





### Being Above Reproach

“What is more, he was chosen by the churches to accompany us as we carry the offering, **which we administer in order to honor the Lord** himself and to show our eagerness to help. We want to **avoid any criticism of the way we administer this liberal gift**. For we are **taking pains to do what is right**, not only in the eyes of the Lord but also in the eyes of men.” 2 Cor. 8:19-21



### Biblical Mandate

- ACCOUNTABILITY
- ATTENTION TO PROCESS
- MONEY IS SPIRITUAL
- BEYOND REPROACH
- ATTENTION TO DETAIL
- RESPONSIBILITY TO GOD
- RESPONSIBILITY TO PEOPLE

### Four keys to creating a strong financial environment:

1. Understand the most common weaknesses in church finances and guard against them.
2. Create strong internal controls.
3. Adopt a creative, mission-driven strategy for communicating the church's financial situation.
4. Cast vision and teach on stewardship!

### What are the most common weaknesses seen in our churches?




Evangelical Council for Financial Accountability (ECFA)

**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 10 Lack of executive committee minutes**



Why are documented Board actions critical to the credibility of the ministry?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 9 Unclear if quorum present**

What do your Bylaws or charter state is necessary?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 8 Audit Review Comm. not functioning**

Is an audit or review performed? Are the results made public? Are the corrections implemented?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 7 No conflict-of-interest policy**

What types of conflicts of interest might exist within a church?





**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 6 Poor Financial Statements and allocation of expenses**

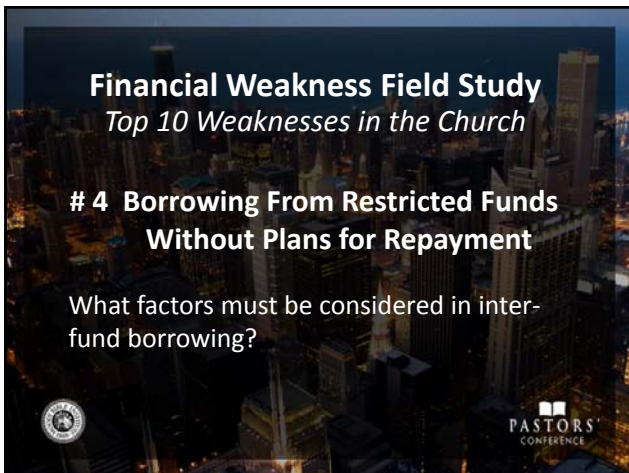
Do your financial reports present an accurate picture or a distorted picture?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 5 Poor CEO Appraisal/Compensation Review**

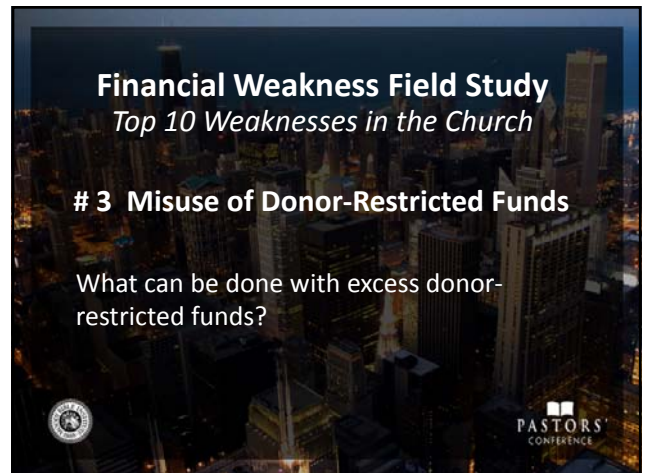


Does the Board exercise healthy oversight of compensation policies and levels?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 4 Borrowing From Restricted Funds Without Plans for Repayment**



What factors must be considered in inter-fund borrowing?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 3 Misuse of Donor-Restricted Funds**

What can be done with excess donor-restricted funds?





**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 2 Housing Allowance Improperly Handled**

Are you putting your pastors at risk?



**Financial Weakness Field Study**  
*Top 10 Weaknesses in the Church*

**# 1 Inadequate Board Oversight**

What is good Board governance?

