

## **Developing Revenue Streams**

Adapted from Material by George Bullard

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Several years ago George Bullard of The Columbia Partnership wrote an article about how denominational offices need to develop more revenue streams.

“Many denominational organizations are facing a long-term trend that is radically changing the way they finance their work. Some denominational organizations recognize this trend and are responding to it by multiplying their denominational funding streams. Other denominational organizations are in denial about the funding transformation that is occurring, and are failing to multiply their funding streams.”

The key to future funding is to not rely on one stream or even one source such as only church members. Churches must explore how to get non-members and non-attenders to give to the church’s causes and support it in ways that will augment what the church seeks to do.

He then presented a list of ten revenue streams. Here I have used George’s list and expounded on it. Churches need to be creative about their funding sources – relying on the same offering envelope year after year is not wise but incredibly foolish. And Christ himself gave his followers a mandate to be wise in the way of the world.

### **1. Tithes and Offerings**

- a. “The basic funding stream in some denominations became a new sacrament for congregational worship.” That is increasingly not true for younger generations. Many view the offering envelope as a relic of a bygone age. I predict that within a few decades church’s receipts from undesignated gifts will be half of what it has been.
- b. Examples:
  - i. Offering envelopes are the classic example.
  - ii. Loose plate collections are another example of undesignated gifts.

### **2. Special offerings**

- a. Most special offerings are collections for missionary work done by the national, state or local group of churches. All or almost all of this money is forwarded to another agency and the church doesn’t keep any of it, not even a “handling fee.”
- b. Examples
  - i. Southern Baptists have offerings for Lottie Moon (international missions) and Annie Armstrong (US missions).
  - ii. Presbyterians (PCUSA) have four national offerings for various functions which churches collect.

### **3. Designated gifts**

- a. Generation Y (and even Baby Busters or Generation X) prefer to see their gifts going for a specific cause that tugs at their heart or just fancies their interest at

that moment. Younger generations feel they can change the world – because their parents told them they could. And now, they're doing just that, one cause at a time with more and more money each year.

- b. Examples
  - i. Mosquito nets for Africa is done by Starbucks; some churches do this, too.
  - ii. Gifts for people after a natural disaster such as an earthquake, tsunami, hurricane, or tornadoes are common.
  - iii. Habitat for Humanity is leveraging this form of giving very well, too.

#### **4. Fee for Services**

- a. People have certain needs and if a church can meet those needs, people will pay for the services provided. These services don't have to be religious but sometimes they are.
- b. Examples:
  - i. Many churches have child care centers or mother's day out programs.
  - ii. Some churches provide professional counseling services.
  - iii. A church may mandate pre-wedding counseling for a couple and charge them for the minister's time and books related to the sessions.

#### **5. Capital Campaigns**

- a. Every few years, growing churches need to raise serious money for a project on their own campus. Many campaigns will tie in a missions project or some cause which will draw on heartstrings in order to raise money for the overall goal. Usually these campaigns happen no more than every three to five years.
- b. Examples
  - i. Building a new building
  - ii. Pay off debt
  - iii. Spruce up existing buildings
  - iv. A major missions project

#### **6. Foundations of the Organization**

- a. Universities and hospitals are running scared that churches will figure out that they have an inside track on getting money from estates and bequests. Churches need to cultivate this more – people who love their church want their church and even specific programs to continue well after their death. Take advantage of that opportunity and develop these donors.
- b. Examples
  - i. There are endowments can for communion flowers and lawn care
  - ii. Benevolence needs and missions causes are popular
  - iii. Scholarships for children to attend camp and go on mission trips are some of the most common

#### **7. In-kind resources and services from individuals and businesses**

- a. Many members want to give back to their churches with their experience and expertise. This is increasingly dramatically as Baby Boomers retire with sufficient funds so they don't have to work but with the desire to stay active. They've worked for success, now they want to do something significant.

