

Ensuring Sustainable Ministry

A Small Business CFO Case Study

ORGANIZATION

InterVarsity Christian Fellowship is a non-denominational Christian organization providing ministry to over 500 colleges throughout the United States. New York / New Jersey Region oversees 50 college and university chapters in the two states.

BACKGROUND

In 2005, New York / New Jersey Region had been operating a spring retreat called *Basileia* at a rented facility in the Adirondack Mountains for several years. Students could attend one of three weeks that were offered. In the year prior to consulting SBCFO, the retreat lost a significant amount of money. A ministry director contacted SBCFO to see what factors were contributing to the loss.

SBCFO'S ROLE

☑ Analyzed prior years' transactions.

- Created a standard profit and loss statement for three years and place them side-by-side,
- Performed a variance analysis to understand the causes for differences in income and expense categories between the years, and
- Conducted a cost analysis to see what costs were tied to, if they varied according to retreat attendance or were fixed costs, and if they were tied to a specific time in the retreat.

☑ Evaluated the impact of the contract with the retreat facility.

The New York / New Jersey office originally agreed to a new fee structure based on a minimum attendance of 600 attendees over the three week period; after the loss the ministry team wanted to reconsider the new fee structure. In the course of analyzing income, SBCFO discovered that the average was 33% lower than the estimate.

INTERVARSITY
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InterVarsity Christian
Fellowship

www.ivcfnynj.org

Ministry Need

To negotiate vendor costs and adjust program fees so that an annual retreat would be assured breakeven.

Solution

Review historical income, expense, and attendance trends to understand the P&L structure of the event and provide the ministry team with summary data to make informed decisions.

Results

Ministry team had greater insight into cost issues, was able to restructure financials to ensure sustainability, and eventually grow with improved margins.



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Ensuring Sustainable Ministry *(Continued)*

- ☑ **Introduced a detailed budget and pricing review.**
Past budgets had been based on estimates and summary information from prior years. SBCFO introduced a detailed budgeting method that would forecast costs more accurately.

BENEFITS

- ☑ **Management flexibility.**
Part of the loss was due to attendance decline from the prior year's attendance. SBCFO advised the client to track reservations more closely prior in order to modify promotional efforts or adjust expenses accordingly.
- ☑ **Hidden costs discovered.**
The New York / New Jersey office based the fee based on weekly costs. However, additional overhead costs were generated on weekends when ministry staff were still present at the facility, and those costs had not originally been factored into the budget.
- ☑ **Replicable management tools.**
The budget template SBCFO provided could be used to build a new budget every year.
- ☑ **Fee strategy.**
Because the new budget template showed both direct variable costs and overhead costs together, the ministry team could devise a fee strategy to ensure that all costs were covered by scholarships and student fees.



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