

# Ways to increase **financial capacity** for church planting

Joe Towns, 19 October 2016 Tasmanian Church Planting Conference

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## 1. A bit about this elective

Church Planting involves money. It involves money before hand, during, and for some time after. This elective explores how we can get the church finances geared up for church planting.

From planning years in advance, saving up cash reserves, to being prepared and able to support the new church plant for X number of years after the church plant takes place, even though the mother church has lost 40% of its congregation to the church plant;

There are some obvious well known avenues to explore here, but there are also less known avenues to explore.

Just as we want to be visionaries when it comes to church planting, we also need to be visionaries in how we treat our finances.

I've headed up a successful business for over 5 years and gained experience in managing money/planning ahead/developing projects.

This is a businessman's perspective to the topic of how to grow our financial capacity for Church Planting.

I'm told that we are often doing lowest-common-denominator / small association type bookkeeping in our churches. There are things that might be possible if we were a bit more proactive with our finances that we never get to, because we are just staying afloat.

My goal is to push you to consider things that may be beyond your current field of view.

And a quick disclaimer:

When preparing for this elective the organisers suggested that my pre-existing knowledge and insights will be ok to draw on.

So this is not a highly researched workshop that considers broader perspectives comprehensively...

Rather my goal is simply to sow a few ideas and take questions to allow discussion.

Jot down questions as we go - I've planned plenty of time for discussion at the end.

## 2. What we will cover

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### 3. Letting the gospel fuel our finances

Firstly a few personal convictions and values about risks in this area:

God's Word consistently warns us about money and possessions from beginning to end. Because of sin the dangers are immense, including being ruled by it, trusting in it, and loving and serving it.

- We need to treat our finances – and teach our churches to treat their money and possessions - like a powerful source of radiation; urgently understanding it and particularly how to handle it sufficiently cautiously; only then can its immense power be used for good.
- Prosperity gospel proponents are examples of being too positive and not cautious enough and tainting evangelicalism – but we must not overreact (and I think we often do).
- We can also fall into Finney's false revivalism – Finney believed that by the right use of “means” we can cause revival; but no effort can create the results of the Spirit.
- As churches become more ‘business like’ we also need to heed John Piper’s warning: “Brothers, we are not professionals!” - The best run church materially, commercially, with KPI results, without out the true goods of the gospel and godliness, is a con. The name we give a successful business or church that doesn’t deliver its promised service or product is a “scam”.
- Boards of Management exist in part to manage the conflict of interest and risk to elderships around finances; it must be seen as ministry and valued by elders and leaders. It is a ‘loving’ act to manage church finances diligently and do administration well. It is actually the Bible’s command to love our people, our church, the gospel and the glory of God that we must manage quality and compliance exceptionally well.

But the Bible stresses the positive as well as the negative aspects of money. Money can be a snare depending on our motives, but it can and should be used as a blessing and can fuel the gospel.

We need to build a positive and constructive culture based upon right theology; money matters and profit itself is not evil.

Money and ‘business’ all comes from God and can be a sign of his blessing and provision; in the gospel, money can and should be used to advance his kingdom.

- We need to be preaching regularly on this topic to re-calibrate our Christian mindset which is strongly influenced by the prevailing culture of individualism, consumerism, and greed.
- God entrusts some believers with wealth in order to provide enormous opportunity for doing good in this world and for the gospel.
- We can dramatically increase our financial capacity for church planting as God’s word increasingly revolutionises how we treat our personal finances as Christians; acknowledging that it all actually belongs to God and is only loaned to us for serving one another and doing good; thanking him for it; devoting it to his service; supporting

gospel work with it; giving to the poor; remaining humble; not trusting it and valuing heavenly riches more than money and possessions.

