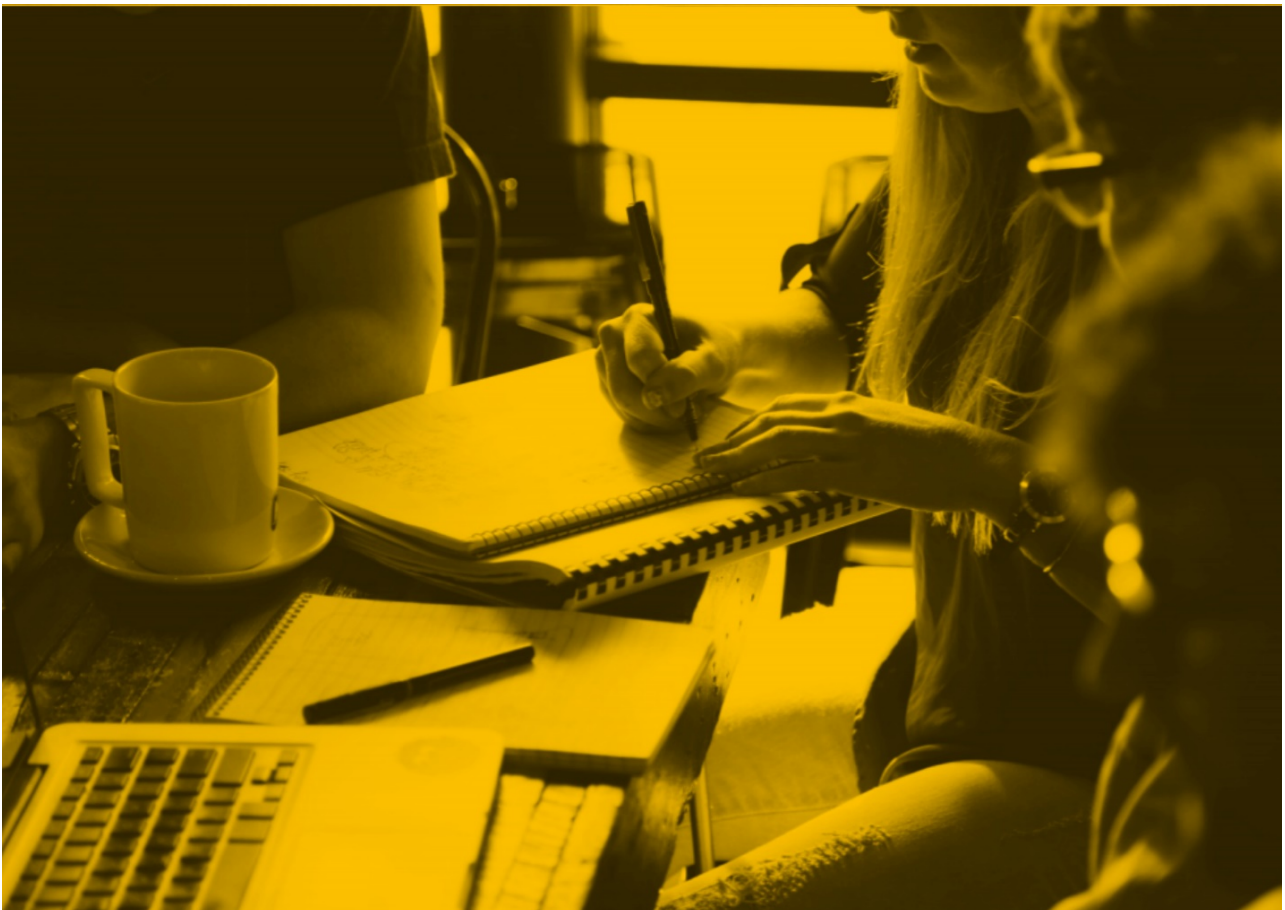


Financial Planning and Budgeting for Churches

Stephen Mathews and Alan Hough

September 2017



This Briefing Paper and others like it are provided free of charge and help a great many churches and charities. Their development involves many hours of dedicated professional expertise both from within and outside of Stewardship. They are provided at our own cost as part of our mission to equip you.

