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## Alternative Financial Models for Churches and Church Plants: When Tithes and Offerings are not Enough

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# ALTERNATIVE FINANCIAL MODELS FOR CHURCHES AND CHURCH PLANTS: WHEN TITHES AND OFFERINGS ARE NOT ENOUGH

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## Abstract

*Many churches face financial strains, forcing some to close every year. Similarly, potential church plants may be delayed or disbanded due to a lack of finances. Instead of relying solely on tithes and offerings, this article provides six non-traditional financial approaches that churches can implement to promote financial viability and missional impact. The interaction of the church's financial liquidity (low or high) and relational networks (closed or open) provides a starting point to determine which approach may be best in the church's context. Practical applications are provided through examples of contemporary churches using these approaches.*

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What can a church's leaders do when tithes and offerings are simply not enough to meet the church budget? For example, Highland Heights Baptist Church<sup>1</sup> of Memphis, Tennessee, dwindled in size from its glory days of several hundred people to only 25 active

members, resulting in the plummeting of tithes and offerings. If major expenditures arose such as a leaky roof or water boiler failure, then the church would not have known where to turn since their income would not be able to cover these expenses. Three nearby aging churches had already closed due to similar problems. The remaining few people scattered throughout the large worship space were silently asking themselves, “When will we need to close our doors?”

A church planting team had a similar problem. They were passionate about their vision but after several months of difficult fundraising, the team leader asked himself, “Will we ever raise the money that we need to get this church started?” Common church planting financial models recommend the planting team to raise money upfront for the first three years’ budget before the launch, perhaps \$300,000 to \$500,000 for a typical church plant in the U.S.<sup>2</sup> How many teams can raise this amount of money? Even more importantly, how many more churches could be planted if this requirement were eliminated?

Such examples are all too common in the North American church context. This year alone, about 4,000 churches will likely close. There are various reasons for the closures, but financial concerns are often an important factor. About 4,000 churches are likely to be planted this year as well.<sup>3</sup> Many will not survive long due to financial considerations. Is it possible that we are relying upon outdated church financial models that are not always viable in the 21<sup>st</sup> century? Perhaps non-traditional financial options for churches and church plants need to be explored.

What if tithes and offerings are not enough to meet the church budget? How do leaders inject new life into older churches and plant more churches in light of such financial challenges? This article explores six non-traditional financial approaches for churches that can enable them both to meet their budget and to fulfill their mission. Instead of a “one size fits all” approach, context-specific factors will influence which of the options will be the most suitable. Examples will demonstrate that these approaches are not simply the product of wishful thinking; rather, existing churches and church plants are already utilizing these approaches, resulting in both financial viability and missional impact.

## Background

Mark DeYmaz and Harry Li (2019), in their book *The Coming Revolution in Church Economics*, predict that the financial models of many American churches will not be sustainable in the future. The Boomer and Builder generations are responsible for most of the church giving presently. As they age, the generations following them are not only attending church less often, but they are more prone to tipping instead of tithing. This is reflected in less giving as a percentage of income to American churches (even while giving to charitable causes overall has risen slightly).<sup>4</sup> While churches have benefited from property tax exemption and clergy housing credits, there has been talk in recent years of these benefits being rescinded, particularly as governments are looking for ways to support the social services desired by voters.<sup>5</sup> DeYmaz and Li conclude that tithes and offerings will no longer be sufficient to financially support many churches in the 21<sup>st</sup> century because of the reductions in church attendance, giving, and tax exemptions.<sup>6</sup> How will pastors and church planters, who are called by God, find sufficient finances to support themselves and their churches?<sup>7</sup>

## MINCE Approaches

The acronym “MINCE” lists five non-traditional approaches that churches may use to weather the financial storms. Leaders should not mince words when talking about finances; instead, leaders should be clear and straight to the point concerning the following five approaches:

1. **M**onetize existing church resources
2. **I**ncubate new businesses
3. **N**on-profits form mission arms of the church
4. **C**o-vocational pastoring opens multiple income streams
5. **E**ntrepreneurial churches locate church inside the marketplace

Each of these approaches can more effectively utilize the assets already available to the church. Much like the foolish servant in the parable of the talents, many churches have buried their underutilized talents. Profit earned in a godly manner is not ungodly; rather, the Lord is pleased when five talents are turned into ten and angered when the one talent is buried (Matthew 25:14-30). What could happen if

churches unbury their assets and consider other financial approaches?

In short, non-traditional approaches may greatly reduce the number of church closures and increase the number of church plants. Experience over the last five years with churches that are using these non-traditional financial approaches in the U.S. and abroad demonstrates that these methods work. This is not simply wishful thinking. Like any movement, there are innovators whose early experiences provide wisdom and insight that can benefit others. Some pastors and church planters are already implementing these approaches and their experiences will enable others to avoid the dangers described by DeYmaz and Li (2019).<sup>8</sup>

## **A Church's Context**

Leaders in every church need to consider their context to determine the best approach. Figure 1 describes how two variables, financial liquidity and relational networks, interact to create contexts propitious to the various approaches.

