



GUIDELINES
for Leading Your Congregation

FINANCE

*Funding ministries that nurture
persons in their faith*

*Written by Wayne C. Barrett
and Donald WJoiner*

FINANCE

Copyright © 2000 by Cokesbury
All rights reserved.

United Methodist churches and other official United Methodist bodies may reproduce up to 500 words from this publication, provided the following notice appears with the excerpted material: From *Finance: 2001–2004*. Copyright © 2000 by Cokesbury. Used by permission.

Requests for quotations exceeding 500 words should be addressed to Permissions Office, Abingdon Press, P.O. Box 801, 201 Eighth Avenue South, Nashville, TN 37202-0801.

This book is printed on elemental-chlorine-free paper.

ISBN 0-687-03570-8

All scripture quotations unless noted otherwise are taken from the *New Revised Standard Version of the Bible*, copyrighted 1989, Division of Christian Education of the National Council of the Churches of Christ in the United States of America. Used by permission. All rights reserved.

MANUFACTURED IN THE UNITED STATES OF AMERICA

Contents

4/Our Identity, Call, and Mission

6/Job Description

6/What's My Job?

8/Financial Leadership in the Wesleyan Tradition

9/Handbook

9/Functions and Responsibilities of the Committee on Finance

16/Overview of a Year's Work

17/Funding Your Congregation's Ministry

21/Key Roles in Guiding Your Financial Ministry

26/A Few Points to Remember

28/Resources for Managing Your Church's Finances

Wayne Barrett has been Executive Director of the United Methodist Foundation of the West Michigan Foundation since 1982. He has served more than four hundred congregations with programs and consultations in planned giving and stewardship development. As a Certified Financial Planner, Wayne serves as editor of *The Clergy Finance Letter*, the leading personal finance publication for clergy in the United States. In this position he conducts tax, pre-retirement, financial planning, and estate planning seminars across the country. Besides the *Clergy Finance Letter*, he is widely published in magazines and author of three books: *Church Finance Idea Book*, *Clergy Personal Finance*, and *More Money, New Money, Big Money*.

Donald W. Joiner is an ordained clergyperson, a Certified Financial Planner, and a Certified Planned Giving Specialist. He has served churches in Wisconsin, Illinois, and Michigan. He has been with the General Board of Discipleship, Section on Stewardship, The United Methodist Church, since 1985. He is currently Director of the Office of Operations and Fund Development with the General Board of Discipleship. As Director of Fund Development he leads the denomination in understanding fund development, planned giving, and clergy finance. He is a prolific writer and author of *Stewardship: A Rainbow of Possibility*; and *Christians and Money: A Guide To Personal Finance*. He has co-authored *Celebrate Giving*; *Celebrate and Visit*; *Celebrate Together*; and *The Abingdon Guide To Funding Ministry*. In addition he is a contributing writer to *The Interpreter*, *Clergy Finance Letter*, *The Clergy Journal*, *Celebrate Stewardship*, *The Circuit Rider*, and *Christian Ministry*.

Our Identity, Call, and Mission

About now a small voice in the back of your mind may be whispering, “What am I doing here? To what have I said yes? What is my role?” At the same time you may be aware that your congregation has extended to you a *call—a call to serve*. And you have said *yes—yes to leading in a vital mission*.

The mission of The United Methodist Church is to make disciples of Jesus Christ. You have agreed to serve as a leader bringing your unique passions, gifts, and abilities to the church. When the leaders focus on the church’s purpose—*its mission of making disciples of Jesus Christ*—and link that purpose to the passions of the people, amazing things can happen.

The fundamental way we fulfill our mission is to reach out to people in the name of Jesus Christ, to relate people to God, to nurture and strengthen them in their journey of discipleship, and to send them into the world to be the church—inviting and receiving others in the name of Jesus Christ. We call this the primary task of The United Methodist Church. Effective leaders keep the whole of the primary task in their sight, working to keep all of its aspects in concert.

Leaders in the church must be first, and foremost, spiritual leaders who model and embrace Christian discipline and teaching. *By practicing the means of grace—prayer, fasting, studying Scripture, corporate worship, celebration of the Lord’s Supper, Christian conversation, and acts of mercy—church leaders stay tuned to the mission of the church and live out the primary task.* Members and would-be members should be able to look to a congregation’s leaders for spiritual example and direction because true leaders are known by their fruits. People’s lives are changed through their influence.

Leaders use their gifts and talents to enable others to use their gifts and talents to the fullest potential. The flow of information, inspiration, guidance, and vision from leaders is an encouragement to others on their spiritual journey. Leaders help others to see new possibilities. When leaders are focused on the mission of the church, community is built and ministry occurs. The church focused on God is alive with creative energy aimed at transformation.

Four Essential Leadership Functions

Church leaders support and strengthen the church when they pay attention to these leadership functions: (1) help people discover the current

reality in which they live; (2) bring together the congregation's understandings of current reality and desired reality into a shared vision; (3) develop the plans to help the community move from current reality toward the reality of its shared vision; and finally, (4) monitor the whole work of the church as the congregation moves with God's guidance toward its vision.

1. Discovering Current Reality

Accurately describing current reality—the way things are—may be the most important function of leadership. The booklets in this Guideline series offer suggestions for leaders to pay attention to the various committees of the church's ministry. In addition, it is critical for church leaders—lay and clergy—to spend time together discussing the ministry of the whole congregation. The conversation needs to include attentiveness to God's guidance and everything that describes a congregation's "what we are, here and now." Because God is always doing a new thing, this job is continuous. When we pay attention to change, we provide a base of integrity and strength from which to move into the future. Faith in Jesus Christ and a spiritual centering in God offers the strongest foundation to move people fearlessly through the massive changes of the twenty-first century.

2. Naming Shared Vision

Ask the question, "What do you want more than anything else in the world?" and most persons will give a response that indicates that they want to live in a world filled with love, faith, security, and meaning. Because persons desire a positive future, they are willing to invest themselves in organizations that are committed to it. By its very nature, the church is devoted to the creation of a better future. When the church promises to move people personally and corporately toward their desired reality, people will invest time, energy, and resources into the church. As people see their own desires linked to the congregational vision and a deeper understanding of God's future, they deepen their commitment and involvement. Building this link is a vital role of leadership.

