

CHURCH FINANCIAL HEALTH ASSESSMENT

1) OPERATING RESERVE: The goal is to have 3 – 12 months of the budgeted expenses for the current year in a separate investment account for emergencies or opportunities.

<p>TOTAL BUDGET: \$ _____</p> <p>AMOUNT IN RESERVES: ÷ \$ _____</p> <p>RESERVE LEVEL: = _____ %</p> <p><i>(+2 Points for 25% or more; +1 Point for 1 – 24%)</i></p>	<p>Is the operating reserve in a separate investment account (e.g. money market, mutual fund, foundation)?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>(+1 Point for Yes)</i></p>
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Points: _____

2) CAPITAL RESERVE: The goal is to have 10 – 20% of the insured value of the property in a separate investment account for large capital expenses.

<p>PROPERTY VALUE: \$ _____</p> <p>AMOUNT IN RESERVES: ÷ \$ _____</p> <p>RESERVE LEVEL: = _____ %</p> <p><i>(+2 Points for 10% or more; +1 Point for 1-9%)</i></p>	<p>Is the capital reserve in a separate investment account (e.g. money market, mutual fund, foundation)?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>(+1 Point for Yes)</i></p>
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Points: _____

3) DEBT: The goal is to retire any “necessary” debt within 10 years. Don’t include credit card debts that are paid off monthly. Capital leases may be considered debt for big-ticket items.

<p>DEBT AMOUNT: \$ _____</p> <p>ESTIMATED PAYOFF DATE: _____ / ____ / ____</p> <p><i>(+3 Points for \$0 Debt; +1 Point if Date is within 10 years)</i></p>	<p>Is money being raised to specifically to pay off the debt (Debt Campaign or fund created for people to give to)?</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>(+1 Point for Yes)</i></p>
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Points: _____

4) BUDGET ACCURACY: The goal is to have a budget that accurately estimates operating expenses and income. Actual expenses and income should be within 10% of the budgeted amount barring any large and unusual events.

ACTUAL INCOME: \$ _____	ACTUAL EXPENSE: \$ _____
BUDGETED INCOME: ÷ \$ _____	BUDGETED EXPENSE: ÷ \$ _____
INCOME ACCURACY: = _____ %	EXPENSE ACCURACY: = _____ %
<i>(+2 Points for 90% or greater)</i>	<i>(+1 Point for if between 90 – 110%)</i>

Points: _____

5) STEWARDSHIP TEACHING: The goal is to regularly work to disciple congregants in the areas of generosity and personal finance.

PERSONAL FINANCE: Instruction through preaching and/or small groups/classes. <input type="checkbox"/> Yes <input type="checkbox"/> No	Money is only mentioned during a worship service to alert congregants that the church is in desperate need? <input type="checkbox"/> Yes <input type="checkbox"/> No
GENEROSITY: Holds stewardship campaign and/or preaches more than once on the subject annually. <input type="checkbox"/> Yes <input type="checkbox"/> No	
<i>(+2 Points for one Yes; +3 Points for two Yes's)</i>	<i>(+1 Point for Yes)</i>

Points: _____

6) A FOCUSED TEAM: The goal is to have a team or coordinated teams focused on watching spending, growing giving, and managing reserves.

We have a team taking responsibility for Growing Givers. <input type="checkbox"/> Yes <input type="checkbox"/> No	One team cares for all three areas Or Multiple teams work together to care for all three areas. <input type="checkbox"/> Yes <input type="checkbox"/> No
We have a team taking responsibility for Managing Reserves. <input type="checkbox"/> Yes <input type="checkbox"/> No	
<i>(+1 Point for one Yes; +2 Points for two Yes's)</i>	<i>(+1 Point for Yes)</i>

Points: _____

7)INVESTED LEADERS: The goal is to have over 60% of your church’s key leadership made up of members in the top 20% of your church’s givers. For key leadership, I would look at any committee or team that has significant authority over personnel, property, or finances.

STEP 1)Identify the key leaders for your church.
 STEP 2)Have your Financial Secretary identify the givers in the top 20% (e.g. with 100 giving units, this would be the 20 largest givers).
 STEP 3)Financial Secretary reports the number of key leaders in the top 20%.
 (+1 Point for completing)

LEADERS IN TOP 20%: _____
 TOTAL LEADERS: ÷ _____
 GIVING LEADERS RATIO: = _____ %
 (+1 Point for 40 – 59%; +2 Points for 60% or greater)

Points: _____

ASSESSMENT AREA	POINTS	FINANCIAL HEALTH ASSESSMENT	
1)Operating Reserve	_____	16 – 21	FINANCIALLY FIT: You’ve set your church up for success in ministry.
2)Capital Reserve	+ _____		
3)Debt	+ _____	11 – 15	NORMAL: By addressing the areas of greatest concern, you can set your ministry up for financial freedom.
4)Budgeting Accuracy	+ _____		
5)Stewardship Teaching	+ _____	6 – 10	URGENT CARE: Your leadership needs to make addressing this precarious situation a top priority.
6)A Focused Team	+ _____		
7)Invested Leaders	+ _____	0 – 5	EMERGENCY: Your church is in real danger of closing for financial reasons. Call your District Superintendent now.
TOTAL	= _____		

The Assessment Areas are listed in reverse order from what they should be addressed.

PHASE 1: Should be completed within one year

1. Focus on strengthening leadership team.
2. Ensure a team or teams are focused on the whole financial picture.
3. Stewardship teaching will grow your income which makes it a lot easier to tackle the other issues.
4. A good budget is a plan for how to best use your growing income.

PHASE 2: Can be accomplished through reallocating assets and/or growing giving

1. If there is a debt to be paid off, you still need some reserves to prevent an emergency from derailing your debt campaign. 1-2 Month Operating & 3-5% of value for Capital should do.
2. If no debt, build both reserves simultaneously.