

The One Financial Number Every Church Leader Needs To Know

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Thousands of businesses get started every year in America. But get this: Most will fail—and not because the concept was terrible or there weren't enough customers.

Most new businesses don't make it for one simple reason: **They run out of cash.**

Guess what? The same holds true for churches, too.

Running out of cash is the **most common financial killer** for a church—and understandably so. I've worked with thousands of church leaders in hundreds of churches and observed the same thing over and over again: Too many pastors and elders don't have adequate training on church finances. They simply don't know what they don't know, and, unfortunately, that does not lend itself to real sound financial planning.

There is a simple solution, though, and it involves monitoring one very important number: Weeks of Cash on Hand. That number is the key to your survival, which means every church leadership (yes, every single one) should know—and constantly monitor—their weekly cash need.

Finding that number is easy. First, divide your church's annual expenses by 52 weeks to determine your weekly cash need. Next, add up all cash—anything in checking, savings, and other "liquid" accounts. Divide that sum by your weekly cash need and the result will be (drumroll, please) your Weeks of Cash on Hand.

Here's an EXAMPLE: If a church's annual expenses are \$520,000, their weekly cash need is \$10,000 (\$520,000 divided by 52 weeks). If that church has \$130,000 in its checking and savings accounts combined (after all bills and credit cards have been paid), the church has 13 Weeks of Cash on Hand.

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At Christian Financial Resources, we recommend every family, business, and church should have an emergency savings fund equal to 3–6 months of expenses, the equivalent of 13 Weeks of Cash On Hand. After all, none of us have a crystal ball, and life is unpredictable.

Anything from an unforeseen economic recession to a natural disaster could result in a very real financial burden for your congregation. Add in unexpected expenses, the loss of a key giver, or even a moral failure of a key leader or church split, and you've got the makings of a perfect storm. And the fallout isn't pretty. At the very least, you can forget about taking advantage of any amazing mission or ministry opportunities. But the truth is, most churches won't survive it at all. As a general rule, we recommend:

- Keeping 2–4 Weeks of Cash on Hand in a checking account at your local bank.
- Keeping everything above that monetary amount in a savings account or a certificate at a ministry like CFR where it can earn interest.
- Monitoring your Weekly Cash on Hand monthly—unless it drops below 8 weeks, In that case, begin weekly monitoring. Anytime the number drops by an additional week, leadership must take action to improve the situation as quickly as possible. **Be aware: If you drop below 4 Weeks of Cash on Hand (and are trending downward), you're in a crisis situation.** Every possible solution must be employed, stat. Check out *How to Prepare for a Financial Storm* on our website.

Do you know your number? We're here to help if you need us. Call the CFR team today.



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