Naming a shared vision is accomplished by asking people about their lives and their faith, and by listening very carefully. By listening, we mean deep listening—the kind that requires setting aside our own agendas and entering into the worldviews of others, and listening for God through the conversation. It is a significant shift in our understanding of leadership in the church to move from telling people what we think they need to know to listening to people in order to find out who they are and what their desired realities are. Effective spiritual leaders listen to the hearts of people and begin to articulate a shared vision.

3. Developing Bridges

To span the gulf between our current reality and the hope expressed in the shared vision, leaders must build a bridge. The third critical function of leadership is to plan actions and develop systems that create the bridge across this gulf. Leaders who are elected to administrative and program committees are responsible for the ongoing work of the church and must pay attention to the present. At the same time, leaders *must* be focused on the future—keeping today and tomorrow in tension—ensuring that the church does not get stuck in the past, present, or future.

Church leaders who are attentive to God’s leading and who can hold the tension between today and tomorrow are *visionary leaders*. Visionary leaders see it all—current reality, desired reality, and the bridges to get from one to the other.

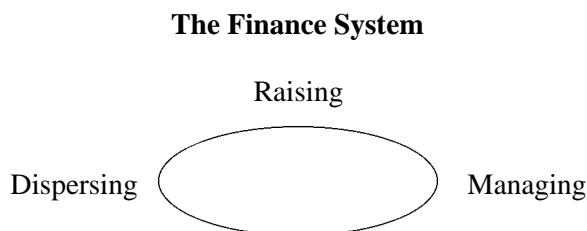
4. Monitoring the Journey

Perhaps the most critical task for leaders is keeping an eye on the whole of the faith journey of the congregation. When leaders are constantly caught up in “doing” the administrative and program work of the church, there is not any time left for “being” with God in prayer to discern the leading of the Spirit for the congregation. Leaders must step back from “doing” constant activities in order to pay attention to the total direction of the church’s mission and ministry. All elected and appointed leaders must spend time together listening to God in prayer, Bible study, conversation, and other means of grace in order to lead the entire community in the work of Christ. Anything less is not Christian spiritual leadership.

Job Description

What’s My Job?

The job of the Committee on Finance is to identify, perfect, and manage the finance system for the congregation. The finance system is the processes of raising, managing, and dispersing the finances so that the mission and vision of the congregation can be achieved.



Your job as chair of the Committee on Finance is to assure that these financial processes are completed. Meet with the former chair of the Committee on Finance, the pastor, the lay leader, and the chair of the church council to get their understanding of this financial system.

While local needs will determine how often your committee meets, schedule meetings for the entire year. Inform each member of meeting dates. The importance of meeting on a regular basis cannot be emphasized enough. Whatever the size of your congregation, your committee needs to meet regularly to be fully aware of the financial condition of your church, to manage the funds that are received, and to plan for adequate funding for the church's mission.

At your committee's first meeting of the year:

1. Review these Guidelines.
2. Study the mission/vision of your church and determine how your work will assist the church in the accomplishment of this mission/vision.
3. Have the committee identify goals for the year. These goals might include:
 - when and how you will develop the annual budget
 - when and how to conduct the annual fund campaign
 - when and how the treasurer and financial secretary should report
 - how much of the annual income should be reached by the end of each quarter
 - what will be done about any short-fall in expected income
 - when will the annual audit be completed and by whom
4. Report to the church council or board. The committee should meet far enough in advance of each regular session of the church council or board to enable it to develop a complete report on the financial status of the church.
5. Develop a plan for the year's work, including a schedule of future meetings.

Although your job is to call the meetings of this committee, to set the agenda, and to run the meetings, as well as to see the overall picture of the financial process as described in this Guideline, you will also want to care for the spiritual formation of those who are part of your committee.

Financial Leadership in the Wesleyan Tradition

The task of providing leadership for the financial ministry of the congregation has been recognized for more than 250 years of United Methodist history. John Wesley established key leaders within each congregation, the *stewards*, who were responsible for seeing that the ministry would have financial support. It was a great honor and an awesome responsibility to be designated a steward.

From the earliest days of our church's history, stewards recognized the profound *spiritual* nature of giving within the life of the congregation. While enormous demographic changes have occurred over the centuries, the fact that giving reflects a spiritual commitment to Jesus Christ is as true today as it was in the eighteenth century. The ministry of finance in a United Methodist congregation will be influenced, more than anything else, by our success in demonstrating the spiritual connection between the *offering* and the ministry it enables. To be called into the financial ministry of the Church is to do holy work.

*A critical component of this ministry is recognition of the historic differences between Christian stewardship and **funding ministry**.* Funding ministry, often called "fund-raising," consists of the varied tasks associated with gathering funds to enable ministry to take place. Underlying and supporting these tasks, however, is the conceptual discipline of stewardship. In our tradition, we understand ourselves as stewards who respond to our giftedness. It is this balance between the "what" (fund-raising) and the "why" (stewardship) that is the genius of Wesleyan financial leadership.

Whether our task is soliciting, allocating, managing, or dispersing the funds for ministry, finance leaders act as extensions of the stewardship of God's people.

Membership of the Committee on Finance

As a member of the committee on finance you are part of a team. At its best the team functions in such a way that the whole becomes greater than the sum of the parts. This is not only because of the way the finance committee draws its strength from its broad representation, but also because of its fundamental commitment to corporate stewardship.

