

# Church Financial Wellness Assessment Tool

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Serving your church in relation to the congregation's finances has moments of managing the widow's mite or the storehouses full of grain. **The following questions invite you to consider your church's current stewardship practices.** The Assessment Tool will then provide insights and resources to build on your strengths while providing support for areas where you might feel "stuck."

**To complete this assessment**, after reading the question, check the response that best matches your understanding of your church's present condition; struggling, stable or strong. Read the correlating paragraph and click the linked resource for further investigation. [You also might find it beneficial to read the responses/resources for the other two options.] **It is recommended for at least two persons from the Stewardship & Finance Team complete the assessment** (for example, the treasurer and finance secretary) to gain a different perspectives.

Every church is different, but **consider including at least one question/response and resource every time your Finance Committee meets.** These discussions and dialogues can foster stronger financial viability for your church.

You can always contact the [Director of Finance & Administration](#) with questions. They will answer your questions or refer you to people/resources to assist your local church. The [Minnesota](#) and [Dakotas UMC Foundation](#) also have many resources to share to strengthen the stewardship efforts of your church. **Thank you for your ministry and desire to grow your church's faith through stewardship.**

**There is a clear procedure with adequate security for processing weekly offerings and other gifts (two unrelated persons counting offering, communication processes for designated gifts and alerting clergy of first time givers, etc.)**

*I believe our church is: (check one box and read response)*

STRUGGLING

At least two unrelated people should always be present to handle the collected offering. This allows one person to count while the other observes then they switch roles to verify the first count. Counting should be done on church property and the counters agree on the total received.

When people indicate specific intentions for their gift (i.e. missions, memorials, group in church) communicate the intention to both the finance secretary **and** treasurer.

Resource: Here is a [checklist](#) of basic practices that each Stewardship & Finance Committee is asked to complete yearly.

STABLE

When people give the first time, communicate this to your pastor. This action is a step in faith for the donor. An acknowledgement of their gift from the church lets them know they are appreciated and their gift will be utilized for ministry.

Are your procedures/policies written down and accessible to the church leadership? Create a “Stewardship & Finance Committee Best Practices” notebook/folder. Review the policies yearly at the first meeting when new members to the Committee are present.

Resource: Here is a simple two page document one UMC created when one treasurer was ending and another beginning. Remember to revisit the checklist of basic practices each year, especially when new committee members begin.

STRONG

Consider sharing the wealth of information you have with other UMC congregations. Ask your District Superintendent (DS) if there is an opportunity to help a nearby church struggling with these types of practices and policies.

Resource: Contact your [UMC Minnesota DS](#) or [UMC Dakotas DS](#)

## **We communicate with our donors their giving status (statements, pledge vs. received, thank-you for gifts) on a regular basis throughout the year.**

*I believe our church is: (check one box and read response)*

STRUGGLING

Consider communicating the giving activity to your donors at least 3-4 times each year. If you include a self-addressed envelope, it is more likely you will also receive some type of financial gift.

People like to be thanked and receive some news about how their gifts are being utilized to make a difference in God's Kingdom. Hand-written notes from anyone from the Finance Committee will go a long way with your donors. What to write? It can be very simple– *Their Name*– your financial giving means so much to our church. It would not be the same without your support and prayers. We appreciate your faithful and thoughtful giving. *Your Name* on behalf of *Your Church*

Resource: Here are some ideas to include in a [giving statement](#) to your donors from the United Methodist Church.

STABLE

Your Stewardship & Finance Team should make decisions on how often to send statements. Why not ask your donors how often they would like to receive an update? Include a response card and a self-addressed envelope. You'll be surprised by a couple of unexpected gifts and you'll get a better handle on how some donors want to receive communication.

What about the members who have yet to give this year (or any of the past five years?) Ask them to help financially with a specific project/mission. Include a self-addressed envelope and a date (no later than 1month) the church needs the funds.

Resource: Here are some ideas to include in a [giving statement](#) to your donors from the United Methodist Church.

STRONG

Donors appreciate knowing their gifts are handled well and utilized for the church's ministries. If you're not already, include some updates or stories on how their gifts are making a difference. This is especially true if the donor has designated gifts to particular ministries/missions. Let them know how much the church gave as a total to the mission they gave to (even if it was in the newsletter or bulletin). Tell them how many people have worshipped at your church so far this year or how some family was impacted by the hospitality they experienced during a funeral/wedding or other church ministry.

