



## *Training Series*

# **Church Budgeting For Beginners**

*Presentation available for download at [UMFF.org](http://UMFF.org) under "How We Serve", "Resources"*

# What is a Budget?



- An estimate and listing of the church's income and expenses
- A plan for how tithes and offerings will be used
- A way to ensure the church doesn't spend more money than it has
- A tool to help the church understand its finances

# What Goes Into a Budget?

## 1) Normal and repeating income

### Examples:

- Tithes and offerings
- Loose plate donations
- Pre-school donations
- Christmas / Easter offerings
- Facility rent
- Tag sale proceeds
- Cell tower income



# What Goes Into a Budget?

## 2) Normal and repeating expenses

Examples:

- Salaries
- Insurance
- Grounds maintenance
- Utilities
- Supplies
- Staff benefits
- Appportionments
- Worship supplies
- Telephone / Internet



# What Does Not go Into a Budget?

- Costs that have a future value (ex: new roof, new furnace, new bathrooms, etc). These are known as “*Capital Expenditures*”
- Pass-thru transactions: (ex: Special Sunday Collections)
- One-time fundraisers – (ex: to purchase an organ, construct a memorial garden, etc.)
- Income earned in investment accounts (e.g. endowment, capital accounts)
- Transfers from endowment accounts to balance a budget

# Budget Responsibilities

- Who should prepare the budget?
  - Treasurer or Finance Committee member
- Who is responsible for the budget?
  - The “preparer” is the person who adds everything together and presents the budget
  - The preparer should communicate shared responsibility and avoid “owning” the budget.
  - The entire Church Council is responsible for the budget
  - It is a collaborative effort!

# Budget Timing

January	February	March
April	May	June
July	August	September
October	November	December

- September: Annual Stewardship Campaign
- October:
  - Request Committee Chairs to provide input for budget
  - Obtain from NYAC: Apportionments and pastor's benefit costs (health care, pension & disability)
- November:
  - Prepare & distribute draft budget to Church Council
- December:
  - Revise as necessary & obtain Church Council approval
- January:
  - Communicate approved budget to congregation

# Should Your Budget Net to Zero?



- A budget where expenses equal income is most common. This is called a “Balanced Budget”
- A budget where expenses are greater than income is sometimes called a “Faith Budget”. It assumes that the church will raise sufficient income to cover planned expenses.
- The church should strive to achieve a Balanced Budget over time.
- Transfers of income from endowment accounts:
  - Should not be used to balance a budget!
  - Indicate that the church is not self-sufficient

# We Have a Budget Now What?

- Best use of a budget is to compare it to the church's actual income & spending
- This is called a “Budget vs. Actual” report
- At each Church Council meeting a member of the Finance Committee should present this report along with verbal or written explanations
- This helps the church understand where actions may be needed

# Budget vs. Actual Report

- Comparison of full-year budget to year-to-date results is not helpful in understanding how the church is doing.
- Comparing “Apples” to “Oranges”

First United Methodist Church			
As of February 29, 2024			
	2024 Budget	Year-to-date Actual	Variance (Fav / Unfav)
<b>Income</b>			
I-1 · Pledges	160,000.00	26,666.67	(133,333.33)
I-2 · Non Pledge Regulars	25,000.00	4,166.67	(20,833.33)
I-3 · Loose Plate / Visitor Donations	4,500.00	750.00	(3,750.00)
I-4 · Christmas/Easter Offering	2,000.00	333.33	(1,666.67)
I-5 · Facility Rent	60,000.00	10,000.00	(50,000.00)
I-6 · Fund Raising Projects/Tag Sale	4,250.00	708.33	(3,541.67)
I-7 · Misc, Other Income	-	-	-
I-8 · Interest Income	300.00	50.00	(250.00)
I-9 · Cell Tower Income	30,000.00	5,000.00	(25,000.00)
<b>Sub-total</b>	<b>\$ 286,050.00</b>	<b>\$ 47,675.00</b>	<b>\$ (238,375.00)</b>
<b>A · Administration</b>			
A-1 · Administrative Salaries & Taxes	55,000.00	9,166.67	45,833.33
A-2 · Office Supplies	7,500.00	1,250.00	6,250.00
A-3 · Office Equipment	6,000.00	1,000.00	5,000.00
A-4 · Postage	750.00	125.00	625.00
A-5 Communications	-		
A-5a · Telephone - Church	825.00	137.50	687.50
A-5b · Telephone - Parsonage	950.00	158.33	791.67
A-5c · Cable/Internet - Church	1,900.00	316.67	1,583.33
A-5d · Cable/Internet - Parsonage	1,800.00	300.00	1,500.00
A-6 · Administration - Misc.	700.00	116.67	583.33
A-7a · Workers' Comp	1,800.00	300.00	1,500.00
A-7b · Insurance - Property & Liability	5,400.00	900.00	4,500.00
A-7c · Insurance - Umbrella	2,600.00	433.33	2,166.67
<b>Sub-total</b>	<b>\$ 85,225.00</b>	<b>\$ 14,204.17</b>	<b>\$ 71,020.83</b>