The Book of Discipline of The United Methodist Church provides for the Committee on Finance to be made up of persons who, by virtue of other leadership responsibilities, link the committee to other areas of congregational life, as well as several persons who are nominated in recognition of their commitment and witness of personal stewardship. *The Discipline* calls for the following members of the committee:

- Chairperson
- Pastor(s)
- Lay member of the annual conference (one)
- Chairperson of the church council/board
- Chairperson or representative of pastor(staff)-parish relations committee
- Representative of the trustees (selected by the trustees)
- Chairperson of the ministry group on stewardship
- Lay leader
- Financial secretary
- Treasurer
- Church business administrator
- Others as determined by the charge conference

With the exception of the pastor, when paid employees serve on the committee on finance, such as financial secretary, treasurer, or business administrator, they serve without vote.

Handbook

Functions and Responsibilities of the Committee on Finance

1. Providing Financial Direction

Responsibility for the financial health of a congregation is an awesome task. The congregation looks to you to provide for the underwriting of the ministry of their church. In providing “direction” you are demonstrating, by word and action, that someone is in control, that there is a plan, and that faithful stewards are leading the congregation’s finances.

It is vital that you and your committee have a sense of direction, a plan to move the congregation’s financial stewardship, and the ability to monitor the on-going finances of the church. You may need to delegate some of the committee’s responsibilities both to particular committee members and to key leaders beyond the Committee on Finance.

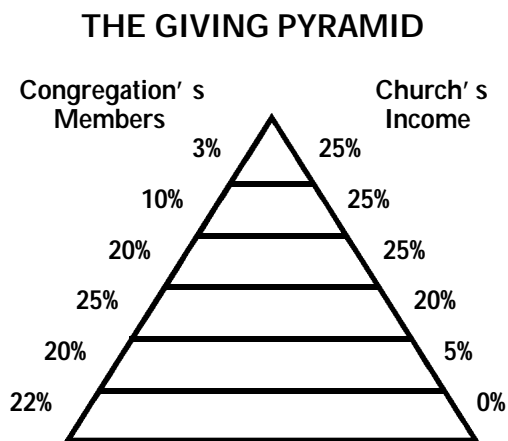
2. Providing for the Annual Funding Program

Although the funding ministry of your congregation is a year-round responsibility, most congregations need a particular time of the year when financial commitments are particularly encouraged. Even as you begin a new calendar year it is not too early to be intentional about the design and leadership of this year's program. (Indeed, as more and more congregations move to spring commitment programs, January may be too late to begin this planning.)

As with any other component of the church's ministry, it is good to begin the strategizing by identifying the immediate need. In terms of funding campaigns, there are two generic goals to be considered:

- a) Increasing the number of commitments received (expanding the financial base)
- b) Increasing the amount committed by those people comprising the financial base (an "upgrade" campaign). In the cycle of every congregation's life there will be a time when each of these particular goals must be addressed.

Consider the "Giving Pyramid." This exhibit shows that three-quarters of the congregation's income can be expected to come from no more than 33 percent of the membership. If your congregation's giving varies much from these norms without an obvious explanation (yours is a new church, for example), you may wish to remedy the discrepancy with this year's funding program.



Sample Campaign Timeline

Pre-campaign	Recruit leadership
Week One	Meet to establish timeline and theme, and to assign responsibilities
Week Two	Announce campaign to congregation
Week Three	Meet to touch base and review progress
Week Four	Prepare letters and campaign materials
Week Five	Begin mailings; lay speakers begin presentations during worship
Week Six	Continue worship presentations; committee meets
Week Seven	Call or visit each family; lay speakers continue
Week Eight	Organize Commitment Sunday service
Week Nine	Follow up, thank-yous to all who responded, calls to those not responding

See the section of this manual on “The Annual Funding Program” for more specific direction for this year’s campaign.

3. Providing the Program Budget

Perhaps the most significant management tool that the Committee on Finance will use is the Program Budget. Creating and administering a fully-funded program budget is one of the fundamental tasks of the committee. Let’s examine budgeting from a church perspective.

What is a Budget Anyway?

A church program budget is a management tool that assists our role in providing financial direction for the congregation. The budget becomes an expression of who we are as a congregation and what we are about in our mutual ministry.

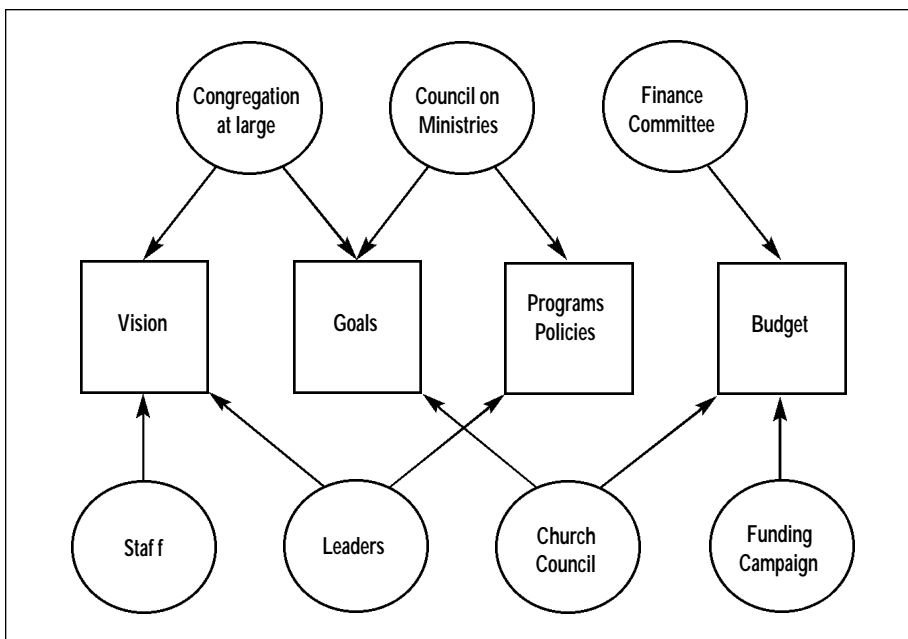
ABCs of Church Budgeting

Start with the congregation’s vision of ministry. Do you have a mission statement? If so, that is the basis the budgeting process must proceed from. If the congregation has no such statement, look for direction from the

church council. Until you have such a statement, your budget will be little more than financial “guesses.”