See your statements as miniature updates on the overall ministries of the church. Include the vision/mission statement of your church and note 2-3 ways the church is making inroads to living into its mission. Donors like to experience the momentum of the congregation and your ministry can fire up the donor.

Resource: Here are some ideas to include in a [giving statement](#) to your donors from the United Methodist Church.

## **We communicate financial information to the congregation regularly (amounts given and amounts dispersed, status of designated funds, etc.)**

*I believe our church is: (check one box and read response)*

STRUGGLING

There is no single communication method which works best at every church. Some believe announcing the financial condition during worship is effective. Others see it as a downer to be constantly reminded the church is in dire straits. You know your church. Your congregation should be given some basic info on a regular basis (monthly or quarterly). How much came in. How much went out. Do you have any outstanding bills? Let them know if expenses have outpaced the income and how expenses are being cared for (paid for using reserves/savings, etc.) While comparing actual amounts to budgets have their merit, most congregations do not have consistent monthly income or expenses. Your church members realize this too and probably know the cycles (income down in summer, high at year end.) ALWAYS THANK THE DONORS for their gifts whenever you communicate the status.

Especially when times are rough, donors who designated gifts want assurance their gifts are not being held, or worse, utilized for other purposes without their consent. When communicating the general fund information, include designated giving income/expenses on a regular basis. Your church is entrusted to care for the resources and the intentions of those who shared those resources. Use different methods of communication as seems appropriate for your church.

Resource: [A Better Way to Report on Giving](#)- Lewis Center for Church Leadership

STABLE

The Bible is engaging because it is filled with stories of real people encountering a real God. Try including a story or two of how your church is making a spiritual difference in the lives of people when you communicate the statistics. Linking numbers with stories engages the reader/listener in the overall mission/ministry of your church. (Not sure where to find a story? Ask some of your invested members why they give or ask a kid what they learned at church this past month.)

Consider the “why” behind your reporting. Your church is a family and that family should be apprised of their financial actions (or inactions). We are stewards of the resources, which include giving an accounting (Matthew 25:19). Relate to your congregation financial information is available to those who desire to explore it (of course, confidentiality of donor information must be held.) Encourage members to talk with Stewardship & Finance members. Transparency of the financial condition of the church is an important aspect of your role in caring for the church’s resources.

Resource: [A Better Way to Report on Giving](#)- Lewis Center for Church Leadership

STRONG

Your communication of the financial condition of the congregation exemplifies transparency which is often touted, but not always achieved. Not every person/family has a good handle on the condition of their finances. Consider offering a short term course such as [Financial Peace University](#) or [Good Sense](#) to your community to widen their success with financial resources.

## **The church creates an annual budget clearly related to the mission/vision of the congregation.**

*I believe our church is: (check one box and read response)*

**STRUGGLING**

Struggling to create any type of budget? Relying on your checkbook balance as you enter income and expenses and hoping all is well at the end? The good news is creating a church budget is fairly easy given most of the expenses are fixed (salaries, utilities, insurance, apportionments, etc.). Using your bank statements & paid bills will help you construct a yearly budget. After creating a simple budget, gather with some church folks and ask “do these expenses reflect who we are and want to be as a church?”

Resource: The Lewis Center for Church Leadership has some ideas on [how to start a budget](#). They also offer a [Developing Your Operating Budget download](#) or DVD/CD for more detailed instructions.

**STABLE**

Does your budget creation begin with looking at the previous year’s expenses and then adjusting each budget line item to correlate with expectations of the coming year expenses? Incremental budgeting is a process which has served congregations well. However they often confuse or even frighten parishioners. Consider creating a narrative/mission budget, where you include how the expenses are utilized for the ministries of your church. Adopting this practice will help your church understand the impact their gifts make on the lives of people. (Yes, the church will still need a line-item budget.

Resource: [Not Your Parents’ Offering Plate](#) by J. Clif Christopher

**STRONG**

Congratulations on helping your congregation understand how their gifts are being utilized to further the mission of the church through a narrative budget. There are likely folks who wonder “why bother” since a line-item budget is still needed, yet when people can connect how their gifts are bringing about the “fruit” of your church’s ministry, they are more likely to stay strong supporters and share the story. Consider sharing your narrative budget with your District Superintendent or even our Bishop, in turn they might ask your help with other congregations who can use some additional guidance/inspiration.

