

CHURCH BUDGET

For a church to be successful in managing its financial resources, budgets are an absolute necessity. Budgets are a control mechanism and it is your roadmap, and it makes life easier. But, more than that, they are a planning tool and an operational guide to help the local church achieve its short and long-range objectives. Whether for a single person, married couple, or church family a healthy budget is a must for any financial plan and When making and living by your budget, prayer is the important key that unlocks your ability to join God in order to make it success.

Luke 14:28 tells us that before one builds a tower, one sits down and counts the cost. Counting the cost should include maintenance of the "tower" or support expenses for new projects and programs. Ask yourself, "Can we afford this now?"

Many churches today take a "use it or lose it" stance on money in the name of trusting God to provide more when it's needed. But even though we trust that God will bless us, we need to have a plan! Proverbs 27:23 reminds us: "Be sure you know the condition of your flocks; give careful attention to your herds."

Make your plan on paper, on purpose before the month begins. In order to build a healthy church budget, ensure that the following things.

- *The budget's priorities reflect the church Mission Statement.*

- *It's based on projected income, not just the past*
- *It includes a spending plan.*
- *Leadership agrees on the plan.*
- *The plan is communicated clearly to all involved.*

"Many church leaders assume that the board, staff, and membership agree on the church's mission, annual goals, and objectives. However, when funds are tight, differences in understanding can easily arise."

HOW DO WE COMMUNICATE THE BUDGET?

Define budget strategies and communicate them to the church staff to build wide support for budget decisions. This will avoid negative reaction and adjustments in the future.

Your congregation will usually want to be made aware of certain key points in the church budget.

It is important to examine some basic budgeting concepts before examining the church budgeting process.

1. Cash flow. Cash flow is defined as the amount of cash available to meet obligations to creditors, loans, or long-term debt. The first, most basic concept in budgeting is the possible variance between budget and cash flow. This is also one of the first concepts taught in basic accounting. Although an item may be present in the budget and scheduled to be bought in a certain month, sometimes it cannot be bought due to lack of cash.

2. Commitment. Anyone who has established a home budget knows it is of little consequence unless everyone agrees to live within its parameters. Financial accountability is important in a church. It may take the form of monthly financial reports given to a church board or a weekly accounting of major income in the church bulletin. In the larger multi staff church, pastors and departmental leaders are given monthly updates of their spending and are accountable for keeping expenses within the budgeted amount.

3. Contingency. Each budget should have a general contingency amount that is considered an emergency fund. That contingency is usually a percentage of the total budget and can typically be up to 5 percent of the total budget. Church leaders tend to think the contingency amount is available to be spent on unplanned items or items not directly connected to a yearly goal. However, the idea of contingency is for emergency items and should be allocated reluctantly. Once again it is important to distinguish between "budgeted" contingency funds and "real cash" contingency funds.

4. Communication. Communication is the key in all phases of the budgeting process. If the budget is a departmental budget coming to the senior pastor, the need and the priority of the need must be communicated. The vision and overall yearly objectives of the ministry must be communicated from the pastor to the departments or persons preparing the budgets. Communication of the process and needs must be communicated to the congregation participants (through the budget committee, church board, and congregational reports).