- b. Examples
  - i. Tradespeople are always in high demand: electricians, plumbers, carpenters, painters, etc. are used for needs within the church and on mission trips.
  - ii. Some churches use CPAs to do their internal audits.
  - iii. A great number of churches use volunteers as receptionists, gym monitors, and other personnel to meet needs which would otherwise require paid staff.

## **8. Sale of Products**

- a. Many churches are seeking to be the “third place” where people spend time. Home is first, work is second, and many people spend the next highest amount of time in a gym, bookstore, coffee shop, or other place that has some attraction to them. Churches are realizing they can offer something more wholesome that will attract people and beat out the secular competition.
- b. Examples
  - i. Coffee shops and bookstores in church buildings
  - ii. Many churches have a columbarium (a place to deposit cremated remains of people) which in time will become revenue sources and whose invested assets can provide funds for the facilities and grounds
  - iii. Some churches have full-blown gyms and recreation centers which are free to members and reduced in price to non-church members.
  - iv. Preschool Art Sale – what grandparent wouldn’t pay a couple of bucks for the grandchild’s art work with the proceeds going to purchase furnishings for children’s classrooms and playground?

## **9. Foundation grants**

- a. Every year tens of billions of dollars are distributed by foundations to help meet social needs. Churches need to work with grant writers to find out how to tap these revenue sources which can exponentially help what a church is already doing, but use an outside source of funds.
- b. Examples
  - i. The Lilly Endowment and Duke Foundation are major donors to Christian causes
  - ii. Community Foundations in major cities will help social needs which are supported by churches and other social organizations

## **10. Investment Income**

- a. Collectively churches have billions of dollars in checking, investments, and other financial assets. These can generate a stream of revenue (interest, capital gains, realized and unrealized gains, etc.) which can help the church meet its financial needs.
- b. Examples
  - i. Interest bearing checking accounts
  - ii. Money market accounts

End of George Bullard's list but my list keeps on going:

### **11. Rental Income**

- a. Most church facilities sit empty during the week. But what if a local bank needed a place for a board meeting or the chamber of commerce needed a convention location? What if Hollywood wanted to use the sanctuary to film a movie? Some sports programs need a location for their summer programming and many churches can rent their gyms to these local businesses.
- b. Examples
  - i. Local businesses sometimes use church space as meeting rooms or for conferences
  - ii. Symphony orchestras sometimes rent sanctuaries for performances in the suburbs

### **12. Event Registration**

- a. There are many events in every church and churches should be willing to look at how those events can be paid for by the participants. Some people feel the church should pick up the entire tab but this is not possible for everything. Churches can let people know that the church is subsidizing part of the cost of the event but that it expects attendees to pay for another part of the cost.
- b. Examples
  - i. Upward Sports is very popular in churches and most parents are very willing to pay a fee for this activity for their child
  - ii. Many churches have a \$5 or even \$10 VBS fee for each child who registers, and the fee is used to offset the cost of materials and crafts

### **13. Cost Recovery**

- a. Church budgets have a variety of costs which, if given the opportunity, members would love to sponsor. One of the most common is the communion table flowers each Sunday which are often given in memory or in honor of a person, and the family reimburses the church for that expense. If people only knew, they would probably be willing to either buy the item or pay the church for the item.
- b. Examples
  - i. Sunday school or small group books or study materials
  - ii. Flowers for the communion table
  - iii. Sunday morning groups paying for coffee purchased for the large gathering

### **14. Business Partnerships**

- a. Almost every business wants to support their community but many don't know how except to give to major causes like cancer or heart research. Creative churches can partner with businesses to make win-win scenarios whose biggest winner is the local community. Literacy is a campaign that every business would support if only someone – the local church! – would coordinate the efforts.
- b. Examples
  - i. One church partnered with a city and university to build a multi-million-dollar parking structure.
  - ii. Another church distributed thousands of donated school backpacks with

donated school supplies. The church just needed to provide the volunteers and the storage space.