If you find the material in this Briefing Paper to be of value, we would invite you to respond in the following ways:

- Subscribe to receive our email bulletins at our website, www.stewardship.org.uk; and
- Tell others in your church or charity about our resources.

If you regard the material to have been of particular help and significance to you in your work (for example using it to inform a church or charity group/network) perhaps you would consider making a financial gift to Stewardship in appreciation (though please feel under no obligation).

Stewardship

1 Lamb's Passage, London EC1Y 8AB

020 8502 5600

enquiries@stewardship.org.uk

stewardship.org.uk

Copyright

This publication is the copyright of Stewardship. We want our resources to have the maximum impact, therefore you are welcome to reproduce or otherwise distribute this material in whole or part. We simply ask two things: (1) there must be no use for commercial gain, and (2) Stewardship is clearly acknowledged with the following wording "Reproduced with permission from Stewardship. www.stewardship.org.uk". If extracts are to be used in another context, permission should be sought in advance by emailing enquiries@stewardship.org.uk or telephoning 020 8502 5600. Thank you.

Scripture quotations taken from The Holy Bible, New International Version® NIV®

Copyright © 1973 1978 1984 2011 by Biblica, Inc. TM

Used by permission. All rights reserved worldwide.

Disclaimer

Whilst every care has been taken in the preparation of this material, Stewardship cannot be responsible for action taken or refrained from in reliance thereon. It is recommended that appropriate professional advice be sought in each relevant individual circumstance.

Stewardship is the operating name of Stewardship Services (UKET) Limited, a registered charity no. 234714, registered in England & Wales, and a company limited by guarantee no. 90305, registered in England & Wales.

© Stewardship 2021

Contents

About Stewardship	4
1 Introduction	5
2 Is planning and financial budgeting biblical?	6
3 Does planning and financial budgeting take anything away from our reliance on God's provision and can it restrict God working in the church?	7
4 Is planning and financial budgeting good for churches?	8
4.1 Helping the church to prioritise its actions and resources	8
4.2 Helping the church congregation take 'ownership' for the future	8
4.3 Other advantages	9
5 Is it ok for churches to run a deficit annual operating budget?	9
6 Should a church have a separate budget for large projects or initiatives?	10
7 Does the Charity Commission expect a church to make use of a budget?	12
8 Is the budget the sole responsibility of the treasurer?	13
9 Is creating a budget a technical accounting exercise?	14
10 Is there a particular format for what a church budget looks like?	15
11 Once completed is that the finish of it?	16
11.1 Variance analysis	16
12 Conclusion	17
Appendix 1: How to create a budget	18
Appendix 2: Example templates	23

About Stewardship

Stewardship is here to help the Christian community in the UK to give and receive.

We help over 40,000 people to give generously and sacrificially to support the causes they love, and connect them in to a growing community of 4,000 churches, 6,000 charities and 2,800 individual partners creating positive change, and being responsible stewards, in Jesus' name.

For more than a century we have actively served those pioneering Christian mission. Together, we are driven by our desire that the wider world will encounter Jesus through the generosity of his people and the transformational work of the causes they support.

We call this **Active Generosity**.

1 Introduction

For many churches, planning and financial budgeting is a way of life; for other churches it can be seen simply as a 'business tool' with no place in church whatsoever. In this paper, we want to address the 10 questions that we hear most about budgets, before looking at the "how to create a budget" question which we pick up in Appendix 1.

So what are the 10 questions that we hear most often?