Invite broad-based input into the process of creating the congregation’s vision and its goals. Goals take the concepts expressed in the vision statement and express them in a more definite form.

Healthy congregations invite input into this process from the widest possible sources. This can afford heightened “ownership” of the program and increased commitment to its support. The diagram below highlights the way groups and individuals are provided with access to the budgetary process.



Early in the process it is desirable to invite the program work areas to submit their funding requests. Ask for a narrative description of each spending category so that there should be no misunderstanding regarding the purposes for the funding being requested.

The Budget Must Be an Internal Document Until the Pledges Are In.

In spite of the popular practice of sending out copies of a proposed budget as a promotional piece during the commitment campaign, the budget is merely an internal document thus far. *Prematurely distributing a budget that is not yet funded invites misunderstanding, confusion, and potential disaster.*

After the financial commitments have been received, it is time to create the line-item budget. Begin with the expected income. In addition to the pledge there is likely to be income from non-pledging donors, interest income, rentals, and fees. Based upon the anticipated income you can begin to build the program budget.

4. Providing Financial Communications

Keeping the channels of communication open can do a great deal to improve the financial environment of the congregation. As in all communication, the best type is *two-way* communication. In all you do, strive for a combination of sharing *and* inviting information. Consider the following media for communicating your message:

A. *The Worship Bulletin.* Probably no other medium offers the same level of regular, timely feedback as the weekly worship bulletin. This tool alone offers fifty-two chances to share important information. Be creative! Show more than the numbers.

B. *Offertory Sentences and Announcements.* The time of the offering can be a splendid time for reinforcement of the act of giving. Report on current budgetary progress as the offering is about to be received.

C. *Church Newsletter.* Make your communication *news*. Numbers and tables seldom communicate to the rank and file. Describe your efforts to deal with whatever your financial reality may be. Say thank you a lot. It really helps!

D. *Giving Statements.* This may be the most useful and flexible vehicle for reinforcing, encouraging, and inviting increased giving. See *More Money, New Money, Big Money*, by Wayne Barrett (Discipleship Resources), for more on the creative use of giving statements.

E. *Treasurer's Report.* Probably no document represents more effort to create and less to appreciate or understand by the rank and file. Strive to include at least one narrative paragraph highlighting efforts to deal with financial issues—good or bad. Even when the current environment is poor, beware of placing too much emphasis upon negative factors. A steady stream of negativity from the treasurer's report results in a treasurer's report that nobody will read.

F. *The Finance Chairperson's Report.* A common mistake is to allow the treasurer's report to be the only report. The Finance Chair's perspective can provide the context for hope and confidence. Remember that the con-

gregation looks to you for assurance that, whatever the financial situation, someone is looking out for the congregation.

G. Tell Results of Giving. Many congregations do a better job reporting how much is given than reporting the good things the giving enabled in the first place. Because most of us are not accountants, the figures are seldom as useful as a narrative relating the outcomes enabled by the offering. Look for ways to tell the stories behind the numbers. Tell about the lives that will be enriched by the project.

5. Providing for Financial Reports and Substantiation

The congregation looks to the committee on finance for reports, or signals, about the financial health of the church. It is vital that accurate records be maintained so that adequate reports can be prepared. A financial report should be prepared for each meeting of the church council or board. Whether this report is produced by the treasurer, the chair of the committee, or both, it should present both a current month and a year-to-date picture of financial activity.

Develop a system that will enable you to track the flow of all giving to the church from the time the gift is given until the funds are remitted for their intended purpose. See the section of these Guidelines describing the roles of the financial secretary and treasurer.

A critical role under current IRS regulations is providing donors with adequate substantiation of charitable gifts. *The Revenue Reconciliation Act of 1993 requires a more specific type of receipting than ever before.*

Substantiation Rules

Donors who make a contribution of \$250 or more must have a “contemporaneous written acknowledgment from the donee organization.” This written document should include the church’s name (perhaps on letterhead) and provide the following data:

1. The name of the donor.
2. A total of all contributions for the year.
3. A listing of each individual contribution of \$250 or more. (You are not required to aggregate smaller contributions that total \$250 to trigger this requirement.)
4. A statement that no goods or services were provided to the donor in exchange for the contribution. (An exception, of course, is the “intangible religious benefits” provided by the church’s ministry.)
5. A description of any non-cash property contributed.

This written acknowledgment must be provided to the donor prior to the date the donor's tax return is filed on or prior to the due date for filing, whichever is earlier.

6. Building Philanthropists

Throughout the history of our church and nation a relatively small number of persons have distinguished themselves through their extraordinary philanthropic contributions. Where do such persons come from? They are developed, nurtured, and grown in congregations all across the Church. How? *Consider these specific steps to grow your own crop of philanthropic Christians.*

A. Assume the best rather than the worst. Perhaps the fundamental factor in nurturing persons who see themselves as capable of outstanding generosity is the simple invitation to give. Few significant gifts occur spontaneously; most require an invitation or request. *The church that learns to invite its members to grow in their giving will begin to witness the very growth it asks for.*

B. Assist members in planning their own finances. In an era where more than a million families declare personal bankruptcy annually, the typical family spends 107 percent of its income, and few families have any formal financial plan, *you can go a long way in creating philanthropists by providing regular personal financial assistance.* Do not be afraid to start with young adults and families with limited discretionary income. These are the times when habits are formed. Persons who have been nurtured into the practice of stewardship early in their lives are much more likely to raise their giving further when their finances enable it.

C. Recognize that all gifts do not have to be current gifts. The time in life when most persons are capable of their most significant giving is *after life*. Giving through one's estate continues to be the best way for ordinary persons to become philanthropic. When funds are no longer needed for the ordinary expenses of life we all achieve a substantially higher giving potential. Congregations that learn to be patient are often rewarded with extraordinary bequests. (Congregations that act as if the only welcome gift must be placed in the Sunday offering plate seldom receive significant bequests.)