- We need to regularly preach and teach on the value of ordinary work, for the sake of the gospel; we need to esteem the gospel perspective on paid commercial work; work is actually a moral duty - The bible criticises those who don't work by choice – work has been ordained by God as a means of fulfilment and service (balanced by rest) that brings honour to God as we become self-supporting, find self-fulfilment and serve others; any legitimate work can be seen as God's calling and a stewardship from God himself.
- And so we need regular teaching, encouragement and modelling of righteous stewardship as the handling of money is a crucial test of our godliness; in the Bible, believers must use money in a God honouring way; for the support of the family, for benefiting the poor, especially God's people, and for the work of God's kingdom; believers are to be wise stewards of all of their God-given gifts, including the wise use of their material possessions, including using it to benefit others; developing or growing it responsibly and sharing their money and possessions, especially amongst Christians. Christians are actually commanded to give of their money and material possessions willingly, cheerfully, spontaneously, regularly, and generously – in obedience, gratitude to God and in love for others. And God actually rewards the giver appropriately; encouraging them to be enterprising in giving, sometimes overwhelming the giver.
- The gospel work of calling on faith and repentance is not a separate work to calling on people (Christians and non-Christians) to give to the work of the gospel; in Luke's gospel giving is seen as a crucial way to express faith and repentance, and we need to call on all people, including non-Christians to give away their worldly treasures in order to come to Christ.
- Since God is the Lord of all the earth he has often used the 'wealth of the unbeliever' or their possessions to further the gospel so we should be bold in telling them "the Lord needs it" (Triumphal Entry; Matthew 21)
- Our financial capacity to plant churches is directly proportional to our capacity to sell the gospel and our vision for reaching the world and doing good in this world to people – because it is the gospel itself that is for sale; people need to buy it (Jesus says "come buy food without cost...") – but the "price" is your whole life and everything in it (which we count as worth nothing...rubbish compared to the exchange rate, the profit we gain (!); and for the Christian godliness continues to be the same trade and exchange (Jesus says "I counsel you to buy from me gold refined in the fire.").
- As in the early church in the book of Acts (remember they stopped regarding anything they owned as their own; selling their possessions and pooling their funds), if we are selling to people the immeasurable features and benefits of Christ, then (with the Spirit's enabling) money for church planting is not going to be an issue; it will just flow.

So those are my personal convictions and values on finances and the church that become the paradigm within which someone CAN be proactive, hard-headed and 'entrepreneurial' in church finance planning.

For more there is an APPENDIX: Summary of the Bible Theme of Finances.

## 4. Being more diligent with the details

I'm now going to give a few relatively basic things that churches might be missing. Bread and butter financial stuff that churches might be failing in, doing badly in or have not have considered...

### Valuing work and workers

- We need to work hard at building a culture that attracts 'all' the gifts that we need for healthy churches (1 Corinthians 12) – and that means diversity, including a healthy population of workers and those with gifts of giving. We need to be actively supporting workers to be diligent at work, to persevere, endure hardship and keep thanking God for the ability to produce wealth, and to be using it to build our churches, through financial self-sacrifice. The book of Proverbs in trying to save us from foolishness says, “Get your fields in order, and then build your house.” That applies to building churches too, doesn't it?

### Valuing finances

- We need to really value every little dollar; not only for the reasons mentioned but also because if you count your cents, the dollars will take care of themselves. We need to carefully count, watch, protect and steward every little dollar because of the sweat and tears it has taken to arrive at that money after it has been given to us; it had to be worked for and earned, and then some of it went to compulsory superannuation and entitlements, and a massive proportion went on tax, and then a massive proportion of it went to sustain the worker with food and living expenses, and then only after all that it was given to the church by faith. And so for every \$1 dollar that we are given, an employer needed to earn something like \$99 and then pay the worker something like \$60... So don't waste it.

### Valuing saving

- Wastage is a massive problem in our world, and particularly in our culture and society. If we want to increase our capacity financially we need to remove wastage. We need to adopt what has been coined “lean” models and systems of working. If you're interested visit [www.lean.org.au](http://www.lean.org.au). There was something very good and right and productive about a culture of being thrifty, industrious, and dare I say it frugality. But our generation today has lost a lot of that. This isn't about cutting corners so much as trimming fat. If you understand this, then you will change the way you work, plan and spend money: Saving \$25,000 is exactly equivalent to receiving \$25,000.

### Valuing governance and management

- You need to learn how to read, use, manage, and oversee a Budget, Profit & Loss Statement, a Balance Sheet, Cash Flow, and a Treasurer. We need regular training for our whole board and elders, and treasurers, in financial management. I've prepared an APPENDIX: 101 of Financial Management if this is a particular need for you, your board members and/or your elders. I recommend that boards adopt a set of 'standards' for your church (and I would recommend CMA's Essential Standards; if you're interested visit [www.cma.net.au](http://www.cma.net.au)). It is partly because we leave the thinking about the money to our treasurers that we have less financial capacity than we could have; because financial management is not only about careful book keeping, it is also about leadership and decision-making, such as your philosophy of finances, investment decisions regarding accounts and interest, term deposits, purchases and

other expenses. As a leader of a church or church plant, how can you grow your financial capacity if you're not leading your board of management with well advised and informed and strategic decision making? We also need to ask, seek and knock for accountants, financial and business people who will strengthen our boards and leadership in this area.