### **Financial Liquidity**

From a business standpoint (Mueller, 2019), financial liquidity “refers to how easily assets can be converted into cash. Assets like stocks and bonds are very liquid since they can be converted to cash within days. However, large assets such as property, plant, and equipment are not as easily converted to cash” (par. 1). A church may have a range of assets available, such as buildings or land with low financial liquidity and cash which has the highest financial liquidity. Owning primarily low financial liquidity assets often leads a church to a scarcity mentality and low-risk taking. On the other hand, owning primarily high financial liquidity assets leads to an abundance mentality and entrepreneurial thinking due to the ready availability of cash. In Figure 1, the horizontal axis represents the financial liquidity of the church's assets, from frozen (low financial liquidity) to fluid (high financial liquidity).

### **Relational Networks**

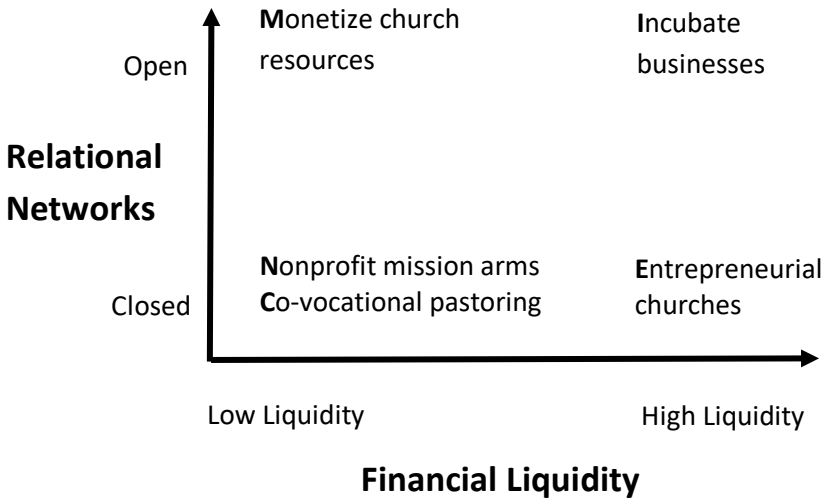
When researching how people came to faith, Win and Charles Arn (1988) found the vast majority (from 75% to 90%, depending on the context) came to church due to an invitation from a friend or family

member.<sup>9</sup> These relational networks are crucial for church planters. Donald McGavran (1981) considered these relational networks of family and friends so important to church growth and health that he labeled them “bridges of God.” Church growth specialist, George Hunter (2009, p. 66) concludes that “churches grow as they reach out across the social networks of their people, especially their newest converts.” When these relational networks are *open*, church members have easy access to and frequent discussions with those outside the church. Relational networks, however, can be *closed*, which occurs when Christians no longer maintain or develop relationships with people outside the church. This can be due to several factors such as moving, interpersonal conflicts, and neglect. One common reason that networks close is that new Christians often stop socializing with their old friends.<sup>10</sup> A church’s relational network can range from closed to open. At one end of the continuum, some churches are closed, primarily consisting of members who do not have relational networks of people whom they can invite to church. On the other end of the continuum, some churches are open, having many members with relational networks of people with whom they regularly and freely engage outside the church, in their neighborhood, at work, on social media, or elsewhere. In Figure 1, the vertical axis represents the church’s relational networks, from closed to open.

### Interaction of Financial Liquidity and Relational Networks

Significant insights concerning church sustainability come from examining the intersection of these two factors. These insights may indicate which of the MINCE approaches are most suitable. However, these five approaches are not mutually exclusive; churches may find it wise to use a combination of approaches. Figure 1 is simply meant to provide a starting point to help a church flourish once again.

**Figure 1:** *Financial Approaches Available to Churches as a Function of Relational Networks and Financial Liquidity*



**Monetize<sup>11</sup> Existing Church Resources**

Some churches have very little access to cash (low financial liquidity), yet their relational networks are strong and open (the top left position in Figure 1). This means members still have access to people outside the church who interact with them and trust them. Highland Heights Baptist Church was in this position. As their attendance dwindled, so did their cash reserves. This is an opportune time for the church to recognize and then monetize their existing resources. For example, many churches heat and cool a building that is left empty most of the week. This creates a resource that can be monetized, which can provide an income stream as well as meet needs in the community.

Wilmore United Methodist Church in Wilmore, Kentucky, recognized their building was greatly underutilized. Moreover, local millennials in the gig economy were looking for workspaces to avoid boredom and to connect with others for personal and professional reasons. Such needs have led to the creation of coworking spaces across the country where young entrepreneurs rent a desk, sometimes

with access to copiers, meeting rooms, coffee, restrooms, and important relational connections. Mazareanu (2019) notes, “Coworking is a new but fast-growing trend in the United States - from only 14 spaces in 2007, the number of coworking and other shared, collaborative office spaces increased to 4,043 in 2017.” Several coworking companies have arisen to fill this need.<sup>12</sup> What could happen if churches filled this need and offered coworking space for rent? When Wilmore UMC was approached by some millennials with this need, 23 people (primarily seminary students) signed up. This not only provided an income stream for the church, but it also addressed a specific need of these millennials who now recognize the church as relevant to the concerns and issues that they face.