1. Is planning and financial budgeting biblical? We think that it is. See section 2.
2. Does having a budget takeaway from our reliance on God's provision or restrict God working in the church? Possibly, but as long as the budget is used properly, then we suggest not. See section 3.
3. Is planning and financial budgeting a good thing for the church? We absolutely think that it is. See section 4.
4. Is it OK for churches to run a deficit annual operating budget? We consider it is... sometimes. See section 5.
5. Should churches have a separate budget for large projects or initiatives? Not necessarily but we think that they are easier to manage. See section 6.
6. Does the Charity Commission expect churches to draw up and make use of budgets? Undoubtedly. See section 7.
7. Is a budget the sole responsibility of the treasurer? We think not. See section 8.
8. Is creating a budget a technical accounting exercise? We suggest that it does not have to be. See section 9.
9. Is there a particular format for what a church budget looks like? We do not think that there is. See section 10.
10. Once a budget is completed is that the finish of it? Absolutely not. See section 11.

So, the main body of this paper explores these questions in a bit more depth as we consider the 'philosophy' and purpose of church budgets before Appendix 1 delves into the practicalities behind creating a church budget and Appendix 2 provides a couple of examples of what a budget might look like.

2 Is planning and financial budgeting biblical?

In the context of counting the cost of discipleship, Jesus uses two examples of planning ahead:

“For which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who observe it begin to ridicule him, saying, ‘This man began to build and was not able to finish.’ Or what king, when he sets out to meet another king in battle, will not first sit down and consider whether he is strong enough with ten thousand men to encounter the one coming against him with twenty thousand?” (Luke 14:28-31)

The inference from these examples is that the king and the man building the tower would be foolish not to plan ahead otherwise they risk failure, defeat and ridicule. For the king, the question was one of strategy; what should he do knowing that he had the smaller army? For the man building the tower is was a question of resources; would he have enough to finish what he had started?

In our experience, churches which apply those principles of strategic planning and resource budgeting are far more likely to achieve their goals than those churches where projects, initiatives and activities are cobbled together quite literally on a wing and a prayer.

3

Does planning and financial budgeting take anything away from our reliance on God's provision and can it restrict God working in the church?

Perhaps the main reason that some churches do not want to use budgets is because of a perceived tension where financial planning can be seen as being somehow 'unfaithful'; removing a church's reliance on God. Whilst understanding the tension, we simply do not acknowledge this outcome, recognising that every resource which as individuals or churches we are able to use and enjoy comes from God.

In fact, where we tend to see churches running into financial problems it can sometimes be because, probably unintentionally, the church starts to see resources at its disposal as belonging to them and not to God. Another reason for churches not using budgets is the belief that they can restrict God working through the church. If a budget is used properly, then we do not consider this to be the case but we fully accept that it can become a real issue where the budget becomes the driving force of the church.

A budget must always serve the church, rather than the other way around being the financial representation of the plan or vision of a church. We can't stress enough that the church leadership under God's guidance should be the group shaping the actions and activities of the church; this is not the role of the budget. Where churches have this balance wrong, or perhaps where a church vision and a church budget operate independently of each other, then sticking to the budget might indeed be a hindrance.

So, seeking God's vision and then shaping the budget around it is, we believe, the right order of events. For example, in churches which feel that deeper discipleship is something that God is calling them to strengthen, the budget can be shaped to reflect that; or perhaps the church feels called in the next few years to open an addiction rehabilitation centre within its community; then the budget should be shaped to reflect that. Budgets which are drawn up in this way, rather than being an inflation uplift of the previous year, can be challenging, exciting, scary, rewarding and fun all at the same time.

4 Is planning and financial budgeting good for churches?

We do come across some churches that simply can't see the point of either planning ahead or producing a financial budget, but thankfully not too many. There is an old business saying which goes something along the lines of 'fail to plan, plan to fail'.

Like most sayings it over-simplifies things, but you get the idea. Many of the churches which we see that find themselves in financial, or indeed operational difficulties are those that have failed to plan well and are often those which operate without a financial budget at all. Planning is of course much more than simply considering the financial situation of the church.

Planning starts with discerning God's will and may then go on to include:

- Identifying and minimising any risks.
- Finding the right people.
- Understanding how laws and regulations apply.
- Locating a suitable property.

However, financial budgets are an integral and a very important part of planning. Available finance is an important resource and if not thought about in advance, can sometimes be a restraining factor. Churches which do not look at the financial aspect of their plans are running a significant risk of failure. We see many advantages for churches which make good use of budgets including:

4.1 Helping the church to prioritise its actions and resources

As part of the vision setting process, churches may have identified a variety of actions and initiatives which they wish to undertake.