### **Valuing planning**

- We need to get better at planning, valuing planning and focusing on it as a core activity of the leadership and the board of management. A budget is a plan. If all you do is put this year's expenses into next year's budget and show the church that it all balances, then your plan is no change, no growth. That is a hopeless plan. What are your goals? 1 year, 3 year, 5 year and 10 year goals. What strategies will you use to achieve them? How can you realistically estimate the costs and therefore saving that will be needed to be able to plan to implement those strategies? You need to get your strategic plan done and then you need to gear up your budget to incorporate your strategic plans, and demonstrate how in stages based on realistically achievable assumptions, you will be able to change and grow. That will invariably mean you will need to spend more on those strategic measures. And for that you're going to need to receive more funds and/or save more funds and/or reduce other expenses.
- Jesus says in Luke 14:28, *"Suppose one of you wants to build a tower. Will he not first sit down and estimate the cost to see if he has enough money to complete it?"* Pretty good advice for church planting too! We refer to this teaching as being about the cost of becoming a disciple, but couldn't it also be about the cost of building the church – the cost of completing what the apostles and disciples are called to do?

## 5. Putting the big rocks better in place

So now I'm going to give some bigger picture things; proactive things and some more 'outside the box' things to help you think big and gear up for the scale of what could be possible in church planting.

### 5.1 Growing yourself

- Some guru somewhere says the top 3 things that attract finances are vision, leadership and networking. And the relationship between the three is crucial to understand: (Vision + Leadership) multiplied by Networking = Financial Capacity. So work on these top three (3) things – particularly networking, as it is the multiplier.
  - So firstly, you need to be able to give your givers something to invest in; it needs to be compelling enough to 'earn' their 'buy-in' to it, literally; so you need to get the **vision** right. Vision fuels finances. People give to vision, not to need. If you cast a compelling vision that captures the hearts of people, you will have an army of people that will want to follow you and throw their lives as well as their money into it.
  - Develop your **leadership** abilities. Leadership accelerates finances. Financial supporters have to "buy you" before they fund you. Most supporters invest in the planter over the plan. So don't think it is all about your polished strategic plan and budget; it is actually all about you (as 'wrong' as that sounds) (your vision, your leadership, and then lastly, your networking)...
  - **Networking** exponentially increases your funding capacity. It's not what you know, and it's not who you know; but it's *who knows you* – what counts is that people hear your vision and trust your leadership, and lots and lots of them.

So it is the combination of the strength of your vision plus leadership ability that is together *multiplied* by your networking that will determine your financial capacity for church planting.

- To grow yourself it is also key (as I've already suggested) to get serious about becoming 'money' and 'business' wise; get a book on 'financial management for dummies. Befriend accountants and auditors and financial planners (if you meet one – jump on them): take them to lunch and ask them for advice; ask them to run a session for you and your leadership or for your workers and business owners. You need to do the same with befriending business owners; sign up to non-for-profit community and financial fundraising newsletters and read them (if you're interested, visit [www.ourcommunity.com.au](http://www.ourcommunity.com.au) and other resources listed below under "Resources").
- There is also a place for contextualisation: if you want to find not only the lost but also financial supporters then being 'all things to all men' can include learning to 'use' professionalism and a culture of excellence in order to attract the business minded Christian community. So, you need to learn about marketing and advertising, events management, human resource management, and all things corporate and business development. Planting a church is many things, but it includes running an organisation in the 21<sup>st</sup> Century – so learn how our culture runs organisations successfully.

Now other than growing yourself, there are two main ways to increase your financial capacity:

1. Reduce your expenses - without losing any income; and (or)
2. Increase your income - without increasing your expenses!

