Budget (re)Planning

1
Step One

Review the church's mission, values, vision and strategy.
Each church needs to know:

- Who it is. (Mission/Values)
- Where it is going. (Vision)
- How it is going to get there. (Strategy)

2
Step Two

How much do we have to work with?

- Survey congregation to determine financial impact of COVID-19 (ie job loss, and/ or salary cuts)
- Determine per capita giving from previous 3 years; adjust based on growth or decline of church during same 3 years.
- Determine present attendance projections (ie regather numbers)
- Adjust per capita average from last 3 years based on percentage of job loss/salary reductions (Projected Receipts: $$$$$$)
- Determine fixed expenses (Fixed Expenses: $$$$$)
    - Personnel (should be no more than 45% of total budget)
    - Facilities (should be no more than 25% to total budget)
        - Mortgage payments
        - Insurance
        - Utilities
        - Additional cleaning expenses for COVID-19 (PPE if necessary)
        - Routine maintenance
    - Cooperative Program (some churches might move this to next category, but many consider it fixed at a stated percentage: ie 10%)
- Subtract Expenses from Projected Receipts (PE – FE = Missions/Ministry: $$$$$)

3
Step Three

Allocate available funds in the best manner to accomplish missions and ministry in line with the church's mission and values. Involve staff and lay leadership during this process of conversation and communication.

- Sunday School/Discipleship
- VBS
- Aged graded education and activities
- Family life center
- Day care
- Online Worship Experiences
- Re-establish reserves (or establish reserves if this was not done in the past)

4
Step Four

Communicate the allocation decisions to staff and lay leadership.

- Knowing the available amount for each ministry area:
    - Permits staff/lay leaders to submit realistic budget requests
    - Frees leaders to plan effective ministry
- Receive budget requests from staff/lay leaders

5

Step Five

Analyze budget after submission of budget requests (remember budgets are a guide, not written in stone. The church could experience a rapid turnaround, OR things could get worse and require adjustments).

Questions to consider:

- Are our numbers in alignment with our mission?
- Are we balanced between caring for the congregation and community engagement?
- Do all requests fall into Step One (mission/values/vision/strategy)?

6

Step Six

Take the budget to the church, based on the polity for approval process.

Evaluate & Communicate

After the budget is approved, the Finance Committee monitors the status of the budget and provides constant and consistent reporting to the church family.

- Checks and balances in place
  - Strong platform (ie Quickbooks, Shelby, etc)
  - Budget v. actual comparisons
- Keep an eye on expenditures
  - Is income increasing, decreasing, plateaued?
  - Are significant number of members joining or leaving the congregation?
  - How is your local economy doing? Any layoffs on the horizon?
  - What is the demographic make-up of your church?
- Control spending
  - Formal approval process for spending
  - A strong bill-paying system must clearly document:
    - Who authorized the purchase of goods or services
    - Who received the goods and compared them to the original order
    - Who compares the invoice with the authorization?
    - Who prepared the check
    - Who signed the check
    - Who mailed the check
    - Who records the transaction in the general ledger
- Manage cash
  - Estimate next month's receipts
  - Estimate next month's expenses
  - Compare net amount to cash on hand
- Provide Weekly/Monthly/Quarterly Reports to congregation
  - Use present communication channels: bulletin, weekly eblast, etc
  - Make verbal reports during Worship experience for on-going "real-time" data