



UNITED METHODIST FOUNDATION OF NEW ENGLAND
5 Bricketts Mill Road ♦ Suite 5 ♦ Hampstead NH 03841
ph: 800-595-4347 ♦ fx: 866-231-5921
email: info@umfnfne.org ♦ web site: www.umfnfne.org

An Inventory of Organizational Net Worth

The United Methodist Foundation of New England administers over \$74 million dollars for United Methodists in New England. Why is one of the largest United Methodist Foundations in New England, while the two largest are located in Texas and Oklahoma? One theory is that while Texas and Oklahoma have oil, in New England we have squirrels! Yes, the kind that stock up vast supplies because winter is coming. We are grateful to those squirrels and honor their contributions!

- ♦ *If our church is among those who are not experiencing financial stress, should we be feeling comfortable?*
- ♦ *As mission organizations, shouldn't churches always be on the edge financially?*
- ♦ *If we have sufficient or surplus funds, are missional needs overlooked?*
- ♦ *What about the churches struggling with financial matters?*
- ♦ *How can we proactively assess the current reality?*
- ♦ *And what if we don't recognize winter when it arrives?*

The following **Inventory of Organizational Net Worth** exercise helps congregations assess their fiscal health. By gathering and reviewing factual information, decisions based on facts and new opportunities become possible.

- 1) Create a list of all accounts held by the church, where they are held and who controls any funds or assets.
 - Make a public announcement and you may discover the defunct Couple's Club or Youth Group account (carefully cared for in hopes that the ministry might revitalize some day)!
 - Individuals or groups may not hold any church funds apart from the organization as all funds managed by the church are the property of the church and need to be reported in the annual audit! (Exception: UMW funds are separate, but still audited)
 - Include on the list all property and debts and all other assets (investments, stocks, etc.) regardless of how invested or managed.
 - Property should be included as we are stewards of this asset, even if the Conference holds the title.
 - Collect any documentation which indicates donor restrictions or limitations on use of held assets.

Full reporting of all funds educates members and holds the Finance Committee accountable for the finances of the organization and the annual budget. The Finance Committee can not prepare an accurate annual budget without full knowledge of the congregation's funds, fund balances and asset amounts and restrictions. While some churches squeak through each month with only dollars

in their general accounts, some maintain a significant "cushion" for the lean summer months. Donors trust congregations that provide a full accounting of financial resources.

Now, review the grand total. What is God's church worth?

What type of stewardship does this total call us to conduct?

2) Next, evaluate your current budget in light of a fuller understanding of your organizational worth. What is the difference between your approved expense budget and actual or projected income? Before panicking, see if any of the held assets could cover, or at least serve as collateral, against a budget imbalance. While liquidating an asset is NEVER an appealing option, stating that it is at risk and knowing whether it can provide support to the current budget, sends both a motivating and positive message.

3) After assessing the budget income and expense balance, you are ready to develop a PLAN. *See Financial Assessment section for more information on budget development.*

- If the budget is funded, are we reaching our full missional and discipling potential?
- If our budget is not fully funded, what are the real options? Cutting the budget is the last option. Describe at least three (3) options to discuss with the Finance Committee.

Be aware that when congregations try to generate additional income, they typically try the least cost effective strategies first - *the church supper*. While it is appropriate to value the fellowship of preparing a meal, the total investment of time, energy and people resources is disproportionate. The most cost effective strategy is practiced every Sunday morning during the offering when we invite others to simply give of their resources to support our ministry. The greatest return will be generated by simply "asking for it"!

The Discipline instructs the Finance Committee and Church Council to work to generate sufficient funds for the ministry planned for the budget year.

So... inventory, evaluate, and plan for mission and ministry!