Resource: Contact your [UMC Minnesota DS/Bishop](#) or [UMC Dakotas DS/Bishop](#)

## **Our leadership team plans, implements and follows through on a stewardship drive/initiative at least once a year.**

*I believe our church is: (check one box and read response)*

STRUGGLING

“Ask and it shall be given, seek and you shall find”-Jesus “All the church ever does is ask for money!”- disgruntled parishioner. Whose voice should prevail? Your church likely had a stewardship drive at some point in her history. The Finance Committee is given the responsibility to conduct a stewardship drive (and there is a lot of Scripture to back up the foundational asking people to share their financial gifts with the church.). Ask your pastor to provide some resources or contact the Minnesota or Dakotas UMC Foundation for some options.

Resource: [Minnesota UMC Foundation Office](#), [Dakotas UMC Foundation Office](#).

STABLE

Review the methods you've used the past ten years. Ask a few people in the church what they recall. Are there methods which yielded more fruit and might be replicated or reworked? Is there one thing your church could include for the coming year (outside of the “fall campaign”) to help people grow in their faithful stewardship?

Resource: Lewis Center for Church Leadership article [Setting Stewardship Goals for the New Year](#)

STRONG

“Well done good and faithful servant! You've been faithful in a few things; you will be put in charge of many.”- Jesus Your church is required to submit an impact story each quarter through the Annual Conference reporting system (ask your pastor or District Superintendent). Share some aspect of how your congregation is demonstrating strong financial processes-it will benefit so many people in other churches.

Resource: [UMC Minnesota DS](#) or [UMC Dakotas DS](#)

## **We have adequate reserves (90-120 days of expenses of undesignated liquid assets)**

*I believe our church is: (check one box and read response)*

STRUGGLING

More month than money? Your church is not alone. Consider creating a budgeted expense of “reserve” for the following year and then put those funds into a designated account instead of keeping it for general budget access. Start with 1-2% of your projected yearly income. Repeat yearly until you have the reserves that makes the most sense for your church.

Resource: ECFA [Church Cash Reserves-How Much is Enough?](#)

STABLE

Do you ever wonder about when to dip into the reserves or hold off paying the incurred expenses? Some Stewardship/Finance Committees hold special meetings to consider the situation. You also might consider using your expense shortage history of the past 2-3 years and then ask the Stewardship/Finance Committee to adopt some written guidelines on how the Treasurer should proceed when faced with that dilemma.

Resource: ECFA [9 Essentials of Church Reserves](#)

STRONG

Well done good & faithful servant! Reserves are meant to be liquid enough for accessibility, but not stagnant. Consider investing part of your reserves in interest/capital gains bearing vehicles. Check with your local financial institution for suggestions or contact your Conferences Foundation for ideas.

Resource: [Minnesota United Methodist Foundation](#) [Dakotas United Methodist Foundation](#)

## Our debt load is at or below the recommended benchmark of 33% of general budget income and we have a sustainable plan to pay down any current debt.

*I believe our church is: (check one box and read response)*

STRUGGLING

The Bible says the borrower is slave to the lender (Proverbs 27:11). It is difficult to navigate debt loads. If you have not already, communicate with any persons who indicated they pledged for the initial campaign and ascertain if they can resume giving. Find out if refinancing the loan makes financial sense (our Foundations may be able to assist).

Resource: [Minnesota United Methodist Foundation](#) [Dakotas United Methodist Foundation](#)

STABLE

Although every church is unique, a ratio of less than two times your annual operating budget (i.e. if budget is \$200,000 then debt cap would be \$400,000) is recommended. Continue to regularly communicate to the church what the current debt is, what progress is being made and inviting people to designate gifts to pay down the debt load.

Resource: a sample church newsletter article to update the parishioners on the financial condition and debt status:

Finance Update

Many know when we expanded and updated the sanctuary we incurred a large debt. *On this date*, we refinanced our debt burden and began to make much smaller payments because we could not keep up with the mortgage payments given the income received. **The debt amount is \$current debt amount as of current date.** We make monthly payments of \$amount, applying \$xxx to the principal and \$xxx for interest. The loan's interest rate is x%. **At this rate we would pay off the loan on projected date paying \$xxx amount in interest.**

The **proposed budget for this year is slightly less/more indicate percentage than last year.** The biggest recommended **change is to pay additional principal payments (\$xxx amount) on the loan every month.** This would be a variable amount dependent on what income we receive and keeping current with all other expenses. *This amount* would **have us paid in full by projected date.** Look forward to quarterly finance reports to announce how we are achieving our goals. Want to help? Designate your gift of any size for **debt reduction.**

STRONG

You're either debt free or your capital campaign is yielding the fruit to pay back the loan. Consider sharing your success with the District Superintendent, especially in the midst of a successful capital campaign. Your District Superintendent is often asked about resources and your story will expand God's Kingdom work!

