Faith and the bottom line

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Many Christian leaders running an organisation will have experienced periods when income from gifts, grants, products or services has fallen off. At these times we might wonder, how does my faith work out in practice, should I just be trusting God for the shortfall? Is it simply a matter of having enough faith?

Managing an organisation through challenging financial times is never simple nor easy and our faith is surely tested during such times. Finance is not a subject that gets dealt with much in church life or teaching, except perhaps occasionally in terms of personal debt and giving. Even less is said about how our Christian faith works out in practice when facing the challenges of running a business or Christian organisation. In my experience there is all too often a sacred secular divide when those involved in so called full time Christian service speak about such matters. It runs along these sort of lines - "if I am doing God's work, God will provide" or "I don't need to worry about where the money will come from". Or as one person put it to me "cash flow forecasting may be useful in business but maybe not in ministry"!

Of course we should all look to God to provide our need according to His promise in Philippians 4v19 where Paul tells the Philippian Christians "My God will meet all your needs according to His riches in Christ". In my experience of Christian organisations however, when it comes to finance, leaders can sometimes be in danger of presumption, expecting God to meet all their financial needs as they see them. This self confessed attitude of "faith" when doing gospel work can hinder leaders taking the necessary steps to properly manage an organisations financial affairs within the law and in accordance with biblical principles. When the going gets tough and undue reliance is placed on Philippians 4v19 promise, leaders can fail to try and manage a way out of the financial crisis or fail to face early enough the tough decision to wind up the organisation.

This article takes a look at how we balance true faith and our responsibility before God to act in accordance with His word and the law. We begin by firstly taking a closer look at the meaning behind Paul's encouragement to the Philippians and then balancing this with other clear instructions in scripture that should inform our behaviour when managing the finances and facing financial difficulties.

God meets all our need.

In Philippians 4v11-13, Paul is expressing his dependance on God and that he is "self sufficient" in God. He is the one who supplies, so that Paul has learnt to be content with whatever state he finds himself in. We know from Paul's missionary journeys that sometimes that might have been a need in a material sense but not always met, yet Paul still acknowledges God as the one meeting his need. From this we can infer that there is clearly something deeper at work here in "God meeting his need" than God simply meeting Paul's material need.

God is no ones debtor (Romans 11v35), He supplies what He sees we need but in His economy rather than the material economy that we so often use to measure "need". This means that when Paul was short materially he still saw God' provision, maybe in increased faith and trust in Him and the "glorious riches in Christ" that are spiritual rather than only material riches. Paul cried to the Lord to be delivered from his thorn in the flesh, yet he acknowledges that God did not deliver him but gave him grace and in that Paul sees his need met and is content. It is clear that Paul's view of his need or his desire was to be relieved of the "thorn in the flesh" yet even when he is not delivered he acknowledges that God met his need.

This means that what Paul is expressing in v19 is that God will meet our need AS GOD SEES IT according to His riches in Christ. The meeting of the need is mediated through Jesus according to the immeasurable riches at His disposal. The Philippians had met Paul material need in prison, he was not able to reciprocate but he assures them that God will reciprocate in meeting their need in the future. It is not necessarily a similar material need that God will meet (although it might be) but rather the need that God sees we have at various times in our Christian pilgrimage.

We cannot therefore know what our need is as God sees it. Our heavenly father knows our need (Mt6:8). These needs are various and may be emotional, physical, mental, material, or spiritual. We may need to learn to rely on Him or trust in Him more so God teaches us patience, teaches us to discern His purposes rather than focus on our desires. Our desires can often appear to be spiritual and right, "God will bless gospel work", as if he might not bless work for him in business! That is the challenge in Christian work, that we can all too readily equate our desired outcomes with our need as described by Paul. Yet the two are not necessarily the same, however much we spiritualise our desires or however good they seem. God knows the end from the beginning, he knows what He wishes to accomplish, that may mean the shutting down of a ministry or a redirection of that ministry.

