



# **Sustainable and Vital Congregations: Discerning and Planning for the Future**

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Central States Synod



# Why?

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*1 Peter 2: 4-9 Come to Christ, a living stone, though rejected by mortals yet chosen and precious in God's sight, and like living stones, let yourselves be built into a spiritual house, to be a holy priesthood . . . You are a chosen race, a royal priesthood, a holy nation, God's own people, in order that you may proclaim the mighty acts of the one who called you out of darkness into marvelous light*

*John 21:15 . . . Simon, son of John, do you love me more than these? Yes, Lord, you know that I love you. Jesus said to him, "Feed my sheep."*

# Challenges

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- Declining financial resources
- Increasing costs
- Shifting Culture
- Needs of our neighbors
- Advocating alternative values



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# Facing Reality Discerning our Purpose

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- Financial realities and challenges
- Aging buildings – maintenance, insurance
- Always keeping in mind our purpose – to participate in God’s mission in the world
- This is Christ’s church – not ours. The Holy Spirit has breathed us into existence.
- Discernment



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# Budgeting and Use of Funds

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# Agenda

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- Budgeting process
- Budgets
- Sustainability
- Operating Reserves



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# Budgeting

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Purposes for preparing a budget:

- Ensure support for congregational objectives
- Communication
- Transparency
- Internal controls



# Budgeting Process





# Budgeting Process – Budget or Finance Committee

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- Break-out into more steps, details of the work of the Budget/Finance Committee
  - Includes types of budgets
  - Determining a forecast giving amount
  - The typical budget % breakout

# Types of Budgets

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- Types of budgets:
  - Program/Narrative
  - Line Item
  - Zero-based
  - Unified
  - Capital Program

# Determine an Income Forecast

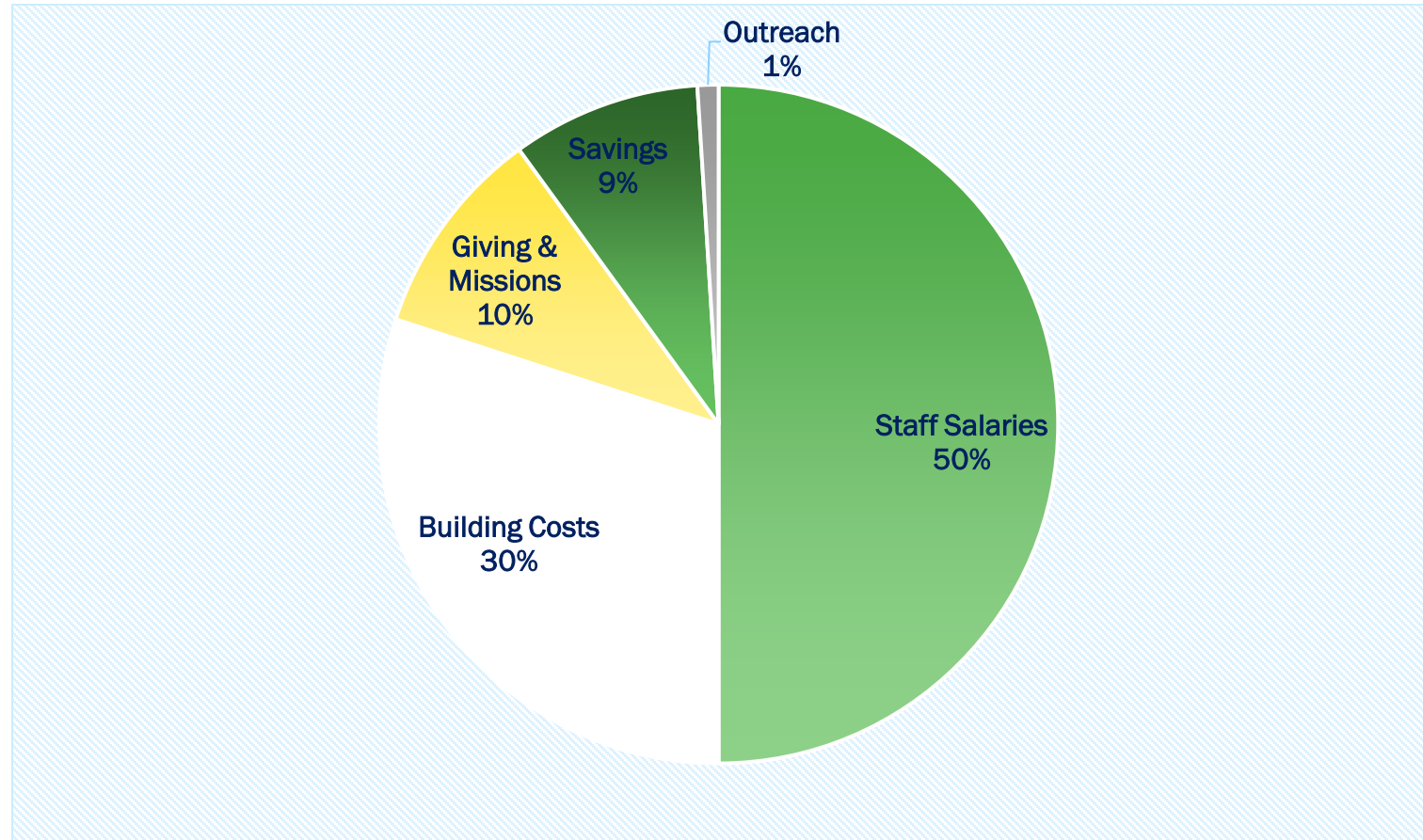
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## Information to include:

- What happened this year
- Sources of income:
  - Unrestricted member giving
  - Restricted member giving: pass-through (perhaps broken-out by types of restriction, such as ELCA World Hunger; food pantry; locally supported institution, etc.)
  - Building fund
  - Capital drives
  - Space rental (often broken out by major types of rental, such as weddings, local outside organization that rents on a regular basis)
  - Interest and earnings on investments

# Typical Expense Percentages

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# Sustainability

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- **Living within your means**
  - Discipline to control expenses to match anticipated income
  - Identification of additional sources of income
- **Prioritization – budget tiers**
  - Identify at the beginning of the year those areas that would be reduced first, if necessary
  - Identify spending that will not occur, unless the money is available for it



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# Sustainability

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- **Contingency Planning**
  - Across the board cuts
  - Targeted cuts
  - Operations, Process, or Technology-driven cuts
  - Other factors:
    - Nature of the deficit
    - Budget development rules
    - Timeline for achieving desired results
    - Risk of failure
    - Impact on related ministry partners
    - Quality of information
  - Banking relationships
  - Communication of reductions



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# Operating Reserves

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## What are operating reserves?

- Operating reserves are unrestricted fund balances. They are similar to retained earnings or equity in other businesses. Refine delivery style
- Operating reserves provide a cushion to help an organization survive lean periods and any unexpected events that could deplete funds

# Operating Reserves

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## What is the appropriate level of operating reserves?

There is no pre-defined answer to this question, but following are a few factors that congregations should take into consideration:

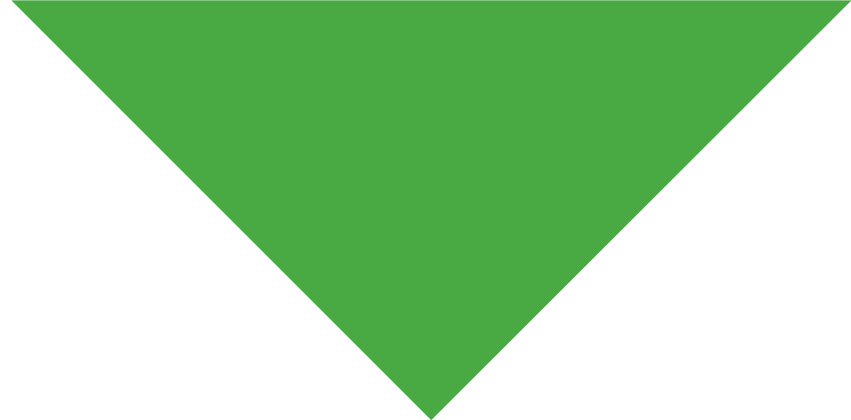
- When income is derived primarily from a predictable, broad-based membership or body of contributors, the level of operating reserves may generally be lower than if income is derived primarily from a few large contributions
- If cash flow is irregular, operating reserves should generally be higher than if cash receipts are consistent throughout the year.
- If expenses are primarily fixed or predictable, reserves can generally be lower
- If the congregation owns fixed assets or equipment that is likely to require renewal or replacement, operating reserves may need to be higher
- Reserves should be higher for congregations with long-term debt, payables and deferred income

