

Mission Driven Budgeting

Miller

MANAGEMENT

— Good Faith Accounting Partners —



GoodFaithAccounting.com

Welcome

- **Goals**
 - Focus resources on organization's mission/vision
 - Develop a clear budget process
 - Get the right people involved
 - Reduce the anxiety and stress around creating a budget

Welcome

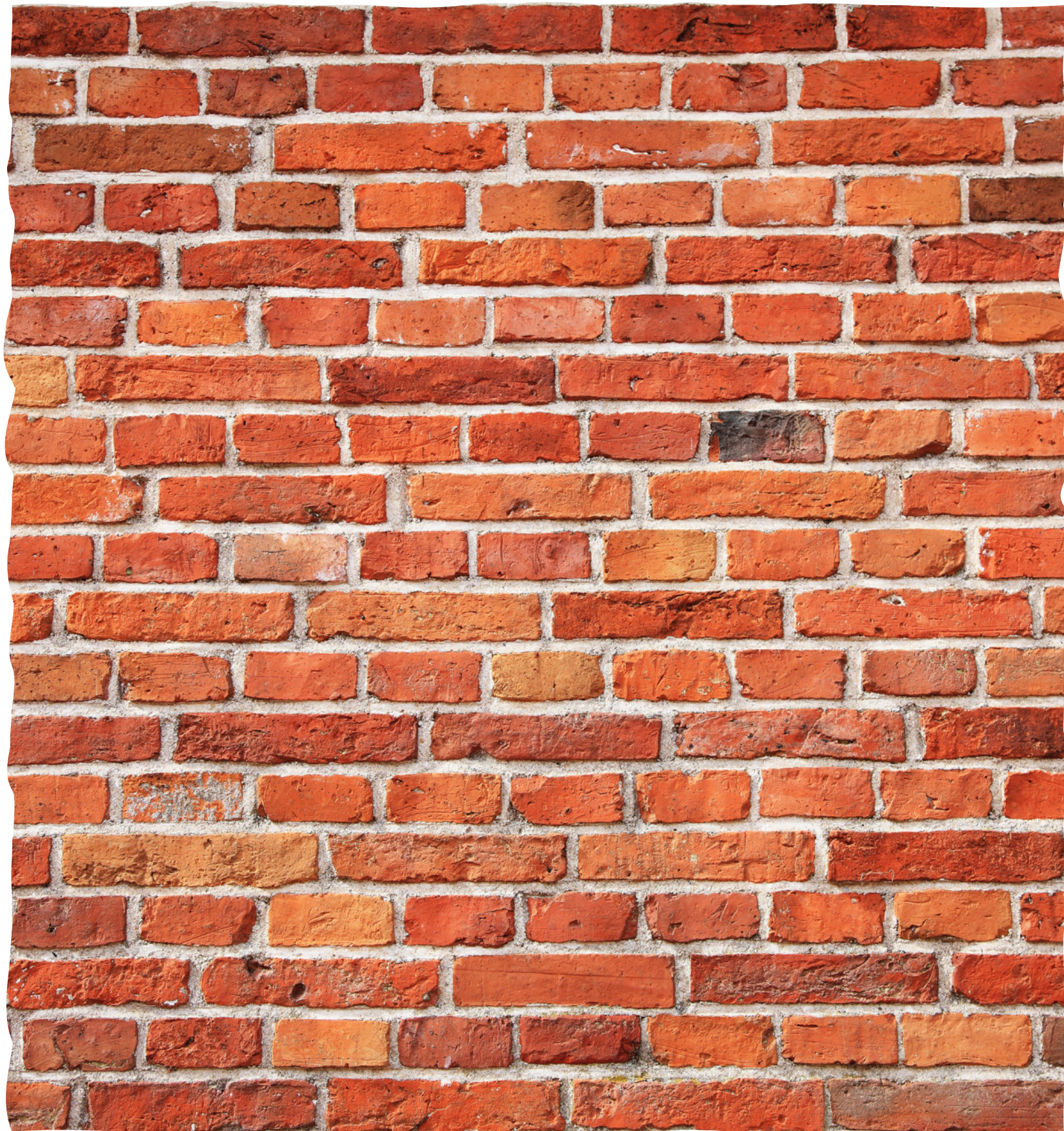
- **About me**
 - I am the president of Miller Management
 - I have an Mdiv and (graduating in December) a DMin in Leadership
 - Teaching Pastor/XP at my Church



Agenda

- **Today we will talk about:**
 - **Why is budgeting so hard?**
 - **Creating infrastructure to budget well**
 - **Budgeting tips and tricks**