It's not rocket science. So let's look at each one in turn:

## 5.2 Reducing your expenses

### Alternatives to spending

- The first thing to realise with expenses is that you don't need to have money to have assets, currency or capacity. If you need a car, or if you need printing then that is what you need; not necessarily the money to buy it. Donations, contra sponsorship and shared services are all important to promote and facilitate. Jesus taught that we should be asking for local sponsorship of evangelism (i.e. Jesus said, 'take nothing for the journey; whenever you enter a town or house and are welcomed, stay there and eat whatever is offered you...' Mark 6 / Luke 10).
- There is an enormous amount of reinventing the wheel that can and could be avoided through more partnership and collaboration between churches and individuals, other organisations and other churches. Examples of this being done in small measure currently include Vision 100 IT; Care Consultancy's at-cost printing for non-for-profit organisations (for more information visit [www.careconsultancy.com.au](http://www.careconsultancy.com.au)). We should also be sharing services for areas such as legal advice, financial planning and investment and accounting; we should be getting along side and getting on-side well-resourced individuals and local businesses of both non-Christian and Christian owners and creating local strategic alliances that enable opportunities for contra sponsorship, co-location, and at-cost purchasing or shared services; a company may not be able to gift you money but you can leverage their buying power or other resources.

### Selective spending

- Spending selectively is an important way to reduce your expenses and avoid wastage. Strategic spending is crucial, but why spend money if it is avoidable? If you want to increase your financial capacity you can make sure that all of your money is spent on achieving your mission if you have a policy of eliminating all avoidable spending. For example, new chairs that look more professional – careful consideration needs to be given for alternative funding such as crowdsourcing before you would sacrifice your future goals for the sake of an up-to-date look and feel in your furniture. But spending money on a CRM database may be the opposite – the technology may enable you to effectively network, follow up, communicate and build your stakeholder commitment. Another example includes getting into a 5 year contract with a digital printing company where 95% of your money goes on the lease and only 5% on printing – we need to be very careful and savvy to ensure that we're selecting value for money purchases that will actually make a difference to our mission.

### Reducing your biggest expense

- The biggest difference is always made by focusing a spot light on your biggest expenses – which for churches is the salary cost of staffing. This means that even a

small improvement in this area can radically increase your financial capacity just by doing anything that eases this burden; the most obvious example is supplementing your income with some self-funding – i.e. tent ministry of which the Apostle Paul is the example. The fact is; no one is only a church planter. Everyone has other skills. Do some relief teaching. Build websites. Raise some money with your other skills. The pattern of Jesus and Paul is that evangelism and church planting should not depend on funding – therefore ‘tent ministry’ always needs to be considered and is always an option. Ed Stetzer agrees with Paul when he says you can plant a church without any money through self-funded evangelists or off the back of so called ‘lay’ ministry. Now if that is the case, why shouldn’t we think about at least supplementing full-time paid Christian work with some self-funding? Paul said that he avoiding dependency by working and paying his way was a model to follow of self-sufficiency and self-support! (2 Thessalonians 3).

- By the way this also means that we need to be very, very careful not to ‘burn’ any ground we make in our church financial capacity by smaller, ad hoc and less strategic employment decisions of assistant or evangelistic support staff. There are no rules around this of course, but it needs to be said that all the good work of years of building financial capacity for church planting could be undone by one simple employment decision. We need to be very deliberate and cautious about employing church staff off the back of savings because this is our biggest expense. One wrong move in this department is more damaging than hundreds of little areas of wastage.

Now as well as reducing your expenses - without losing any income... the other way to increase your financial capacity is: Increase your income - without increasing your expenses!

And ideally you do them both!

### **5.3 Raising more funds**

#### **Increasing regular giving / Raising up regular givers**

- Deliberately raise-up givers and build the gift of giving onto your list of key identified needs areas that we target and recruit for – like you would any gift! Why would we be head hunting only the word gifts and hospitality and musicians, for example: We need to build around the church planter a team of “gospel patrons” - the name given to people whose profound generosity has enabled the great movements and revivals down through history (for more visit [www.gospelpatrons.org](http://www.gospelpatrons.org)). These people need close partnership and relationship because their commitment to giving is directly tied to their belief in you, your vision and your progress. If you have needs, they want to know about it and expect an honest and frank phone call or catch up about it – they want to be there for you to enable you to do the work.
- Build your plan and core team on the mall concept. Malls secure their anchor stores before they begin construction, and then fill in with smaller stores. Work diligently to secure the right ‘anchor partners’ for your new church. Partners bring prospective partners. Potential financial partners want to know who else is committed to this plant financially.
- Elevate giving as a whole church to the vital role it really has, a key part of our worship and love and faith response, like singing or the Lord’s Supper. One way to do this is set targets as a whole church and share progress regularly – such as a pie chart with the proportion of the churches giving and where it goes, and how much we are aiming for as a church to be giving to third parties. It will grow our financial