D. Provide the infrastructure for donors to receive the assistance they may require in planning their contributions. Planned giving often requires the assistance of a development professional or an estate planner. If your conference enjoys the services of a Foundation or Development office, learn to make their services available to your members. These Foundation directors are not your competition. They are part of your team.

E. Offer recognition when significant gifts are received, particularly from estates. Persons who have been reminded of acts of philanthropy are much more likely to practice the discipline themselves.

F. Practice the AFI method. ASK FOR IT! No one knows how many wonderful gifts are never completed simply because no one took the necessary catalytic step of asking. Do not allow your philanthropists to remain *potential* philanthropists. ASK!

Overview of a Year's Work

A typical schedule may include meeting a minimum of once a quarter. Such a schedule might be:

January—March

1. Organize and set goals for the year.
2. Finalize the budget for monthly income and expenditures.
3. Evaluate the past year's process of raising and managing the church's finances. Make preliminary plans for the next campaign.
4. Review the current year's commitments (pledges). Project your cash flow for the year, month-by-month, from all sources of income.
5. Make plans for any month where expected income will be less than expected expenditures.
6. Set guidelines and policies for the spending of the budget and paying of bills.
7. Mail year-end statements to arrive no later than January 30.

April—June

1. Evaluate the first quarter's receipt of income and budget expenditures. Determine what steps, if any, are needed to respond to the current cash-flow situation.
2. Send out the first quarter's statement of giving.
3. Begin setting up the task force for the current year's annual campaign.
4. Discuss other ways your church can increase giving.
5. Anticipate. Does your church usually have low income during the summer? What can you do to reduce the summer slump?
6. Invite the board to begin the program-planning process.

July—September

1. Evaluate the second quarter's receipt of income and budget expenditures. What steps need to be taken?
2. Send out the second quarter's statement of giving along with a letter to the congregation explaining the church's financial situation. Tell a story about the church's ministry along with the financial story.

3. Hear a report from the task force on the annual funding campaign. What progress has been made, and what are the final plans?
4. With the trustees, or the Endowment/Permanent Fund Committee, evaluate your church's will-and-bequest program.
5. Order envelopes from Cokesbury.
6. Begin the budget-building process for next year's budget.

October—December

1. Evaluate the third quarter's income and expenditures. What needs to be done to assure that all obligations will be paid by year-end?
2. Send out the third quarter's statement of giving, with a letter to the congregation explaining the church's financial situation. Include information or stories about the church's ministry and mission.
3. Hear a report of the final plans for the annual campaign.
4. Plan the year-end giving process. Members are seeking places to make gifts at the end of the year. How will you encourage members to give to and through the church at year-end?
5. Finalize the budget for campaign purposes.
6. Recruit an audit committee to audit all financial records of the church and make recommendations.

Funding Your Congregation's Ministry

1. The Annual Funding Program

While funding your ministry is, of course, a year-round enterprise, a special effort to encourage financial commitment is absolutely critical. A congregation that fails to encourage its members regularly and systematically to commit their resources is a congregation on the way to extinction. *Members whose giving is backed by a fundamental commitment are documented to give at dramatically higher levels.* In short, you can not afford to go even one more year without a well-planned program for funding.

Please do not wait until fall to begin the planning for your commitment campaign. You will have better results by recruiting the best leadership if you begin early. Furthermore, it is human nature to be more objective and enthusiastic if your planning can be done before the plans must immediately be implemented. Churches often begin the process with high resolve only to jettison virtually the entire enterprise because there is not time to do it right. Plan on selecting your funding campaign strategy at least ninety days before implementation. If outside leadership must be secured or materials need to be ordered, even more preparatory time may be required.

As you consider a campaign model, recognize that there are only two generic strategies for increasing giving:

A) *Base Expansion Campaigns* are oriented toward increasing the *number of pledging units*.

B) *Upgrade Campaigns* are oriented toward increasing the *amount pledged by current donors*.

Nearly every congregation needs to do *each* of these campaigns from time to time. You need to understand which goal you are targeting at any given time. Only when you have an understanding regarding the purpose of your campaigning can you select a campaign type that has the potential to produce the desired results. Below is a chart that shows the target projection or the outcome for eight common generic campaign models.

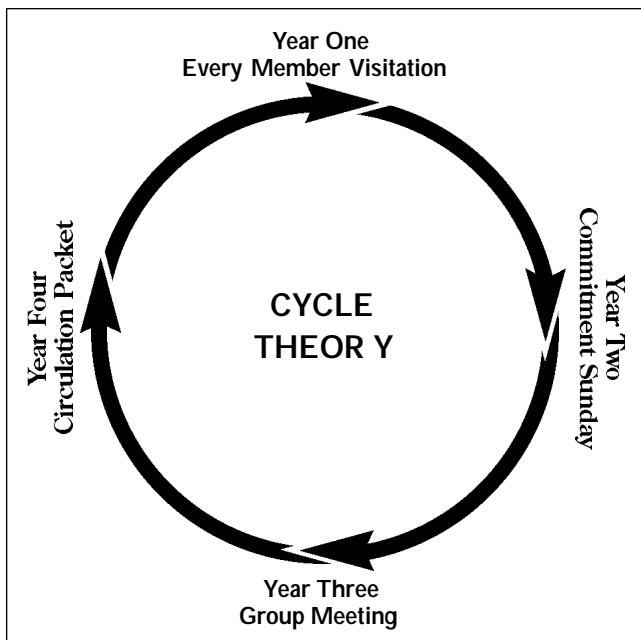
Base Expansion

“Saddlebag” Campaigns
Every Member Visitation
Cluster Groups
Telephone

Upgrade

Loyalty Sunday Campaigns
Targeted Visitation
Mail Campaigns
Dinners

The “Cycle Theory” diagram below illustrates how a variety of strategies may be implemented over a period of years to produce superior results.



See the Resources section at the end of these Guidelines for resource materials for your use.

2. Encouraging Giving Beyond the Budget

Giving that is generated by and through the operating budget should be understood as the foundational level of congregational giving, not as the limit of it. Indeed, giving beyond or “on top of” the budget can be the fastest growing component of your church’s finances. Let’s examine how you can prompt the giving to new levels beyond what is budgeted.