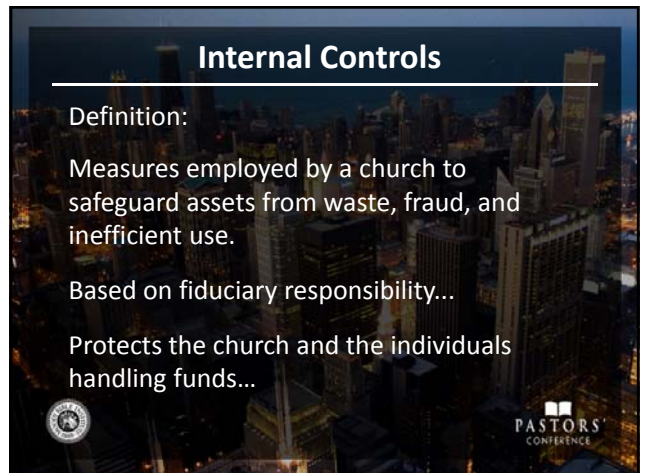


Evangelical Council for Financial Accountability (ECFA)

**Time Out: The Donor's Bill of Rights**







**Internal Controls**

Definition:

Measures employed by a church to safeguard assets from waste, fraud, and inefficient use.

Based on fiduciary responsibility...

Protects the church and the individuals handling funds...

### Internal Controls

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Types of internal controls:

- Bank accounts
- Handling money
- Recording donations
- Deposits
- Check-writing
- Reimbursements
- Compensation reviews
- Payables processes
- Financial reports






### Internal Controls

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Characteristics of Churches with Strong Internal Controls:


- They prepare a written procedures manual
- They adopt a clear organizational structure
- They receive an annual audit from a qualified CPA or CPA firm
- They use computerized accounting software

### Internal Controls – Risk Factors

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- Complacency shown by management
- Low management expectations
- No pre-employment background checks-bonding
- Comparatively low employee compensation




### Internal Controls – Risk Factors

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- No required vacations
- Missed financial reporting deadlines
- Late issuance of payroll reports
- Late financial statements and budget reports
- Insufficient supervision of the accounting staff
- No review of financial information by CPA

## Practical Implications

Oversight and accountability  
Detailed procedures, strictly observed  
Transparency  
Integrity  
Faith

**Embezzling suspected at Chandler mega-church**  
*Small Church*  
Chandler police arrested the chief financial officer of a Chandler mega-church Thursday night on suspicion of embezzling more than \$400,000 from the church.

Police searched the home of Brenda Du Caprin-Hessler, who worked for the Cornerstone Christian Fellowship for five years, and found more than \$200,000 in cash, travelers checks, money orders and gift cards.

Authorities also seized another \$100,000 in cars, jewelry and electronic equipment in an ongoing investigation.

The pastor figures are expected to increase as the investigation moves forward, said Sgt. Paul Carter, in a press release.

Caprin-Hessler, whose 23-year-old son was studying to become a pastor at the church, was accused on felony counts of fraudulent schemes, theft, and multiple counts of forgery.

"It saddens and disappoints us that this would happen," said Michele Rosenthal, a spokeswoman for the church.

Chandler said church officials started to notice accounting "irregularities" after they began remembering older financial guidelines nearly a year ago.




## RECAP: Four keys to creating a strong financial environment:

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## Information

- Language of business
- Measurement
- Planning
- Assessment
- Fulfill Fiduciary Responsibility



Beyond the Basics



## Involvement

- Involve staff, constituents, leaders, and auditors
- Organizational Control
- Decision making



Beyond the Basics



## Inspiration

- Opportunity to celebrate God's provision
- Opportunity to tell your story
- Opportunity to rally your staff
- Opportunity to inspire greater generosity



Beyond the Basics




	Budget	Actual	Variance	Actual 2006	Budget	Actual	Actual YTD
Operating Fund Income	\$ 1,059,100.00	\$ 1,074,021.65	\$ 14,921.65	\$ 965,921.44			\$ 846,326
Worship	\$ 74,300.21	\$ 52,937.80	\$ (21,362.41)				
Caring	\$ 13,283.20	\$ 10,369.30	\$ (2,913.90)				
World Evangelization	\$ 158,188.12	\$ 181,275.56	\$ 23,087.44				
Christian Education	\$ 52,391.64	\$ 48,938.35	\$ (3,453.29)				
General Operations	\$ 175,734.49	\$ 195,344.74	\$ 19,610.25				
Personnel	\$ 544,406.76	\$ 549,657.58	\$ 5,250.82				
Non-Operating Expenses	\$ 70,099.56	\$ 70,390.82	\$ 291.26				
<b>Design</b>							
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash							
Accounts Receivable							
Prepaid Expenses							
Inventory							
Other Current Assets							
TOTAL - CURRENT ASSETS							
<b>FIXED ASSETS</b>							
Land							
Buildings							
Equipment							
TOTAL - FIXED ASSETS							
<b>TOTAL - ASSETS</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable							
Deferred Contributions							
Other Current Liabilities							
TOTAL - CURRENT LIABILITIES							
<b>LONG TERM LIABILITIES</b>							
Mortgages							
Other Long Term Liabilities							
TOTAL - LONG TERM LIABILITIES							
<b>TOTAL - LIABILITIES</b>							