Other churches are also opening their buildings for coworking space during the week, such as Real Life Church in Richmond, Virginia. Pastor Svetlana Papazov (2019) calls this a “church for Monday” since its missional purpose is to “close the perilous Sunday to Monday gap by uniting worship on Sunday to work on Monday” (p. 24). Pastor Papazov, however, has taken this a step further by providing, not only coworking space, but business and life coaching in the Real Life Center for Entrepreneurial and Leadership Excellence.

From a missional perspective, the popularity of Airbnb among millennials who are looking for an experience as they travel<sup>13</sup> challenges Christians to do what they should do: be hospitable. Airbnb provides an incentive for Christians to practice hospitality by opening rooms for rent. At the same time, Airbnb offers the opportunity to connect with others for discussions about faith. Churches can open a parsonage or other space to travelers who are thankful for the accommodation. Again, this not only provides an income stream for the church but also enables the church to meet the needs of the community via hospitality. The result can be fresh missional engagement. Using Airbnb to find paying guests to welcome into my house has led to many faith-focused discussions as well as some guests even coming to church with me.

These financial approaches are open to churches with limited cash since they usually require few funds to operate. Entrepreneurial church members may seize this opportunity and provide money upfront to re-arrange or repair space so it can be monetized in this way.<sup>14</sup>



What approach would be useful if these churches and church plants with open relational networks already had more cash available?

### **Incubate New Businesses**

When cash is more available (financial liquidity is high) and the church has open relational networks, then it is in a position to consider incubating new businesses (Figure 1, top right). This requires upfront financing, but it may produce a cash flow in a relatively short time. When a church has cash available, this approach can often provide a better return on investment than simply parking the money in a bank. The liquid assets provide the finances necessary for such an undertaking, while the open network provides a customer base for the new business.

For example, Shadowland Community Church in Nicholasville, Kentucky, purchased a coffee shop in the center of the city. The goal was to provide a third space for the community during the week as well as to provide a church venue on Sunday.<sup>15</sup> This space has also provided a venue to incubate several other businesses. The coffee shop business provides a rental income stream to the church.<sup>16</sup> One of the church members has opened a counseling center in the same building, which also provides rent to the church. On Sunday, this room is used for childcare. The church also rents out the upstairs as an event space throughout the week. This event space served over fifty different groups in its first year. Some of these groups pay rent (wedding rehearsal dinners, birthday parties, photo shoots) while others were not charged. Once again, this provides not only a financial stream but also helps the church to interact with the community missionally. For example, Shadowland Community Church has opened the space for receptions after the funerals of high school students as well as for students to study during their final exams, providing free pancakes for them as they study. On Sundays, the event space is used for Sunday School.

Shadowland Community Church is not unique, however. A church in Kansas City, Missouri, rents out their building as a wedding space for \$3,000 a night. The pastor informed me that the building is booked most Friday and Saturday nights throughout the year. The church also provides space for an event planner and a photographer to incubate

their businesses inside the church building. The equipment is put away and the rooms are then used for Sunday School by the church on Sundays.<sup>17</sup>

Some churches are even more creative with the use of their space to incubate businesses. DeYmaz and Li's church in Little Rock, Arkansas, rented a part of their building to a group that created a gym which is now heavily used during the week. Since this facility generates income that is not directly related to the mission of the church, the workout business pays the tax liability based on the percentage of the building that they use.<sup>18</sup> This business provides a significant portion of the church's income.<sup>19</sup>

This approach is not simply for business-friendly neighborhoods. Bible Center Church in the Homewood neighborhood of Pittsburgh, Pennsylvania, is in a neighborhood that has long been plagued by poverty and crime. Pastor John Wallace's passion for black-owned businesses has resulted in the church incubating a variety of businesses through their Oasis Project. This initiative has spawned a transportation company, a café, a farm, a fishery, a business development center, a property maintenance and management company, and an entrepreneurship academy. Several entrepreneurs recently helped include a jewelry maker, a chef, a web designer, and an event planner. Pastor Wallace (2019) explained that this approach is driven by a missional vision, "I believe that the proliferation of small [business], even microbusiness, ownership can have a tremendously powerful impact, not only economically, but also psychologically, on communities like Homewood." Ultimately, this strengthens the financial position of both the community and the church.