A coordinated budget should include ministries that the entire congregation ought to fund, including administrative costs—utilities, pastoral support, building operations, maintenance, and items that have no obvious core constituency for support. Anything else could be separated out of the unified budget and isolated for support by a smaller constituency whose designated gifts will provide funding. (Make sure that designated giving does not erode the undesignated budgetary base.)

This kind of extra giving can finance benevolence, capital additions, and acquisitions, as well as specific programmatic ministries. Before abandoning an item as unaffordable, churches should try to find individuals, or one person, whose interest in the project stimulates support.

The modern world loves, even demands, choices. A critical issue in many of our churches is the degree to which financial leaders are out of touch with this phenomenon. Often older leaders act as if this new attitude toward choice can be ignored or even repealed. They explain financial shortages as a “lack of loyalty” on the part of the younger generation. Such loyalty (if it ever existed) is, in general, in short supply today.

*In today’s world, our members are demanding **designated giving**.* Our only choice lies in how we will manage these opportunities. Let’s examine how congregations accommodate designated “second-mile” giving without losing operating income or enthusiasm.

A healthy environment for designated giving involves the enforcement of two principles. The first is this: It is OK to ask. Many financial leaders are reluctant to ask for second-mile giving. Sometimes they misunderstand what donors are thinking. Some plan their charitable giving months in advance. These careful givers often find themselves nominated to the finance committee. Because they dislike surprises and special offerings, they may conclude that everyone else feels the same. In fact, most people do not plan their giving months at a time, and they are willing to give more at another time. All we need to do is ask them.

It is not only OK to ask for support for designated second-mile projects, but it is *necessary* to do so. When Yogi Berra, the master of the malapropos, was about to retire, the Yankees held a special celebration for him. After being showered with gifts and applause, Yogi addressed the crowd: “I want to thank you all for making this day necessary.” Necessary? In today’s charitable-giving environment, asking for second-mile giving is necessary, because our people require it and because it shows authentic leadership.

The second principle of designated giving is: It is OK to say no. Charitable giving, especially at the second-mile level, is a voluntary act. If parishioners do not feel comfortable declining a request, they will protect themselves by limiting the number of special offerings or even prohibiting them.

When a donor feels free to say “no, thank you,” the second-mile fund-raising process becomes less threatening. It also requires us to play fair in our fund-raising efforts and not resort to high-pressure tactics, guilt trips, or manipulative behavior. In the long run the escape option of saying no creates the best environment of giving—open, project-centered, and participative.

3. Encouraging Planned Giving

Perhaps the greatest source of potential increased giving is in the category called *planned giving*. Planned giving may be seen like the opposite of the weekly offering. While the Sunday offering is typically contributed out of donor *income*, planned giving is most often contributed out of donor *assets*. Because donor assets regularly constitute a pool that greatly exceeds the income of the donor (often 100 times the current income of the donor) the potential for giving is, similarly, much increased.

As congregations age, planned giving can offer a convenient and satisfying vehicle for aging donors to express their stewardship. Congregations wishing to maximize their financial resources while assisting donors in expanding their giving potential, are encouraged to promote planned giving. Not only will you be providing a valuable option for your members, but you will be positioning the congregation to receive unprecedented levels of gifts.

Congregations are urged to contact your conference or area United Methodist Foundation for assistance in implementing your planned giving program. An excellent *Planned Giving Manual* is available, as well as consultation. If your conference is not served by a United Methodist Foundation, you may write the Planned Giving Resource Center of the General Board of Discipleship, P. O. Box 340003, Nashville, TN 37203-0003, telephone: (615) 340-7080.

An excellent resource for churches to use in establishing a planned giving program or enhancing an existing program is *Achieving Dreams Beyond the Budget*, a planned-giving manual for congregations (\$24.95). This manual, presented in loose-leaf form, describes how to encourage “second pocket” giving, attract bequests and life-income gifts, and manage church funds creatively. Obtain from Planned Giving Resource Center of the General Board of Discipleship, P. O. Box 340003, Nashville, TN 37203-0003, telephone: (615) 340-7080.

Key Roles in Guiding Your Financial Ministry

1. The Role of the Financial Secretary

The office of the financial secretary is one of the most important and sensitive of the offices in the church. You were elected to this position by the Charge Conference by nomination of the Committee on Nominations and Personnel. Your role is more than a keeper of the records. The information you gather is important to the contributor for personal and tax reasons. That information is important to the administration of the church for planning purposes. It is important to the pastoral staff as they minister to each member and friend of the church.

You cannot be the treasurer or related to the treasurer. The Committee on Finance will appoint at least two persons, not of the same household, to assist you, especially in counting and depositing funds. These persons cannot be related either to you or to the treasurer. All persons who handle funds in your church must be bonded.

Receiving Funds

As financial secretary, you will receive, record, and deposit all funds received by your church. Records of all deposits are to be submitted to the treasurer. A total of the funds that you record will correspond with the totals indicated in the records of the treasurer. Check your records with those of the treasurer at least once a quarter.

Work with the Committee on Finance, or the audit committee, to develop policies and procedures for handling all funds.

Record Keeping

You will keep two kinds of records: (1) records of moneys received and conveyed to the treasurer; and (2) records of all funds received from individuals and groups. A variety of prepared forms are available from Cokesbury to make your task both simple and accurate. Some churches

design their own forms and have them printed to fit their specific needs. Post individual records directly from the figure appearing on the envelope or check. Keep the records current! All records for each contributor shall be kept on separate forms. There is nothing sacred, in itself, of the records you keep. That information should be available to the pastor, the Committee on Finance, and other church leaders (as determined by the church council or board) to administer the church and to minister to those people who are associated with the church.

Offering Envelopes

Offering envelopes have long since proved their value and are used by many congregations. They provide privacy to the contributor, a dated reminder to encourage regularity in giving, a basis for posting contributions to individual records, and a record for reference when a question arises about individual contributions.