capacity if we learn to give as a holistic community, rather than individualistically – and the way to do that is enabling people to give to a third party via the church and tag their offering with that donation; then the whole church can benefit from seeing the whole picture of where the congregation’s money is going (how much we are achieving together!). If we want to be able to plant a church, then we need to grow the percentage of the churches offering that gets on-directed to other church plants!

### **Attracting more or bigger donations**

- Ed Stetzer on *Rethinking Church Plant Funding* gives a heap of good advice, including: you need to understand the two levels of financial support: individual and organisations, including denominations. There are also two types of giving: regular giving by members and one off donations by individuals (e.g. visitors) or organisations (e.g. denominations or local businesses). Individuals will give because they love you; churches, denominations and larger organizations will give because they trust your leadership and plan. Focus the majority of your fundraising time on organisations over individuals. Individuals tend to give dollars while organizations give thousands of dollars.
- Work on attracting *donations* / get better (or start!) fundraising for donations from those who are not members of your church (why do only parachurches do this?): Church leaders need to see themselves as fundraisers. Learn about marketing and advertising; networking; the power of the proposal, the letter etc; hone your communication skills in order to express the opportunities and your needs to the people God brings your way, selling techniques etc. Why shouldn’t a church planter put direct targeted proposals to organisations? (Some give a percentage of their profits or income prior to taking a dividend).
- Learn to broaden the net of fundraising. After every appointment, ask the question, “Do you know anyone else who may be interested in this church plant or has a heart for this work?” You need to see every person as a door to a whole group of other potential partners in your work.
- All of the money you need is sitting in the bank accounts of people; and that’s a good thing! Therefore Christians saving money is to be encouraged. Saving money is an antidote to spending money in a culture of extremely high waste. You can only give what you have and you will only have if you have saved. Paul encouraged Christians to save in order to give (2 Corinthians), "saving it up so that when I come..." The way you save is spend less than you earn – and in a consumer culture this needs to be encouraged. As Christians build their wealth within a gospel framework God will use them to provide for your church plant and its gospel work.
- We need to be bolder, in asking for and calling on people to ‘invest in the gospel’; boldly and regularly – why don’t we ask for more?! (“Ask and it will be given to you; seek and you will find; knock and it will be opened to you. For everyone who asks receives; he who seeks finds; and to him who knocks, the door will be opened” (Matthew 7:7-8)). We should be making more of the offering talk (not just tacking it onto the end of a sermon) (the worker is worth his wages). We should be asking visitors to give and contribute – e.g. credit card slips for visitors. We should be asking non-Christians to give. We should be asking local businesses.
- We need to be praying for more; asking God for connections and strong relationships with business leaders, the business community and wealthy Christians that will provide what is needed to grow our church planting capacity.

## Increasing (or starting!) other standard fund raising activities

- Lastly, you need to start and create a culture of fundraising within your church; like any club, school, community organisation or political party – we as a community could be doing so many standard activities that regularly and effectively build a reliable and sustainable supplementary income stream into the budget (why is it that only ‘parachurch’ groups actually do conventional fundraising?) What school or community group doesn’t do regular barbeques? (We should be the first and best at this, not the last and worst!) (I remember when I was growing up, our church, which had bought its own building off the back of fundraising efforts – every year went through a series of fun and community engaging fundraising activities – such as the annual ‘slave’ auction). Megachurches have learned how to do this well (maybe that is why they get so big?). They will give out copies of the sermon but always ask for a gold coin donation; they will produce their training material in booklet form and always sell copies for \$5 or \$10 or \$20 a copy – you have gone to all that effort; so let’s not waste the opportunity. There are many, many more common fund raising ideas online if you’re interested. You could even consider “seed funding” an initiative - using money to create money, which is often needed anyway to get set up for effective fundraising efforts. And remember, every one of these activities can be furthering your work in more ways than just fuelling the finances – they engage your community, further your name and are a perfect way to promote your meetings.
- And finally, identify, be aware and take advantage of opportunities that arise to seek bigger funding opportunities from organisations specifically in that business; e.g. The Tasmanian Community Fund grant submission rounds (for more visit [www.tascomfund.org](http://www.tascomfund.org)) ; the Genesis Charitable Foundation (visit [www.genesisfoundation.org.au](http://www.genesisfoundation.org.au)) ; known Christian business owners or investors who are always open to a letter or a proposal. This is where you need to learn how to write a letter and learn the power of the letter or the written proposal. It comes down to the clarity and compulsion of your vision, strategy and implementation plan, including your own leadership. But you need to get that all together anyway for your church plant to succeed. So if you’ve got it, sell it. There is nothing to stop you writing, calling, meeting with and sitting down to convince the largest sponsors and business owners in this country of your church plant plan, why the world needs it and will benefit from it and why it will succeed. It all comes down to your (vision + leadership) multiplied by networking.