In 2011 we were running a farm in Kenya to provide income for our bible training programme, Africa Rural Trainers. Just before harvest we suffered a catastrophic loss of all the crops due to a very localised and severe hail storm. Everything was lost and we had to close the business losing all the investment that had been put in and 50 people lost their jobs. This was a work over which there had been much prayer and the income from the farm would have helped give bible training to rural pastors, yet we had to accept God's sovereign hand at work and ask Him to teach us the lessons that we knew He had for us to learn. Whilst we may pray for God to meet our financial and material needs, we cannot assume that it is His purpose to always do so. Paul clearly knew this, sometimes he was really blessed materially, as he was by the Philippians other times he was in want or hardship, yet he had learnt to be content. It could be argued from this that Paul's need was to learn contentment, so God taught him, God met his need according to His riches in Christ Jesus.

We can see not only in Paul's life but also in the lives of Christians through the ages that they have often faced hardship and suffering, their perceived needs might have seemed obvious, food, water, liberation from prison and torture, yet God did not meet those particular desires. It is no doubt true that if we were able to ask them, they would have attested to God meeting their needs in other ways, perhaps drawing them closer to Himself than many of us who live in abundance have yet known.

The hardest lesson for us to learn as a Christian is to trust God for His outcomes and to discern what these are so that we are content, as Paul was, in what ever state we are rather than testing God by saying, God will give us the money if we just trust Him or have enough faith. In times of difficulty when it seems that God is not hearing our prayers it is too easy to say, "If only we had more faith, if we had prayed more, if we had relied less on cash flow forecasts!". Where is God's sovereignty in all of this breast beating? God is no one's debtor, if He chooses to provide what we ask He will provide regardless of the quantity of our faith. Sometimes God wishes to test us and our dependence on His grace being sufficient, rather than meeting all our financial desires, even if they are for gospel work! We can be encouraged by noting the certainty behinds Paul's proclamation of God's provision. He will meet our need, not He may, or He will if we have enough faith or we pray and fast. The lack of provision of what we desire, even after much prayer and the exercise of faith proves, as in Paul case that what we saw as our need was not what God saw as our need, otherwise He is invalidating His promise.

Owe no man anything!

Balancing the exercise of faith in looking to God for what He sees as our need, rather than our desires, must be our responsibility to act in line with other biblical teaching. In the case of financial management, both the Old and New Testaments have much to say on this subject and in particular the treatment of creditors. In order to understand the application of the bibles teaching on this subject to an organisations financial management we must first grasp the principles being taught.

Our starting place is the Old Testament law found in Deuteronomy 15 concerning lending to poor Israelites and lending to Foreigners. In this passage we learn that the children of Israel are to lend freely to the poor without charging interest and that the debt should be cancelled after 7 years. The reasoning behind this approach to lending was "that there may be no poor amongst you" if they followed these laws (Deuteronomy 15v4,5) and "that the Lord your God may bless you in all that you undertake in the land that you are entering to take possession of it." (Deuteronomy 23v19). Obedience to these laws would result in God's blessing such that Israel would "lend to many nations but will borrow from none." (Deuteronomy 15v6). It is evident from the Deuteronomy 15 and 23 and the parallel texts in Leviticus that the reason God set these laws in place was to avoid Israel going back into slavery, through the poor having to sell themselves to pay off debts, because He had delivered them from their slavery in Egypt, "You shall not lend him your money at interest, nor give him your food for profit. I am the Lord your God, who brought you out of the land of Egypt to give you the land of Canaan, and to be your God." (Leviticus 25v37,38). Israelites could charge interest to foreigners and there was no obligation to cancel their debt (Deuteronomy 15v3, 23v20).

The implication of the debt cancellation at the time of the Jubilee is not that loans didn't have to be repaid but that this was a safeguard in the event that the borrower had been unable to repay the debt. This might have been due to crop failure or some other family circumstance.

Debt is regarded in scripture as a serious matter and borrowing was something that was regarded as a last resort. Being in debt could end up with the "borrower being a servant to the lender" Proverbs 22v7. King David observed that "the wicked borrow and do not repay" (Psalm 37v21). Several times in the book of Proverbs avoiding debt is commended (Proverbs 17v18, Proverbs 22v26,27).