Jeff Greer and Chuck Proudfit (2013) in Cincinnati, Ohio, are taking similar steps by establishing what they call biznistry, meaning a "faith-based business that generates profits for ministry" at Grace Chapel (p. 18). The Grace Chapel campus, a former manufacturing plant, provides new business incubation, acceleration, funding, training, and team building in order to launch biznistries. There are now over two-dozen biznistries connected to the Grace Chapel campus which have created over 100 jobs, bringing thousands of people to Grace Chapel's campus each week. They are also earning about \$200,000 in profits annually for ministry reinvestment (20% of

the annual operating costs of the church).<sup>20</sup> The motivation for each of these biznistris is “to create purpose-filled, meaningful work in the business world that advances the kingdom of God” (Greer and Proudfit, 2013, p. 52).

While biznistris attempt to use people’s market skills and networks to change lives and reveal the kingdom of God, others are using non-profit organizations to do the same.

### **Non-Profit Organizations Form Mission Arms of the Church**

Many churches have limited cash and their relational networks are shrinking or closed (the bottom left of Figure 1). While this combination appears bleak, there is potential for these churches to become missionally vibrant and financially viable again.

Could a church increase its mission budget to over half a million dollars without asking for more tithes and offerings? This is what Mosaic church in Little Rock, Arkansas, accomplished through the formation of a non-profit arm called “Vine and Village.” Since this non-profit is separate from the church, Vine and Village attracts government grants and donations from other entities that would not give to the church. Even other churches are donating to this non-profit due to its missional impact. A separate nonprofit organization becomes a mission<sup>21</sup> arm of the church when it contributes to the well-being of the community by assisting immigration, training teen moms, offering fresh produce to ‘food deserts,’ providing an extended family to those with disabilities, offering a chess club, opening a clothes closet, or providing employment training or any other service that meets needs in the community.<sup>22</sup>

Joy Skjegstad has worked with over 50 churches to assist in the formation of non-profits. She currently directs the Park Avenue Foundation, which is a nonprofit connected to Park Avenue United Methodist Church in South Minneapolis. Skjegstad (2002) notes that “Setting up a nonprofit at your church can bring together the very best aspects of the church with the outside resources that a nonprofit can draw” (p. 3). She further explains how churches have several advantages for starting non-profits compared to individuals:

1. Churches often have the trust of the community so that the church can draw participants that may not otherwise feel safe at other locations.
2. Churches have a built-in and skilled volunteer pool that may enable the non-profit to function well. The talent within a church can provide substantial services to the community. Skegstad (2002) explains from her own experience at Park Avenue, “Volunteer tutors, mentors, lawyers, doctors, and nurses were all mobilized from within the congregation to do good works every day of the week in the church building” (p. 3).
3. Since a church itself is considered a non-profit entity by the Internal Revenue Service, members of the church often possess the needed expertise to furnish the necessary structure and paperwork for a nonprofit.

Some churches have operated schools and daycare centers as nonprofit entities. The nonprofit can pay fair market rent (or less) to the church. This allows the church to once again receive an income stream as well as missionally impact the community through the social services provided by the non-profit. A pastor in a small community in Kentucky recently informed me his church would have closed a long time ago if it were not for the preschool in the church providing both an income stream and new relationships. Once again, both missional impact and financial viability can be achieved through this approach.

### Co-vocational Pastoring Opens Multiple Income Streams

Another approach for churches that have both low financial liquidity and closed or shrinking social networks (the bottom left of Figure 1) is to consider co-vocational pastoring. Previously, the term bi-vocational was used to describe a pastor who worked another job outside the church. The implication was that this was a temporary situation until the church could afford a full-time salary. Once the church could afford it, the pastor would leave his or her secular job and work full-time for the church. In contrast, the term ‘co-vocational’ assumes that the pastor will continue to work outside the church even when the church can afford a full-time salary.<sup>23</sup> In this way, the church can be more generous to serve the community as well as create relational networks through the pastor’s employment (Briscoe, 2018).

Shadowland Community Church is a co-vocational church. Five teaching pastors share the preaching but only one is paid part-time for mission mobilization. The church has a goal to give away 51% of the tithes and offerings to impact the community to reveal the kingdom of God. This is unheard of for most churches since the personnel and building costs typically absorb a large majority of the budget.

After discussing alternate church financial models with a bishop for the Church of God in Christ (COGIC), he revealed that this co-vocational approach is used by almost all of the churches in the denomination. This is due to financial reasons as well as missional purposes. This was not a new practice; instead, he assumed this was (and would continue to be) the normal practice for COGIC pastors.

Pastor Johnson Asare in Ghana, West Africa, said, “In the garden of Eden, God provided multiple streams. Perhaps, this is to ensure that there was water even if one stream dried up. Pastors also need more than one income stream because you never know which one will dry up.”<sup>24</sup> Pastor Asare is a co-vocational pastor who has started businesses such as a hotel, a shea butter processing station, and a cashew farm. He states that he does not need money from outside of Ghana to do church planting and ministry. Located in a Muslim majority city, the money for Christian ministry comes from Muslims who patronize his businesses.

Karl Vaters (2017), in *Christianity Today*, calls bi-vocational ministry the “new normal” since it has increased 32% from 2010 to 2015.<sup>25</sup> There is a growing number of pastors who are adopting this approach for both financial and missional reasons. Since the marketplace is a relational network where people exchange products and services of value, the co-vocational approach may open relational networks as well as provide additional income.