As soon as the annual funding campaign has been completed, confirm the amount of each pledge in writing, the period over which it is to be paid (weekly, monthly, annually), and the beginning date of the pledge. Send envelopes (or send a monthly mailing of envelopes) to all giving units asking that they record their envelope number and put their name on the envelope for the first couple of weeks to assist in the accuracy of your records. (A resource you will want to have is the *Local Church Financial Record Systems Handbook*, published each quadrennium by The United Methodist Publishing House.)

2. The Role of the Treasurer

As treasurer of the church you have the unique responsibility of carrying out most of the financial decisions made by the Committee on Finance. Along with the normal duties expected of a treasurer in handling funds and keeping accurate records, the *Discipline* indicates that your responsibilities are to:

- ***keep accurate and detailed records.*** Columns and items in your records should correspond to those listed in the budget adopted by the church council or board.
- ***disburse funds to the causes for which they have been contributed.*** This is a simple matter of keeping trust with contributors. If funds are given for benevolent causes they shall not be used to pay current expenses or other items in the budget. Funds received for nonbudgeted purposes shall be expended only for the causes given.
- ***make monthly remittances to the conference treasurer.***
- ***be certain reserve, or escrow, funds are not to be used for current expenses.***

Relationships

As treasurer of the church you will be working with a number of persons and groups within and outside the church to make your job more effective—and enjoyable. As treasurer you will:

- be a member of the charge conference, the church council or board, and the committee on finance.
- work with the financial secretary. You will receive from the financial secretary a voucher and deposit slip indicating the amounts deposited, along with the statement recording the sources of all funds received and the purposes for which they were given.
- work with the chairperson of the Committee on Finance. Any questions about policies or procedures in handling funds should be cleared with the chairperson of the committee on finance. You will provide a regular report to the chairperson. Such reports become the basis of the regular report from the Committee on Finance to the church council or board.
- work with the treasurer of the annual conference. Immediately after election as treasurer of your church, correspond with the conference treasurer to clarify your responsibility in transmitting funds to the annual conference.
- work with your pastor, who is responsible for all phases of the work of the local church.

Make yourself aware of all the responsibilities you have to different governmental units. You can obtain a copy of the employer's tax guide from the Internal Revenue Service to assist you in federal tax matters. Federal taxes and Social Security (FICA) are to be withheld and paid on all employees except your pastor(s). The federal tax guide will explain procedures for withholding taxes and filing Form W-2 on all employees. If state taxes are to be withheld from employees' wages, be certain that you have the proper information and follow the recommended procedures.

Managing Funds

The way you manage the funds within your care will either build up or tear down the trust of those who give through the church. You symbolize the financial management system of the church. Careful record keeping, investment of unused funds, and timely payment of special funds collected for specific purposes will encourage persons to trust the church by giving more. Work with the Committee on Finance to establish procedures for paying bills (which bills to pay in what order), investing "idle" funds, and payment of special offerings.

Reporting

Regular reporting of all receipts and disbursements that flow through your books in an accurate and easily interpreted way is one of the most important responsibilities of the treasurer. This reporting includes budgeted and non-budgeted funds. You report to the Committee on Finance and if requested to the church council or board.

3. The Role of the Church Business Administrator

Expanding responsibilities for administration, as well as increasing State and Federal regulations, are creating a need for additional staff to handle the business affairs of the church. The work of a church business administrator allows the staff of the church to spend more time on pastoral and spiritual duties.

There is a growing pool of persons who have identified church business administration as a calling. These persons have a grasp of tools learned over a number of years in management. The United Methodist Church, through the United Methodist Association of Church Business Administrators of the General Council on Finance and Administration, works with these persons in a certification of their ministry.

The job description and employment policies related to this position should be developed by the committee on pastor-parish relations and approved by the church council. It is also the responsibility of these committees to recommend persons for employment to the church council.

The church business administrator functions as part of the total church staff and is usually responsible directly to the senior pastor.

Churches interested in learning about the role of the church business administrator should contact the United Methodist Association of Church Business Administrators, General Council on Finance and Administration, 1200 Davis Street, Evanston, IL 60201.

4. The Role of the Annual Audit

Responsibility for the annual audit of all financial records is assigned by *The Book of Discipline* to the Committee on Finance. An audit is the best way for a local church to protect those persons elected to offices of financial responsibility from unwarranted charges of carelessness or improper handling of funds. It is not a symbol of distrust to have an annual audit; it is a symbol of support for their work.

What Is an Annual Audit?

An audit is an examination of all financial records to assure the church that all records are accurate. An annual audit assures that any errors will be corrected before they become too complicated. An audit assists those who are responsible for financial record keeping to discover new and better ways of doing their work.

An audit also evaluates the system for handling funds and keeping records and suggests ways to improve that system. Once a system of policies and procedures for handling and recording funds has been developed, the audit committee monitors the system to make sure it is what works best for your church.

When Should an Audit be Made?

Normally the audit is made annually within one month after the close of the fiscal year or as soon as the financial records can be assembled. When there is a change of persons keeping these records, there should be an audit.

Who Conducts the Audit?

An audit committee shall be appointed by the Committee on Finance. This committee is made up of individuals who are not related to any person who keeps any of the financial records for the church. Some churches hire professional accountants for this purpose. If your church has members who are certified public accountants, bankers, or skilled bookkeepers, they should be approached to be on this committee.

Who Is the Audit Reported To?

The Discipline requires that a report of the audit be made to the charge conference. Your annual conference may provide additional guidelines and requirements with regard to the annual audit.

How Are Financial Records Preserved?

Preserve the records of the financial secretary, treasurer, and the annual audit in a safe place for at least five years. These records should be kept in a place outside the church building (such as a bank safe deposit box) for safekeeping. All invoices, vouchers, and canceled checks are to be stored for a similar period; they may be kept at the church in a safe, dry place. Each year the oldest set of records should be destroyed under the direction of the Committee on Finance.

A Few Points to Remember

This is not intended as a summary, but rather to lift up some points you will not want to forget. The page on which the statement appears in this booklet is included.

