



The financial report was the same every month—four pages, each with eight columns, listing debits and credits. Formatted with accounting software, it provided good information. The problem was that no one except the treasurer understood it. Each business meeting was taken up with questions. Finally, a few frustrated church members circulated a petition requesting a simpler report showing the financial condition of the church.

Another church struggles over finances for a very different reason. Every year when the annual budgeting process begins, people passionately argue over how much the church should allocate to particular areas of ministry. Choir members want to see more dollars for the music ministry. Youth workers press for more money for fellowships and trips. They also see the need for a bus and frequently remind the finance committee of this. The Sunday School director insists on more money for training. And a small but vocal group of older members expresses concern that too much of the budget goes to personnel expenses. This conflict occurs every year and leaves many members with hurt feelings.

Certainly it doesn't have to be this way. Whatever size church, you can handle the finances without hampering its fellowship or impeding its ministry. People generally want to know seven things about the church's finances.

- **What we started with**
- **What we received**
- **What it is intended for (designated or undesignated)**
- **What we spent**
- **Where it went**
- **What we have left**
- **How we are doing**

Every annual budget and financial report should be prepared, processed, and presented with five goals in mind.

Make It Clear

Budgets shape financial reports and both should be clear enough that any church member can understand them. Leaders need to know what the budget provides for and how it's arranged.

Budgets and financial reports don't have to include specialized terminology to convey this information. There may be a lot of detail under each heading, but simply using words such as *income*,

expenses, *under- or over-budget* and *balance* will communicate what you need to share. Those who prepare a budget benefit from clarity as much as those who are in the pews.

Make It Correct

Mistakes create a sense of uncertainty and uneasiness on the part of church members. People get the impression that other financial data being presented has been prepared without care or without verification. In addition to thorough proofreading every month, the budget should be audited annually. Audits identify deficiencies and help prevent mishandling of funds.

Make It Complete

A good budget covers every facet of the church's stewardship, from personnel to properties, missions to music, and education to evangelism. It includes designated and undesignated receipts and expenditures. It shows savings and checking accounts, certificates of deposit, and loan balances. Nothing should be omitted or there will be an incomplete picture of the church's financial position and needs.

Make It Concise

Avoid clutter. Organize the budget logically, making it easy to work with and to present through reports. Though complete, it should not overwhelm or focus on minutia. Make sure to answer the essential questions without creating unnecessary distractions.

Make It Compelling

Budget discussions lose focus without compelling reasons for spending, saving, or receiving. Focus on what the church intends to do. Use a ministry-based budget. Don't simply add a percentage

or reduce last year's budget. Let your plans drive your budget.

Talk about ministry, not money. Money is a tool to accomplish what God has called you to do. Budget for the fulfillment of God's vision for your church. Include ministries that support

that vision. When a ministry is no longer viable, use the money elsewhere.

Develop an annotated budget (sample below) explaining what each ministry will accomplish. Monthly reports have the same categories as the annual budget, but also include columns

to show actual income, expenses, and variances from budgeted amounts. You'll find that handling financial data this way is time and effort well spent. ■

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Eternal Hope Baptist Church 2006 Budget—Proposed

This budget represents a 2% increase over last year.

Missions

10% of undesignated receipts goes to the Cooperative Program. 3% supports the work of the association.

Cooperative Program	\$ 45,220
Association	\$ 13,566
Benevolence	\$ 1,000
Education & Promotion	\$ 800
Mission Needs	\$ 1,000
Total:	\$ 61,586

Evangelism

Revivals and church growth events help us to focus on our task of reaching others.

Revivals	\$ 2,500
Special Events	\$ 400
Materials/Supplies	\$ 200
Total:	\$ 3,100

Pastoral Ministries

Strengthening the family, assimilating new members, and caring for people in need are all supported in this area of the budget.

Intercessory Prayer	\$ 250
Pastoral Hospitality	\$ 500
New Member Training	\$ 225
Counseling	\$ 100
Total:	\$ 1,075

Education Ministry

Our education ministry touches all ages. Budget money is used to buy curriculum and supplies and to train leadership.

Bible Study Resources	\$ 13,000
Discipleship Training	\$ 2,250
Leader Training	\$ 1,000
Vacation Bible School	\$ 2,500
Preschool Support	\$ 1,200
Children's Activities	\$ 800
Total:	\$ 20,750

Music Ministry

This provides music literature and supplies and tuning of instruments. It also funds training and supports special events, such as those presented at Easter, Christmas, and other special days.

Music Expense	\$ 10,000
Total:	\$ 10,000

Youth Ministry

This funds ministries to help youth grow in their relationships with God and with each other.

Youth Expenses	\$ 8,000
Total:	\$ 8,000

Special Ministries

Missions education, deacon ministries, and worship support are all part of this category.

WMU	\$ 1,000
Mission Friends, RAs, GAs	\$ 1,200
Deacons	\$ 600
Stewardship Promotion	\$ 250
Church Ordinances	\$ 250
Total:	\$ 3,300

Personnel

Salaries and benefits as well as reimbursable expenses allow us to provide for our staff.

Ministry Related Expenses:

Pastor—Travel	\$ 2,000
Pastor—Reimbursable Expenses	\$ 3,000
Assoc. Pastor—Travel	\$ 1,500
Assoc. Pastor—Reimbursable Exp.	\$ 2,500
Employer FICA/Medicare Taxes	\$ 7,000
Workman's Comp Insurance	\$ 5,800
Pulpit Honorariums	\$ 1,400
Music Honorariums	\$ 1,200
Subtotal	\$ 24,400

Protection Coverages:

Insurance—Pastor	\$ 10,000
Insurance—Assoc Pastor/Music	\$ 8,500
Retirement—Pastor	\$ 4,000
Retirement—Assoc. Pastor	\$ 3,600
Insurance—Secretary	\$ 6,800
Subtotal	\$ 32,900

Basic Compensation (Personal Income)

Pastor—Salary	\$ 40,000
Pastor—Housing	\$ 20,000
Assoc. Pastor—Salary	\$ 36,000
Assoc. Pastor—Housing	\$ 18,000
Secretary	\$ 25,000
Custodian	\$ 24,000
Subtotal	\$ 163,000
Total—Personnel:	\$ 220,300

Communications

This supports all ministries of our church through printed, audio, and visual media.

Tape Ministry	\$ 500
Television	\$ 6,240
Library	\$ 250
Advertising	\$ 8,000
Equipment	\$ 3,500
Total:	\$ 18,490

Operations

This insures and maintains building and grounds and pays utilities as well as office, kitchen, and administrative expenses.

Utilities	\$ 41,000
Insurance	\$ 15,600
Maintenance	\$ 28,000
Flowers/Decorations	\$ 600
Social/Fellowship	\$ 3,000
Office Expense	\$ 15,000
Kitchen Expense	\$ 2,400
Total:	\$ 105,600

Budget Summary

Missions	\$ 61,586
Evangelism	\$ 3,100
Pastoral Ministries	\$ 1,075
Education Ministry	\$ 20,750
Music Ministry	\$ 10,000
Youth Ministry	\$ 8,000
Special Ministries	\$ 3,300
Personnel	\$ 220,300
Communications	\$ 18,490
Operations	\$ 105,600
Total Budget	\$ 452,201