What if the marketplace was not simply a venue for the pastors’ job and ministry, but was a mission venue for the entire church?

### **Entrepreneurial Churches Locate Church Inside the Marketplace**

If the church has high financial liquidity and closed relational networks (the bottom right of Figure 1), then the financial model identified as entrepreneurial churches should be considered. Entrepreneurial

churches are defined as

communities of Christ followers among unchurched people through businesses in the marketplace. Entrepreneurial Church Plants address the need to engage public society through the marketplace via entrepreneurial means. Such entrepreneurial church planters either start new businesses or work within existing businesses to plant churches in business venues (Moon & Long, 2018, p. 6).

Paul Unsworth in London, England noticed that 20,000 people a day walked down his street each weekend, yet there was no vital Christian witness in the neighborhood.<sup>26</sup> Only 5% of the British attend church regularly (Brierly Consultancy, 2015). How could he gain access to this large group of people and lead them to Jesus? His response was to open the Kahaila coffee shop that serves high-quality coffee and cake. Unsworth explains his rationale,

We need to find out how to form community. This is why we chose a coffee shop. It is a third space where people share life. We aim to build community in the café.

For evangelism, if you like doing something, do it with others. Invite others to do it with you. You build community and listen to others.<sup>27</sup>

This has resulted in a church plant that also meets in the building on Wednesday nights. He is motivated by a missional impulse to connect with the unchurched and is finding success. Unsworth shared,

I have had more spiritual conversations with people in a week than I had in working in a church for a whole year... people that don't know anything about Jesus. We need to create opportunities to genuinely listen to people. In time, they will be interested in what I believe. Church is more than a service on a Sunday. Church is a spiritual family that comes together to redeem the lost.<sup>28</sup>

Unsworth is not unique in this approach (Moon & Long, 2018). Instead of starting a new business, Sean Mikschl works as a waiter in

an existing business (Copper River restaurant). This provides an open network for his church plant that meets on Thursdays at 11 PM, the time when restaurant workers end work, and are ready to meet.

Several venues have been used successfully to start entrepreneurial church plants such as workout facilities, bakeries, barbershops, hotels, and cafes, in addition to numerous coffee shops. There are even networks to encourage the opening of ‘micro-churches’ in the marketplace.<sup>29</sup> This approach can open up relational networks when financial liquidity is high but current relational networks are closed.

### **Decentralized Churches**

After hearing about the above five financial options recently, a pastor said to me, “In my situation, I do not know where to start since I am not even on your chart! My cash is so limited and my networks are so minimal that I do not even fit into any of these options. What can I do?”

Fortunately, there is another option for church planters and struggling churches. This can be described as Decentralized Churches. Hence the sixth option (starting with the letter D) updates the MINCE acronym to MINCED. Decentralized churches are sometimes known as house churches, simple churches, organic churches, dinner churches, fellowship bands, or micro-churches.<sup>30</sup> What they all have in common is the gathering of small groups of Christ followers in everyday settings. The venues vary, as well as the number of people and the meeting frequency. They challenge the existing financial models because they do not assume that the Sunday church attendance is the most accurate measure of church health or that bigger is always better. As a result, this eliminates (or greatly reduces) the largest line items for most church budgets: mortgages, rent, and salaries.

Similar to the other MINCE financial options, this model can be both missional and financially viable. For example, the Inspire Movement in both Europe and the U.S. focuses on missional engagement and discipleship as a starting point for gathering a community of Christ followers. The Tampa Underground network includes house churches that focus on mission among the poor, the homeless, those in recovery, single mothers, and many more.<sup>31</sup>

The recent COVID-19 pandemic has revealed a strength of decentralized churches. When large church gatherings were suddenly prohibited, many churches struggled to adopt technology such as Zoom to maintain their connections with their congregations. Hugh Halter explains how decentralized churches hardly skipped a beat amidst the pandemic,

Are all churches struggling? No, in fact, if we understand and believe the reports that half the American church has already been decentralized into house churches then only half the church is struggling. “Where is the missional movement?” so many have asked the last five years? Well, the real answer is that the missional church, with decentralized form, is alive and well. Like cockroaches to the coronavirus, we know how to navigate and even prosper among the rubble. We already know how to live off the meager scraps. We are everywhere and we’re healthier now than ever before.<sup>32</sup>

One of the surprises of the Coronavirus has been that churches have been forced to decentralize to survive. This reminds us of biblical and historic times when the church survived and even thrived amidst great struggle and persecution. A bigger surprise is that some churches are now asking the question if they want to return to the centralized ‘church as normal’ once the social isolation bans are lifted.

As with all of the MINCED options, some risks need to be considered before aiming to adopt one of these financial models.

