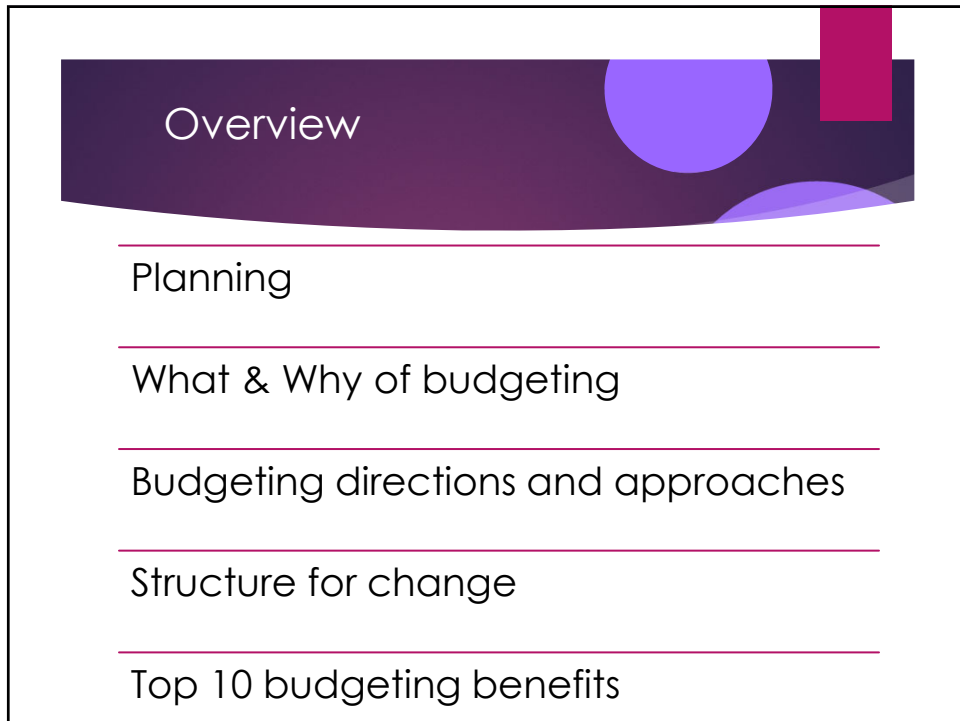




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4

Long-range Planning



Think beyond one year



Consider the growth or decline of your neighborhood



Philosophically, where do you want to go?



Corporately, do you have what you need?

5

Master Plan

Five-year, continuous plan

Identify...

Different needs for the future from now

What goals, objectives, and programs might be needed

Anticipated sources of income to meet the needs

Should simplify the budget process

6

Evaluating Progress

Ministry metrics

- Attendance
- Percentage of involvement in small groups
- Average giving per attendee

Some things may be immeasurable

7

What is a Budget ?

- Financial tool
 - for allocating financial resources
 - for planning and controlling financial resources
 - for helping you make good financial decisions
- Guardrail for guiding resources



8

Why have a Budget ?

Proverbs 27:23

- *Cannot manage what you do not measure*

Luke 14:28-30

- *Protect your reputation in your community, to your bank, staff, vendors, and members*

9

Look after what you have,
and it will grow!



10

Decide on the budget direction

Top -down

- Pro -efficient
- Con - lack of ownership by others

Bottom - up

- Pros - buy-in and realistic view
- Cons - time consuming and difficult to administer

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Budget types

Incremental - S.A.L.Y. with minor tweaks

- Pro - Easy
- Con - Only focuses on costs, not objectives

Program - budgets by program, not natural expenses

- Pros - Evaluation based on effectiveness
- Cons - Time consuming

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Budget Timeline



Year around process



Consider a 6-month process

1st six months of monitoring
2nd six months to plan and budget



Takes time because of multiple departments and lack of focused time (i.e. volunteers, finance committee meetings)

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Category of contributors



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Church Income Sources

- Type of financial contributors in the church
 - Believer
 - Giver
 - Striver
 - Tither
- Demographics
 - Age
 - Preference for contribution method
- Personal Financial Literacy
 - Church sponsored educational opportunities
 - Partner with local banks for services

