

Fiscal Planning for Brick-and-Mortar Assets Frees Up Other Funding Efforts

Fiscal planning in church communities takes on added challenges in times of economic downturn. Many finance committees and vestry members are facing the possibility of budget shortfalls and deferred scheduling for new projects as important goals compete for increasingly scarce financial resources. Prioritizing expenditures for the next fiscal year is a topic on nearly every committee meeting agenda as they finalize budgets for the next fiscal year.

Among the top priorities on the financial agenda, according to Annapolis, Maryland-based Miller-Dodson Associates Inc, capital reserve consultants, should be protecting, preserving, and enhancing the brick-and-mortar assets for which churches have stewardship responsibility. Sanctuaries, educational buildings, fellowship halls, and other facilities have been planned, financed, built, and cared for by previous generations of dedicated church members. Their memories are honored by maintaining and preserving these facilities. Yet it becomes a difficult decision when church staff is forced to choose between maintaining what exists and funding another long-sought goal, such as replacing the sanctuary roof or funding the new youth outreach program.

An important planning tool is available to churches, a tool that has long been used by residential community associations: Replacement Reserve Studies. These studies were developed to ensure that adequate funding exists in the annual budget for large long-term replacement projects such as roads, clubhouse roofs, pool facilities, and other community amenities. And by planning this funding, community members protected themselves against large special assessments while enjoying the ability to preserve and enhance the quality of their communities.

The benefits of Replacement Reserve Studies are particularly applicable to church congregations and parishes, reports Pete Miller, an architect and principal with Miller-Dodson Associates. "These Studies help 'institutionalize' the physical brick-and-mortar assets that the church must eventually replace, such as roofs, windows, parking lots, and heating systems, to name a few. When proper long-term planning for these future expenditures is included in the annual budget, we can be confident that replacement of the many components that make up our brick-and-mortar assets can be paid for. We are then freed up to concentrate our financing efforts on the more 'forward-looking' projects."

According to Miller, this also means that churches don't have to constantly approach more generous donors about things like roof replacement that can be properly budgeted. "We can save their participation for those more exciting and important projects with which they would be anxious to have their names and dollars associated," he adds.

For more information on Miller-Dodson Associates and Replacement Reserve Studies, visit www.MDAreserves.com or contact Bill Scrivens at 800.850.2835.