Common objections budgeting



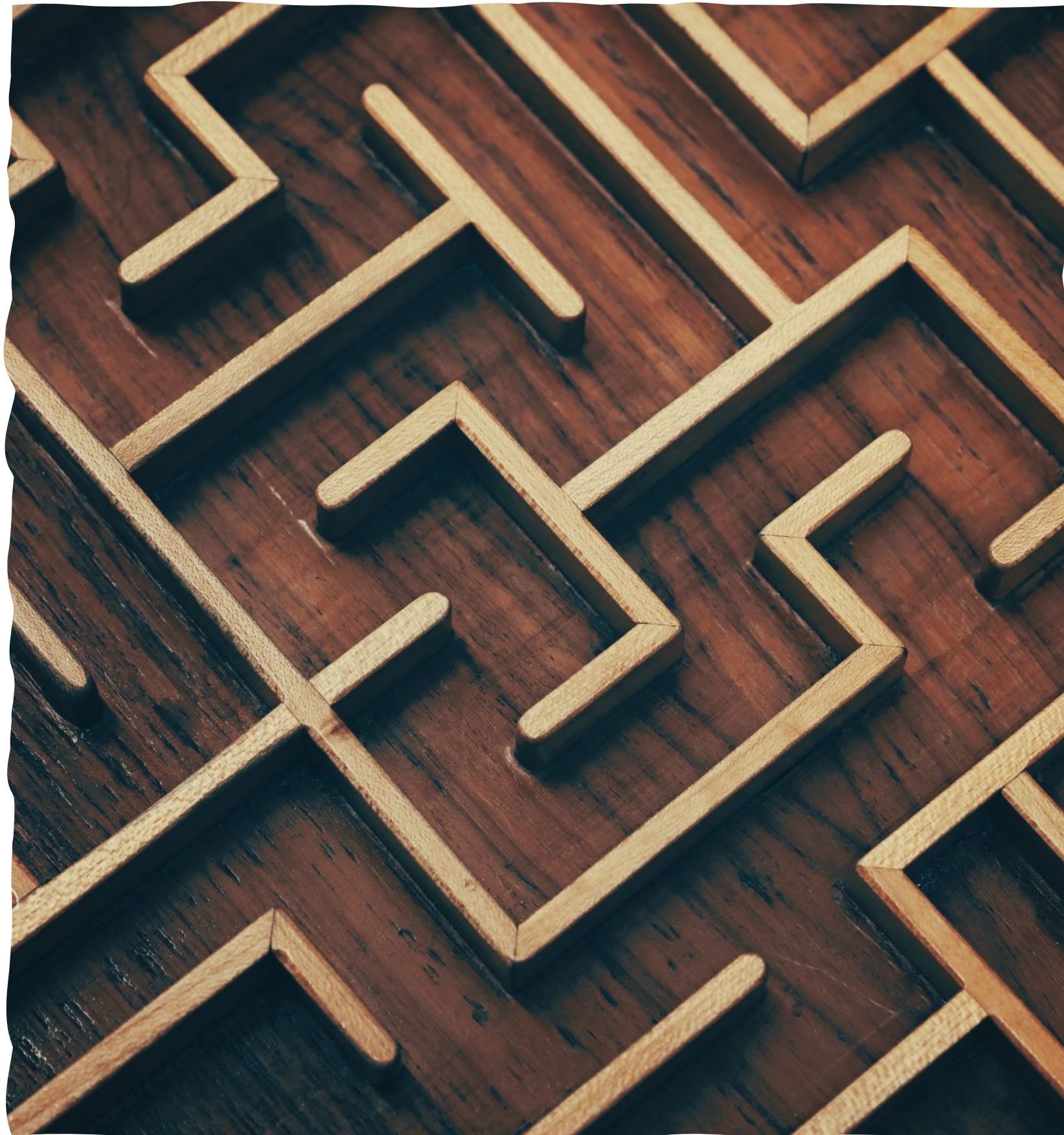
- We don't have enough time to do this
- We don't have enough money to do this
- Budgets are political and something a business does, we are a church/ministry
- We have so much money we don't need to do this
- We've never done a budget before why start now?

Why is budgeting contentious?



- Lack of a plan
- No agreement on goals and objectives
- Past negative experience with money/budgeting

Obstacles to creating a budget



- Lack of a clear mission and vision that is understood and agreed upon by staff and volunteers
- Lack of clear goals and objectives
- The budget is a monument to the past
- Chiseling the budget in stone
- An ineffective budgeting process

Traditional Budget Models

“NADA” No budget

- No work
- No time investment
- No politics
- No measurable results

Its simple, just spend money as it comes in



Traditional Budget Models

ETAEC: Everyone Takes an Equal Cut

- Claims to be fair
- Doesn't require much thought
- Quick



Traditional Budget Models

WYASLYP: What you Actually Spent Last Year Plus

- Easy
- Based on actual expenditure
- Less political
- A way to judge ministry needs



Traditional Budget Models

FOBC: Fill Out the Bingo Card

- Every budget line has to balance at the end of the year
- It's like solving a puzzle
- Only goal is to be at or under budget at the end of the year
- Focus is on money not ministry



Biblical Rational for Stewardship

Why do we budget?