## Customized Reports

- Modified Balance Sheet
- Sources and Uses of Funds

**FAIRHAVEN CHURCH**  
Balance Sheet Summary

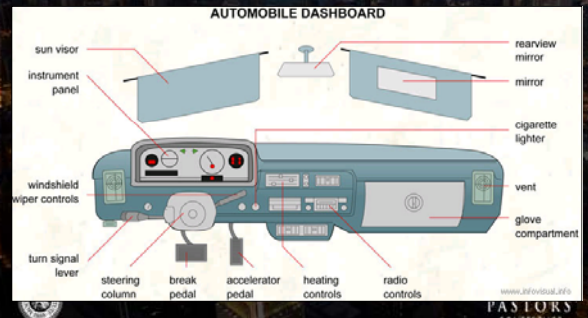
Sources & Uses of Funds		Dec-06		This Month	
Income	MCF	1487,455.91			
	Temp. Restr.	160,261.26			
	Current Liabilities	545,997.58			
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash		1298,278.62	1002,141.10		
Misc Current A		525,105.18			\$ 565,523.07
<b>TOTAL - CURRENT ASSETS</b>					
<b>FIXED ASSETS</b>					
<b>TOTAL - ASSETS</b>					

Report of the Financial Secretary

Apr-07 Contribution Statement					
	Apr-07	YTD	YTD Average After 17 Wks	Previous YTD	Prev. YTD Avg. After 18 Wks
Unrestricted Gifts	\$ 3,307,407.66	\$ 1,974,021.65	\$ 63,177.74	\$ 956,827.97	\$ 55,179.51
Temp. Restricted In & Out	\$ 41,930.07	\$ 109,456.74	\$ 5,370.35	\$ 286,061.68	\$ 15,606.58
<b>Total of All Funds</b>	<b>\$ 3,429,342.52</b>	<b>\$ 3,283,518.39</b>	<b>\$ 73,186.14</b>	<b>\$ 1,242,889.65</b>	<b>\$ 70,786.09</b>

## Dashboard Reports





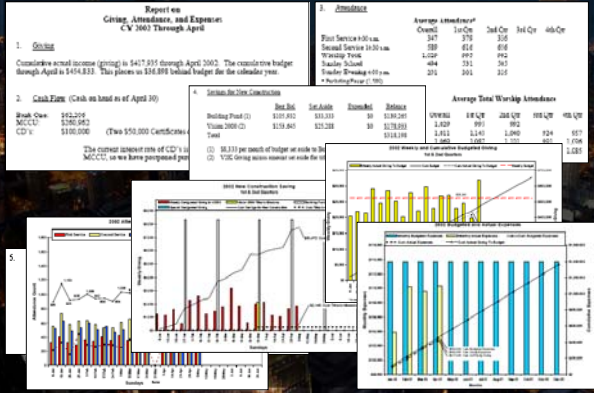
### Communicating Dashboard Reports



Key indicators visible  
 Consistent formatting  
 Trends and changes identifiable  
 Driven by measured outcomes  
 Supports strategic alignment  
 Focus on what matters most  
 Board responsibility and focus  
 Effective meetings  
 Informed decisions

**PASTORS' CONFERENCE**

### Dashboard Reports



**Report on Giving, Attendance, and Expenses: C.Y. 2002 Through April**

**Attendance**

Category	Count	Jan-Ce	Feb-Ce	Mar-Ce	Apr-Ce
Flour Service + 500 m.	347	378	316		
Special Service + 500 m.	189	654	616		
Worship Team	1,029	993	942		
Teacher + Student	484	251	347		
Teacher + Working + 100 m.	271	201	215		

**Cash Flow (Cash on hand as of April 30)**

Item	Jan-02	Mar-02	Apr-02
Bank Cheq	\$12,270		
MCC's	\$536,583		
CCP's	\$100,000		
<b>Total</b>	<b>\$648,853</b>	<b>\$1,318,864</b>	<b>\$2,238,288</b>

**Strategic Focus Dashboard**

Item	Set. Bk.	Set. Avbl.	Excess/Def.	Balance	CFY 02	CFY 03	CFY 04	CFY 05	CFY 06
Building Fund (1)	\$1,017,862	\$10,310	\$0	\$1,048,261	1,029	991	992		
<b>Total</b>	<b>\$1,017,862</b>	<b>\$23,288</b>	<b>\$0</b>	<b>\$1,018,198</b>	<b>1,029</b>	<b>1,041</b>	<b>1,040</b>	<b>924</b>	<b>957</b>

