

Finances & Budget: A Ministry Context

Best Practices

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Learning Objectives

- ▶ The Theology of Church Budgets
- ▶ Church budgets – are they different from other organizations?
- ▶ How we report on our goals impacts how members perceive our budget
 - ▶ Reporting on Money
 - ▶ Reporting on Mission
 - ▶ Reporting on Membership
- ▶ Narrative Budgets

Introduction



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Parable of the Talents | Matt 25:14 – 30, NRSV

¹⁴“For it is as if a man, going on a journey, summoned his servants and entrusted his property to them; ¹⁵ to one he gave five talents, to another two, to another one, to each according to his ability. Then he went away. At once ¹⁶ the one who had received the five talents went off and traded with them and made five more talents. ¹⁷ In the same way, the one who had the two talents made two more talents. ¹⁸ But the one who had received the one talent went off and dug a hole in the ground and hid his master’s money. ¹⁹ After a long time the master of those servants came and settled accounts with them. ²⁰ Then the one who had received the five talents came forward, bringing five more talents, saying, ‘Master, you handed over to me five talents; see, I have made five more talents.’ ²¹ His master said to him, ‘Well done, good and trustworthy servant; you have been trustworthy in a few things; I will put you in charge of many things; enter into the joy of your master.’ ²² And the one with the two talents also came forward, saying, ‘Master, you handed over to me two talents; see, I have made two more talents.’ ²³ His master said to him, ‘Well done, good and trustworthy servant; you have been trustworthy in a few things; I will put you in charge of many things; enter into the joy of your master.’ ²⁴ Then the one who had received the one talent also came forward, saying, ‘Master, I knew that you were a harsh man, reaping where you did not sow and gathering where you did not scatter, ²⁵ so I was afraid, and I went and hid your talent in the ground. Here you have what is yours.’ ²⁶ But his master replied, ‘You wicked and lazy servant! You knew, did you, that I reap where I did not sow and gather where I did not scatter? ²⁷ Then you ought to have invested my money with the bankers, and on my return I would have received what was my own with interest. ²⁸ So take the talent from him, and give it to the one with the ten talents. ²⁹ For to all those who have, more will be given, and they will have an abundance, but from those who have nothing, even what they have will be taken away. ³⁰ As for this worthless one, throw him into the outer darkness, where there will be weeping and gnashing of teeth.’

The Theology of our Budgets

Discussion

- ▶ What part of this parable, a word, a phrase, a concept jumps off the page for you?
- ▶ Which servant would you reward were you the owner? Why?
- ▶ Beyond showing how we will fund the expenses and expect the revenue, what is the purpose of a budget in a church?

The Theology of our Budgets



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Budget Ratios

Healthy, missional churches usually follow a budget ratio like this:

10-30% Mission Giving (outside the church; includes deanery, diocese assessments, and gifts to other orgs)

20-40% Church Ministry (church programs/administration)

40-60% Staff Expense (payroll, pension, health, etc.)

20-40% Facility Expense (building costs, debt, etc.)

Alban Institute, 2019

Elements of a Good Church Budget



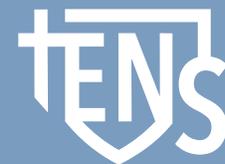
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Other Budget Must-haves

- ▶ The budget's priorities reflect your church's mission statement
- ▶ It's based on projected income, not just the past
- ▶ It includes a spending plan
- ▶ Leadership agrees on the plan
- ▶ The plan is communicated clearly to all involved

Alban Institute, 2019

Elements of a Good Church Budget

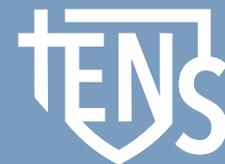


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What about Faith-based budgets?