However, it may be that a church does not currently have all the resources (financial or otherwise) which it needs to carry out everything and so it has to make choices. Where there are limited resources, a budget helps the church to apportion available financial resources in a calm, rational, considered and prayerful way. The alternative can sometimes mean that they are apportioned in an irrational 'first come – first serve' or 'who shouts loudest' basis which may not result in money being used in the most effective way.

4.2 Helping the church congregation take 'ownership' for the future

Where a congregation feels part of the budget process; where vision and priorities are clearly explained; and where the need for financial support is well communicated, church members are more likely to want to support the church both prayerfully and financially. They better understand the future direction of the church and are often prepared to take closer ownership of that future as a result.

4.3 Other advantages

1. Used properly, budgets provide an early indication of situations where a church's actual financial position deviates from what was expected. This is just as important in cases where available funds exceed expectations as where available funds fall short of expectations.
2. Budgets add a layer of accountability within the church's financial controls.
3. Proper use of budgets demonstrates good practice.

5

Is it ok for churches to run a deficit annual operating budget?

There may be times when it is entirely appropriate for churches to run a deficit annual budget. Churches may be using reserves which have been built up in the past for a specific purpose or project; or they may feel that it is right to dip into general reserves to start-up or continue initiatives or activities which might otherwise not happen.

In Matthew 6:19, Jesus warns us (individuals and churches) against hoarding riches on earth and the Charity Commission makes it clear that, under Charity Law, income that is received by a charity must be spent within a reasonable timeframe and that where trustees are holding money as reserves there should be a good reason for doing so.

An operating budget which reflects a surplus year after year with no plans to use the surplus funds is not necessarily a good thing. Having said that, most churches, for most of the time will be looking to financially break-even (income and expenditure about the same) or to have a small operating surplus as churches which run annual deficits year after year will find that reserves are soon used up, and they may end up like the man building the tower in Luke's gospel; simply unable to complete what they have started. Appendix 1 looks at how to create an operating budget.



Should a church have a separate budget for large projects or initiatives?

Generally we would say that this is a sensible approach. Large projects or initiatives do not always sit comfortably with annual operating budgets. Often they will cover a very different (normally longer) timescale than an operating budget, and often they are of such significant size that they would 'swamp' an operational budget if included.

We tend to see project budgets used mostly in churches for new building or significant refurbishment projects which are large enough that they would distort the operational budget if included there. Often churches will run such budgets away from, but alongside an operational budget. Appendix 1 looks at how to create a project budget.

7

Does the Charity Commission expect a church to make use of a budget?

As part of the introduction to its guidance on charity finances, the Charity Commission says: “Good management of a charity’s finances and other assets enables it to succeed in delivering its charitable aims.”

To achieve this, trustees must properly supervise their resources and satisfy themselves that they have:

- Realistic funding plans and strategies
- Effective management controls and systems
- Planned for their charity’s assets and resources to be used in the best possible way for their beneficiaries.

Furthermore, as part of its guidance in CC12, the Charity Commission makes it clear that it expects trustees to consider budgets, including cash projections and business plans, expressing the view that budgets should be produced at least annually, but more frequently if the financial climate makes it necessary or desirable.

Add to this the recently updated guidelines provided by the Charity Commission to independent examiners regarding the need to see budgets and projections as part of a going concern review and, taken together; the Commission’s view appears clear. They are expecting all charities (including churches) to operate with an appropriate level of budgeting in place.

“Good management of a charity’s finances and other assets enables it to succeed in delivering its charitable aims.”



Is the budget the sole responsibility of the treasurer?

A financial budget should never be the work or responsibility of a single person, especially the treasurer! Although it may be the treasurer who takes responsibility for bringing everything together, a budget should be a team effort reflecting input from many different people.

First and foremost (see Section 3), the budget should be a financial representation of the vision for the church and as such church leaders have the primary responsibility to help shape that vision. Budgets that are drawn up independently and without spiritual leadership input are little more than a page of figures.