- Matthew 25:14-30
- Luke 16:10-12

¹⁰ “Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. ¹¹ So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches? ¹² And if you have not been trustworthy with someone else’s property, who will give you property of your own?”



Budgeting is a balancing act



There is a tension between

- **Faith:** Mathew 6:26, 2 Corinthians 5:7
- **Stewardship:** Mathew 25:14-30 and Luke 16:10-12
- Both are required in a Christian Ministry

Creating the Infrastructure



- Build a budget team
- Pray and seek God's will for the coming year
- Review past revenue and expenses
- Seek input from Ministry leaders
- Generate a plan for the coming year

**We want
the finished
product**



**But we
have to
start
somewhere**



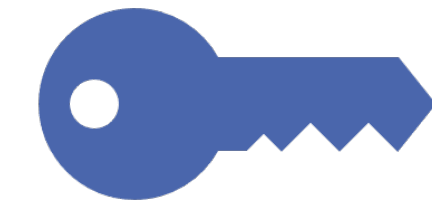
Infrastructure to budget well



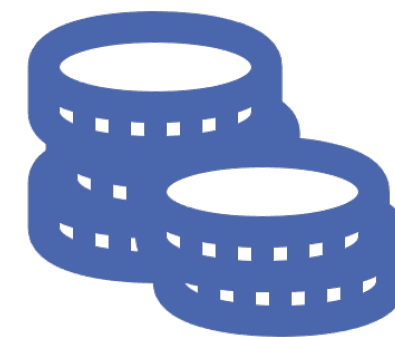
Create the Infrastructure:
Find the leader, build the team, establish the timeline.



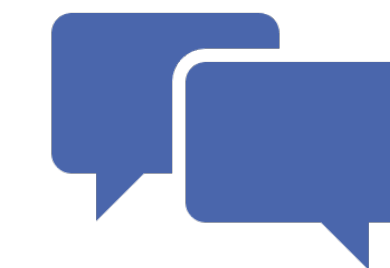
Mission and Vision:
Blueprint for the future



Create Annual Goals & Objectives: Necessary keys for effective resource allocation



Formulate the Budget:
Tackle the finances



Tactics & Communication:
Implement and communicate the budget process to become more effective



Create the Infrastructure



Choose a leader
(Budget
Champion)



Formulate a
timeline



Choose a budget
Team



Budget Champion

- Someone who is committed to the organization's mission and vision
- Respected in the organization
- Good people skills
- Creative
- Problem Solver
- Expertise in facilitating teams and meetings
- Could be staff or volunteer



Budget team

- **Include these types of people:**
- People who have strong faith/vision (Pastor/ executive leader)
- People who are good stewards/grounded (treasurer/XP)
- People who are impacted by your ministry (member/student/program participant)



Timeline for success

- Expectations of the process
- Create general timeline and deadlines
- Agree on a regular meeting time & place