- Although your job is to call meetings of this committee, to set the agenda, and to run the meetings, as well as to see the overall picture of the financial process as described in this Guideline, you will also want to care for the spiritual formation of those who are part of your committee (Page 7).
- Responsibility for the financial health of a congregation is an awesome task. The congregation looks to you to provide for the underwriting of the ministry of their church. In providing “direction” you are demonstrating, by word and action, that someone is in control, that there is a plan, and that faithful stewards are leading the congregation’s finances (Page 9).
- *Start with the congregation’s vision of ministry.* Do you have a mission statement? If so, that is the basis from which the budgeting process must proceed. If the congregation has no such statement, look for direction from the church council. Until you have such a statement, your budget will be little more than financial “guesses” (Pages 11-12).
- Early in the process it is desirable to invite the program work areas to submit their funding requests. Ask for a narrative description of each spending category so that there will be no misunderstanding regarding the purposes for the funding being requested (Page 12).
- In spite of the popular practice of sending out copies of a proposed budget as a promotional piece during the commitment campaign, the budget is merely an internal document thus far. *Prematurely distributing a budget that is not yet funded invites misunderstanding, confusion, and potential disaster* (Page 12).

- **Tell Results of Giving.** Many congregations do a better job of reporting how much is given than reporting the good things the giving enabled in the first place. Because most of us are not accountants, the figures are seldom as useful as a narrative relating the outcomes enabled by the offering. Look for ways to tell the stories behind the numbers. Tell about the lives that will be enriched by the project (Page 14).

- **The Role of the Annual Audit:** Responsibility for the annual audit of all financial records is assigned by *The Book of Discipline* to the Committee on Finance. An audit is the best way for a local church to protect those persons it elects to offices of financial responsibility from unwarranted charges of carelessness or improper handling of funds. It is not a symbol of distrust to have an annual audit; it is a symbol of support for their work (Page 24).

Resources

Resources for Managing Your Church's Finances

Funding Campaigns

Sharing God's Gifts (United Methodist Communications). The materials in the kit draw from United Methodism's history and tradition to support God's claim on our money made real through local and worldwide giving that supports the church's four areas of ministry: nurture, education, outreach and administration.

Off and Running (Abingdon Press; available from Cokesbury). This is a creative and different plan to gain commitment for funding the ministry of the local church by passing packets from house-to-house.

Step By Step, by Kermit L. Braswell (Abingdon Press). This is a complete program for increasing funds in the small membership church. This comprehensive guide takes church leaders from building a budget to securing the commitments.

Discipleship Resources and the Office of Stewardship of the General Board of Discipleship are in the process of creating many new funding programs for your church. Write to the Office of Stewardship for further information and programs ideas.

Books

The Abingdon Guide to Funding Ministry (3 volumes), by Donald W. Joiner & Norma Wimberly (Abingdon Press). A collection of the finest writings by individual writers across denomination lines. This guide is a complete reference book on funding ministry.

Don't Shoot the Horse ('Til You Know How to Drive the Tractor), by Herbert Mather (Discipleship Resources). If your church is looking for a way to change what is not working, this book will help you move from annual fund raising to a life of giving for your church.

The Book of Discipline of The United Methodist Church, 2000 (The United Methodist Publishing House; available from Cokesbury).

The Church Finance Idea Book, by Wayne Barrett (Discipleship Resources). An encyclopedia of ideas about raising and managing funds in the local congregation.

More Money, New Money, Big Money, by Wayne C. Barrett (Discipleship Resources). Helping local congregations discover and tap significant sources of new funding possibilities is the goal of this hot new book.

Christians and Money: A Guide to Personal Finance, by Donald W. Joiner (Discipleship Resources). A resource to help Christians explore the relationship of money to their faith. Includes specific plans to build an effective Christian financial plan.

Guidelines for Leading Your Church: 2001–2004 (Abingdon Press). A set of twenty-six booklets (including this booklet) providing guidance for those persons responsible for the administration and program of the local church.

Letters for All Seasons, by Herbert Mather (Office of Stewardship, General Board of Discipleship). This book provides sample letters for finance campaigns, monthly communications, and other times when the Committee on Finance communicates with contributors.

Revolutionizing Stewardship for the Twenty-first Century, by Dan Dick (Discipleship Resources). This book provides a vision for those churches who are ready to give up the past and push into a new vision of funding ministry.

Holy Smoke! Whatever Happened to Tithing, by Herbert Mather and J. Clif Christopher (Discipleship Resources). This book traces the history of tithing from its Old Testament roots through a more faithful understanding of the New Testament and provides Christians with a more contemporary understanding of tithing today.

Achieving Dreams Beyond The Budget (available from the Planned Giving Resource Center, General Board of Discipleship, PO Box. 340003, Nashville, TN 37203-0003). This exciting notebook provides all a church needs to organize, market, and tell the story about the stewardship of our assets and estates.

New resources are being developed constantly. For an update and further information, contact the Office of Stewardship, General Board of Discipleship, The United Methodist Church, P.O. Box 340003, Nashville, TN 37203-0003.

Other Resources

Catalogs of resources are available free from Cokesbury, EcuFilm, Discipleship Resources, and The Service Center, General Board of Global Ministries.

The Interpreter (United Methodist Communications). The official program journal for United Methodist leaders. It is issued eight times a year. Subscription rate, \$8.00 a year. Seven copies are provided, free, to church officers selected by the pastor.

The Structure and Organization of The United Methodist Church (United Methodist Communications).

Program Calendar (United Methodist Communications).

Cokesbury Service Center, 1-800-672-1789.

Curric-U-Phone, 1-800-251-8591.

EcuFilm, 1-800-251-4091.

Discipleship Resources Distribution Center, PO Box 1616, Alpharetta, GA 30009-1616. (800-685-4370).

For further assistance, contact the Office of Stewardship, General Board of Discipleship, P. O. Box 340003, Nashville, Tennessee 37203-0003. (615) 340-7076.

Notes

Notes