Once the vision is set, it is important at an operational level, that people who are responsible for areas of ministry or administration are able to play a part in putting together a workable budget. Who better to know what website maintenance is required and how much it will cost than the person responsible for communications or publicity? Who better to have an idea of the evangelism budget than the person responsible for heading up evangelism?

Budgets delivered from 'on high' often struggle to get congregational buy-in. Now it may be that budget 'wish lists' have to be discussed and possibly refined before a budget is finalised, but that process of collaborative discussing and refining a budget is one of its great strengths as church activities and priorities are openly debated and agreed.



Is creating a budget a technical accounting exercise?

For most churches, budget writing should not really be a technical accounting exercise. As you will see in Appendix 1, we suggest that church budgets are generally constructed on a cash basis and as such the budget is looking to project forward cash receipts and payments for the duration of the budget or the project.

A budget constructed on this basis is not concerned with accruals or depreciation and as such can normally be approached in a quite straightforward manner.

Is there a particular format for what a church budget looks like?

The format, layout and presentation of budgets should reflect the organisation which they serve and be compiled in a way that is clear and easy to understand. There is little point spending time putting together a comprehensive budget only to present it in a way that people struggle to understand.

Appendix 2 includes an example format which churches might like to consider for both an operating and a project budget, but in no way should these be seen as a 'pro-forma'. No two budgets are the same, because no two churches are the same. The complexity and format of a budget should reflect the operations of your church and allow you to better understand the finances of ministry.

Some churches will construct their budgets so that they can easily identify the costs of individual ministries (e.g. youth, evangelism etc.) see the example in Appendix 2; others will construct budgets so as to identify individual projects (e.g. café church, foodbanks etc.). What is important is that your budget provides the information that you want, in a format that you (and the rest of the church) can understand.

“The complexity and format of a budget should reflect the operations of your church and allow you to better understand the finances of ministry.”



Once completed is that the finish of it?

Indeed not, it is only the start. Putting together a budget (operational or specific project) is not an isolated activity and is not something to be completed and then put on a shelf in a dark corner of a cupboard. To be of use, the budget must be an active tool for trustees and leaders to help them monitor effectiveness.

If we concentrate for the moment on the operating budget, the Charity Commission recommends that the trustees review the charity's financial position and its performance against budgets and future projections at least quarterly. The point of a budget is that it becomes the benchmark against which actual events, expenditure and fundraising can be measured allowing trustees and leaders to monitor and assess progress and to change direction where required.

11.1 Variance analysis

The most commonly used method of doing this is known as variance analysis. Variance analysis is a process of understanding the difference between the financial impact of the reality of what has actually happened and what was anticipated to happen (as recorded in the budget).

It is a significant and important financial control. Regular analysis and monitoring of variances should help to identify developing trends and so assist the early identification of financial issues.

For example, if actual income received starts to show a deficit against plan, then early identification of this is important:

- To allow time to understand the reasons behind it;
- To see if there is a specific one-off reason (perhaps a delayed grant), or whether it is a developing trend (perhaps lower weekly offerings);
- To perhaps adjust expenditure or change course accordingly

12 Conclusion

Hopefully as we have addressed these often faced questions you have been able to reach the same conclusion as we have, that budgets have an important place in the church and can be a strong force for good in helping your church achieve the plans which God has put before you.

If that is the case, then read on as Appendix 1 tackles the practical “how do I go about creating a budget?” question.

Contact us

For further help or information, please contact us on
020 8502 5600 or email enquiries@stewardship.org.uk.

You can also visit our website at stewardship.org.uk.



Appendix 1: How to create a budget

Sections 4, 5 and 6 of the main paper introduced the concept of operational and project budgets. Operational budgets are those which generally cover a fixed time period (normally a year) and which mainly deal with the day-to-day income and expenditure issues faced by churches as they seek to operate in ways that meet their objectives.