# Budget vs. Actual Report

- Instead – Compare “Year-to-date” budget to “Year-to-date” actual results
- Comparing “Apples” to “Apples”
- Still produces “false” variances

First United Methodist Church			
As of February 29, 2024			
	2024 Budget	Year-to-date Actual	Variance (Fav / Unfav)
<b>Income</b>			
I-1 · Pledges	26,666.67	28,000.00	1,333.33
I-2 · Non Pledge Regulars	4,166.67	5,000.00	833.33
I-3 · Loose Plate / Visitor Donations	750.00	800.00	50.00
I-4 · Christmas/Easter Offering	333.33	-	(333.33)
I-5 · Facility Rent	10,000.00	10,000.00	-
I-6 · Fund Raising Projects/Tag Sale	708.33	-	(708.33)
I-7 · Misc, Other Income	-	-	-
I-8 · Interest Income	50.00	45.00	(5.00)
I-9 · Cell Tower Income	5,000.00	-	(5,000.00)
<b>Sub-total</b>	<b>\$ 47,675.00</b>	<b>\$ 43,845.00</b>	<b>\$ (3,830.00)</b>
<b>A · Administration</b>			
A-1 · Administrative Salaries & Taxes	9,166.67	9,200.00	(33.33)
A-2 · Office Supplies	1,250.00	1,000.00	250.00
A-3 · Office Equipment	1,000.00	1,000.00	-
A-4 · Postage	125.00	75.00	50.00
A-5 Communications	-	-	-
A-5a · Telephone - Church	137.50	150.00	(12.50)
A-5b · Telephone - Parsonage	158.33	125.00	33.33
A-5c · Cable/Internet - Church	316.67	325.00	(8.33)
A-5d · Cable/Internet - Parsonage	300.00	250.00	50.00
A-6 · Administration - Misc.	116.67	100.00	16.67
A-7a · Workers' Comp	300.00	-	300.00
A-7b · Insurance - Property & Liability	900.00	-	900.00
A-7c · Insurance - Umbrella	433.33	-	433.33
<b>Sub-total</b>	<b>\$ 14,204.17</b>	<b>\$ 12,225.00</b>	<b>\$ 1,979.17</b>

# Budget vs. Actual Report

- Best way is to compare a “calendarized” budget to Year-to-Date Actual
- Take total budget and spread it across 12 months
- Eliminates false variances