### **15. Offerings After Special Events**

- a. Many churches have events in which the local community is invited to attend and they attend in droves. These are opportunities to thank people for coming and to give them a chance to give back to the church that put on the event. A request can be couched in terms that are not offensive or pandering to people and who knows, you may collect more than you think.
- b. Examples
  - i. Concerts
  - ii. Spring and fall festivals

### **16. Sponsorships and Scholarships**

- a. Adults want kids to experience things outside the norm such as going to summer camp or going on a mission trip, especially an international one. While there are many types of fundraisers, there is also direct solicitation. That is, asking for a scholarship or sponsorship of a needy kid (unnamed but selected by the minister) to go to camp or on a mission trip.
- b. Examples
  - i. Contact people who solely or with a few others can provide the funds.
  - ii. Ask classes or small groups to collect funds to take care of a need.

### **17. Ownership of Facilities**

- a. Every small group or Sunday school class meets in a regular room. Usually it is pretty drab but what if each group was encouraged to “own” their room and decorate it, furnish it, and take care of it as if it were their own home. What could small groups do collectively to spruce up their rooms and improve the look and facilities?
- b. Examples
  - i. Classes and small groups can buy and install new whiteboards, chairs, wall hangings, and other items.
  - ii. Groups could paint their rooms and even buy an area rug or help out with the cost of a carpet.

### **18. Memorials and Memorial Funds**

- a. When people die, family and friends give money to the deceased person’s church. The church leadership should have a plan as to what those memorial funds could be used for. Sometimes the need is obvious because the person who died had a specific interest in a particular ministry. Other times church leaders need to help the family select a ministry or need in the church and still other times, the gifts should go to the church’s endowment with the idea that these final gifts will last an eternity.
- b. Examples
  - i. Some families want the church to have better décor and aesthetics so they specify things like pictures and nice furniture
  - ii. Other times memorial gifts will sponsor a classroom (in memory of a beloved teacher) or a special use room such as a bride’s room (in

memory of a saint)

### **19. Capital Investment Lists**

- a. Churches have capital needs – items which cost a lot of money and which require a substantial investment by the church. Some churches create capital needs lists which are made available to the general public. These lists are compiled from what various ministries and ministers submit. Occasionally, members of the church will review this list and decide to take care of one or more (or part of one or more) items because it tickles their fancy.
- b. Examples
  - i. Capital Investment List which itemizes, analyzes, prioritizes, monetizes, and is publicized to the congregation.

### **20. High Capacity Donors**

- a. Every church has at least one high-net-worth individual or family. These people are solicited every day by wonderful causes, but often their church shies away from approaching them because of the biblical admonition against favoring the rich. However, the wealthy want to give to their church – they really do. Pastors must be willing to just be a pastor to the wealthy, not another open palm.
- b. Examples
  - i. Pastors should get a list of their top 20 donors and have coffee with one a week (two times a year with each person) so that these donors will see their pastor as a pastor.
  - ii. Pastors can invite a family or a group of individual to meetings sponsored by Generousgiving.org whereby high net worth individuals help other ones to learn the joy of generosity.

### **21. Gratitude Gifts**

- a. Every year children “graduate” from one class to the next. In many schools, the graduating class will collect funds and make a contribution of some sort to the institution that meets a tangible, permanent need. Student leaders need to look at their ministry and see what they need and what a group of graduates could pool together to buy for the younger students.
- b. Examples
  - i. The parents of children who graduate from preschool could be encouraged to fund improvements to the playground.
  - ii. Some elementary-age classrooms need various items and departing students could be encouraged to help provide these items
  - iii. High school seniors can be asked to buy new furniture, new equipment or fund a mission trip scholarship.

### **22. Alumni Gifts**

- a. Some churches have an annual homecoming when former members come to celebrate the heritage that formed them as children, teens, and/or young adults.
- b. Many returnees are grateful for the investments made in them many years ago.
- c. Encourage these returning guests to make a special gift to the church that formed them so that the church can invest itself in the next generation and the generation after that.