- ▶ Some vestries believe in the concept of “Faith-based budgeting,” and do not build a plan for income and expense. While this is ambitious theology, it takes a great amount of work (beyond prayer) to make it happen. Faith-based budgeting does not mean we sit back and wait.
- ▶ Most church development experts teach that your budget should be developed intentionally

Elements of a Good Church Budget



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Challenges in Stewardship

How to talk about money when there is economic fallout from pandemic-related unemployment, or other crises in your community

- ▶ There is **no shame** in a household pledging less this year than other years. Every gift matters.
- ▶ **Every conversation about pledges is a pastoral one**
- ▶ **Check in with clergy** about the people on your list, and follow up if **pastoral concerns** arise
- ▶ We remember the Great Recession in 2008-2009. We recovered, and we will recover again. **This too, shall pass.**
- ▶ Christians are people of Hope.
- ▶ **The work of the church is more acute in times of need**



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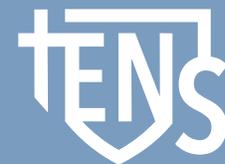
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Challenges in Stewardship

How to talk about stewardship if your congregation is facing budget cuts, program cuts, or staff reduction

- ▶ Keep your conversation **focused on the mission**
 - ▶ The work of the church continues because the needs of our neighbors are still present.
 - ▶ We may have fewer resources to spend on mission, so we find other ways to do the work of God
- ▶ Have you applied for help from your diocese?
 - ▶ This is evidence that you are doing all you can within the resources you have to keep things going
- ▶ There may be some members who can make extraordinary gifts to cover these unexpected shortfalls
 - **ask them**

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Challenges in Stewardship

How to talk about stewardship in times of uncertainty

- ▶ Our times are often uncertain, it is our **Christian hope** and our prudent planning that can help us prepare and survive this uncertainty
- ▶ **Pledges can be changed** throughout the year if circumstances change – we are open and honest
- ▶ We can also make gifts from securities or other channels which **may be performing better**
- ▶ **The most important thing is to teach that all giving matters**, regardless of the amount. Be prayerful.

Elements of a Good Church Budget



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Reporting: The Money

Numbers are an indicator of what is happening ... but they don't tell the whole story



Evaluating your campaign performance



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Reporting: The Money

What do numbers teach us?

1. They are a practical measure of our expected revenue
2. They are a small window into the capacity and generosity of our members
3. They are part of a measure into the impact or adoption of our mission



Evaluating your campaign performance



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Reporting: The Money

A few more notes about numbers:

It's not enough just to report them; **but rather to analyze them.**

- ▶ What are the **trends of giving**? Look at giving over time – three years at least.
- ▶ Analyze individuals over time.
 - ▶ Are their gifts staying the same year to year?
 - ▶ Individual giving should trend up year to year
 - ▶ Are there unexplained plateaus? Increases? Decreases?
These are opportunities for pastoral conversations



Evaluating your campaign performance



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Reporting: The Money

Reporting on the Budget:

- ▶ Make it interesting: **impact** is more pertinent than line-items
- ▶ Remark on notable changes in practice or expectation
- ▶ If there is a ministry that is experiencing trouble, report on it, and **address solutions**
 - ▶ Staffing changes
 - ▶ Program expenses
 - ▶ Volunteer recruitment

Evaluating your campaign performance



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Reporting: The Money

Mid-year Cashflow:

- ▶ Many congregations experience a “summer slump” in cash when members take long summer vacations
 - ▶ Know who these donors are, and ask them to make a **pre-payment** of their summertime pledges
 - ▶ **Advocate for online giving**, which can be done from anywhere
 - ▶ Advocate for EFT, **recurring donations**, automated bill-pay services, or other banking options that keep cashflow steady



Evaluating your campaign performance



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Reporting: The Mission

Program is the heart of your church

- ▶ Report on ministries or programs
 - ▶ Testimonials
 - ▶ Videos
- ▶ **Members love to hear stories** directly from staff, volunteers, or, if appropriate, clients
- ▶ Helps us understand the reality and realization of our gifts

Evaluating your campaign performance



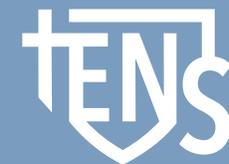
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Reporting: The Mission

