



SURFACE TO SOUL

Live Well | Lead Well | Coach Well

10 Reasons for Creating a Church Budget

1 | BUDGETING FORMALIZES PLANNING

Budgets force people to study the future so that they can develop a formal plan. Leaders can anticipate potential problems and introduce measures to prevent or correct them. With budgeting, the operations of the church can be conducted from year to year with a minimum of distraction.

2 | BUDGETING REDUCES EMOTION-CHARGED DISCUSSIONS

Churches operating without budgets are prone to spend their money erratically. Denial is often an emotional act and can cause misunderstandings and hurt feelings. Well-conceived budgets ensure that programs and activities are funded prior to the start of the year.

3 | BUDGETING HELPS WITH PERFORMANCE EVALUATION

Performance evaluation usually involves the preparation of a financial report in which budgeted amounts are compared with actual spending. Variances or deviations from the budget are then highlighted.

4 | BUDGETING IS A BASIS FOR CONTROL, PROVIDING AUTHORIZATION TO SPEND FUNDS

By using budgets to evaluate performance, church management can exercise control. If variances from the budget, either under or over budget, are out of line, the appropriate church leaders can make inquiries and take corrective action. Control helps leaders stay on target in terms of achieving their original plan, eliminates deviations from budgets, and provides valuable perspectives for the next round of budgeting.

5 | BUDGETING FOSTERS GOOD COMMUNICATION AND COORDINATION

The budget process forces people to discuss priorities and to compromise and collaborate on shared goals.

6 | BUDGETING CAN INCREASE MEMBER BUY-IN

Getting members to share their ideas, thoughts, opinions, and dreams about what activities and programs the church should sponsor improves the chances for program success. Comments such as, "It's their program" will turn into "It's our program." Churches get better buy-in and support of their members when everyone feels they have a voice in the process.

7 | BUDGETING INCREASES THE COMMITMENT TO GIVING

When people have participated in the formulation of the budget, they are more apt to make sure that the budgeted results occur. Involved, committed members are more likely to contribute than are members who are kept distant from the financial affairs of the church.

8 | BUDGETING GENERATES CONFIDENCE IN THE CHURCH'S LEADERSHIP

When both long-term and short-term goals and objectives are set, and sound budgets are established, programs are more likely to be successful. In such an environment, members of the congregation tend to take more seriously the calls by the leadership for greater participation, changes, new missions, and special gifting.

9 | BUDGETING ALLOWS for CONTINUED OPERATION WHEN CASH RECEIPTS AND DISBURSEMENTS VARY

Many churches have a cash-flow situation in which excess funds are available to the church for several months of the year, but the excess must be retained to cover the fixed costs of operating the church during the summer months, when attendance and giving are traditionally lower.

10 | BUDGETING ALLOWS TIME TO LEND OR BORROW PRUDENTLY

If a church's deficit cannot be eliminated with the church's existing assets, such as the sale of securities, the church must borrow. Budgets help to pinpoint how much money is needed and when it is needed.



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