Where to start

- Review prior 12 months
- Review 5 complete years
- Project (realistic) revenue



Reviewing the prior 12 months

Income Statement Most Recent 12 Months

	09/30/23	10/31/23	11/30/23	12/31/23	01/31/24	02/29/24	03/31/24	04/30/24	05/31/24	06/30/24	07/31/24	08/31/24	Total
Income													
3100 General Offerings	0.00	0.00	0.00	10,084.00	4,890.58	17,372.32	9,152.44	20,762.04	12,104.54	15,187.00	12,301.49	12,493.86	114,348.27
3200 Church Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00	0.00	1,000.00
3300 Interest Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.70	0.00	20.70
Total Income	0.00	0.00	0.00	10,084.00	4,890.58	17,372.32	9,152.44	20,762.04	13,104.54	15,187.00	12,322.19	12,493.86	115,368.97
Operating Expenses													
4100 Church Planting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	850.00	0.00	0.00	850.00
4200 Missions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00	2,500.00
5100 Nursery	0.00	0.00	0.00	0.00	0.00	0.00	159.53	0.00	0.00	0.00	0.00	0.00	159.53
5200 Kids	0.00	0.00	0.00	0.00	0.00	0.00	112.02	0.00	222.00	300.00	250.00	170.21	1,054.23
5400 Worship	0.00	0.00	0.00	0.00	0.00	225.00	571.14	28.77	187.00	500.00	486.41	214.11	2,212.43
5500 Outreach	0.00	0.00	0.00	0.00	0.00	0.00	63.66	0.00	75.00	392.46	500.00	500.00	1,531.12
5600 Discipleship	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.47	0.00	33.22	153.76	238.45
5700 Pastor Connection	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76.98	6.40	0.00	83.38
5800 First Impressions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	223.10	223.10
6100 Mortgage/Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	359.00	80.00	220.00	220.00	879.00
6300 Maintenance & Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	385.57	0.00	0.00	0.00	385.57
6400 Equipment and Furnishings	0.00	0.00	0.00	0.00	0.00	0.00	377.07	3,248.64	1,506.31	209.77	396.77	0.00	5,738.56
7100 Licenses/Fees/Membership	0.00	0.00	0.00	0.00	30.65	49.92	58.41	3.00	345.97	207.34	124.96	219.27	1,039.52
7300 IT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,019.00	0.00	0.00	1,992.98	0.00	3,011.98
7400 Office Supplies	0.00	0.00	0.00	0.00	0.00	0.00	81.00	0.00	0.00	36.95	0.00	0.00	117.95
7600 Accounting Services	0.00	0.00	0.00	0.00	0.00	756.00	256.00	256.00	256.00	286.00	286.00	286.00	2,382.00
7700 Insurance	0.00	0.00	0.00	0.00	1,014.00	0.00	0.00	0.00	158.00	0.00	0.00	0.00	1,172.00
7800 Flowers/Cards/Gifts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	337.10	437.10
8100 Pastoral Staff	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,000.00	3,000.00	3,000.00	9,000.00
Total Operating Expenses	0.00	0.00	0.00	0.00	1,044.65	1,030.92	1,678.83	4,555.41	3,546.32	5,939.50	7,396.74	7,823.55	33,015.92
Net Income (Loss)	0.00	0.00	0.00	10,084.00	3,845.93	16,341.40	7,473.61	16,153.57	9,612.36	6,504.02	2,558.41	1,839.26	82,353.05

Reviewing 5 complete years

Income Statement					
Five Year Comparison					
	8 Months Ended August 31, 2024	8 Months Ended August 31, 2023	8 Months Ended August 31, 2022	8 Months Ended August 31, 2021	8 Months Ended August 31, 2020
Income					
General Offerings	114348.27	0.00	0.00	0.00	0.00
Church Support	1000	0.00	0.00	0.00	0.00
Interest Income	20.7	0.00	0.00	0.00	0.00
Total Income	115,368.97	0.00	0.00	0.00	0.00
Gross Income	115,368.97	0.00	0.00	0.00	0.00
Operating Expenses					
Church Planting	850	0.00	0.00	0.00	0.00
Missions	2500	0.00	0.00	0.00	0.00
Nursery	159.53	0.00	0.00	0.00	0.00
Kids	1054.23	0.00	0.00	0.00	0.00
Worship	2212.43	0.00	0.00	0.00	0.00
Outreach/Missions	1531.12	0.00	0.00	0.00	0.00
Discipleship	238.45	0.00	0.00	0.00	0.00
Pastor Connection	83.38	0.00	0.00	0.00	0.00
First Impressions	223.1	0.00	0.00	0.00	0.00
Mortgage/Rent	879	0.00	0.00	0.00	0.00
Maintenance & Repairs	385.57	0.00	0.00	0.00	0.00
Equipment and Furnishings	5738.56	0.00	0.00	0.00	0.00
Licenses/Fees/Membership	1039.52	0.00	0.00	0.00	0.00
IT	3011.98	0.00	0.00	0.00	0.00
Office Supplies	117.95	0.00	0.00	0.00	0.00
Accounting Services	2382	0.00	0.00	0.00	0.00
Insurance	1172	0.00	0.00	0.00	0.00
Flowers/Cards/Gifts	437.1	0.00	0.00	0.00	0.00
Pastoral Staff	9000	0.00	0.00	0.00	0.00
Total Operating Expenses	33,015.92	0.00	0.00	0.00	0.00
Operating Income (Loss)	82,353.05	0.00	0.00	0.00	0.00
Other Income (Expenses)					

Reviewing the data

- Helps to understand trends
- Helps to project revenue
- Tells what we did spend, not what we should spend for coming year
- Create a “cheat sheet” about what generally goes into each line item or ministry area

