

THE CORNERSTONE

A church that is financially healthy can be a powerful instrument for fulfilling Kingdom purposes. Michael Batts, CPA, in his book *Church Finances*, second edition, outlines core principles that undergird a healthy church. When these principles are properly implemented, a congregation can more effectively focus on the issues of the spiritual, emotional, and physical well-being of its congregation and surrounding community.

When financial responsibilities of the church are not given their appropriate attention, adverse circumstances can arise that not only limit the availability of financial resources but can undermine the ability of the church to be an effective witness and ambassador of Christ. The integrity and testimony of a church to their surrounding community are of paramount importance.

Christians in general and those in leadership specifically are charged under the biblical teaching of stewardship, to guide the church with integrity, minimize legal risks, assess the church's financial philosophy, and maintain clear and effective internal controls, and compliance.

The top four principles Mr. Batts outlines in his book have value to all churches regardless of size and tax jurisdiction.

Financial Planning should focus on “Mission and Purpose” of the church. What is the uniqueness as far as style and ministry focus for my church? Do

the programs and activities matchup? The internal financial presentations should be dynamic, based on the needs of current leadership, to make the best decisions.

There should be a church specific reserve funding target. A sound position would be a three months reserve for operating expenses. A strong position would be six months of savings for operating expenses. Setting targets for achieving these goals can be a helpful tool.

Debt is like a chainsaw it can be a valuable tool when used appropriately but lethal if used irresponsibly. Biblical principles should dictate appropriate financial ratio metrics. Conservatism is key when making decisions that would involve incurring debt

Internal control by segregation of duties is important. Prevent any one individual from having too much control. This principle helps protect the church and its assets. Additionally, it helps protect the integrity of the individuals involved with financial management from accusations of mismanagement.

This article is designed to provide informed suggestions on sound financial principles for churches. This article is not to be construed to offering any specific recommendations. Churches are encouraged to evaluate and seek individualized professional counsel for specific issues.

Information taken from: materials from Church Law and Tax a ministry of Christianity Today <https://www.churchlawandtax.com/media/videos/7-radically-simple-principles-for-financially-healthy-church.html>