### **Cautions to Consider for MINCED**

Discussions of money in churches may be a sensitive topic. On the one hand, theologians like John Wesley recognized the great potential for wealth to be created and used to transform society. David Wright (2012, p.95) notes, “Wesley’s publishing enterprise was enormously successful. It made Wesley very wealthy. Some estimate he earned as much as 30,000 pounds (more than \$6 million today) over his life from this highly successful entrepreneurial business.” Reflecting on the missional significance of business and money in the marketplace, Wesley concluded, “It is therefore of the highest concern that all who fear God know how to employ this valuable talent [money]; that they be instructed



how it may answer these glorious ends, and in the highest degree.”<sup>33</sup>

On the other hand, Wesley recognized the dangers of riches. While money can be used for great good, it can also be used for selfish gain and harm. As a result, there are some precautions to consider as pastors and church planters seek economic wisdom.<sup>34</sup>

### Single Versus Triple Bottom Line

Instead of relying upon a single bottom line for business (i.e., profit), Wesley warned employers not to harm workers physically or mentally through their work. He also warned against work that was profitable but not beneficial for society. Today, we would identify these as social considerations. Those making business decisions must consider social and spiritual consequences (in addition to the financial consequence which determine how long a business will last) in order to mitigate against the excesses of the free market system. In short, just because a business deal can be done profitably does not mean that it should be done. If there are negative social and spiritual consequences, even though there are positive financial consequences, then it is not a good deal.<sup>35</sup>

### Accountability

Wesley was adamant that Christians should be in accountability groups. For entrepreneurs, these groups should ask questions like, “How much money did you make this month?” and “What did you do with it?” Wesley encouraged entrepreneurship but not for selfish accumulation. His dictum, “Make all you can, save all you can, and give all you can” is best understood by looking at the final goal: to help the poor. Accountability in business and spirituality is one way to guard against selfish excess.

### Generosity

Wesley felt that money should not find a resting place in one’s soul. Money is called currency, hinting that it should move and not become stagnant. He felt that it was not a sin to be wealthy, but it would be sinful to die wealthy. Wesley’s own use of money serves as an example. “He kept none of this money [\$6 million] for himself. All but the barest of necessities was reinvested in the work of the movement” (Wright,

2012, p. 95). In this way, generosity is a guard against greed and stockpiling wealth.

## **Taxes**

If churches operate businesses that are not crucial to the mission of the church, then the IRS requires the church to pay Unrelated Business Income Tax, even though the church is a non-profit entity. The best way to pay this tax is to require the business or businesses operating on church property to pay it.<sup>36</sup>

## **Commodification**

In a market society, there is a temptation to put a value on everything, which can reduce people to simply customers or commodities, thereby damaging relationships. This can be particularly harmful in a church where relationships are meant to be more familial than market-based. For example, I encourage pastors to be wary of pyramid schemes in their churches since they can do much damage if members develop relationships with motives other than love. Making decisions based on the triple bottom line mentioned above can reduce the pull toward commodification.

## **Jesus Overturning the Money Changers' Tables (Matt. 21:12-13)**

Some claim that these passages warn against mixing business and church. Rather, this is a rebuke of greedy business practices, particularly practices that rob the poor, as well as a lack of prayer in church. The approaches described above attempt to return prayer to the marketplace as well as promote business that is done with integrity and honesty. DeYmaz and Li (2019) recommend that the church consider itself a 'benevolent owner' and that the businesses operated inside the church are charged a fair and even below-market rent for the use of the church space. Profit should not be viewed negatively. Jesus commends the faithful steward who makes five talents from the five talents that were given to him. How many of today's churches are simply sitting upon their talents instead of engaging the marketplace to create more? They may mistakenly use these passages on the cleansing of the temple to justify their inaction.

## Teamwork

Several of the above approaches highlight the need for teamwork. Since pastors seldom make good bankers (Greer & Smith, 2016), it is best to team with others who are skilled in accounting, finance, marketing, and strategic planning. There are typically people in the church who are skilled in these areas since that is what they do professionally. They often develop enthusiasm for a ministry when they hear that their skills are needed and can be put to use for the kingdom.

## Charging for Blessings

In Acts 8, Simon the sorcerer tried to purchase spiritual blessing from Simon Peter and John. The harsh rebuke by the apostles should remind us that spiritual blessings are gifts from God for which we should not charge people.

## Conclusion

Former Anglican Bishop Graham Cray has noted, “The long-established ways of doing church are working less and less.”<sup>37</sup> He could very easily have been referring to the changing financial picture of the church as well as its missional effectiveness. The financial challenges facing churches call for new approaches to meet their budgets beyond simply the collection of tithes and offerings.

While there is no quick fix to the financial difficulties facing churches and church plants, considering the interaction of a church’s relational network (closed or open) and financial liquidity (low or high) provides useful options for both financial viability and missional vibrancy. This argument is not meant to demean tithes and offerings. On the contrary, they are essential for the church and its members. On the other hand, this article has attempted to address the question, “How does the church survive if tithes and offerings are not enough to meet the church’s budget to fulfill its mission?”