Resource: [UMC Minnesota DS](#) or [UMC Dakotas DS](#)

## **There is a clear plan/ministry for engaging members on the subject of stewardship of money, time, & talents.**

*I believe our church is: (check one box and read response)*

STRUGGLING

Your church is not alone. The task may seem daunting to have a church-wide stewardship process in place. Start with attempting one thing– you choose! Ask your pastor if you could read a Bible passage related to stewardship before or after the offering, talk to a Sunday School class about your role in the Finance Committee and how God calls us to give.

Resource: [The General Board of Discipleship](#) has a lot of good resources including this talk on [spirit of generosity](#). Also check these books [Enough](#) by Adam Hamilton and [Bearing Fruit](#) by Weems/Berlin

STABLE

Well done! If you have not already, explore methods of implementing stewardship practices throughout the entire year and “leaking” ideas to various ministry groups/committees/teams within the life of your congregation. What is something the Stewardship/Finance Committee could do each quarter to model stewardship practices for the congregation in the coming year?

Resource: ECFA [5 Building Blocks of Church Financial Integrity](#) Herb Mather [12 Month Plan for Stewardship in the Local Church](#)

STRONG

Your church is modeling Christian stewardship through embodying Biblical principles and utilizing teaching opportunities throughout all of your ministries. Thank you for understanding stewardship is not confined to fall stewardship drives and capital campaigns. Please share your story with the Bishop or District Superintendent. Your story can inspire many other congregations to grow stronger in Biblical stewardship.

Resource: Resource: [UMC Minnesota DS/Bishop](#) or [UMC Dakotas DS/Bishop](#)

## **We generously give to benevolences/missions beyond our local church.**

*I believe our church is: (check one box and read response)*

STRUGGLING

This may seem counterintuitive at first-how can we give generously to others when are struggling with the expenses of our own church? People want to give to ministries which are showing fruit. Suggest the church somehow impact one local need. Ask God to point your church in that direction and then invite congregants to give to that need through your church. Start to report any designated mission giving (including apportionment giving) to the congregation as consistently and “joyfully” as possible.

Resource: [Ideas on forming a relationship between your church and your local school.](#)

STABLE

Your donors want to know how their gifts impact the spiritual lives of others as giving increases their own spiritual development. Consider ways to tell the stories of how their gifts are used throughout the world in apportionment giving, local ventures and any “in house” benevolence your church engages in.

Resource: [Apportionment Giving Impact throughout the world](#)

STRONG

Your church is living out your vision through your missional giving. Thank you for your strong witness! Other congregations of your size are looking for some inspiration on how to increase their outreach. Consider talking with your District Superintendent regarding the vitality of your church. Your DS will tell the story to others and soon the fire catches hold! A DS would love to hear a perspective from a lay person.

Resource: [UMC Minnesota DS](#) or [UMC Dakotas DS](#)

**We engage in practices to encourage planned giving (host planned giving educational events, have one-on-one visits with potential donors, established a foundation, have information available about planned giving in print and on your website)**

*I believe our church is: (check one box and read response)*

STRUGGLING

You might believe there are no persons in your church who has the resources to give your congregation a “big gift” through their estate. You might be right, and you might be surprised. If invited, there is likely at least one person who would include the church in their will/planned giving if they were asked or were aware of a process to do so. Check the resource below for some suggestions on how to move forward.

Resource:—[The General Board of Discipleship](#) has a lot of good resources including [this brochure](#) on helping people understand reasons to include their church in their wills.

STABLE

One of the strongest advocates for planned giving are people who have already done so in the congregation. If you have not already, invite them to share their story as to why they made a decision to give in this way. You might need to get “creative” because some will not be comfortable sharing this information widely. A newsletter article highlighting “someone from our church” might provide some intrigue and interest. Be sure to highlight how those gifts might impact the future of the church.

Resource: Donors in your own congregation

STRONG

Can you lend a hand? Our congregations are not doing well with planning, inviting and encouraging congregants to include their churches in planned giving. Your church is required to submit an impact story each quarter through the Annual Conference reporting system (ask your pastor or District Superintendent). Share some aspect of how your congregation is demonstrating intentional planned giving-it will benefit so many people in other churches.

Resource: [UMC Minnesota DS](#) or [UMC Dakotas DS](#)