Hopefully you’ve been jotting down questions;  
We’ve got time for discussion now.

Just before I take questions I’ll point out the Resources and references on the next page.

## Questions

## References

- *The Hodder Dictionary of Bible Themes*
- Ed Stetzer, Rethinking Church Plant Funding :  
<http://www.christianitytoday.com/edstetzer/2015/january/rethinking-church-plant-funding.html>

## Resources

- Care Consultancy - [www.careconsultancy.com.au](http://www.careconsultancy.com.au). See Corporate Services tab.
- Christian Ministry Australia - [www.cma.net.au](http://www.cma.net.au). See the 'Governance' tab.
- Gospel Patrons - [www.gospelpatrons.org](http://www.gospelpatrons.org). Generosity leaders partnering for the gospel. Go to the 'books' tab.
- Lean Thinking & Practice: [www.lean.org.au](http://www.lean.org.au)
- Our Community - [www.ourcommunity.com.au](http://www.ourcommunity.com.au). Where non-for-profits go for help.
- Tasmanian Community Fund: [www.tascomfund.org](http://www.tascomfund.org)
- Genesis Charitable Foundation: [www.genesisfoundation.org.au](http://www.genesisfoundation.org.au)
- Small Business FOR DUMMIES (4TH EDITION) By Eric Tyson and Jim Schel - Chapter 14 Managing Profitability and Cash: Go to [www.dummies.com/](http://www.dummies.com/) and buy yourself a copy or read online for free at <http://www.freebook11.com/wp-content/uploads/2016/01/Small-Business-For-Dummies-4th-Edition.pdf>

## APPENDIX: 101 of financial management

### Some myths about finances

- It's impossible to understand
- It's precise
- I'm a 'people' manager so I don't need to understand it
- It's all about budgeting

### The three most important financial statements

1. The balance sheet
2. The income/profit or loss statement
3. The cash flow statement

#### The balance sheet

- A balance sheet shows you the financial position or worth of an organisation on any particular day
- It shows you the:
  - Value of our assets
  - Value of our liabilities
  - What's left over
- It does not measure income or expenditure.

#### The income statement

- The income statement (often called a profit and loss statement) shows you how much income you earned and how much expenditure you incurred over a period of time
- It does not measure the value of our assets or liabilities
- It does not measure how much cash came into or left the organisation.

#### The cash flow statement

- The cash flow statement measures how much cash flowed into and out of the organisation over a period of time
- It does not measure the value of the income earned or expenditure incurred
- It does not measure the value of assets and liabilities.

### How to assess your church's financial health

#### Liquidity ratio

- Gives an indication of the solvency position of the organisation
- Measured by dividing current assets by current liabilities
- Result should be at least 1.

#### Daily cost of running the organisation

- Gives an indication of how efficiently the organisation is operating
- Measured by dividing the total annual expenditure by 365

#### Days cash on hand

- Measures how many days the organisation could continue to meet expenditure if all income stopped immediately
- Measured by dividing the current assets by daily operating cost
- The result should be at least 90 days

**For more help with this area visit:**

<http://www.freebook11.com/wp-content/uploads/2016/01/Small-Business-For-Dummies-4th-Edition.pdf>

*Small Business FOR DUMMIES (4TH EDITION)*

By Eric Tyson and Jim Schel

Chapter 14 Managing Profitability and Cash

In This Chapter

- Figuring out what cash flow is
- Reading and interpreting profit and loss statements and balance sheets
- Reviewing the key ratios and percentages of profitability
- Overseeing your inventory and accounts receivable
- Controlling your costs and improving your profits

Or go to [www.dummies.com](http://www.dummies.com) and buy yourself a copy!

