Center for faith & giving

How Much Is Enough? Worksheet

We're often asked: "How much money in reserve is enough?" The concern is the balance between saving for a "rainy day" and how resources should be employed for mission right now. There's no one-size-fits all answer, so this worksheet is designed to guide your congregation through prayerful reflection, assessment, and conversation about financial reserves, income streams, and your mission priorities.

STEP 1: UNDERSTANDING OUR FUNDS

List all funds currently held by the church and their balances:

- Restricted Funds (designated for specific purposes):

- Unrestricted Funds (available for operations):

- Endowments/Permanent Funds:

Discussion Prompts:

- Do all members understand the difference between restricted and unrestricted funds?
- How do we communicate these distinctions clearly?

STEP 2: ASSESSING INCOME STREAMS

Identify your congregation's source of income:

Income Source	Current Annual Amount	Projected Trend	Risks or Factors
Member Contributions			
Savings/Investments			
Permanent Fund Distribution			
Rent/Lease Income			
Program Income			
Other			

Discussion Prompts:

- Which of these streams is most dependable?
- Which feels most vulnerable in the next 5–10 years?

STEP 3: CONSIDERING FACILITY NEEDS

What capital expenses do you anticipate in the next 5–10 years?

- Roof: $_____
- HVAC: $_____
- Parking Lot: $_____
- Other: _____ ($_____)

Discussion Prompts:

- Will we fund these through campaigns, special appeals, or reserves?
- How much should be set aside in a maintenance fund?

STEP 4: DETERMINING RESERVE NEEDS

Our suggestion is to hold a minimum of 90 but not more than 120 days of the current annual operating budget as a temporarily restricted reserve. This would allow a congregation to function for 3-6 months in the unlikely scenario that **all** income streams ceased at once and no subsequent adjustments were made to expenditures. The more likely case is that one or more income streams may be impacted at any given time, but not all equally or simultaneously. In such a case the reserves would thus extend further, as they would by also making adjustments to expenses during that same period.

Two common formulas to guide amount to hold in reserve:

- 90–120 days of annual operating expenses
  - Annual Operating Budget: $_____
  - Daily Expense: $_____ (Operating Budget ÷ 365)
  - 90–120 Day Range: $_____ to $_____

- One-third of the operating budget
  - Annual Operating Budget Total: $_____
  - 33% of Annual Operating Budget: $_____

Discussion Prompt:

- Which formula feels most appropriate for us? Why?

STEP 5: STEWARDING EXISTING RESERVE INVESTMENTS

Plan to circle back to this step as you reach your reserve goals!

Current savings/investments:

Current interest/return: _____ %

Reflection:

- Are these funds serving our mission while remaining low-risk?
- Do we need to review or update our investment vehicles?

STEP 6: MISSION AND MINISTRY ALIGNMENT

List ways our reserves support ministry directly or indirectly:

Discussion Prompts:

- How do we ensure our reserves remain a blessing for ministry rather than simply a balance in the bank?

- How do we communicate to donors that their gifts are used for mission, not just savings?

Final Reflection

- What is our current reserve amount? $_____
- What is our target reserve amount (based on formulas above)? $_____
- What is our plan to reach or maintain that level?

GLOSSARY

Unrestricted Funds: Every dollar given to a church creates an obligation for the church to use that dollar for the uses intended, implied, or legally restricted by the donor. At the most basic level, for the regular offerings collected by the church, there is an obligation to faithfully steward gifts so that they can do ministry. These gifts, with no donor restrictions other than that they be used for ministry, typically comprise the majority of a congregation's resources.

Restricted Funds: Most congregations also raise funds for specific purposes, whether that be a Week of Compassion offering, a capital campaign, or donations for a youth mission trip. Congregations should take care to ensure that money raised for a named purpose is used entirely for that purpose.

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