Project budgets are fundamentally different. Often they cover a very different (normally longer) timescale than an operating budget, and often they are of such significant size that they would “swamp” an operational budget if included. We will look at both types of budget as part of this appendix. As we make a start on how to create an operational budget we want to stress that figures 1 and 2 are examples rather than pro-forma templates. If they work for your church then please feel free to adapt and make use of them, but if they do not work, then please do not feel in any way constrained to do your own thing.

Operational budgets

What accounting basis is best? Even where a church formally reports using the accruals basis, operational budgets tend to be constructed on a cash basis. There are two reasons for this: First, a budget constructed on a cash basis is often more widely understood by the average church member than one which is constructed on an accruals basis, and which is likely to include costs such as depreciation which will be “gobbledygook” to most.

Remember, one of the more significant advantages of budgets is to engage the church congregation and help them take ownership for the future. Understanding is the first step towards ownership. Second, and perhaps more importantly, it allows the church and its leaders to understand the level of cash flow income required to pay for its operations and activities. For example, where the church has a mortgage on a building which is being repaid over time, accruals accounting would show only the interest element of that mortgage as a cost.

If only the interest is included in the budget, it may give a false impression to the church that this is all the money required to cover the whole mortgage, so leaving the capital element of the mortgage unfunded and a gaping hole in the church finances. What to include in an operational budget? Although each church is different and as a result each operational church budget will look a little different, there are common elements which we would expect to see in most operational budgets. At the highest level, operational budgets will include income and expenditure resulting in either a projected surplus or deficit for the period.

How a church tends to analyse its income and expenditure is what makes each budget different. Remember, there is no right or wrong way to do this, what is important is that your budget provides the information that you want, in a format that you (and the rest of the church) can understand.

Determining expenditure

Get others involved

As explained in the main paper, the operating budget should be the financial representation of the vision for the church and as such must be shaped by the leadership team. Thereafter getting those people responsible for running church ministries and other activities involved in the budget process is also important. Not only are these people closest to the “coal face” better understanding the nature of expenditure required, they will normally tend to work better to a budget which they have been involved with rather than one delivered from “on-high”.

Make use of budget holders or others with responsibility in the church

Rather than try to consider every aspect of expenditure yourself, getting expenditure from budget holders or others in the church is important. This can be way of a pre-populated but bespoke template (see figure 1), or the result of a face-to-face or e-mail meeting but, which ever method is used, the aim is the same; to project the total anticipated expenditure for the year ahead.

Types of expenditure headings commonly used

Expenditure should be analysed in a way that best suits your church.

The types of headings most commonly used include:

- Staff costs;
- Ministry costs – analysed to a level of detail appropriate for the church;
- Property costs – rent, repairs mortgage etc. (although possibly not major projects which may have a separate budget);
- Administrative costs – analysed to a level of detail appropriate for the church.

Operating expenditure can normally be estimated with a reasonable level of accuracy. Most of the larger expenditure items (staff costs, property rental etc.) are incurred subject to known and pre-agreed contracts. Other costs such as ministry, administration, publicity and utility costs can be more volatile but often come with a history from earlier years which can be used as a basis for the budget figure for the current year. There may still however be new initiatives and of course currently unknown factors which will impact expenditure during the year, but generally this is the more “solid” side of the operating budget.

What about one-off or capital expenditure?

A big headache is deciding how to treat larger one-off or capital items which are perhaps not big enough to require their own budget (see below) but are also not part of the normal “run of the mill” running expenses. Examples of this type of expenditure might include the purchase of computer equipment, new PA or music equipment and smaller building renovations.

Even where these items may be capitalised in the final statutory accounts (for churches reporting under the accruals basis); money still has to be found to buy them in the first place.

Excluding items of a “capital nature” from the budget, particularly where there are not reserves already put aside to meet the expenditure may result in the church suffering a cash shortfall or failing to purchase the required asset. So, we would tend to suggest that these items are included in the budget, but perhaps shown separately from operating costs. See figure 2 for an example operating budget format.

