

# Big Picture Financial Management: Four Ways to Strengthen Your Ministry

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Being responsible for the accounting and financial operations of a ministry is no small task. While the glory lies with the programs and direct ministry, the support roles of an organization are equally important. Without them, none of the programs and ministry could happen.

“Big picture financial management” goes beyond the debits and credits of how the actual accounting is done to look at the role from a broader perspective. Following are four areas critical to successful big picture ministry financial management:

1. Understand how your board functions.
2. Use performance measurements and dashboards.
3. Better analyze ministry financial information.
4. Engage the accounting department in the ministry's mission.

Each area can be approached in many different ways, but they encompass the entire organization, from the staff to the board and the dollars in between.

These four areas will give you a wider picture of the financial management of your ministry. Let's take a closer look.

## 1. Understand how your board functions.

You may not have control over who serves on the board of your ministry, but you do have control over how you respond to the board members and how you assist in providing information they can use to make informed decisions.

Board members are typically well-intentioned individuals who give of their time and resources to serve. They may be seen at times as over-involved, not involved enough, or even as not understanding or caring about the impact their decisions have on the staff. However, this is usually due to a lack of rapport or a misunderstanding by one or both parties.

The primary responsibility of the board is that of a fiduciary. The members are responsible for acting with due care. This means that they make decisions

any prudent person would make and that they have a duty of loyalty — keeping the best interest of the organization first and foremost in their role as board members.

It is critical that the information the organization provides to the board be timely, relevant, accurate, and concise. If any of these factors are lacking, it could result in disengaged members at best, and catastrophic decisions at worst. The credibility of management rests in the financial information it provides to the board. You should seek to understand what information would be most valuable to board members and in what fashion they would like to see it.

## 2. Use performance measurements and dashboards.

You may find that providing a simple, summarized balance sheet and income statement to the board is sufficient if you also include a dashboard report or other performance measurements to focus attention on the important areas. Graphically displayed information such as this can be extremely helpful in engaging board members who would otherwise not consider themselves “numbers people.”

Dashboards are helpful in consolidating a lot of data into a single report without overwhelming the reader. A good dashboard turns data into information and can be extremely useful in identifying trends, comparing progress to targets, assessing the health of the organization, and communicating strategy. The key is to identify the main information to be communicated, rather than including all the information in miniscule text. The graphic presentation may highlight results through color-coding, such as red (immediate concern), yellow (caution), and green (meeting expectations).

Each ministry's dashboard should be unique to the organization's needs and desires. Dashboards typically include information such as revenue and expense compared to budget or prior year, contributions by month compared to prior years, fundraising expenses as a percentage of contributions,

and attendance in ministry programs compared to prior year or budget. Albert Einstein is credited with saying, “Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.” Keep that in mind when you consider implementing or modifying a dashboard report.

The board might find these performance measurement questions helpful as well:

- Does the ministry have adequate cash reserves?
- Is the debt level appropriate?
- What contribution trends are important?
- What are the most important key performance indicators?
- Does the ministry have adequate financial resources to accomplish its mission?

### 3. Better analyze ministry financial information.

Financial analysis is critical because ministries cannot achieve their God-given vision unless finances are managed well. The financial reports given to the board offer insight on day-to-day financial operations, but analysis provides a long-term perspective that is more than a balance sheet or income statement. It is the research that results from questions the dashboard may raise.

Knowledge about the current and future financial condition of the ministry enhances the confidence of other leaders, the board, and donors. The analysis will require you to evaluate past decisions like, “Instead of coming in under budget, should we have served 10% more people?” It will allow you consider current decisions and determine what future decisions may be necessary as well.

A key component of financial analysis is making sure that the financial plans are aligned with the organization’s vision and strategy. It is too easy to consider them independent of each other. It is also necessary to understand the “why” behind the numbers.

A good financial analyst will be able to see a story in the information. Likewise, you should strive to understand your ministry’s story. What do contributions tell you? What ministries are self-supporting and which ones use the most financial resources? Is that intentional? Could you accomplish your mission better or less expensively by outsourcing? Those are the types of questions to consider when seeking to better understand your organization’s current and future financial picture.

### 4. Engage the accounting department in the ministry’s mission.

Finally, you must be intentional about helping your organization’s support staff — including the accounting department — see their importance in the overall mission of the ministry. Ken Blanchard said, “The productivity of a work group seems to depend on how the group members see their own goals in relation to the goals of an organization.” Our people typically choose to work at our organizations because of the vested interest they have in our mission. Over time, that diminishes as they see processing payroll and accounts payable like any other accounting job.

Here are some practical ways to encourage engagement throughout your organization:

- Make sure thank-you notes received by the ministry are circulated to all staff, not just those on the front lines.
- Keep the vision, mission, and goals in front of staff. This doesn’t mean simply memorizing them. It involves understanding what they really mean and how they are lived out.
- Lead by example because if you understand the significant impact your department has on the mission, you will be able to articulate it well to your staff.
- Make sure staff members are equipped to be their best by investing in training or other resources. This will let them know that their role is valued.
- Include direct ministry as part of their job. Allowing staff members to take a paid day once or twice a year to do direct ministry during regular work hours (rather than expecting additional volunteering during their time off) will give individuals a better perspective of the actual ministry and build relationships between program and support staff.

It’s difficult to consider and address all of the things that big picture financial management should encompass in a few short paragraphs. Thinking about the board, the staff, and the financial results in relation to the overall mission of your organization, however, will give you a successful approach to fulfilling this vital role.

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