



Faith-Based Finance Collaborative



# MANAGING CONSTRUCTION BUDGETS

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There are three things needed in order for you to receive CPE credit for the course you are attending:

1. Sign the sign-in sheet for each course.
2. At the end of each course, you will receive a reminder to complete your course survey, and it will have a link to all surveys. Please only fill out the one for the course you just attended. You can also do this after the event if you don't have time in between sessions. And PLEASE don't forget to include your name, so we will know who to give credit to.
3. There will also be printable certificates available for you to download at the end of the conference. Please be sure to attend our last session to find out more!

Without these items we are not properly able to credit you for this course.

# INTRODUCTIONS

## **MONTY CARPENTER**

CFO Consultant – NFP Managed Accounting Services  
AcctTwo Shared Services

## **CHRIS JONES**

Senior Vice President - Commercial Lending  
Bank OZK

# SESSION OBJECTIVES

At the end of this session you will be able to:

- Understand the Construction Project Budgeting Process
- Understand Options on Capital Campaign Goals & Strategies
- Be Familiar With Bank Loan Funding Processes
- Know Key Concepts in Setting Up Accounting and Reporting for Construction Projects

# CONSTRUCTION PROJECTS

Steps and Process

# MAIN STEPS IN THE CONSTRUCTION PROJECT PROCESS

## – QUICK OVERVIEW

- Vision Defined
- Project Scope Defined
- Cost Estimates Prepared
- Funding Sources Identified & Estimated
- Accounting Systems Set Up
- Reporting Defined – Who, What, When



# WHERE DO WE BEGIN

Starts with a Vision

- Select Leadership & Professional Teams (Owner's Rep & Architect)
- Identify Program Needs (Parking, Kid's Space, Worship, Students, Food Service, etc.)
- Opinion of Probable Cost to Set Preliminary Budget
- Phases - Concept, Schematics, Design Development, Construction Drawings
- Selecting a General Contractor
- Finalizing the Budget
- Permitting
- Mobilization



# KEY POINTS IN “WHERE TO BEGIN” DISCUSSION

## Plan, Plan, Plan

- *Proverbs 11:14 Where there is no guidance, a nation falls, but in an abundance of counselors there is safety.*
- *The Hebrew word for “guidance” here is a nautical term used in steering a ship; a group of leaders.*

## Location, Location, Location

- Expand on Existing Land Site?
- Expand on/in Existing Church Building?
- Move or Expand to New Land Site?
- Buy Raw Land and Build, OR Buy Land and Building, Then Remodel?
- Add More Services and/or Seats and Stay in Same Location?
- Watch Land Location and Zoning – Wide Range in Land Pricing
  - Industrial, Offices, Retail Zoning?

# CONSTRUCTION BUDGET VS PROJECT BUDGET

## Soft Costs

- Architect Fees & Reimbursables, Inspection & Testing Labs, Civil Engineer, Professional Fees, Owner Consultants, Legal Costs, Banking Costs, Capital Campaign Costs, Promotional Material, Events (Held by Church)

## Owner Provided Items

- Audio/Video/Lighting, Security, Access Control, Network, Server, Wireless, Low Voltage Wiring, Signage, FF&E, Theming, Playgrounds, Piano/Organ, Stained Glass, Owner Contingency

## Hard Costs

- Construction Costs Billed by General Contractor




# CAPITAL CAMPAIGNS

Planning For A Successful Project

# WHERE DOES THE MONEY COME FROM?

## Determine Available Funds

1. Capital Campaign
  - Decide on Professional Company or In-House Administration
  - Determine Time Frame for Campaign Pledges
  - Collecting Of Funds (Offerings, Pledges, On-line, App, Stock)
  - Choose Wording Carefully – Pledge vs Faith-Based
  - Gift Acceptance Policy - Update
2. Bank Loan - Determine Lending Options (Amount, Rate, Terms)
  - Understand Bank Requirements (Equity)
  - Accounting & Reporting
3. Bonds
4. Existing Operating or Restricted Funds

 **PLEDGE**

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Email \_\_\_\_\_

I commit to give \$ \_\_\_\_\_ over the next year.

I plan to give:

☐ 1x ☐ Weekly ☐ Twice a month ☐ Monthly ☐ Quarterly ☐ Other \_\_\_\_\_

☐ I believe this is a defining moment and I will not hold back.  
I prayerfully commit to step out in faith and pledge  
to give **above my regular tithe** over the next year.

Return this card in a postage paid giving envelope, at a weekend service  
or make your pledge commitment at [rockpointechurch.com](http://rockpointechurch.com)

# BANK FUNDING

What to Expect

# BANK FUNDING – THE APPLICATION PROCESS

## Initial Discussion with Lender (It's not just about the numbers.)

- Scope of the Project
- Tell Your Story

## Loan Underwriting

- Source of equity being contributed
- Capacity to repay the loan
- Value of collateral (determined by third-party appraisal report)

*Note: Lender may provide the following to assist you in the application process:*

- 1. Questionnaire covering the history of the institution, governance/leadership, attendance history, etc.*
- 2. Checklist of information such as financial statements, operating budget/projections, and preliminary cost figures.*

## BANK FUNDING – POTENTIAL LOAN TERMS

- Amount of the Loan
- Interest Rate
- Term of Loan
- Repayment Structure
- Fees
- Conditions