Income

Typically, churches will analyse income using some or all of the following headings:

- Gifts and donations (don't forget to include Gift Aid);
- Grants;
- Income from charitable activities (perhaps where the church makes a charge for an activity);
- Other income
 - Income from lettings or other non-church activities;
 - Investment income;
 - Release from reserves (where considered appropriate)

Not all churches will require all these headings, whereas some churches will need more so as to allow them to better understand their ministries or income streams. The important this is to adjust the budget so that it tells you what you want or need to know. There can sometimes be a tendency in churches that want to show a balanced budget (i.e. where total income equals total expenditure) to use income from gifts and donations or external grants as the “balancing figure”.

Whilst this can be tempting as it makes the figures “work” and provides a target for the church, it is important that the figure used for all income, but particularly for gifts, donations or grants, is sensible and does not, without good reason, see a large increase from year-to-year. If you have never applied successfully for a grant before what makes you think that you will raise £30,000 or if income from gifts and donations last year was £50,000 what has changed to justify a figure of £100,000 this year.

All sorts of things may have changed and the increased figure may be reasonable, but if nothing has changed believing in blind faith for such an increase, is not a wise approach. This does not mean a church should never have a budget reflecting income that is well beyond what it has before, but we think it does require extra steps if it does. For example:

Step 1: If it is in gift income, we would expect the leadership to have thought about why the income is lower “than it should be” and then do something about it. For example: if members are giving generously then teaching about money and discipleship is important; not because the church needs the money but because as Christian disciples we need to be generous- even if it is only ‘a widows mite’.

Step 2: Create a Plan B should the income not materialise and some timetables by which they need to be actioned. This is not a lack of faith, but the responsible action of wise stewards who are responsible for staff, buildings and suppliers. Sadly we do see churches with cheques that bounce and promises unfulfilled.

Bringing it all together

Now for the first time, you are able to bring the two sides of the budget together (see figure 2 for an example). Whether the end result is acceptable will depend upon a number of factors and circumstances unique to your church.

These may include:

- The level of reserves currently held by your church;
- The amount of “capital” expenditure included in the budget;
- Your position in the cycle of church growth from start-up to maturity. If the result is not acceptable, then you need to enter into a process of discussion and possibly amendment.

As a general rule, costs are easier to control and reduce than income is to increase and so that might be the place to start in the short-term. However a budget can be place to challenge a church lacking in generosity, and teaching and encouragement on giving may be an appropriate medium term response.

Project budgets

What about project budgets? Are they created any differently from operating budgets? Well at the highest level the answer is no as these budgets will also have an income and an expenditure section, but as the purpose of them is very different from an operational budget so is the approach used to create them.

Generally, project budgets are used to estimate the total costs associated with any particular project and to show the various means by which the money needed to meet that expenditure is expected to be raised. The first task of any project budget is to provide an estimate of the total expenditure analysed to a level that is right for the project and right for the church. As an example, some large projects may be broken down into smaller parts or phases which can be managed more easily.

Estimating project costs

Typically, the larger the project and the longer the time-span, the more difficult it will be to arrive at an accurate estimated cost; and typically, the larger the project the more chance there is for costs to overrun. There is a tendency for many projects, whether it be a church building, Wembley stadium, or HS2 to underestimate total costs, especially where unforeseen factors emerge during the project (e.g. the discovery of Japanese knot weed on building site).

However, with the expenditure estimate likely to be an essential part of any associated fundraising exercise, making sure that these estimates are realistic and that they allow for a degree of cost growth is important. It can be demoralising for a church to reach its fundraising target for a project, only to find that the cost has escalated and that the project remains out of reach. Breaking down large costs into their component parts e.g. architect’s fees, planning consent, legal fees, building works etc., helps people to better understand what is involved and allows the budget to build in a level of contingency into those parts of the project estimate that are perhaps less well defined.

Whilst at first it might seem a good idea to present your church with the lowest possible cost estimate, confidence, and perhaps even funding, will soon start to drain away if estimates continue to be revised upwards. When presenting this type of budget to your church, be as transparent as you can.