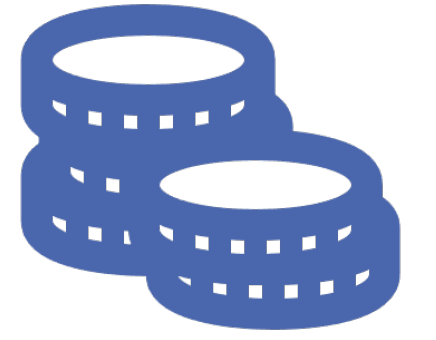




Create Ministry-Wide Annual Goals & Objectives

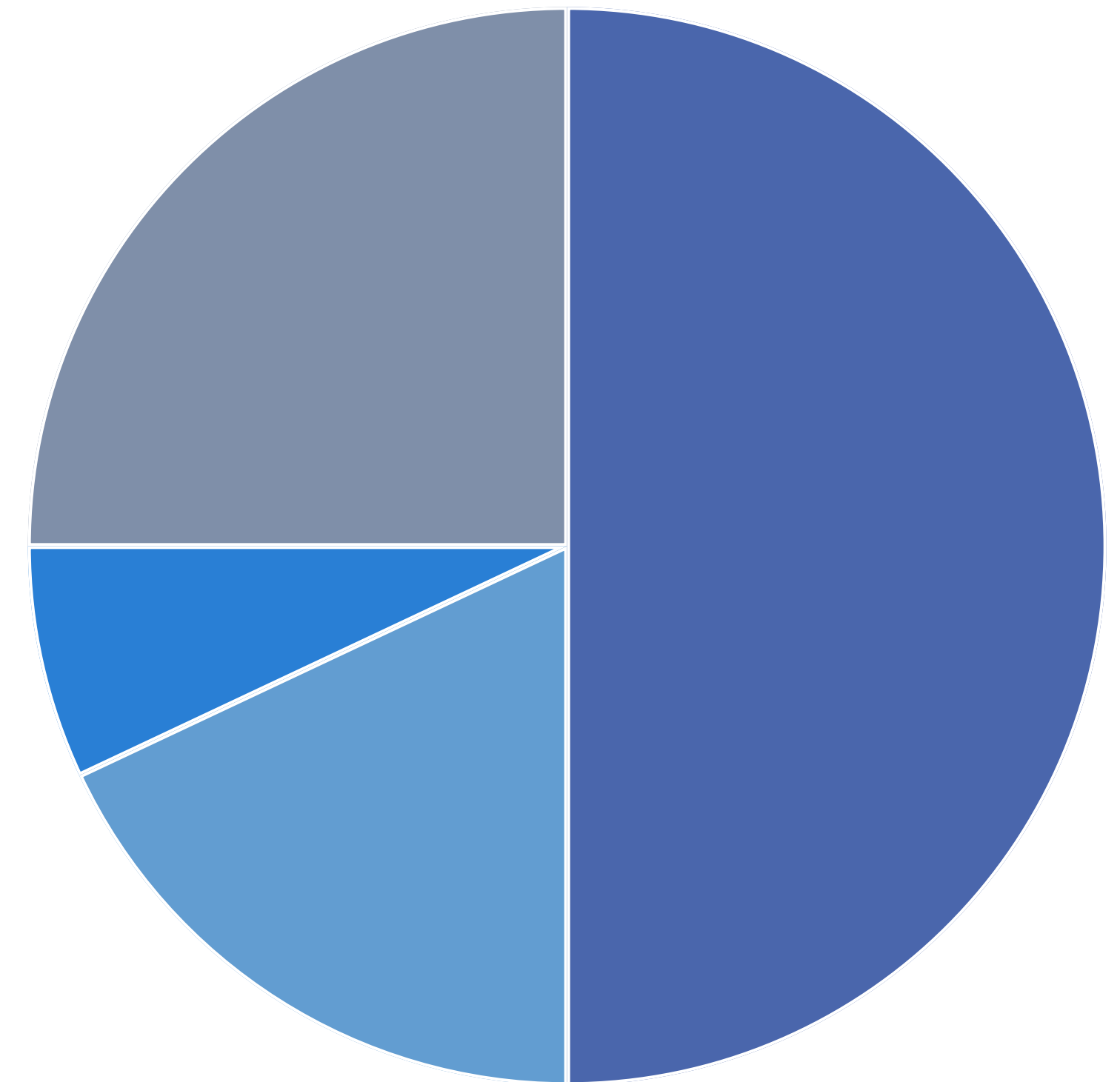


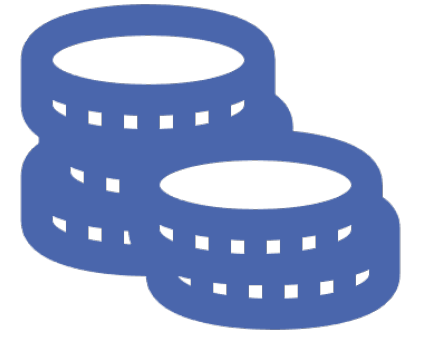
- The organization should have clear goals and objectives
- Each ministry area or department should develop goals and objectives that support the overall goals and objectives
- Facts are our friend



Macro Money Goals

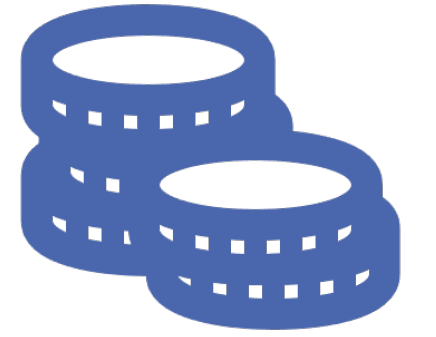
- Personnel = 50%
- Physical Plant = 18%
- Administration = 7%
- Ministry = 25%





