

**BUDGET
&
CASH FLOW
MANAGEMENT**
OCTOBER 2010

BUDGETING SKILLS

- Your personal and business skills are transferable to the Church budget process
- Your life has always included management of time, money & strategic planning
- Budget & cash flow management is nothing new!!!

The Budget Creation Process

- Start the process 60 days before the new financial year is to begin
- Determine what accounting system is used, get a Chart of Accounts
- Review the current year to date and the previous year actual cost figures
- Develop the spreadsheet that serves the needs of your church
- Request all committee chairs develop their budget needs

The Budget Creation Process

- 50 days before the new financial year begins schedule a meeting with all committee chairs
- Review the planning for the coming year
- Develop the program budget
- Develop the operations budget
- Develop the payroll budget
- Develop the anticipated revenue

CASH FLOW

- Develop a realistic monthly view of revenue and expenses for each month
- Do not simply divided the total by 12
- In the desert electricity is much higher in the summer
- In the mountains gas is much higher in the winter
- Payroll taxes are paid at least quarterly

REVIEW REVISE REVIEW

- In the time available before Session approval of the budget for presentation to the Congregation, make sure it's realistic
- The Congregation approves the Pastors' compensation
- The Congregation supports the Budget
- Communication is the KEY!!!

THE APPROVED BUDGET

- It is a Road Map for the year for everyone to use
- Review it regularly
- Incorporate the budget figures into your accounting system
- Have regular reports prepared “Budget v. Actual”

Budget Concepts

- The budget is not firm and fixed
- Some program may be underfunded others may have excess
- Move the money around
- There is no need to “spend” your budget
- Keep your eye on the bottom line

Budget Strategy

- Hire a bookkeeper or a book keeping service for consistent reporting
- Use a payroll service (make sure the payroll taxes are paid)
- Keep the Congregation informed even if it's bad news, they want to help, it's their Church

QUESTIONS??