Explain whether the estimates which you are using are mid-range, aggressive or prudent; explain those areas of uncertainty and what the financial implications of a good or bad outcome might look like. People and organisations tend not to like financial surprises (particularly bad ones) and by being open and so keeping the element of surprise to a minimum your chances of raising funds from within the church are improved.

Project funding

Larger projects of this nature tend to be paid for from a combination of sources (see below), some of which can be estimated easily but others perhaps less so.

- Existing reserves;
- Operating surpluses;
- Gifts and donations;
- Third-party grants;
- Mortgages;
- Other loans

As with operating budgets, resist the urge to use donations or grant funding as the “balancing” figure. Churches often overestimate the ease with which they are likely to be able to secure third party grants which, however great your project may seem to you, are notoriously difficult to secure. Also, remember that after the first wave of enthusiasm from church members, the level of gifts and donations may slow down or even dry up altogether.

Church building projects are a literal modern day example of the man building the tower mentioned in Luke and so deciding at what point you have, or expect to have, enough resources to start your project is very important. You may not need all the funds ready at the start (it’s quite unlikely that you will have them in any case), especially for projects which can be phased in, but you will need enough to ensure that you do not create a “white elephant” which provides little or no benefit for the church and may place a financial burden onto future generations of the church. Not to mention being the cause of ridicule!

Appendix 2: example templates

Figure 1: example template used to collect base expenditure data 2018 youth and children's budget (an example)

2018 youth and children's budget (an example)

	2018 BUDGET	2017 BUDGET
Youth: BB (church paid expenses)		1,750
Youth: GB (church paid expenses)		2,250
Youth: outreach		
Holiday Bible club		500
Soul survivor		250
Youth football		250
Youth: discipleship		
Youth camp		250
Wednesday group		100
Delve		250
Life expo		
Youth: events		
Prayer nights		100
Outings		250
Solid		250
Youth: volunteer training		
Volunteer training: external		250
Volunteer training: internal		100
Volunteer DBS		100
Youth: volunteer expenses		500

Children's: outreach		
Mums and babies		150
Mums and toddlers		150

Children's: discipleship		
Kingdom kids: P Street		400
Tuesday club: Sunnymede		400
Creche		100
Beginners		100
South Green		250

Children's: events (e.g. light party)		350
--	--	-----

Children's: volunteer training		
Volunteer training: external		100
Volunteer training: internal		100
Volunteer DBS		100
Children's: volunteer expenses		
Children's: other		350

	9700
--	------

Figure 2: example operating budget and variance analysis

	ACTUAL YTD	BUDGET YTD	VARIANCE YTD	FULL YEAR BUDGET
INCOME				
Offerings and donations				
Gift Aid and GASDS				
Third part grants				
Charitable activities				
Trading income				
Other income				
Total income	XX	YY	XX-YY	XXX
EXPENDITURE MINISTRY				
Pastoral costs				
Staff remuneration and expenses				
Staff training				
Visiting speakers				
Total pastoral staff costs	XX	YY	XX-YY	XXX
Direct ministry expenses				
Outreach and evangelism				
Youth and children				
Pastoral and counselling				

Discipleship				
Worship and fellowship				
Mission partners and other grants				
Total direct ministry costs	XX	YY	XX-YY	XXX

MINISTRY SUPPORT COSTS				
Premises hire				
Church maintenance and cleaning				
Utilities Equipment: small purchases and consumables				
Licenses				
Church manse running costs				
Total indirect ministry support costs	XX	YY	XX-YY	XXX

SUPPORT COSTS				
Administration support costs				
Church office running costs				
Communication				
Governance				
Insurance				
Sundry				
Total administration costs	XX	YY	XX-YY	XXX
TOTAL COSTS	XX	YY	XX-YY	XXX
SURPLUS/DEFICIT	XX	YY	XX-YY	XXX

'Capital' expenditure				
Motor vehicles				
Fixtures and fittings				
Equipment				
Total capital expenditure	XX	YY	XX-YY	XXX
SURPLUS/(DEFICIT) - AFTER CAPITAL EXPENDITURE	XX	YY	XX-YY	XXX