

Practical Tips for Church Budgeting

IDEAS and PLANNING

March 2, 2021

AGENDA

CHURCH BUDGETING

1

INTRO

2

CONTEXT

3

TYPES

4

NARRATIVE

Introductions

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CONTEXT

Assess where you are

To make a relevant and doable budget

9 Things to Consider

as you prepare the budget for your church

Regarding

FINANCIAL WELL-BEING

Don't spend more money than
you bring in



2 of 9

- Annual Expenses
- Set aside money every month for annual bill

...3 months

...6 months

...9 months

...12+ months

3 of 9

- Income Projections
- Underestimate your income
- Questions:
 - *“How much money came in last year?”*
 - *“Are we on an upward or downward trend going into next year?”*

4 of 9

- Expense Projections
- Overestimate your outgoing
- Anticipate annual increases in costs we can't control

Anticipate Seasonal Fluctuations

In many, maybe most churches,
there's a regular ebb and flow to attendance and giving.

Start an Emergency Fund

No matter how little we have coming in,
we need to create a line item to create a fund to cover emergencies

7 of 9

Include an Ongoing Building Maintenance Plan

Don't let deferred maintenance build up

8 of 9

Design the Budget with the People Who Have a Stake In It

The smaller the church,
the more important it is to seek input and wisdom
from the people who are doing ministry.

9 of 9

Factor finances into *how* you'll do a ministry,
not *if* you'll do a ministry

Don't forget ...

**Factor finances into
how you'll do a
ministry, not *if* you'll
do a ministry**

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Budget Classifications

- Zero-based Budgeting
- Program Budgeting
- Line-Item Budgeting
- Narrative Budgeting

Zero-Based Budgeting

- Used by Executive Branch of Government
- All ministry areas are reduced to zero
- Every ministry area must justify expense requests
- Can be time-consuming
- Useful, as it encourages ministries to be regularly reviewed

Program Budgeting

- Ministry Areas evaluated based on effectiveness
- Each ministry area is reviewed, including needs and past effectiveness
- Target budget for the upcoming year is established, based on:
 - Funding
 - Pledges Received
 - Past Levels of Giving & Projected Growth
 - Assessed Needs
 - Combination of Approaches

Incremental / Line-Item Budgeting

- Based on previous year's expenditures
- Makes adjustments to each item for anticipated cost increases or activity changes
- Most popular among churches

Incremental / Line-Item Budgeting

- Accounting Tool
- Assigns expenses into categories, usually using number coding
- Usually presented in grid or spreadsheet

BUDGET EXAMPLE

Church Name
Income and Expenses – Actual
Date

INCOME

	Year to Date	Project Yearly Expenses	2000 Budget	2001 Budget
OFFERING INCOME				
Envelopes				
Loose Plate				
Total OFFERING INCOME				
OTHER INCOME				
Interest Income				
Total OTHER INCOME				
TOTAL INCOME				

EXPENSE

ADMINISTRATION				
Copier Service Agreement				
Employer Fica				
Employer Medicare				
Miscellaneous				
Office Supplies				
Payroll Service				
Postage				
Secretary				
Secretary Concordia Plan				
Telephone				
Total ADMINISTRATION				
CHRISTIAN EDUCATION				
Adult Bible Study				
Christian Ed Supplies				
Continuing Education				
Library Expenses				
Lutheran Witness				
Portals of Prayer				
Sunday School				
Vacation Bible School Exp				
Youth Confirmation				
Total CHRISTIAN EDUCATION				

Line-Item Budget Template Example

BUDGET

Line Item

vs

Narrative

- Accounting Tool
- DOES NOT show how money is being invested
- DOES NOT show how volunteer time and talents are impacting the church
- Should be used by the session

- Visioning Tool
- Shows the programs of the church having a positive impact
- Inspires and helps us see our gifts are really making a difference
- Help us to reframe finances to be about ministry

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Narrative Budgeting:

A great word doesn't matter if it isn't

Being seen & heard

Narrative Budget

A **narrative budget** is a representation of the line item **budget** in simple, easy-to-read descriptive terms. It transforms a line item of money and expenses into an exciting picture of ministries and missions of the congregation.

wumf.org/stewbudgets.html



Cultivation – WHAT is our story?

- What is it you do well? In your church, in your community, in the world?
- How are you participating with Christ?

Cultivation

WHY do we tell our story?

- Connect to the mission / strategic plan
- Raise awareness about the church
 - Remember that not everyone knows everything about your church
- Celebrate your church
- Create energy about the church
- Invite people to engage in the church

Cultivation

HOW do we tell our story (virtually)?