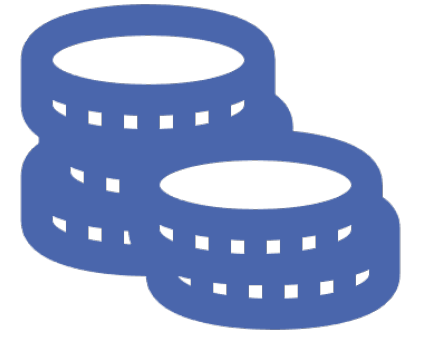
Include ministry leaders

- Each department, committee, or ministry that is a part of the vision of the organization should participate in creating the budget
- If people are responsible enough to spend money, they can be responsible and help plan how to spend money



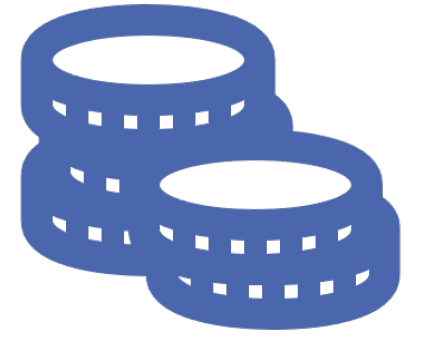
Ministry leader's work

- Pray
- Develop ministry team objectives
- Determine resources needed
- Submit a budget **“REQUEST”**



Budget team's work

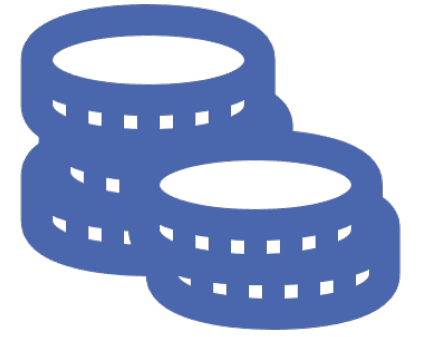
- Pray
- Review budget requests
- Consider current state of ministry
- Pray more
- Finalize a budget



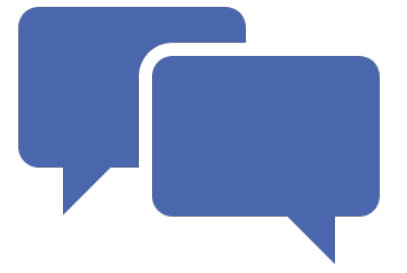
Budget team's work

- Determine merits of specific goals
- Trim budget request if needed
- Approve overall dollar amounts for ministry

The Budget



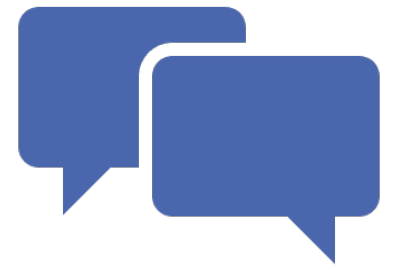
	2025 Budget
Income	
3100 General Offerings	\$150,000.00
3200 Church Support	\$0.00
3300 Interest Income	\$2,000.00
Total Income	\$152,000.00
Operating Expenses	
4100 Church Planting	\$7,600.00
4200 Missions	\$7,600.00
5100 Nursery	\$1,000.00
5200 Kids	\$2,000.00
5400 Worship	\$5,000.00
5500 Outreach	\$2,500.00
5600 Discipleship	\$5,000.00
5700 Pastor Connection	\$3,000.00
5800 First Impressions	\$2,000.00
6100 Mortgage/Rent	\$27,360.00
6300 Maintenance & Repairs	\$1,000.00
6400 Equipment and Furnishings	\$7,000.00
7100 Licenses/Fees/Membership	\$2,000.00
7300 IT	\$2,000.00
7400 Office Supplies	\$500.00
7600 Accounting Services	\$3,600.00
7700 Insurance	\$1,500.00
7800 Flowers/Cards/Gifts	\$1,500.00
8100 Pastoral Staff	\$60,000.00
Total Operating Expenses	\$142,160.00
Net Income (Loss)	\$9,840.00



Tactics and Communication



- A well-formulated, well executed communications plan will go a long way in increasing the chances for meeting objectives.
- Once you have taken the time to create a great budget, let people know about it.
- Share what you are doing over and over in a variety of ways. Tell stories of what your ministry has done.



