

RETHINKING THE CHURCH BUDGET

Practical Steps for a Balanced Future
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SOME BASICS

- Budgets are moral documents
- There are things out of your control
- There are many factors within your control
- Budgets are a best guess
- Be transparent

➤ Income

➤ Expenses

...and that's it (mostly...)

BUDGET OVERVIEW		BUDGET		ACTUAL		\$ VARIANCE		% VARIANCE	
REVENUE CATEGORIES		\$	1,235,000.00	\$	1,287,855.00	\$	52,855.00	4.28%	
EXPENSE CATEGORIES		\$	530,000.00	\$	537,300.00	\$	(7,300.00)	-1.38%	
NET PROFIT (LOSS)		\$	705,000.00	\$	750,555.00	\$	45,555.00	6.46%	

Revenue Categories		Budget		Actual		\$ Variance	% Variance
Product Sales	\$	500,000.00	\$	550,351.00	\$	50,351.00	10.07%
Service Revenue	\$	200,000.00	\$	190,000.00	\$	(10,000.00)	-5.00%
Subscription Fees	\$	150,000.00	\$	160,000.00	\$	10,000.00	6.67%
Licensing Income	\$	120,000.00	\$	133,504.00	\$	13,504.00	11.25%
Consulting Services	\$	90,000.00	\$	85,000.00	\$	(5,000.00)	-5.56%
Training Fees	\$	60,000.00	\$	58,000.00	\$	(2,000.00)	-3.33%
Event Sponsorships	\$	40,000.00	\$	42,000.00	\$	2,000.00	5.00%
Advertising Revenue	\$	35,000.00	\$	33,000.00	\$	(2,000.00)	-5.71%
Affiliate Revenue	\$	25,000.00	\$	22,000.00	\$	(3,000.00)	-12.00%
Investment Returns	\$	15,000.00	\$	14,000.00	\$	(1,000.00)	-6.67%

Revenue Categories		Budget		Actual		\$ Variance	% Variance
Salaries and Wages	\$	300,000.00	\$	310,000.00	\$	(10,000.00)	-3.33%
Office Supplies	\$	25,000.00	\$	26,500.00	\$	(1,500.00)	-6.00%
Rent and Utilities	\$	50,000.00	\$	48,000.00	\$	2,000.00	4.00%
Travel Expenses	\$	15,000.00	\$	14,000.00	\$	1,000.00	6.67%
Marketing and Promotion	\$	45,000.00	\$	43,500.00	\$	1,500.00	3.33%
Insurance Premiums	\$	20,000.00	\$	19,500.00	\$	500.00	2.50%
IT and Software Expenses	\$	35,000.00	\$	37,000.00	\$	(2,000.00)	-5.71%
Training and Development	\$	10,000.00	\$	9,800.00	\$	200.00	2.00%
Legal and Professional Fees	\$	18,000.00	\$	17,500.00	\$	500.00	2.78%
Maintenance and Repairs	\$	12,000.00	\$	11,500.00	\$	500.00	4.17%



INCOME

- Pledges
- Contributions (non-pledged gifts)
- Loose Offering
- Special Offerings
- Investment Income
- Grants, Equitable Comp, etc.
- Rental Income
- Any money coming in from any source



EXPENSES

- Apportionments
- Salaries
- Taxes
- Insurance
- Ministries
- Administration
- Buildings
- Any money you anticipate spending based on previous years, plans for the future, etc.



TYPES OF BUDGETS & ACCOUNTING

- Line Item
- Program based
- Cash Basis
- Accrual Basis

TOOLS

- Accounting Software (Quickbooks, church specific, more involved if needed)
 - Budget Tool
 - Monthly Statements of Activities
 - Bank Reconciliations
 - Dedicated Funds and/or Project Funds
 - Accounts Receivable if you have a preschool, etc.
 - Investment tracking
- Online Giving options and tracking (great if it can also do Membership)



STEPS FOR CREATING A BUDGET

- Find your knowns
 - Data from previous years, both budget and actuals
 - It's ok to assume pledges and adjust once stewardship is done - just be realistic
 - Assume inflation, especially for things like utilities, supplies, repairs, etc.
 - List ongoing contracts, leases, and costs
 - Contact contractors to find out about increases. Get everything in writing.
 - Info from the Conference (Apportionments, liability and property insurance, health insurance, pensions)
 - Clergy/LPA Salary and Benefits
 - Employment costs

A FEW HR NOTES

- Know the minimum wage (\$16.90/hr starting Jan. 1, 2026 for CA - local can be higher)
- Exempt vs. Non-Exempt Employees
 - Exempt must make twice the minimum wage (\$70,304/yr. starting Jan. 1, 2026)
- Employee vs Contractor
- You get to set certain benefits
- Paid sick time required by law
- Paid and unpaid breaks required by law
- Be vigilant with HR requirements



BACK TO BUDGETING!

- Figure out the rest - The Theological Work Begins!
 - What's left and where will you focus?
 - Staffing requirements vs. volunteers
 - What's important to your congregation?
 - Where do you need to be cautious?
 - Where can you have a little faith?