- Preaching
- Minute for Mission
- During/before Offering
- Newsletter/E-Newsletter
- Brochures
- Online Town Hall Meetings
- Video Testimonials
- Social Media
- Auto-Dialers
- Narrative Budget

Steps toward creating your first Narrative Budget

1. Define your “Ministry Areas”
2. Allocate staff time to each area
3. Allocate all other resources proportionally to each area
4. Consider adding volunteer time to each area
5. Write about the successes of the past year in each area

Narrative Budget Example

<u>Ministry Area</u>	<u>Amount</u>
Pastor	\$60,000
Worship	\$15,000
Outreach	\$6,000
Christian Education	\$6,000
Church Community	\$5,000
TOTAL	\$92,000

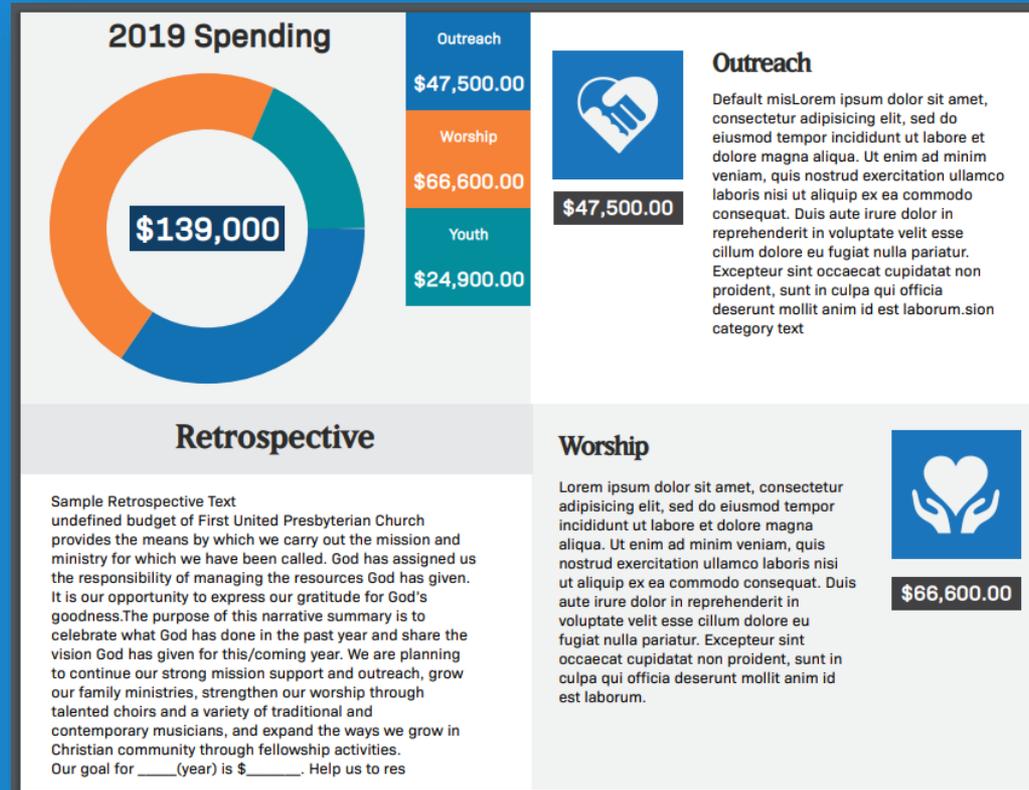
Narrative Budget Example

Ministry Area	Amount	% of Activity
Pastor	\$60,000	
Worship	\$15,000	35%
Outreach	\$6,000	25%
Christian Education	\$6,000	20%
Church Community	\$5,000	20%
TOTAL	\$92,000	100%

Narrative Budget Example

Ministry Area	Amount	% of Activity	Narrative Amount
Pastor	\$60,000		
Worship	\$15,000	35%	\$36,000
Outreach	\$6,000	25%	\$21,000
Christian Education	\$6,000	20%	\$18,000
Church Community	\$5,000	20%	\$17,000
TOTAL	\$92,000	100%	\$92,000

Narrative Budget Example



Next Steps

1. Define budget components of personnel
2. Define the number of “Ministry Areas” that you want your church to tell stories about (worship, mission, fellowship, music, etc.)
3. For each area, make a list of stories, who could share that story, and how you could share that story

Budget Communication Pointers

1. Dear “NAME”
2. Start with a story and connect it with the narrative budget or strategic plan and then connect with a biblical, theological, or spiritual case
3. What investment will do
4. Invite (by generational trends and by past giving patterns)
5. Thanks for consideration, how to reply
6. PS restate the theme

Include: Response vehicle and descriptions of all the different ways to give

Keys to Success

- Be prayerful
- Celebrate your church
- Be visionary
- Communicate
- Involve many
- Fund ministry, not raise funds
- Be inviting, not threatening
- Challenge your congregation



Summary

- Questions
- Comments

References

- <https://www.christianitytoday.com/karl-vaters/2018/september/annual-budget-small-church.html>
- <https://www.freechurchaccounting.com/churchbudget.html>
- wumf.org/stewbudgets.html
- www.presbyterianfoundation.org

THANK YOU!!!!!!