Tactics and Communication

- Provide regular updates to ministry leaders on their budget. Provide income and expense report monthly
- Provide one-page summery report to the congregation regularly
- Provide regular updates to the board/council/elders (Monthly financial statements and in meetings)



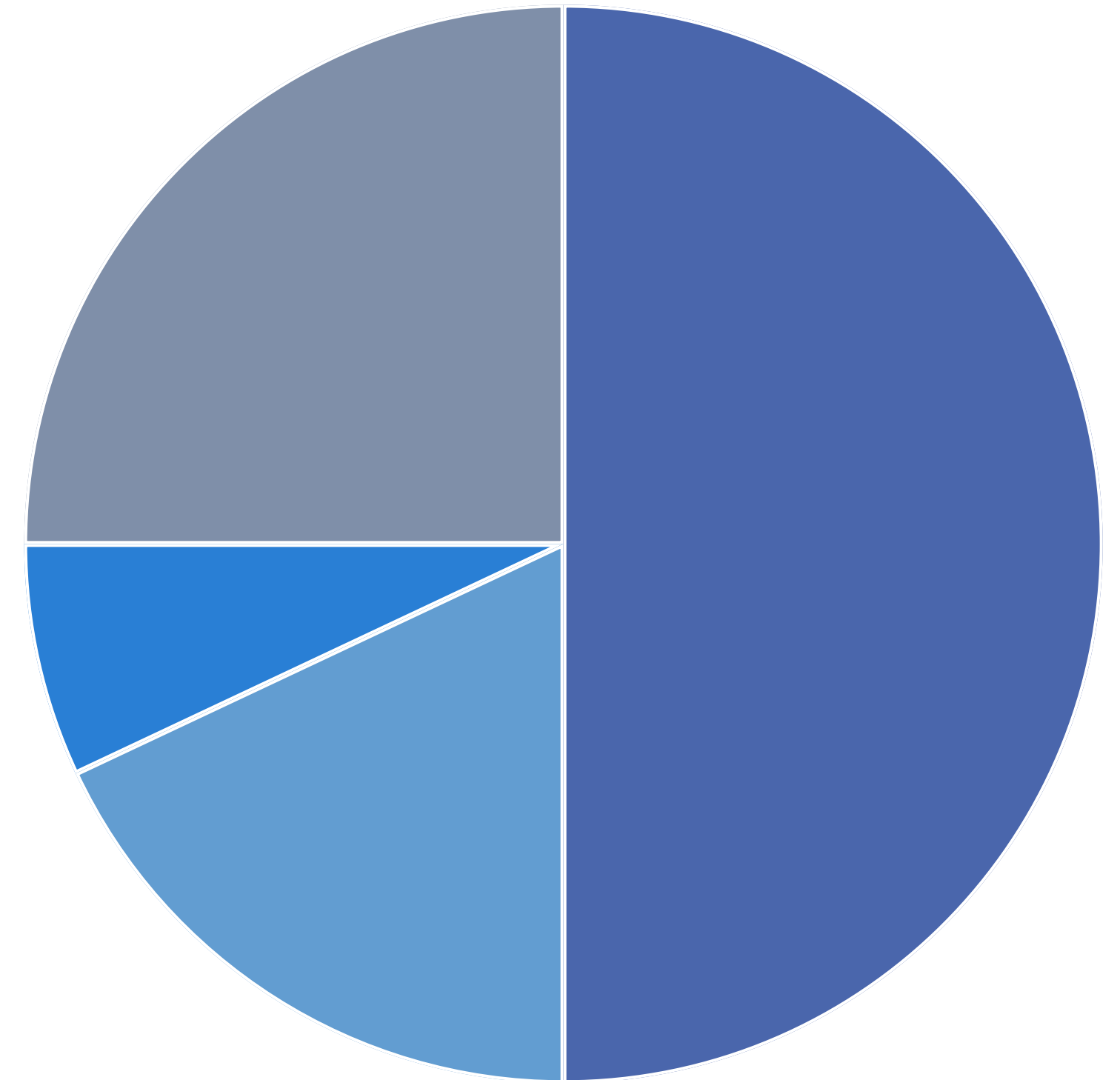


Narrative Budget

- Telling the story of how money is used
- Assign items like personnel, facilities, and administration, to a ministry area
- Such as: Discipleship, Evangelism, Missions

