

[CHURCH NAME] POLICIES AND PROCEDURES

Budgeting

PURPOSE

To provide an opportunity to examine the composition and viability of the church's programs and activities in light of the available resources. The budget for the church will be set annually with the process beginning in [month] and concluding with the Congregational Meeting held in [month]. The budget will take effect on [date].

Budgeting is an integral part of any church in that it's concerned with the translation of the ministry/program goals and objectives into financial and human resource terms. Although accounting and budgeting both relate to sources and uses of funds, accounting is concerned with current and past fiscal events while budgeting is concerned primarily with the future.

A budget should be designed and prepared to direct the most efficient and prudent use of the church's financial and human resources. A budget is a management commitment to a plan for present and future organizational activities that will ensure survival and growth.

Guiding Principles for Budget Design

1. The proposed budget must be a balanced budget.
2. The budget proposal must include a comparison of the proposed budget to the previous year's budget, and must also contain a listing of the current year's actual income and expenses to-date.
3. The Board will schedule and host at least one Congregational Forum for the purpose(s) of discussing the proposed budget.

The Board of Directors will give oversight to the budgeting process and timeline. The general steps to be followed shall be:

1. Host an annual strategic planning leadership retreat. Update mission, vision and values as needed and set specific goals and objectives.
2. Review actual income and expenses for the previous 3 to 5 years before projecting expectations for the coming year.
3. Compare proposed budget to actual amounts for the last twelve months.
4. Ministry/Program Teams propose budget needs as related to the outcomes of the retreat, i.e., any changes in mission, vision, values and/or financial expectations.
5. A Board Budget Committee will prepare a first draft of the budget for presentation to the full Board of Directors. The full Board will revise if necessary.

6. Board approves the budget and gives input to the Council of Ministry as to the rationale and motivation of the decisions made.
7. Board presents the budget to the congregation at the Congregational Forum.
8. Board may make revisions.
9. Board presents the budget at the Congregational Meeting.

The Board of Directors will review the budget versus actual performance at least quarterly. Budget variances will be explained by the Treasurer, who will present, as needed, any recommendations for corrective action.

The Board of Directors may make any changes and/or revisions to the budget during the year. Any such changes will be posted in the Board minutes. Should expenses exceed income by more than [____%] over a three-month period, the Board will host a Congregational Forum for the purpose of informing the congregation and receiving their input.

SIGNATURES

Senior Pastor

Treasurer

Date Revised: _____