First United Methodist Church			
As of February 29, 2024			
	2024 Budget	Year-to-date Actual	Variance (Fav / Unfav)
<b>Income</b>			
I-1 · Pledges	26,666.67	28,000.00	1,333.33
I-2 · Non Pledge Regulars	4,166.67	5,000.00	833.33
I-3 · Loose Plate / Visitor Donations	750.00	800.00	50.00
I-4 · Christmas/Easter Offering	333.33	-	(333.33)
I-5 · Facility Rent	10,000.00	10,000.00	-
I-6 · Fund Raising Projects/Tag Sale	708.33	-	(708.33)
I-7 · Misc, Other Income	-	-	-
I-8 · Interest Income	50.00	45.00	(5.00)
I-9 · Cell Tower Income	5,000.00	-	(5,000.00)
<b>Sub-total</b>	<b>\$ 47,675.00</b>	<b>\$ 43,845.00</b>	<b>\$ (3,830.00)</b>
<b>A · Administration</b>			
A-1 · Administrative Salaries & Taxes	9,166.67	9,200.00	(33.33)
A-2 · Office Supplies	1,250.00	1,000.00	250.00
A-3 · Office Equipment	1,000.00	1,000.00	-
A-4 · Postage	125.00	75.00	50.00
A-5 Communications	-	-	-
A-5a · Telephone - Church	137.50	150.00	(12.50)
A-5b · Telephone - Parsonage	158.33	125.00	33.33
A-5c · Cable/Internet - Church	316.67	325.00	(8.33)
A-5d · Cable/Internet - Parsonage	300.00	250.00	50.00
A-6 · Administration - Misc.	116.67	100.00	16.67
A-7a · Workers' Comp	-	-	-
A-7b · Insurance - Property & Liability	-	-	-
A-7c · Insurance - Umbrella	-	-	-
<b>Sub-total</b>	<b>\$ 12,570.83</b>	<b>\$ 12,225.00</b>	<b>\$ 345.83</b>

# “Calendarizing” Your Budget

	Jan	Feb	Mar	Apr	May
<b>A · Administration</b>					
A-1 · Administrative Salaries & Taxes	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
A-2 · Office Supplies	541.67	541.67	541.67	541.67	541.67
A-3 · Office Equipment	666.67	666.67	666.67	666.67	666.67
A-4 · Postage	62.50	62.50	62.50	62.50	62.50
A-5 Communications					
A-5a · Telephone - Church	68.75	68.75	68.75	68.75	68.75
A-5b · Telephone - Parsonage	79.17	79.17	79.17	79.17	79.17
A-5c - Cable/Internet - Church	158.33	158.33	158.33	158.33	158.33
A-5d - Cable/Internet - Parsonage	150.00	150.00	150.00	150.00	150.00
A-6 · Administration - Misc.	58.33	58.33	58.33	58.33	58.33
A-7a - Workers' Comp					\$ 1,800.00
A-7b · Insurance - Property & Liability				\$ 5,400.00	
A-7c · Insurance - Umbrella					\$ 2,600.00
<b>Sub-total</b>	<b>\$ 16,785.42</b>	<b>\$ 16,785.42</b>	<b>\$ 16,785.42</b>	<b>\$ 22,185.42</b>	<b>\$ 21,185.42</b>



# Pre-School Allocation Worksheet



First United Methodist Church Pre-school Allocation Worksheet				
		2024	2024	2024
		Budget	Pre-school Alloc %	Pre-school Charge
<u>Account Name</u>	<u>Description</u>			
A-1 · Administrative Salaries & Taxes	Office administrator and other church staff salaries	4,500	5%	225
A-2 · Office Supplies	Printer supplies, paper, other supplies	450	60%	270
A-3 · Office Equipment	Copier lease	8,000	50%	4,000
A-5a · Telephone - Church		925	45%	416
A-5c - Cable/Internet - Church		950	25%	238
A-8a - Workers' Comp		4,500	35%	1,575
A-8b · Insurance - Property & Liability		5,200	55%	2,860
A-8c · Insurance - Umbrella		2,300	75%	1,725
B-1 · Custodian / Sexton		45,000	25%	11,250
B-2a · Electric		2,600	55%	1,430
B-2b · Water		2,300	75%	1,725
B-2c · Oil		4,500	86%	3,857
B-3 · Building Maintenance & supplies	Exterminating, alarm monitoring, cleaning supplies,	3,500	86%	3,000
B-4 · Grounds Maintenance	Lawn maintenance, snow plowing	2,450	80%	1,960
<b>Total</b>		<b>\$ 87,175</b>		<b>\$ 34,531</b>

# Line Item & Narrative Budgets

- Two different tools
- Both have a purpose - both have value

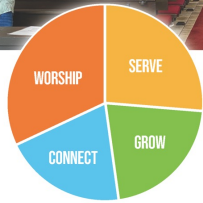
**Line-item budget:** excels at providing detailed financial data helpful for oversight, control, and analysis.