## BANK FUNDING - ADVANCES FROM LOAN FOR HARD COSTS (CONSTRUCTION) AND SOFT COSTS

General contractor will submit standardized funding request (payment application) to the Owner to be paid for work completed (typically each month-end)

Owner will review, sign off, and forward to the Bank

Bank will send third party inspector to site who will provide a written report on the work completed

Based on the inspection report, funds will be disbursed from the loan in a manner agreed upon between the Bank and the Owner

The owner may request to include funds to reimburse or pay non-construction costs included in the loan budget at the same time the construction funds are disbursed

Supporting documentation will be required

# PROJECT ACCOUNTING

Keeping Accurate Project Records and Reports

# TRANSLATE THAT INTO GENERAL LEDGER

- Accounts
- Dimensions
- Allocations
- Reporting to Leadership
- Reporting to Congregation

10/21/2011 08:09

Your Company

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General Ledger

Chart of Accounts	Fiscal Year	Journals	Display Account	Filter By Periods		Entries Sorted By	Target Moves
Your Company	Fiscal Year 2011	TSAJ, TSCNJ, TEXJ, TECNJ, TBNK, TCHK, TCCH, TMIS, TOEJ, STJ, SAJ, EXJ, SCNJ, ECNJ, MISC, BNK1, as	With movements	Start Period	End Period	Date	All Posted Entries
				10/2011	10/2011		

Date	Period	JRNL	Partner	Ref	Move	Entry Label	Counterpart	Debit	Credit	Balance	Currency
241000 Voitures								57000.00	0.00		
* Initial Balance								0.00	0.00	0.00 €	
10/03/2011	10/2011	EXJ	Mediapole SPRL	112.2011	EXJ/2011/0001	Car	411059,440000	17000.00	0.00	17000.00 €	
10/16/2011	10/2011	EXJ	Distrib PC	Mercedes	EXJ/2011/0002	Car SFW 614	411059,440000	15000.00	0.00	32000.00 €	
10/17/2011	10/2011	EXJ	Elec Import	154	EXJ/2011/0004	My New Car	411059,440000	25000.00	0.00	57000.00 €	
241900 Amortissements sur matériel automobile								0.00	512.88		
* Initial Balance								0.00	0.00	0.00 €	
10/14/2011	10/2011	as	Mediapole SPRL	5/1	Car	Car	630100	0.00	512.88	-512.88 €	
400000 Clients								4589.00	0.00		
* Initial Balance								1089.00	0.00	1089.00 €	
10/17/2011	10/2011	SAJ	Ecole de Commerce...	SAJ20110001	SAJ/2011/0001	/	701000	2000.00	0.00	3089.00 €	
10/17/2011	10/2011	SAJ	Ecole de Commerce...	SAJ20110002	SAJ/2011/0002	/	700000	1500.00	0.00	4589.00 €	
411059 T.V.A Déductible								12138.00	0.00		
* Initial Balance								168.00	0.00	168.00 €	
10/03/2011	10/2011	EXJ	Mediapole SPRL	112.2011	EXJ/2011/0001	VAT-IN-V83-21-C1 - ...	241000,440000	3570.00	0.00	3738.00 €	
10/16/2011	10/2011	EXJ	Distrib PC	Mercedes	EXJ/2011/0002	VAT-IN-V83-21-C1 - ...	241000,440000	3150.00	0.00	6888.00 €	
10/17/2011	10/2011	EXJ	Elec Import	154	EXJ/2011/0004	VAT-IN-V83-21-C1 - ...	241000,440000	5250.00	0.00	12138.00 €	

# REPORTING

- Construction Line Item – Budget to Actual
- Operational Cash Flow for Equity Requirement - Projected to Actual



# CONSTRUCTION REPORT – BY LINE ITEM

Your Town Church				
Construction Report				
		Revised Budget	Total Drawn as of Jan 31, 2020	Amount Remaining
LAND				
Purchase Price	\$	1,750,000	\$ 1,750,000	\$ -
Closing Costs		8,250	8,250	-
HARD COSTS				
Construction Contract		3,250,000	2,350,000	900,000
SOFT COSTS				
Acoustic Treatments		120,000	55,000	65,000
Professional Services		25,000	15,500	9,500
Capital Campaign		50,000	20,000	30,000
AVL		210,000	190,000	20,000
Furniture / Fixtures / Equipment		75,000	60,000	15,000
Signage		10,000	6,000	4,000
Exterior Signage		7,500		7,500
Security (Door Access Control and Cameras)		37,500	30,000	7,500
Voice/Data/Server/Wireless		32,500	12,500	20,000
Soft Cost Contingency		12,000		12,000
TOTAL				
	\$	5,587,750	\$ 4,497,250	\$ 1,090,500

# PROJECT COMPLETION

On Time and On Budget !!!!

# MISSION:SUPPORT

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An online community where you can:

- Collaborate on solutions and best practices
- Participate and share your experience
- Stay informed on the latest trends and industry news
- Network with mission-oriented people just like you

Contact: Glen Strack | 713.744.8430 | [gstrack@acttwo.com](mailto:gstrack@acttwo.com)

Visit: [community.accttwo.com](http://community.accttwo.com)

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**QUESTIONS?**