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CONTRIBUTION TYPES

- ▶ Gifts/Contributions
 - Cash, credit cards, real estate, stocks, automobiles, art, books, jewelry, etc.
- ▶ Church is not permitted to place value on non-cash donations (Special rules apply when selling, exchanging or disposing of donated property valued at more than \$5,000)
- ▶ Services are a blessing however they are not deductible
 - Expenses incurred by the donor can be deducted
- ▶ Gifts are not refundable
- ▶ Donors can make designations but not to benefit a specific person
- ▶ Gift Acceptance Policy
- ▶ Planned & Deferred Giving

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Other income sources



Investment
Income



Rental Income



Bookstores



Coffee Shops,
Cafe's, &
Restaurants



Thrift Shops



Tickets for
Special Events



School &
Education
Programs



Broadcasting
Activities

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Capital Campaigns



**Have a
specific
goal in
mind**

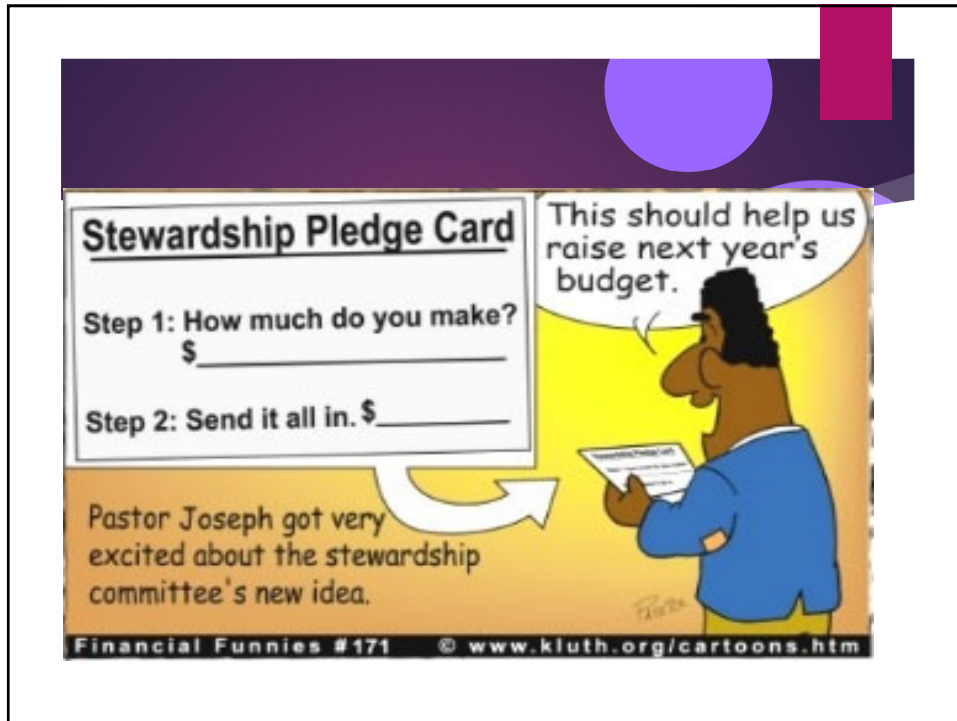


**Utilize
Visualization**



**Structure
giving
outside of
tithes**

18



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Questions to consider

Does the activity help carry out the mission and purpose (is it worth it and how will you measure success)?	Is the goal to generate a profit and if so, how is the forecast projected?	What are the risks (financial, reputational, etc)?
Is there proper leadership and human resources in place to manage activity?	What are the tax implications (UBIT)?	What are legal implications (zoning and land use, insurance coverage, public accommodation laws, etc)?

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Establish projected income

- Look at trends or metrics
- Promote stewardship
- Honor designated funds
- Consider anomalies
- Consider local economy

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Keys for Revenue Success

- Members participate in automatic draft
- Special occasion giving for events, groups, programs
- Missions and Ministries Fair
- Maintain Building Fund

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Common Categories of Expense



Administrative



Programs



Outreach



Capital



EXPENSES



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Expenditures Evaluation

- Should ultimately be tied to mission
- Evaluate programs
- Establish guidelines and governance up front
- Build reserves
- Use restricted funds appropriately
- Be aware of hidden costs

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Keys for Expenditure Success

- Pre-plan events
- Check alignment with budget
- Consider Time & Talent Stewardship Campaign
- Be cognizant of usage (utilities, supplies, etc.)
- Celebrate successes