**Narrative budget:** excels in communicating the church's vision, engaging parishioners, and conveying the qualitative impact of finances.

- Prepare Line-item budget first, then convert to a Narrative Budget.
- Used together, they provide a way to track income / expenses and present a comprehensive view of church ministries.

# Narrative Budget

Typical Audience: Congregation, community, community, other stakeholders / partners



EVERY DOLLAR YOU PLEDGE TO SAINT MICHAEL & ALL ANGELS IS DIRECTED TOWARD OUR MISSION TO BE A BEACON OF FAITH, HOPE, AND LOVE.

**YOUR GENEROUS GIFTS AND OFFERINGS SUPPORT FOUR MINISTRY AREAS:**

<b>WORSHIP: 32%</b> \$163,235	<b>SERVE: 26%</b> \$143,678	<b>GROW: 21%</b> \$116,539	<b>CONNECT: 20%</b> \$110,779
ALTAR GUILD / FLOWER GUILD CHOIR SECTION LEADERS MUSIC & MUSIC LICENSING INSPIRATIONAL HOMELIES PRAYING OUR GOODIES MUSIC INSTRUMENT MAINTENANCE GUEST INSTRUMENTALS LIVE STREAMING EQUIPMENT WORSHIP BULLETINS KERUI MACHINE WI-FI	PASTORAL CARE MEMORIAL GARDEN COMMUNITY FACILITIES USE WATER-WISE LANDSCAPING ALTERNATIVE DUTY FREE COMPASS ROSE SOCIETY CANTERBURY LICI FOOD PANTRY & BUS PASSES DIOCESAN MISSION SHARE MUSIC ICI PRAYER SHARL MINISTRY	FAMILY MINISTRIES BIBLY PLAY NURSERY CARE	FELLOWSHIP PROGRAMS COFFEE HOUR DIOCESAN CONVENTION

**ST. MICHAEL'S EPISCOPAL CHURCH**  
3233 PACIFIC VIEW DRIVE, C  
(846) 444-0463 WWW.STMICHELSCO

## 2018 NARRATIVE BUDGET

ZIONSVILLE UNITED METHODIST CHURCH  
WWW.ZUMC.ORG  
3644 WHITESTOWN ROAD  
(317) 873-2623

**\$18,000 - CHRISTIAN EDUCATION & DISCIPLESHIP**  
This budget covers education. Past dollars support our children's ministry, youth ministry, adult education and small groups. Our new Small Group Initiative is also included. An all-time high for our 98 programs, serving 154 participants through the dedication of 100 volunteers. Over 2000 people were engaged in youth programs as a result of 2018's programs. A record was set with monthly prayer evening in Sunday school. A record was set with monthly prayer highlighted this year by a Midway to Westwood DC.

**\$174,000 - OUTREACH**  
Outreach includes our staff and program involvement in reaching to our community in both worship and in mission. Through our offering to the conference and the diocese, we are able to support the Greater United Methodist Church. Beyond our annual budget, our church received and distributed another \$10,000 to various agencies, such as a \$5,000 to the local food bank. This does not include all of the materials in-kind donations made for Hope Tree, Habitat Home, Love, Inc. and Habitat's Fall, and all other items that are not included in our annual budget through the church's involvement.

**\$414,000 - FACILITY**  
This budget is for the facility. It includes the cost of the building, including the roof, the HVAC system, the electrical system, the plumbing system, the landscaping, and the maintenance of the building. The budget also includes the cost of the building's insurance, the cost of the building's utilities, and the cost of the building's security. The budget also includes the cost of the building's maintenance, the cost of the building's repairs, and the cost of the building's improvements. The budget also includes the cost of the building's depreciation, the cost of the building's amortization, and the cost of the building's goodwill.



**WORSHIP \$294,751**  
This year, we reopened our sanctuary for corporate worship on Valentine's Day, yet many have continued to join in worship from home. While we celebrate those who have been able to return for in-person worship, we also celebrate the technology that has kept us connected near and far. Whether in homes or in the sanctuary, we are all joined together by song and scripture and prayer.



