**The Church Budget**

The hardest thing about budgets is getting started! It usually takes a few years of trial and error before landing on a budget and process that is meaningful. The journey is well worth it though!

**Things to note about budgets:**

* The budget is a tool, it is not a weapon to be held over your head when things don’t work!
* History is one of the best ways of predicting the future. That’s what a budget is – predicting what will happen financially over the next 12 months. Once you’ve been doing this for a few years you’ll have a good starting point for developing your budgets.
* History is only part of the story though! There are many other factors that impact a budget, like staffing changes, salary adjustments, program changes, more efficient heating or lighting equipment, etc.
* When the actual varies from the budget ask why? It may be a bad budget, quite possible in the first few years, or there may be something that wasn’t expected or overlooked when the budget was set. You need to find out! Only when you know for certain that you have a good budget should you hold accountability for expenditures.

**Fund Accounting:**

* Don’t let the term scare you! This means tracking (accounting for…) the general operational funds and designated funds separately.
* Whenever a church accepts designated funds it’s very important, for legal and practical reasons, to have a “Restricted Gifting Policy”. Here’s an example from CCCC:
	+ ***Donor Restricted Gift Policy*** *– Spending of funds is confined to (name of your church) approved programs and projects. Each contribution directed toward an approved program or project will be used as restricted with the understanding that when the need for such a program or project has been met, or cannot be completed for any reason as determined by (your church), the remaining restricted contributions will be redirected to a similarly approved program or project, and where this is not feasible will be used where most needed.*
* This policy needs to be visible and promoted whenever and wherever requests for donations are made. This can be on pledge cards, mission emphasis, and for sure your web-site.
* The most important thing to remember when it comes to designated funds is you must be able to identify both income and expenditures. This can be done right in your accounting system or in support documentation, like a spreadsheet, that is reconciled to your system.

**Attached Budget Sample:**

* This is for your reference, it is ready to be used as is, or it can be edited. It shows two years history, ideally you should have 3 or more. Note the account numbering structure is strategically designed and allows for changes that may be added later. For reporting you can show all the detail or just the main categories.