

## "A" Checklist for Financially Challenged Churches

Make a "brutally honest" **Assessment** of what you owe/own.

Evaluate all historic sources of income: Ordinary Tithes & Offerings, Special/Designated or Capital Campaigns, School Income, Planned Giving/Bequests or other (less common) sources such as rental income from Church properties. These might include your reviewing all records demonstrating such things as declining trends in income or attendance. Inventory All Church Assets: Bank accounts (both operating and savings), Brokerage accounts (even if designated), Real Property, Vehicles, Audio/Visual Equipment and other Personal Property (meaning non-real estate). Now, *decide if you will keep all of your prior commitments in a God-honoring way and in the appropriate priority*. If your answer is yes, then you must pledge that **ALL** Church assets will become available to resolve the current financial distress.

Make a "brutally honest" **Analysis** of your Ministry Model.

Review **ALL** expense categories and consider expense reduction in all discretionary line items. Re-evaluate every ministry program's "value proposition". In other words, look at the "cost of delivery" of your ministry. In this analysis you must make the toughest choices **immediately**...because it will not become easier, particularly with regard to staff reductions that may become necessary. Evaluate your utilization of the Church facilities, land and other assets. Are all available building areas being fully utilized? Have you considered sharing (renting) your facility with other churches? Perhaps you need to consider selling under-used portions of your property, if possible. Shedding excess land, buildings or other under utilized assets may be a difficult but critical step in your financial recovery.

Make a "brutally honest" **Announcement** to your congregation.

The most effective financial recovery step that any church can undertake can very often be the most frequently overlooked...because it sounds too obvious. Why not allow your congregation to make a "fully informed" decision about their participation in resolving the financial situation of the church. Let's be careful that we do not deny the congregant the opportunity to engage in ministry in a very meaningful way. There is nothing more heartening (and faith confirming) than watching God's Spirit miraculously move within a congregation in situations like these. Very often, these congregationally initiated financial "turn-around" stories provide the powerful testimonies that produce dramatic impact in our communities.

If you have done the above, then approach your lender with absolute transparency, disclosing every fact, situation and circumstance that you believe has contributed to your financial hardship. Then, detail (document) every step, measure or strategy you have undertaken to remediate your own financial hardship. Remember that your lender (if they are a regulated financial institution) has much more flexibility if you are current on your obligations. Your Lender's options diminish dramatically once you are in default. Nevertheless, your lender is certain to EXPECT that you have done the entire process above PRIOR to approaching them about providing any assistance in your financial recovery.

**J. Scott Reitsma**

Senior Vice President -Ministry Development Group

**Christian Community Credit Union**

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