**Average Time Weekly Attendance**

Item	CFY 02	CFY 03	CFY 04	CFY 05	CFY 06
Attendance	1,029	991	992	924	957
<b>Total</b>	<b>1,029</b>	<b>1,041</b>	<b>1,040</b>	<b>924</b>	<b>957</b>

**CFY 02** (Two \$50,000 Certificates)

The highest interest rate of CCP's is MCC's, as we have postponed our

CFY 02: 100% giving season reported on made the

100% giving season reported on made the

**PASTORS' CONFERENCE**

### Effective Communication- Balanced Scorecard

#### Balanced Scorecard

"You cannot judge the effectiveness of your church unless your mission is measurable...make it measurable."

Rick Warren, The Purpose Driven Church

**What are you measuring?**

**PASTORS' CONFERENCE**

### Effective Communication- Balanced Scorecard

#### Balanced Scorecard



**I. Strategic Focus**  
Step 1. Define and commit to strategy

**II. Assessment**  
Step 2. Audit measures  
Step 3. Develop new measures  
Step 4. Apply new measures  
Step 5. Analyze and report

**III. Change Planning and Implementation**  
Step 6. Implement improvement plans

**IV. Continuous Improvement**  
Step 7. Track metrics  
Step 8. Continuous improvement: revisit, reconcept, cascade

**Sustainable Results**

your mission  
your major goals  
your success

organizational alignment  
track & manage strategy  
identify key success factors  
make adjustments

**PASTORS' CONFERENCE**

**Effective Communication- Balanced Scorecard**

Measuring the Health of 

1. People are coming to saving faith in Jesus Christ.
2. Our International Ministries is expanding locally, nationally and globally.
3. People are making public professions of faith through baptism.
4. Attendance is increasing in worship services.




**Effective Communication- Balanced Scorecard**

Measuring the Health of 

5. The worship experience is vibrant, enthusiastic and intergenerational.
6. There is broad participation in serving throughout the ministries.
7. New ministries are beginning as God imparts vision.
8. Guests are being connected to church life.




**Effective Communication- Balanced Scorecard**

Measuring the Health of 

9. Covenant membership is increasing.
10. Our budgetary needs are being met.
11. Leaders are being developed and placed in ministry roles.
12. Scripture is central to our message.
13. Staff relationships are healthy.

**Blog: [www.paulclark.org](http://www.paulclark.org)**




**Effective Communication**

- Communicating to the Congregation
  - ✓ Bulletin
  - ✓ Newsletter
  - ✓ Email Blasts
  - ✓ Website
- Quarterly Statements & Giving Letters
- Annual Reporting

**Always lead with VISON...**




## Shared Vision- Tying Finances to Vision

It's not about money, it's about...

- Purpose: Living the Journey, Sharing the Story
- Values: Discipleship, Outreach, Community...
- Transformation
- Putting God First
  - ✓ Preach it
  - ✓ Teach it
  - ✓ Share it
  - ✓ Celebrate it







## Preach it!

4-week series


4-week series

6-week series



## Teach it!



[How can I partner with Fairhaven financially?](#)

[What financial seminars or classes are offered to help me?](#)



[How can I receive classes Out of Money?](#)

[Creative Ways To Give](#)

**I need help "Making Sense Out Of Money."**

In February, 2004, David and Pete, our current and former Senior Pastors, respectively, began a series of messages entitled "Making Sense Out Of Money." We spent six weeks discovering the heart of God in the area of money and considering the cultural forces which tend to squeeze us toward an unbiblical lifestyle. This was not a series about giving. This was a series of talks about cultivating a wise and generous heart that reflects the character of God. Click on any one of the six links below to download a transcript of the sermons.

- Why It's So Important to God
- The Spirit of the Tithe
- Driving your Stake
- The Open Hands of God
- The Monster of More
- Cultivating a Heart of Compassion






## Financial Environment

**2006 STATISTICS**

- 55 Baptized
- 84 New Members
- 17 Short-term Missions Trips involving 233 Fairhaven people
- 952 Salvations

**2007 BUDGET SUMMARY**





How One Woman's Journey to Truth Ended at a Fairhaven Altar

"You can't see hell, but you can see it in the eyes of a child who has been abandoned by his parents." From the movie "The Sandlot" by Kevin Smith, how were the words of the Lord from his parents and family members. As a young girl growing up in a broken home...

