Many Christian ministries go through unexpected periods of financial strain even in good times. An organization may unexpectedly face increased costs or lose some major donors or large grants. It may experience media attacks or the transition of a visible leader.

On top of treacherous economic times, the events of September 11 and their aftermath are unlike anything that has ever happened before. Some charities will receive a financial windfall. For other ministries, it portends tough financial times. (And those ministries receiving a windfall face enormous challenges.)

When financial hard times arrive, it is too late to discuss long-term strategic planning or building adequate emergency reserves. The focus may even be on survival. Tough financial times generally require tough decisions.

Unfortunately, many ministries are not equipped to handle most crises. So, what should be the focus of a ministry that is experiencing tight financial times?

- **Dependence on God is the first priority.** What does God have in mind for your ministry at this time? How can your ministry keep in step with what God is doing? God sometimes uses tough times to redirect some of our ministry activities.

- **Keep your board informed.** Always operate on a concept of "no surprises" with your board. This principle applies to any type of ministry crisis. Keeping the key people informed is essential during tough times.

  A financial crisis is not a time for the board to get involved in day-to-day decisions. Start by keeping the board chair apprised of the situation. Conference calls with the Executive Committee, if you have one, or emails, faxes or letters to the board may be appropriate from an information-sharing standpoint.

- **Keep your staff informed.** Some ministries have a tendency to try to keep financial struggles a secret. Secrecy is rarely effective and openness is generally the best approach. Seek input from staff. They may be the best source of ideas on how cuts may be made.

- **Don't depend on more fund-raising as the sole answer to balancing the budget.** When funds are tight, it's easy to think that increasing the number of fund-raising appeals or ratcheting up the emergency tone of the appeals is the only answer. But a look at the expense side of the budget is always necessary.

- **Don't base decisions solely on numbers.** While it's vital to have accurate numbers, the evaluation of your situation should include two kinds of data: quantitative and qualitative. In addition to good data, be sure to obtain qualitative input from your board, your staff, and perhaps your other stakeholders.
Financial downturns are part of natural economic cycles. Christian ministries are not immune to these cycles. Tragic events exacerbate these situations. These challenging times require wisdom from God. “If any of you lacks wisdom, he should ask God, who gives generously to all without finding fault, and it will be given to him.” James 1:5

- **Exercise care in transferring money from internal accounts.** Often there may be a temptation to initially cover cash shortfalls by internal borrowing. Exercise caution at this point. Ministries that have grants, endowments, or similar funds may be restricted by law or contract obligations from co-mingling assets and/or using funds for other unintended purposes. Ministries should review contracts and/or consult their attorneys or financial professionals to ensure that no laws are being violated.

- **Develop corrective action plans.** Corrective action planning is what makes financial monitoring more than just an intellectual exercise. There are two main steps to establishing this type of plan:

  - **Setting organizational variance policies.** Variance policies are necessary to let managers and staff know the degree of variance (i.e., how far year-to-date financial figures vary from those budgeted) that will require the development and implementation of a corrective action plan.

  - **Identifying causes of budgeted-to-actual variances.** Problems discovered in the analysis of financial reports may be due to a vast variety of causes, ranging from management problems to resource problems, from funding source problems to accounting problems.

"More fund-raising appeals is not always the answer."