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When its time to crunch

- Be creative
- Look for efficiencies
- Consider grant funding
- Partner with other non-profits
- Complete recovery events
- In addition to looking at what is spent, look at how



*"In the middle of difficulty lies opportunity" –
Albert Einstein*

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Debt Management



Debt incurred in good times has fixed consequence



Track reliance on reserves or lines of credit



Know debt covenant requirements:



Evaluate the options for refinancing



Consider Debt Reduction Campaign

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The Budget Meeting prep



Be prepared



Have an agenda



Send materials in advance



Clearly identify expected outcomes

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Structure for Change

What deficiencies exist in your church's budgeting process?

- Important vs. minor
- Easy to fix vs. difficult to fix

What pushback will you receive?

How can you anticipate and plan for the pushback?

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Budget time for the meeting



"You were preaching a 45-minute sermon in a 25-minute zone, Pastor. I'm going to have to see your license and ordination."

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The Five Building Blocks for Successful Change



- A** Awareness
- D** Desire
- K** Knowledge
- A** Ability
- R** Reinforcement®

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Change Begins with Understanding Why



Awareness

What is the **nature** of the change?

Why is the change **needed**?

What is the **risk** of not changing?

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Change Involves Personal Decisions



Desire

What's in it for me (**WIIFM**)?

A **personal choice**

A decision to **engage and participate**

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Change Requires Knowing How



Knowledge

Understanding
how to change

Training on new
processes and tools

Learning
new skills

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Change Requires Action in the Right Direction



Ability

The **demonstrated capability** to
implement the change

Achievement of the desired
change in **performance or
behavior**

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Change Must Be Reinforced to Be Sustained



Reinforcement®

Actions that **increase the likelihood**
that a change will be continued

Recognition and rewards
that sustain the change

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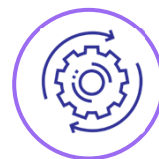
Without Awareness and Desire you will see:

- People will ask the same questions over and over
- Lower engagement
- Hoarding of resources and information
- Delays in implementation



Without Knowledge and Ability you will see:

- Lower adoption of new systems or processes
- Worry of success and future sustainment



Without Reinforcement you will see:

- People revert back to old ways of doing work
- Ultimate utilization is less than anticipated
- The organization creates a history of poorly managed change

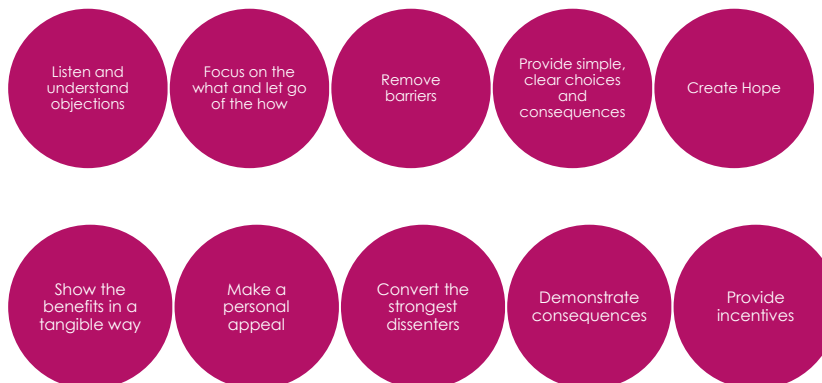
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Adopt VS Adapt



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Manage Resistance



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Top 10 Budgeting Benefits

Allows time to lend or borrow prudently

Assists in communication and coordination

Allows for continued operation when cash receipts and disbursements are mismatched

Is a basis for control and provides the necessary authorization for church officers to spend money

Generates confidence in the church's leadership

Is a basis for performance evaluation

Increases the commitment to giving

Reduces emotion-charged discussions

Gets members involved

Formalizes planning

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Have a made-up mind for change



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Philippians 4:19

*"And my God shall supply
all your need according
to His riches in glory by
Christ Jesus."*

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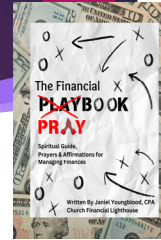


Resources

- www.freechurchaccounting.com
- www.ecfa.org
- www.christianitytoday.com
- Prosci Change Management

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