Consider again Highland Baptist Church in Memphis, Tennessee. Instead of demolishing their 76-year-old building, they recognized that they could monetize their greatest resource, the building. Presently, the Collegiate School of Memphis operates a middle school and high

school in the building during the week while the church continues its services on Sunday. The nondenominational Avenue Community Church also meets in the building. These three organizations support Heights CDC, a nonprofit community development corporation working to improve the economy, housing, green spaces, and community identity in the neighborhood. What has been the result?

Larry Reed with the Collegiate School of Memphis has observed that new life has been breathed into the church and community, “In 2006 or 2007, if you would have driven by those buildings, they were either vacant or largely unused by the church and minimally, if at all, maintained. Now they have lots of life.”<sup>38</sup> In addition to financial stability, Christina Crutchfield (Heights CDC community engagement coordinator) explained how the church and school are also having a missional impact in the community, “Collegiate is a great partner with the neighborhood because instead of just existing ... they actually go out into the neighborhood and do service projects.”<sup>39</sup>

What can church leaders do when tithes and offerings are not enough? They can consider the MINCED financial options. This may make the difference between shuttering operations or bringing life back into the church.

## Notes

<sup>1</sup> To learn more about this church’s journey, see

<https://www.highgroundnews.com/features/SavingChurchesHeights.aspx>

<sup>2</sup> I heard this figure from a presentation made by a representative of Stadia (one of the largest church planting networks in the U.S.) at the Exponential church planting conference in Orlando, FL, in March 2018. The figure may be even more now.

<sup>3</sup> Accurate numbers for church plants and closings are not easy to obtain. These estimates are from a 2019 conversation with Dr. Winfield Bevins, Director of Church Planting at Asbury Theological Seminary.

<sup>4</sup> <https://pushpay.com/blog/church-giving-statistics/>

<sup>5</sup> The potential rescinding of the church property tax exemption was prominent in national news again in November, 2019 when a presidential candidate said, “Yes” when asked if he thought “religious institutions like colleges, churches, and charities, should lose their tax-exempt status if they oppose same-sex marriage?” (Lybrand, H. and Subramaniam, T., 2019).

<sup>6</sup> I whole heartedly affirm the collection of tithes and offerings. This article, though, offers creative approaches to use the resources at the church’s disposal to reveal

the kingdom of God when tithes and offerings are not sufficient to meet the budget for various reasons.

<sup>7</sup> The COVID-19 situation has further aggravated this situation. In May 2020, CapinCrouse noted that 56% of all churches experienced a decline in overall giving. Of the churches that experienced a decline, 41% noted that this decrease was 2-10%. See the report: <https://www.capincrouse.com/wp-content/uploads/2020/04/CapinCrouse-2020-Impact-of-COVID-19-on-Church-Giving.pdf>

<sup>8</sup> For an updated discussion on church economics amidst the Coronavirus, see the webinar led by Mark DeYmaz:

<https://www.youtube.com/watch?v=hj3QC8aovXE>

<sup>9</sup> Win and Charles Arn (1988) interviewed 17,000 people and asked, “What or who was responsible for your coming to Christ and to your church?” Following Arn’s research, Gary McIntosh (2014) did a similar survey in 2000 with 1,000 participants and found some changes whereby the friend and family influence reduced to 58.9%, and 17.3% came to Jesus and church through a church staff member. Even still, the family and friend connection was by far the leading influence.

<sup>10</sup> Hunter (2009, p. 62) considered the relational networks of new believers to be particularly crucial for church growth for the following reasons: “(a) New disciples still have many more contacts with pre-Christian people than long-established members have. (b) They still remember what it was like to try to make sense of one’s life without Jesus Christ as Lord; many longtime members have forgotten. (c) Their faces and lives still reflect the contagion of a new discovery; many friends and relatives knew them “BC.” (d) They have not yet had time to become linguistically corrupted by theologians and preachers; they still understand and speak the language of the secular marketplace. So, for such reasons, growing churches often have a very intentional, deliberate, ongoing practice of reaching out to people in the networks of their newest members and Christians.”

<sup>11</sup> Monetize is the “process of turning a non-revenue-generating item into cash.” See: <https://www.investopedia.com/terms/m/monetize.asp>

<sup>12</sup> WeWork has capitalized on this need for work spaces and relational connections across the U.S. (Bliss, 2018).

<sup>13</sup> As of November, 2019, Airbnb states that they have experienced a 153% compound growth rate since 2009 with 150 million total users worldwide and over half a billion Airbnb stays all-time. Millennials account for roughly 60% of all guests who have ever booked on Airbnb. \$20,619 is the average expected annual profit of Airbnb hosts renting out a full two-bedroom apartment or house in major cities. For these and further statistics, see Bustamante, J. (2019).

<sup>14</sup> I know entrepreneurs who are willing to enter into rental arbitrage with these types of facilities. This means that the entrepreneur will pay the church a set monthly amount for rent, then they will use the Airbnb or work collective market to increase their income above the amount of the rent.

