

# **HOW TO INSPIRE THE CONSTITUENCY WITH FINANCIAL CONFIDENCE**

**Presented by Elias F Zabala Sr. and Dr. Lilya Wagner**

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# DEFINITION AND SCOPE OF PRESENTATION

Financial Confidence – organizational preparedness to effectively manage its present and future financial resources.

Organizational Financial Viability – achieved when financial professionals inspire the constituency with financial confidence.

To following seminar essentials facilitate achieving these goals:

- The goal of organizational financing
- Strength and security of the organizations' financial system and structure
- Income and expenditure processes
- Investment procedures
- Checks and balances with organizational funds, including in fundraising
- Accountability and reporting systems, including in donations





# CHOLUTECA RIVER, HONDURAS



## CHOLUTECA RIVER BRIDGE, HONDURAS

- Built in the 1930's by the US Army Corps of Engineers
- 1998, Mitch a Category 5 Hurricane
- Many roads and over 150 bridges were destroyed
- Choluteca's River bridge stood strong
- Builders bragged about their engineering prowess





## SOMETHING WRONG WITH THIS PICTURE

- Mitch couldn't move the bridge structure. So it took the river instead
- Structure is totally useless
- Completely Irrelevant
- The bridge goes nowhere now





## COULD THE ORGANIZATION ENDS UP LIKE THIS?

- The bridge is the organization, the structure
- The river is the purpose, mission, trust and confidence
- Pay attention to your river; It may be a slow process, but it's moving





# INSPIRING CONFIDENCE: HOW DOES IT HAPPEN?

## LET'S EVALUATE

- Do you practice Generally Accepted Accounting Principles?(GAAP)
- Does your organization own and use reliable Accounting Software for all your treasury and human resources needs?
- Do you provide financial report in a timely manner and encourage members to ask questions about reports?





## LET'S EVALUATE



- Does your finance or executive committee authorize all bank and investment accounts?
- Are Financial Reviews performed on a regular basis?
- Are adequate internal control procedures in place to prevent possible losses?
- Does the leadership of your organization promote and practice an “Open Door Policy”?

# THE GOAL OF ORGANIZATIONAL FINANCING

- To support the Mission
- To maximizing Resources
- To establish a culture of leadership accountability
- To build a trusting relationship
- To facilitate sustainable, cost-effective and productive operation
- To create new ministries



# **SERVING THE REAL CUSTOMER, OUR MEMBERS**



**A new level of service is required.**



**This service will need to be spiritual and exhibit a renew level of nurturing.**



**Members demand a clear vision of the organization and what is accomplished by all funds.**



**Expectation of higher standard of accountability at leadership level first.**

# WHY STRENGTHEN AND SECURE THE ORGANIZATIONS' FINANCIAL SYSTEM?



Commitment to  
Workers/Families



Commitment to  
Higher Organization



Commitment to  
Institutions



Responsibility to  
Business  
Community



Compliance with  
State and Federal  
Laws



The Up-keeping of  
Conference owned  
Properties



Financing the Local  
Mission of the  
Church



Safe Investment  
Practices



# INVESTMENT BEST PRACTICES



FUNDS SHOULD  
BE MISSION-  
DRIVEN



DIVERSITY OF  
INSTRUMENTS



BASED ON  
OPERATING CASH  
FLOW



MODERATE-  
CONSERVATIVE  
LEVELS



MONEY MARKET  
PROVISION



RESTRICTED  
FUNDS RULES

Develop adequate  
perspective about  
money

Develop and maintain  
a budget

Anticipate sources of  
income

Secure commitment  
to support the budget

Supervise cash flow

Keep adequate  
accounting and  
auditing  
procedures.

Report  
appropriately to  
committees

## INCOME AND EXPENDITURE PROCESSES

TIDWELL, C. A. (1985)



# BUILDING CONFIDENCE THROUGH FINANCIAL REVIEW

- Enhances understanding on organizational financial policies and their practical applications
- Increases management effectiveness in fulfilling strategic issues
- Develops accuracy in management's decision-making process
- Instills appreciation and trust on the constituent members towards the board and leadership

*The only sustainable competitive advantage a company has is its reputation.*

(Madison Avenue PR Executive.)





## FUNDING THROUGH DONATIONS

- Who is eligible to receive donations, that supplement tithe and offerings?
- What sources might there be for donations? Who could be donors?
- How do you present a case for raising funds?
- What are the six major points of fundraising?



- Accountability is a two-way street: Leaders hold others accountable, and are accountable to others.
- Being accountable to fellow believers is an important check and balance against moral lapse. Hayford, J.W. (Ed.). (1997)
- Accountability breeds response-ability. Stephen Covey
- A leader may delegate responsibility, but he/she can't delegate accountability.



CHECKS AND  
BALANCES WITH  
ORGANIZATIONAL  
FUNDS,  
INCLUDING IN  
FUNDRAISING

## TRANSPARENCY AND ACCOUNTABILITY IN FUNDRAISING

- Trust issues with nonprofits
- Practices that negate trust
- Examples of counterproductive practices that inhibit trust and generosity
- Ethical violations
- Great demand for transparency
- Types of reports
- Delivery and frequency of reports

# TRANSPARENCY AS AN ABSOLUTE, MUST BE IN OUR CHURCH.

(BOB LEMON, RETIRED GC TREASURER)



- Inclusion of the fundraiser
- Support from top administration
- Fundraising part of organizational plan
- Working closely with public relations, marketing, constituent outreach
- Regular information-sharing internally
- Involving colleagues
- Creating an active board and development committee

# INTERNAL PRACTICES THAT SUPPORT FUNDRAISING

## NON FINANCIAL PRACTICES INSPIRE CONFIDENCE

- Love people genuinely
- Respect time
- Keep promises (personal and institutional)
- Communicate effectively (speaking and listening)
- Be normal and Honest
- Practice Transparency in all transactions
- Build your constituency' access to leadership



## REMEMBER THE CHOLUTECA RIVER!

- The journey is as important as the destination!!!
- Leaders don't get to chose their own crisis.
- Build trust, practice accountability and eliminate bureaucracy



## **AS A RESULT...**

Your members will  
enjoy building the  
kingdom, when they  
know it is both  
worthy and effective.







# QUESTIONS AND ANSWERS!

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THANK YOU ALL!