated Income - Projects)	\$ 2,500
Ministry Departments (Designated Income)	\$ 6,000
Building Fund (Designated Income)	\$ 4,000
Interest & Dividend Income	\$ 500
Missions Income	\$ 9,000
Miscellaneous Activities (Non-Tax Credit)	\$ 3,000
PROJECTED INCOME TOTAL	\$100,000

Expenditures:

Pastor-Related Lead Pastor

Salary	\$25,000
Housing Allowance	\$15,000
Educational Allowance	\$ 600
Retirement Fund	\$ 500
Health Insurance	\$ 4,000
Network Events (conferences/seminars/events)	\$ 4,000
Pastoral Business Expenses (lunches/meetings)	\$ 300
<i>Pastor-Related Subtotal:</i>	\$49,400

Operational

Additional Salaries	\$ 3,000
Office Supplies (postage, paper, printer ink, staples, etc.)	\$ 1,000
Utilities (electric, gas, water, dumpster)	\$ 2,000
Liability/Property Insurance	\$ 2,500
Telephone (landlines & cell phones for Pastor)	\$ 900
Office Equipment (computers/printers/tech equipment)	\$ 1,500
Copier (maintenance, rental expense, ink)	\$ 500
IT (website, internet, APP, financial software)	<u>\$ 1,750</u>
Operational Subtotal:	\$13,150

Ministries

Children's (nursery, toddler, preschool, elementary)	\$ 1,000
Youth	\$ 1,000
Worship/Sound/Stage Lighting	\$ 1,000
Care Needs (flowers, care items)	\$ 500
Hospitality Team (guest bags, shirts for team, cards)	\$ 1,000
Men's Ministry	\$ 500
Women's Ministry	\$ 500
Life Groups	\$ 500
General Fellowship Events	<u>\$ 750</u>
Program/Ministries Subtotal:	\$ 6,750

Missions/Outreach

Local (outreach programs of church)	\$ 2,000
World Mission (missionary support)	<u>\$ 7,000</u>
Missions/Outreach Subtotal:	\$ 9,000

Building

Debt Retirement Fund (mortgage payment/interest)	\$15,000
Building Fund (building repairs/upgrades)	<u>\$ 2,000</u>
Building Subtotal:	\$17,000

Savings/Contingency

Contingency (unexpected or planned expenses)	\$ 1,700
Savings	\$ 3,000
Savings/ Contingency Subtotal:	\$ 4,700

PROJECTED EXPENSES TOTAL**\$100,000**

QUESTION #6

Do you have missions at the forefront of your giving in your church?

Keeping your church focused outward reminds a church that this is not just about them. Supporting the mission of God opens the door for God's blessing on your church.

While supporting missionaries is just what all churches are called to do, it also has a by-product. It cultivates a culture of generosity and allows congregants to start giving regularly and intentionally. A missional mindset is essential to gaining ground financially. God blesses churches that are a blessing.

QUESTION #7

Have you trained your team (those who oversee budgets) on how to manage their budgets?

Training your team to spend wisely and manage their funding is essential to sound financial principles. Ensure those who spend the money know how to be resourceful, careful, and measured.

Here are a few thoughts:

- Ensure that they are contributors to the church's financial health. It is hard to justify someone spending church funds who does not contribute to them through a tithe.
- Teach them how sharing resources and utilizing existing items within the church can save money.
- Discuss areas in their budget where they can reduce or eliminate.
- Evaluate which events are influential and which ones may no longer be. This can free up funds for events that significantly advance the vision.
- Train your team to break even for their events without sacrificing quality.
- During challenges, you may have to enact a spending freeze on all ministry areas. This should only be done when necessary.

QUESTION #8

What are the non-negotiables?

This will vary for each church, but some areas are off-limits when facing cuts. Here are a few filters for deciding when deciding this:

1. Is it off-limits to everyone, the pastor and the board? Is there unity in what should not be cut?
2. Is it only off-limit because it affects you personally, or is it based on principles?
3. Can we cut other areas and not sacrifice the church's vision, mission, and values?

What are the non-negotiables that are the last things we look at cutting?

QUESTION #9

What are some of the low-hanging expenses that could be cut or reduced without significantly affecting the church?

These tend to be smaller; however, when enough are reduced, it can add up to significant savings. Look through your budget and see what are the

- Look at what ministries are no longer necessary or effective and eliminate them.
- See if individuals within the church can accomplish any contract services (lawn, maintenance, etc.).
- See if contracted services can be reduced or renegotiated. Most contractors will adjust their contracts to keep the business. This may include reducing the amount of snow, plowing the area of our parking lot, or salting.
- Look at your utilities to see if you can reduce your expenses. Consider switching to digitally controlled HVAC units or adjusting the level of heat and air by a few degrees.
- You may want to consider a straight percentage cut across all church ministries. This can include all of the budget, including payroll, but starting with a slight reduction is wiser than cutting it entirely.

QUESTION #10

What significant cuts need to be made to survive?

This is where cuts are felt in a more significant way. This takes incredible courage and skill to make these decisions and face the fallout.

Here are some thoughts to remember as you do this:

1. Look for ministries that are not working well, effective, or necessary, and minister to only a few individuals in your church.
2. Cut extras like conferences, seminars, travel, pastoral business expenses, resources, and unnecessary programs/software.
3. Consider increasing your insurance deductibles to reduce your insurance premiums.
4. Eliminate any mailings, bulletins, or print items.
5. Eliminate or reduce any events that lose money.
6. Reduce paid employees' benefits. This can include areas like continuing education or other benefits that do not affect the household income of the paid employees.
7. If those reductions are insufficient, you may need to consider eliminating part-time compensation. You may have to reduce full-time compensation or even eliminate a position altogether.

As you face these cuts, remember: People are your church's most important resource; eliminating team members can damage the church and its finances.