In summary, the principles that emerge from the Old Testament teaching on borrowing are clear:

- Lending is regarded as a charitable activity, something that would be required in extremis where a person is poor and needy, perhaps through a loss of crops or livestock (Deuteronomy 15v7,8).
- Debts were to be cancelled every 7 years.
- The debt incurred was expected to be repaid unless the 7 year Sabbath or Jubilee period intervened.
- No interest was to be charged on the loan.[1] (Deuteronomy 15v1,2).
- A surety (collateral) could be demanded for the loan (Deuteronomy 24v10-13), such as a cloak, in some circumstances this could be the borrowers labour (Deuteronomy 15v12).
- There are dangers to being in debt and it is to be avoided if possible (Psalm 37v21).

The New Testament does not contradict these principles but develops them further. Jesus extends the idea of free lending without expectation of return in Matthew 5v42 and Luke 6v34,35. Paul in his letter to the Romans tells us that we should "owe no one anything, except to love each other, for the one who loves another has fulfilled the law." Rm13v8.

In Jesus' parable of the tenants and minas (Matthew 25v14-30 and Luke 29v1-26), contrary to popular believe Jesus does not necessarily condone the charging of interest prohibited in the Old Testament. When the master rebukes the servant for not placing the money on deposit with the bankers he is rebuking him for fear and for not putting the money to productive use as the other two servants did.

What then are the lessons to be drawn from this teaching as far as the financial management of an organisation are concerned? Put simply, the organisation should not be in debt and it should be able to meet it's liabilities. At first glance we might feel let off the hook from the bibles teaching on debt if our organisation has not borrowed any money! In modern law however when we enter into a contract with another person or a supplier they can potentially become creditors - people or organisations to who we owe money. There is a contractual obligation on the part of the organisation to make the agreed payments to these entities on the date when they become due. Failure to make these payment on time turns the person or organisation into a creditor, effectively someone who is lending us the money due to them until it is paid off. Furthermore, not having sufficient funds to make these payments when they fall due constitutes insolvency, usually enshrined in law.2 There is usually no provision in a countries statutes for a "Jubilee" and the cancellation of the debt except in the case of declaring personal bankruptcy! In any event the people who become creditors to the organisation in a potential insolvent situation do so not by choice but by default, a reverse, in fact of the situation dealt with in the Deuteronomy passage. Given the bibles teaching that every person be subject to the "governing authorities" (Romans13v1) we clearly must operate within the rule of the law of our country designed to protect these creditors.

[1] A biblical view of interest is a neglected subject amongst Christians today and one that is beyond the scope of this paper [see for example "Interest in Interest, The Old Testament Ban on Interest and its implications for today" Dr Paul Mills 1989].

[2] In the United Kingdom the legislation is called the Insolvency Act 1986. Under the UK law there are two main tests for insolvency usually referred to as the cash flow test and the balance sheet test. The cash flow test shows if the organisation has sufficient funds to pay its debts on the date they fall due. The balance sheet test requires the organisation to have sufficient assets (not necessarily money), to meet ALL it's liabilities INCLUDING contingent and prospective liabilities such as redundancy pay, payment in lieu of notice and any penalties for early termination of contracts.

From a biblical perspective then, leaders of an organisation whether managing executives or a board of directors or trustees should ensure that they have sufficient funds in order to avoid being unable to pay it's debts. This is a moral issue and one that is usually incorporated into law in our country and rightly so. It is vital that leaders have the necessary tools and understanding of them to ensure that they are able to meet this obligation. A fundamental tool that should be used to this end is the cash flow forecast and I would argue a vital tool that assists a leader to behave in a biblical manner with respect to debt. The cash flow forecast is normally a monthly statement of the historical flows of cash into and out of the bank account and a forecast of expected inflows and outflows for the coming months. This predicts when gifts, grants or incomes from other sources will actually hit the bank account. Payments due are usually well known and the income minus the expenditure plus any carried forward balance shows for each month whether the organisation can meet it's liabilities. Regrettably in my experience too many organisations do not use this tool nor understand the importance of it.