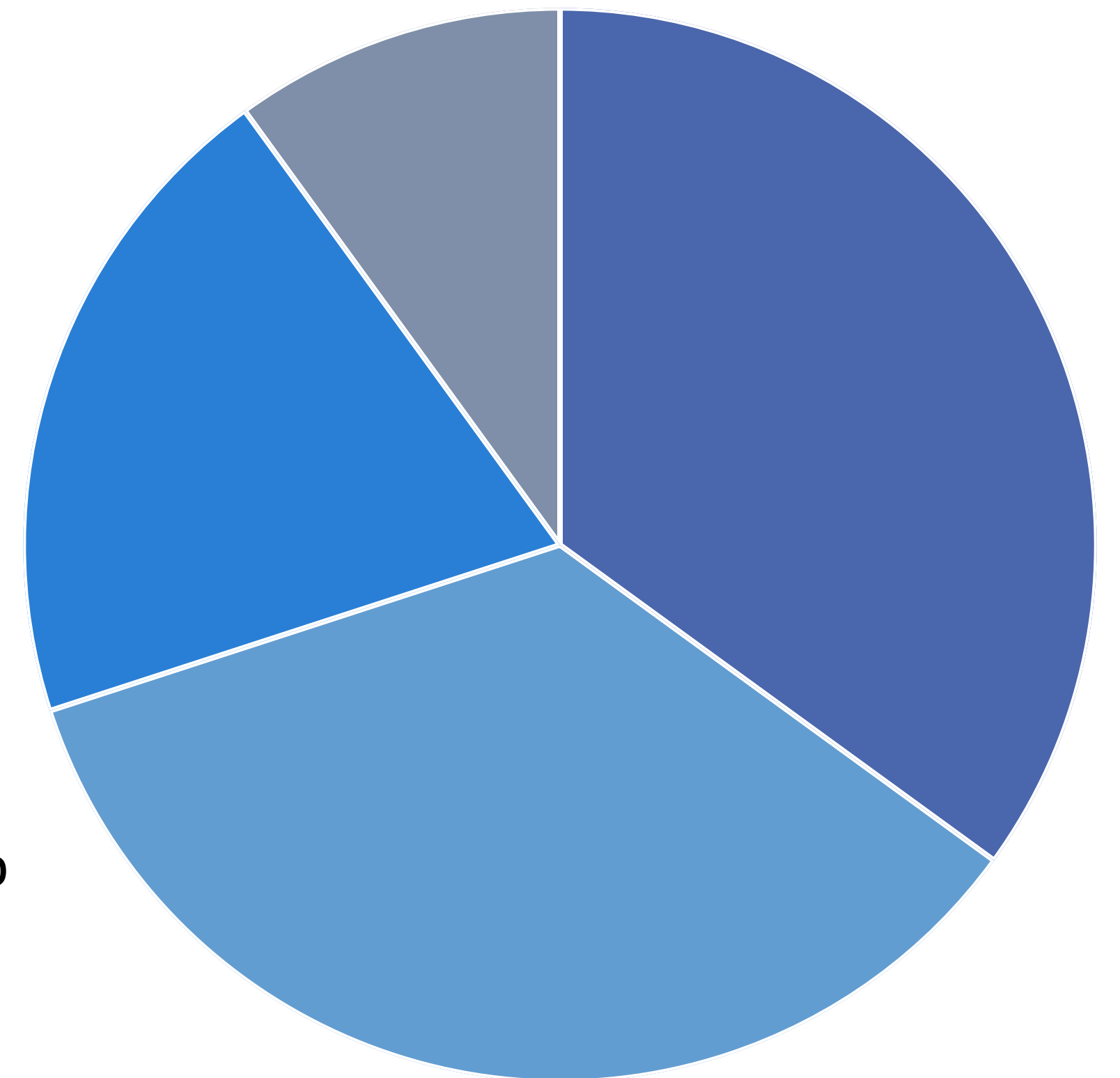
Natural Expenses

- Personnel = 50%
- Physical Plant = 18%
- Administration = 7%
- Ministry = 25%



Functional Expenses

- Discipleship = 35%
- Evangelism = 35%
- Missions = 20%
- Administration = 10%





Natural vs Functional

Natural

- Personnel: \$50,000
- Physical Plant: \$18,000
- Administration: \$7,000
- Ministry: \$25,000
- Total: \$100,000

Functional

- Discipleship: \$35,000
- Evangelism: \$35,000
- Missions: \$20,000
- Administration: \$10,000
- Total: \$100,000



Natural vs Functional

Natural

- Personnel: \$60,000
- Physical Plant: \$25,000
- Administration: \$10,000
- Ministry: \$5,000
- Total: \$100,000

Functional

- Discipleship: \$35,000
- Evangelism: \$35,000
- Missions: \$20,000
- Administration: \$10,000
- Total: \$100,000



Other Budget Tips

- Excellence does not necessarily = expensive
 - You want to maximize the value of your dollar
- Need to budget for raises in personnel
- Need to budget for inflation, especially in physical plant



Recap

- Create a budget process
- Develop the budget with a team
- Have clear, measurable, goals and objectives
- Focus your budget on the future, not the past



Other Resources

- [Leadership and the Church Podcast: http://www.leadershipandthechurch.com/2023/09/](http://www.leadershipandthechurch.com/2023/09/)
- GoodFaithAccounting.com/resources
- Email: Your Miller Management Accountant
- Email me: Chris.Miller@GoodFaithAccounting.com
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