Most non-profit organizations maintain an operating reserve of approximately 30% of their annual operating budget, or enough to cover all expenses if income completely ceased for three to four months.



**Thank you**

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		2025	2024		2023		
		FYE 1/31/2026	FYE 1/31/2025		FYE 1/31/2024		
		Proposed	Revised	Approved	Actual	Revised	Approved
<b>C. Oversight &amp; Pastoral Care</b>							
41	Synod Salaries & Benefits	486,913.00	488,838.00	487,264.00	515,123.90	492,036.00	505,454.00
42	Campus Ministry Salaries & Ben	75,000.00	118,000.00	138,000.00	122,847.25	145,000.00	145,000.00
43	Fall Theological Conference	0.00	0.00	4,000.00	0.00	0.00	4,000.00
48	Travel (Synod Staff)	35,000.00	35,000.00	38,000.00	36,137.52	38,000.00	42,500.00
55	Call Process Ministries	0.00	0.00	0.00	0.00	0.00	1,000.00
59	Legal Fees (Discipline)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Oversight/Pastoral Care</b>		596,913.00	641,838.00	667,264.00	674,108.67	675,036.00	697,954.00
<b>D. ELCA Partnerships</b>							
61	Region IV	500.00	500.00	500.00	0.00	500.00	1,200.00
62	Bethany College	0.00	0.00	10,000.00	8,000.00	8,000.00	10,000.00
63	Seminaries (LSTC & Wartburg)	0.00	0.00	20,000.00	16,000.00	16,000.00	20,000.00
64	Planned Giving Partnership	0.00	0.00	22,625.00	11,312.50	11,312.00	22,625.00
<b>Total ELCA Partnerships</b>		500.00	500.00	53,125.00	35,312.50	35,812.00	53,825.00
<b>E. Office</b>							
65	Rent & Occupancy	26,400.00	26,400.00	24,000.00	24,000.00	24,000.00	24,000.00
67	Depreciation	2,000.00	2,000.00	4,000.00	474.84	4,000.00	4,000.00
68	Operations - Total	43,332.00	43,300.00	46,000.00	36,310.90	52,422.00	46,000.00
<b>Total Office</b>		71,732.00	71,700.00	74,000.00	60,785.74	80,422.00	74,000.00

# Line-Item Budget



# Narrative Budget

## **We are Church Together (\$600,000)**

Half of all contributions received by the Central States Synod are shared with the Churchwide organization of the ELCA. This amount enables mission and ministry to happen beyond our borders (although some of these funds do indeed come back to us in terms of grants for new ministries and campus ministries.)



## **The Ministry Entrusted to the Synod. (\$15,030)**

Walking together does not always mean seeing exactly where the other person goes. Different interests and responsibilities exist even among those who walk together.



This area of the budget supports the work of Camp Tomah Shinga and Hollis Renewal Center. These ministries provide outdoor ministry space, so our kids and congregations have places to go for retreat and to get in touch with God's creation. **(\$10,000)**



We will support an advocacy agency in Kansas to work ecumenically to voice our concerns on matters important to all the corners of the synod. We will look to find a more effective partner in Missouri to act as our advocate. **(\$2,500)**



Do you enjoy having a pastor to lead you? That's due to the work of the Candidacy Committee, who has shepherded those interested in the ministry along the way. **(\$2,000)**