Cash management is further complicated when contracts contain penalty clauses or provisions for early termination of the contract. This can typically occur with staff under contract who are owed redundancy pay, payment in lieu of notice, or early termination of a rental agreement. These liabilities of course do not tend to occupy our minds all the time that debts are paid when they become due and in practice they are not considered when applying the cash flow test of solvency. When this situation changes and we find that the organisation is running out of money or actually insolvent, matters are made worse by the prospective payments, such as redundancy or payment in lieu of notice, crystallising into actual liabilities.

If the assets of an organisation are insufficient to meet these liabilities then staff and other people with whom we have a contract will loose out through no fault of their own. Put simply, the organisation is not only unable to pay it's regular liabilities such as salaries, phone bills and rent, but is unable to pay the additional liabilities that become due if the organisation has to immediately cease trading[3]. If we are to act responsibly and to protect our creditors from potential loss then it is important to be familiar with the balance sheet of the organisation and to keep it up to date. Under insolvency legislation it is normally illegal to continue trading whilst insolvent without reasonable prospects of a recovery.

Whilst every attempt should be made to find a credible turn around plan, such as approaching a generous donor, reducing costs (or both) and negotiating with all creditors for new terms, ultimately this might prove impossible. Great wisdom, prayer and reflection is needed to discern whether a turn around plan is is going to actually work. It requires us to assess the certainty with which we can rely on projected income from donations, grants or other sources. In some countries laws it can be a criminal offence to continue trading if the directors or trustees knowingly continue without reasonable certainty of a turn around plan being successful. This means being 90-95% confident in the plan because these laws are designed to protect creditors and to prevent making matters worse for them. Clearly if a turn around is possible, this will be in the best interests of all creditors.

[3] "trading" is a technical term usually used in the context of a business for carrying out business. Many charities however are legally constituted as a business (i.e. incorporated) and therefore have to abide by the relevant legislation governing companies.

Given the biblical principles laid out earlier, I would argue that leaders should pay particular attention to the balance sheet test[4] in order to avoid ending up not being able to pay creditors monies that are due to them resulting from an unplanned shut down. This may require preserving certain levels of working capital or ensuring that the organisation has sufficient other assets on it's balance sheet to cover these prospective liabilities. It is far better to anticipate potential shortfalls months ahead of time by regularly monitoring cash flow and the balance sheet and to review expenditure, staffing and income sources. This gives time to explore potential turn around plans that might involve reduced staffing and new sources of income.

Although it is a contentious issue, I would argue that our responsibility as Christian leaders is, wherever possible, to ensure an orderly wind down of an organisation whilst it is solvent to ensure that all debts are fully paid. This may mean giving all staff notice and allowing them to work out their notice period and paying off a landlord all sums due including early termination penalties. Clearly this is a painful and tough decision whether in secular business or Christian ministry. Far better to try to anticipate potential shortfalls months ahead of time and to have regular reviews of expenditure, staffing and income sources. All of this requires the use of cash flow forecasts and up to date accounts and to have courage to make tough decisions. By anticipating the financial needs months ahead of time it becomes possible to either put in place a turn around or commence an orderly wind down.

We must guard against spiritualising financial management and ostracising fellow leaders by accusing them of lack of faith. In reality we can only know retrospectively God's sovereign purposes for our organisation and whilst it is clearly not wrong to look to our Father to provide, we cannot presume on His meeting our need precisely the way we have framed it and in so doing neglect our clear and present Christian duties to staff, landlords, suppliers and ultimately our God.

[4] The balance sheet test is simply determining if the value of the organisations assets is less than the amount of it's liabilities taking into account contingent and prospective liabilities. It is possible for the cash flow test to show solvency but for the balance sheet test to indicate that the organisation is insolvent because of the inclusion of contingent and prospective liabilities (e.g. redundancy pay, payment for early termination of a contract).