<sup>15</sup> Actually, two churches now meet in this same space on Sunday (when the business is closed). In addition to SCC meeting on Sunday morning, a church that ministers to the recovery community meets on Sunday night.

<sup>16</sup> At the time of this writing, the owner of the coffee shop closed her business, but another entrepreneur is preparing to open a bakery/dessert service there. This demonstrates the flexibility and continuance of businesses in a particular space.

<sup>17</sup> In this case, the church monetizes their underutilized asset by charging rent (the first approach) while the church or community members incubate a business (second approach). The end result puts the church and community in a stronger financial position.

<sup>18</sup> This is called Unrelated Business Income Tax or UBIT. Churches should ask the business entity to pay this tax based on the % of the building that they are using. In this way, the church protects their non-profit status while still complying with IRS tax rules.

<sup>19</sup> DeYmaz and Li (2019) recommend that churches find entrepreneurs in the church to start small businesses based on the existing services that the church provides. For example, instead of the church giving away free (and poor quality) coffee, they could create a coffee business that sells coffee and uses some of the profits for ministries in the church (e.g., youth group expenses). In this way, the small business benefits the church and community financially and missionally.

<sup>20</sup> According to an email from Chuck Proudfit to the author on 12/12/19.

<sup>21</sup> Vine and Village started from the holistic work of the church, as they attempted to integrate three components for community transformation, as described by their mission statement, “To be a catalyst to serve people living in and around Little Rock’s emerging University District by helping to meet their social, economic and spiritual needs resulting in *Real Community Transformation*.” See:

<https://vineandvillage.org/about-us-3/>

<sup>22</sup> Started in 2008, this non-profit seeks to transform the community through spiritual, social, and economic means. Under the leadership of its executive director, Paul Kroger, this ministry continues to expand. See:

<https://vineandvillage.org/>

<sup>23</sup> SEND Institute commissioned a survey of bi-vocational pastors in 2018 and found that “41% indicated that being bi-vocational was integral to a long-term ministry strategy,” indicating that they were co-vocational (Yang, 2019).

<sup>24</sup> Based on a personal conversation with Johnson Asare in 2014.

<sup>25</sup> Based on a 2015 Faith Communities Today survey, fewer than two-thirds (62.2 percent) of U.S. churches have a full-time pastor. That’s down from 71.4 percent in 2010. That means that bi-vocational pastoring went from 28.6% in 2010 to 37.8% in 2015. For African American pastors, the bi-vocational rate soars to 57% (Vaters, 2017). For further trends in bi-vocational ministry, see Earls, A. (2016).

<sup>26</sup> Based on a conversation with Paul at the Kahaila coffee shop in 2019.

<sup>27</sup> <https://www.youtube.com/watch?v=ma-RQfrBmqk>

<sup>28</sup> [https://www.youtube.com/watch?v=eLEEH1K\\_W8g](https://www.youtube.com/watch?v=eLEEH1K_W8g)

<sup>29</sup> For example, there are over 200 micro-churches in the Tampa Underground. For more information, see: <https://www.tampaunderground.com/our-microchurches>. In addition, Common Thread in Birmingham, Alabama, has incubated over 14 businesses. For more information, see: <https://commonthread.org/>

<sup>30</sup> One could also place the multi-site option in this list, but the multi-site option has a more central hub than the others listed. I know of several financially challenged churches that have reached out to a larger church in order to become

one of their sites. This has kept the struggling church open while also allowing more lay involvement.

<sup>31</sup> <https://www.tampaunderground.com/our-microchurches>

<sup>32</sup> <https://outreachmagazine.com/interviews/54120-cockroaches-and-the-coronavirus.html>

<sup>33</sup> Sermon by John Wesley, “The Use of Money.” Wesley’s sermons are available at: Wesley Center Online (n.d.). Several of his sermons dealt with topics related to money, including:

- [Sermon 87 - The Danger Of Riches](#) 1 Tim 6:9
- [Sermon 112 - The Rich Man And Lazarus](#) Luke 16:31
- [Sermon 50 - The Use Of Money](#) Luke 16:9
- [Sermon 51 - The Good Steward](#) Luke 21:2
- [Sermon 108 - On Riches](#) Matt 19:24
- [Sermon 126 - On The Danger Of Increasing Riches](#) Ps 62:10

<sup>34</sup> While there is not enough space in this article to discuss the theological underpinnings of economic wisdom, see the Economic Wisdom Project (n.d.) for helpful resources.

<sup>35</sup> For a further discussion on the balancing of financial, social, and spiritual capital, see Danielson (2015).

<sup>36</sup> For a helpful resource on UBIT, see: Batts, Michael E. (2020). *Unrelated Business Income and the Church: The Concise and Complete Guide – 2020 Edition*. Orlando, FL: Accountability Press.

<sup>37</sup> Personal conversation with the author and Graham Cray in York, England in January 2017.

<sup>38</sup> <https://www.highgroundnews.com/features/SavingChurchesHeights.aspx>

<sup>39</sup> Ibid.

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