## APPENDIX: Summary of the Bible Theme of Finances

Summarised from: *The Hodder Dictionary of Bible Themes*

### Gospel Warnings

- Because of sin the dangers of money include being ruled by, loving or trusting money, and boasting in it; Jesus warned of the danger that the rich were in.
- Love of riches is a root to many evils
- Riches may lead to divided loyalty
- They may hinder people's response to the gospel
- Examples of those led astray by money include Balaam, Achan, Nabal, Gehazi, the rich young ruler, and Judas Iscariot.
- Character and most other gifts are better than possessing money (such as wisdom).
- Buying and selling require honesty and fairness; without dishonesty, greed, exploitation, oppression, extravagance or worldliness.
- Riches do not satisfy
- Riches are insecure and uncertain
- Riches are for this life only
- They may lead to false security
- They may make people proud
- They can cause unbelief and anxiety
- They may lead people to forget God
- Workaholicism can lead to poor physical and spiritual health
- Enjoying money may lead to self indulgence
- Misusing money can lead to oppression and injustice
- Ungodly use of riches are a sign of unbelief
  - The ungodly grow rich
  - The ungodly misuse riches
    - They often obtain their riches unjustly
    - They accumulate and hoard their riches
    - They trust in their riches
  - The ungodly suffer difficulties because of their riches

### Gospel Encouragements

#### Money

- But from the beginning money is a good gift from God; It is sin itself that corrupts the use of money,
- Believers understand the true nature of riches; in the gospel money can be used to advance the kingdom.
- All riches belong to God the creator
- God is the giver of all wealth
- God is the giver of the ability to produce wealth
- Riches may be a sign of God's blessing; believers may be blessed with riches – God entrusts some of his people with material wealth.
- Riches provide a great opportunity for doing good
- The godly attitude towards and use of wealth brings glory to God:
  - They acknowledge their riches come from God and thank him for it
  - They are generous
  - They devote their riches to God's service
  - They support gospel work and workers

- They give to the poor
- They remain humble
- They don't trust in their riches
- They don't love or set their heart on riches
- They value heavenly riches more than their wealth
- Examples of godly people who used their money well are numerous throughout scripture (Abraham, Solomon, Hezekiah, Job, Joseph of Arimathea); those who were wealthy but godly, and those who had little but gave much.

### **Stewardship**

- The righteous stewardship and handling of money is a crucial test of godliness;
- Stewardship is the careful, responsible use, control and management of wealth and possessions by Christians
- Jesus used parables to emphasise accountability and each individual's responsibility – and the apostles continued that emphasis.
  - To be a good steward is an honourable thing;
  - Money must be obtained honestly; by work, trade, investment, inheritance or gift; not by theft, fraud, usury, at the expense of justice, by extortion, by oppression, at the expense of health, or of witness or of spiritual wellbeing.
  - Money must be cared for diligently, including personal money and money held on trust.
  - Money must be used in a God honouring way; for the support of the family, for benefiting the poor, especially God's people, and for the work of God's kingdom.
  - Believers are to be wise stewards of all of their God-given gifts, including the wise use of their material possessions, including:
    - Using it to benefit others
    - Developing or growing it responsibly
    - Sharing their money and possessions, especially amongst Christians

### **Work**

- Work was actually ordained by God as a means of fulfilment and service (balanced by rest) and can bring honour to God
- God has ordained work so that:
  - People can be self supporting
  - Find self fulfilment
  - Serve others
  - Glorify God
- Work is a moral duty;
- Any legitimate work can be seen as God's calling
- Work a stewardship from God himself
- The bible criticises those who don't work by choice.

### **Generosity**

- Believers mimic God's own generosity by material giving, support of God's work, acts of mercy, giving presents
- Christians are commanded to give of their money and material possessions willingly, cheerfully, unostentatiously, regularly, generously – in obedience, gratitude to God and in love for others
- God measures his peoples giving with regard to their capacity to give
- God rewards the giver appropriately; encouraging them to be enterprising in giving, often overwhelming the giver.

Reference: *The Hodder Dictionary of Bible Themes.*