Impact is more important than budget

- ▶ Tell the story of your ministry
 - ▶ How many users
 - ▶ individuals served or visitors logged
 - ▶ How much use
 - ▶ number of meals served, kids tutored, backpacks assembled
 - ▶ Community response
 - ▶ Articles in local newspaper
 - ▶ Visits by city, county, neighborhood leaders
- ▶ Do this for each ministry or program area

Evaluating your campaign performance



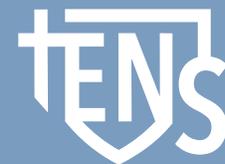
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Reporting: The Members

Your members are the key of your mission

- ▶ **Recognize** volunteers
- ▶ **Report** on Sunday attendance or other markers of measure
 - ▶ If you are above or below goal, address it
- ▶ How are your small groups or other formation / social activities doing?
- ▶ **Present new opportunities** for engagement
 - ▶ Formation (upcoming classes or series)
 - ▶ Volunteering (programs that need more help)
 - ▶ Ministries (recruit for guilds and activities)

Evaluating your campaign performance



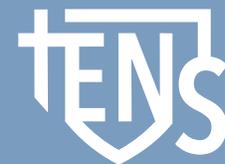
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Narrative Budgets

- ▶ Line-item budgets are important, but they don't tell the whole story. **Don't allow your budget to control** the conversation about the case
- ▶ Consider including a **narrative budget**
- ▶ <https://www.tens.org/resource-library/tools-best-practices/creating-a-congregation-narrative-budget/>

Narrative Budgets

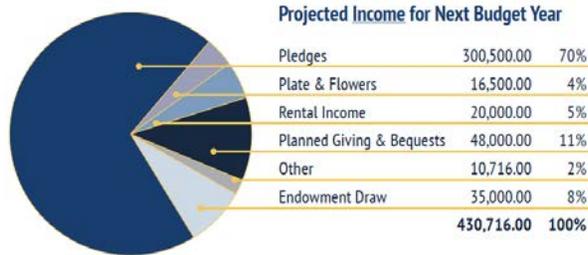
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| How to Create a NARRATIVE BUDGET | SAINT SWITHEN'S Narrative Budget |
| 1. CHOOSE an image that best represents the church. <i>Examples might be the building itself, the congregation seated at services, or the clergy in action.</i> |  <p>St. Swithen's is a community of ... <summary of congregation and mission.> A narrative budget spreads fixed costs, like utilities, facilities, and salaries across program areas so that we see the impact of our money.</p> |



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How We Fund Our Budget

Like many communities of faith, we **rely on pledges and gifts** from our members to support our ministry. Pledges account for 70% of our annual income, with plate offerings and other special offerings comprising another 6%. **We are entirely self-funded.** We do not receive financial support from the diocese for our operations.



How We Allocate Our Budget

Our budget reflects the values we shape and share with the world around us. Each of us in our varied ways, employing our many blessings and gifts, build a better world through our love of God, self, and neighbor. We align our budget with the work of our life together.



Narrative Budgets

By describing your budget in terms of your ministry priorities, you are drawing a direct line between the dollars donated and the work being done.



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Marking Success for Mid-Year

- ▶ Have an event, a special luncheon, the annual picnic, or a Zoom coffee hour to celebrate and report
- ▶ If you have an annual summer event, plan your mid-year review around it
- ▶ Make a small written (or designed) report that can be handed out, emailed, or posted online



Keeping the Conversation Going



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TENS Theme for 2022

As we emerge from this period of disruption and isolation in our congregations, we have felt the pain and frustration of distance, of diminished resources, and of our ability to connect in the ways to which we are accustomed.

However, as we take inventory of our spiritual resources, the strength of our community, and our capacity for generosity, we realize that there is now, and always has been, *More Than Enough*.

And taking the five loaves and the two fish, Jesus looked up to heaven, and blessed and broke them, and gave them to the disciples to set before the crowd. And all ate and were filled. What was left over was gathered up, twelve baskets of broken pieces. Luke 9:16-17, NRSV

Keeping the Conversation Going



MORE THAN ENOUGH



MAS QUE SUFICIENTE



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Thank you!

For more information, resources, and videos,
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