

## UNDERSTANDING FINANCIAL SUPPORT FOR CHURCHES

A brief explanation about religious giving.

For as long as records have been kept, giving to religion tops the list for receiving the most philanthropic support in the United States -- more than education, healthcare, the arts and human services. This would lead you to think that there is a clear understanding about how churches or other religious organizations are financially supported. But confusion still exists. The following is offered to make both theological and financial sense of the matter.

*Financial support for churches should be understood within the context of stewardship.*

Stewardship is defined as the responsibility that human beings have for how God's creation is used. It involves every aspect of our lives -- the use of our time, our talents, and our treasures. So financially supporting the work of the church is an act of stewardship. It is offered in faith as a way of saying "thank you" to a loving Lord.

*The tithe is the biblical standard for giving that most churches have adopted.*

Offering 10% of one's income to God has several biblical references and has been embraced as having the authority of scripture. It has been said that the sacrifice of the tithe does for the giver what the root of the word suggests -- that is the sacrifice of giving 10% to God (in Latin, the *sacrum facere*) "makes us holy." Perhaps this is so because such sacrifice helps curb the desire for more and more material objects! Whatever blessing may be derived from the tithe, it seems that few people experience its joy. According to statistics, American households only give away between 1- to 3% of their income.

*Resource development is one of the central activities of the church.*

Ask an active member what the church does and you probably will hear that the church involves itself in acts of worship, education, pastoral care, outreach, and evangelism. Overlooked is the aspect of resource development, i.e., building the body of Christ through strategic planning, communications, and fund raising (the identification, cultivation, solicitation, and acknowledgement of faithful donors).

This is a dangerous oversight. Why? Because charitable giving for a church is typically the only means of funding its activities. Charitable support for other non-profits only supplements the budget, as educational institutions are mostly supported by tuition, arts organizations by membership fees, and hospitals by healthcare billings. Resource development must become and remain an active part of the life of the church if its ministries are to thrive.

*Under the umbrella of resource development, three financial opportunities for giving exist:*

**Annual/ordinary giving.** This form of giving, typically derived from earned income or one's cash flow, supports the operating budget of the church which in turn funds its mission and ministry. On average, 50% or more of a church's budget supports the salaries of the professional staff, both lay and ordained. They are the ones who, working with lay volunteer leadership, develop and implement the program areas referenced above – worship, education, pastoral care, outreach, evangelism, and resource development. The remaining money within the budget helps cover such things as program costs, outreach grants, and facilities and grounds upkeep.

**Capital/extraordinary giving.** Every five to ten years or so, a special major gifts campaign will be undertaken by the church. This type effort helps to fund projects that annual giving alone can't support. (It is often said, As annual giving helps a church "go," capital giving helps a church "grow.") Typically, contribution amounts to a capital campaign are more in line with a person's true giving capacity. For this reason, extraordinary giving involves money derived not only from one's cash flow but also from one's asset base, like stocks and securities. Capital campaigns have announced dollar goals and pledge payment periods of up to three to five years. They typically fund the following: construction of new buildings, renovation of old facilities, acquisition of property, reduction of debt, support for special programs, and building of endowments.

**Legacy/ultimate giving.** About 90% of these gifts come to the church in the form of death-time transfers, and are therefore referred to as deferred gifts. This type giving is the most selfless form of support in that the donor will not be around to enjoy the benefits. Legacy gifts can be unrestricted to support a church's most urgent needs, or restricted to support endowments,

whose derivative funds help “institutionalize” important programs for building the body of Christ and serving others in Christ’s name.

*Within the context of Christian stewardship, we both “Give to a need” and have a “Need to give.”*

As mentioned earlier, giving financial support to the church is a form of thanksgiving, i.e., saying “thank you” to God -- the One who gave us the gift of life and the means of salvation and redemption. In this way, we “need to give” as it is a natural response of the human heart and a means to human fulfillment and wholeness.

We also “give to a need” to support the work of the church. Many people think that giving to the church is not the only way to build the Kingdom of God here on earth, believing that there are other wonderful, life-giving works that are performed by other ministries and non-profits across the philanthropic spectrum. In fact, giving to churches has declined in recent years compared to increases in giving to Godly work in education, healthcare, human services, etc. This being the case, it is imperative that churches clearly state their “case for support,” i.e., how donated money is used for God’s purposes in significant ways through the church. Clear communication is an essential element within resource development.

*Through grace, we accept people where they are.*

It should come as no surprise that people offer financial support to churches for different reasons and at different levels. Whether a donation is motivated by as lofty a reason as “To build the body of Christ” or as mundane a reason as “I need the tax deduction” -- or whether a donation is a major gift or a widow’s mite -- it’s probably safer not to be too critical of the giver, as one should leave any judgement to God. Just as our response to God’s generosity is thanksgiving, so too should our response be to financial giving by God’s people -- thanksgiving. We rest confidently in the trust that God will give the church what it needs for its work in the world.