**DISCIPLESHIP & MEMBER CARE \$248,574**  
Staying connected as a congregation is more important now than ever. Whether through Zoom studies, online trivia nights, outside community dinners, Eucharist celebrations, walking groups or prayer gatherings—in all these ways, we are working to foster and maintain the essential ties that bind us together.



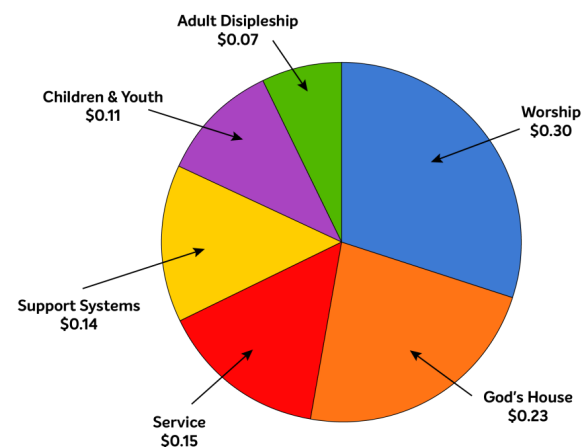
**FACILITIES \$437,039**  
This year, we celebrate the completed remodel of Bradley Chapel to create a more inviting space for our youth as well as a refreshed outdoor picnic shelter where young and old alike can gather. We installed a new fire suppression system (which will last for the next fifty years) and worked to make our facility more "green" and energy efficient for generations to come.



**SUPPORT STAFF \$292,598**  
All our ministries depend on the staff who faithfully manage our finances, communication, and administration. Next year we'll introduce a new "church management system," which will allow us to provide even better care and service for our members. We also celebrate the return of our preschool (L.I.P.) and after-school ministry (ROCK) to FULL capacity after a difficult year!

**OUTREACH \$251,834**  
Our COVID offering was dispersed this year to support food pantries and domestic violence prevention. When a second earthquake struck Haiti, our congregation raised money for relief. We celebrate, in particular, a new partnership with World Vision and the nearly 100 sponsors who were chosen by a child in Aguacatan, Guatemala. Thank you for being Christ's hands and feet in the world!

## PUMC Narrative Budget What Every Dollar Given Will Do



# Narrative Budget Examples



Aldersgate UMC: [www.resourceumc.org/-/media/umc-media/2020/01/13/22/34/final-version---2020-narrative-budget.ashx?la=en&hash=7848364752D91BBC49C2034C35BA8086F32E2AA](http://www.resourceumc.org/-/media/umc-media/2020/01/13/22/34/final-version---2020-narrative-budget.ashx?la=en&hash=7848364752D91BBC49C2034C35BA8086F32E2AA)

Huntingtown UMC: [www.huntingtownumchurch.com/hp\\_wordpress/wp-content/uploads/2019/03/Narrative-Budget-2019-1.pdf](http://www.huntingtownumchurch.com/hp_wordpress/wp-content/uploads/2019/03/Narrative-Budget-2019-1.pdf)

St. Francis UMC: [www.saintfrancisumc.org/Narrative-Budget](http://www.saintfrancisumc.org/Narrative-Budget)

Plainfield UMC: <https://pumc.blog/2023/01/05/2023-narrative-basic-ministry-budget/>

Mosinee UMC: [www.mosineeumc.org/rsrc/2014BudgetNarrative.pdf](http://www.mosineeumc.org/rsrc/2014BudgetNarrative.pdf)

# Steps to Complete a Budget

- Identify the “Preparer”
- Have a listing and good understanding of your full year actual results
- Communicate the exercise to the Church Council including the timetable
- Assign budget input areas (SPRC, Trustees, Worship, etc.)
- Enter amounts into template
- Present Draft budget for approval
- Communicate Final budget to Congregation

# Budget Template

- Excel Budget Template available at [UMFF.org](http://UMFF.org) (“Updates & Resources”)
- Contains: 1) Line Item Budget, 2) Budget vs. Actual Report, 3) Pre-school Allocation Worksheet, 4) Line Item Descriptions, and 5) Graphs

## First United Methodist Church 2024 Budget

