



TMF

Stewarding Potential

TEXAS METHODIST FOUNDATION *cash flow* MODEL

FOR CHURCHES AND DISTRICT BOARDS
OF CHURCH LOCATION & BUILDING

REALISTIC BORROWING:

SAFE DEBT LEVELS

FINANCES

While these guidelines help you calculate the absolute maximum amount your church should borrow, this does not mean you should borrow the maximum. It is in the best interest of the church to consider many factors before determining the amount of debt that is safe, including:

- Current budget items
- Available cash future growth
- Capital campaign pledges
- Amount of debt service available in the budget (loan payment)

TMF has developed a **Cash Flow Model** to help churches analyze their proposed project and their ability to pay for the associated expenses. Using this model, **the remaining loan balance should be equal to or less than the amount that the church's operating budget can service, after the completion of the capital campaign.**

To illustrate this model, an example of a Cash Flow Model is attached, using the following assumptions:

Operating Budget	\$625,000
Estimated Project	\$1,793,000
Cash for Project	\$125,000
Budget Growth	Year One – 2% Year Two – 3% Year Three – 2%
Outstanding Debt	\$88,275
Annual Debt Service	\$60,000
Capital Campaign (3-year)	\$937,500

CASH FLOW *model*

FINANCES

Month	+ Cash	+ Pledges	+ Service	= Total	- Payment	= Reduction	- Draws	= Loan Amt
Jan-19	\$125,000	\$0	\$5,000	\$130,000	\$368	\$129,632	\$88,275	\$0
Feb-19	\$41,357	\$0	\$5,000	\$46,357	\$0	\$46,357	\$0	\$0
Mar-19	\$46,357	\$0	\$5,000	\$51,357	\$0	\$51,357	\$0	\$0
Apr-19	\$51,357	\$0	\$5,000	\$56,357	\$0	\$56,357	\$0	\$0
May-19	\$56,357	\$26,563	\$5,000	\$87,920	\$0	\$87,920	\$0	\$0
Jun-19	\$87,920	\$26,563	\$5,000	\$119,482	\$0	\$119,482	\$0	\$0
Jul-19	\$119,482	\$26,563	\$5,000	\$151,045	\$0	\$151,045	\$0	\$0
Aug-19	\$151,045	\$26,563	\$5,000	\$182,607	\$0	\$182,607	\$149,417	\$0
Sep-19	\$33,191	\$26,563	\$5,000	\$64,753	\$0	\$64,753	\$149,417	\$84,664
Oct-19	\$0	\$26,563	\$5,000	\$31,563	\$353	\$31,210	\$149,417	\$202,871
Nov-19	\$0	\$26,563	\$5,000	\$31,563	\$845	\$30,717	\$149,417	\$321,871
Dec-19	\$0	\$26,563	\$5,000	\$31,563	\$1,340	\$30,223	\$149,417	\$440,764
Jan-20	\$0	\$26,563	\$5,208	\$31,771	\$1,837	\$29,934	\$149,417	\$560,227
Feb-20	\$0	\$26,563	\$5,208	\$31,771	\$2,334	\$29,436	\$149,417	\$680,227
Mar-20	\$0	\$26,563	\$5,208	\$31,771	\$2,834	\$28,937	\$149,417	\$800,707
Apr-20	\$0	\$26,563	\$5,208	\$31,771	\$3,336	\$28,435	\$149,417	\$921,689
May-20	\$0	\$26,563	\$5,208	\$25,130	\$3,840	\$21,290	\$149,417	\$1,049,816
Jun-20	\$0	\$26,563	\$5,208	\$25,130	\$4,374	\$20,756	\$149,417	\$1,178,476
Jul-20	\$0	\$26,563	\$5,208	\$25,130	\$4,910	\$20,220	\$149,417	\$1,307,673
Aug-20	\$0	\$26,563	\$5,208	\$25,130	\$5,449	\$19,682	\$0	\$1,287,992
Sep-20	\$0	\$26,563	\$5,208	\$25,130	\$5,367	\$19,764	\$0	\$1,268,228
Oct-20	\$0	\$26,563	\$5,208	\$25,130	\$5,284	\$19,846	\$0	\$1,248,382
Nov-20	\$0	\$26,563	\$5,208	\$25,130	\$5,202	\$19,929	\$0	\$1,228,453
Dec-20	\$0	\$26,563	\$5,208	\$25,130	\$5,119	\$20,012	\$0	\$1,208,442
Jan-21	\$0	\$26,563	\$5,527	\$25,449	\$5,035	\$20,414	\$0	\$1,188,028
Feb-21	\$0	\$26,563	\$5,527	\$25,449	\$4,950	\$20,499	\$0	\$1,167,529
Mar-21	\$0	\$26,563	\$5,527	\$25,449	\$4,865	\$20,584	\$0	\$1,146,945
Apr-21	\$0	\$26,563	\$5,527	\$25,449	\$4,779	\$20,670	\$0	\$1,126,275
May-21	\$0	\$26,563	\$5,527	\$25,449	\$4,693	\$20,756	\$0	\$1,105,519
Jun-21	\$0	\$26,563	\$5,527	\$25,449	\$4,606	\$20,843	\$0	\$1,084,676
Jul-21	\$0	\$26,563	\$5,527	\$25,449	\$4,519	\$20,929	\$0	\$1,063,747
Aug-21	\$0	\$26,563	\$5,527	\$25,449	\$4,432	\$21,017	\$0	\$1,042,730
Sep-21	\$0	\$26,563	\$5,527	\$25,449	\$4,345	\$21,104	\$0	\$1,021,626
Oct-21	\$0	\$26,563	\$5,527	\$25,449	\$4,257	\$21,192	\$0	\$1,000,434
Nov-21	\$0	\$26,563	\$5,527	\$25,449	\$4,168	\$21,280	\$0	\$979,153
Dec-21	\$0	\$26,563	\$5,527	\$25,449	\$4,080	\$21,369	\$0	\$957,784
Jan-22	\$0	\$26,563	\$5,746	\$25,668	\$3,991	\$21,677	\$0	\$936,107
Feb-22	\$0	\$26,563	\$5,746	\$25,668	\$3,900	\$21,767	\$0	\$914,339
Mar-22	\$0	\$26,563	\$5,746	\$25,668	\$3,810	\$21,858	\$0	\$892,481
Apr-22	\$0	\$26,563	\$5,746	\$25,668	\$3,719	\$21,949	\$0	\$870,532
		\$796,875	\$211,809		\$122,941		\$1,881,275	

