



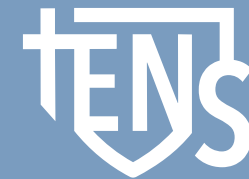
# **Finances & Budget: A Ministry Context Best Practices**

Cn. J. Davey Gerhard  
*Executive Director*  
The Episcopal Network for Stewardship

# 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*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# Discussion

- ▶ What is the process you use in your congregation to create a budget? When does your process begin
- ▶ 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*



# Healthy 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)

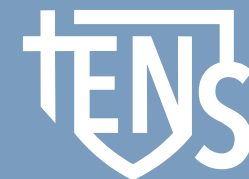
20-40% Church Ministry (church programs/administration)

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*



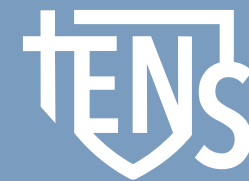
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

## 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*



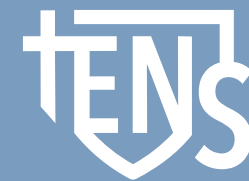
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# Zero-Based Budgets

- ▶ Every dollar has a purpose, and income and expenses balance to zero at the end of the budget. There is neither reserve nor deficit.
  - ▶ Funding investments or reserves becomes an “expense” item instead of a leftover
- ▶ Start from scratch every year, and reallocate all expenses to the expected income.
  - ▶ Don’t start with last year’s budget, begin afresh each year



*Elements of a Good Church Budget*

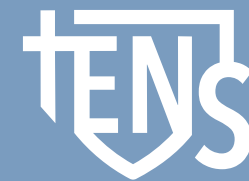


THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

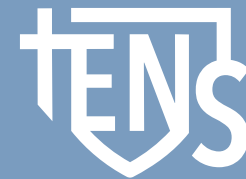
# Challenges in Stewardship

*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**



*Elements of a Good Church Budget*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

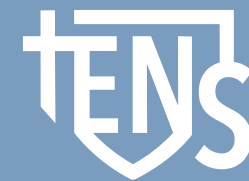


# Challenges in Stewardship

*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**

*Elements of a Good Church Budget*



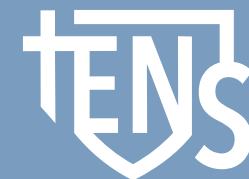
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



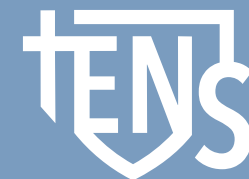
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# Reporting = Transparent and Accountable Leadership

A hallmark of transparent and accountable leadership in your congregation is the frequent reporting of budget performance.



*Evaluating your campaign performance*



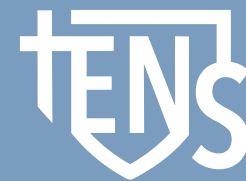
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# Reporting: The Money

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



*Evaluating your campaign performance*

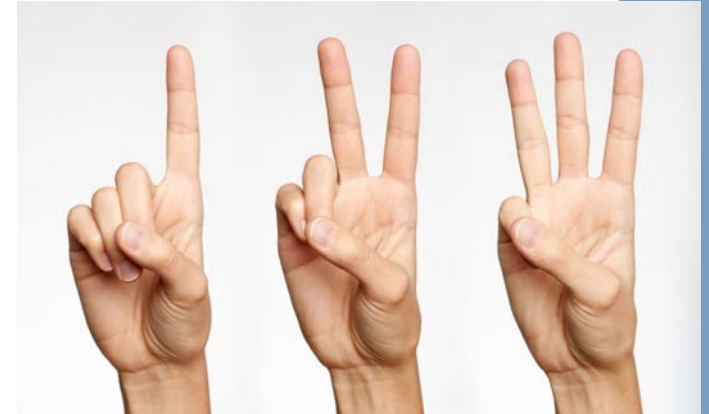


THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

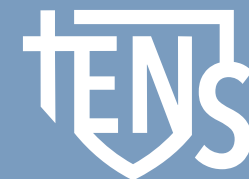
# Reporting: The Money

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*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# Reporting: The Money

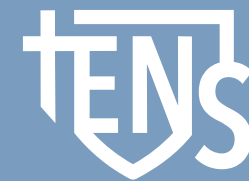
A few more notes about numbers:

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*



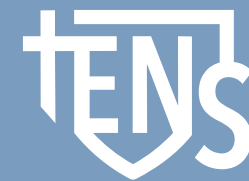
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



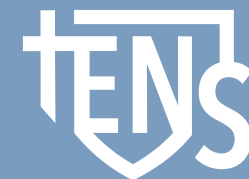
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

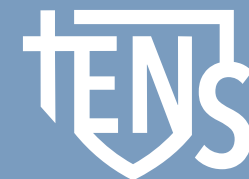


# Reporting: The Mission

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*



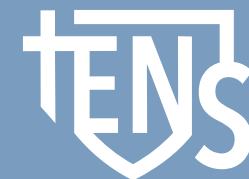
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



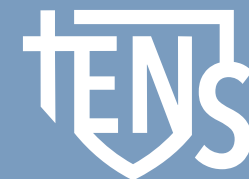
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



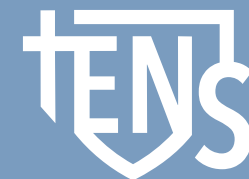
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*

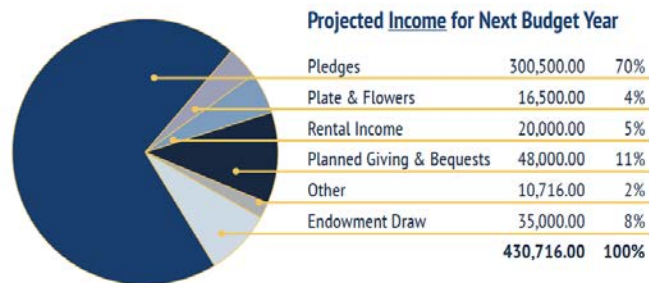
How to Create a <b>NARRATIVE BUDGET</b>	<b>SAINT SWITHEN'S</b> Narrative Budget
<p><b>1. CHOOSE</b> an image that best represents the church. <i>Examples might be the building itself, the congregation seated at services, or the clergy in action.</i></p> <p><b>2. WRITE</b> a short summary of the congregation and its mission.</p>	 <p>St. Swithen's is a community of .... &lt;summary of congregation and mission.&gt; A narrative budget spreads fixed costs, like utilities, facilities, and salaries across program areas so that we see the impact of our money.</p>



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

## 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.



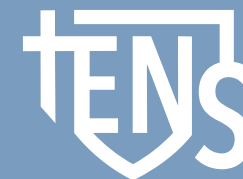
## How We Allocate Our Budget

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.



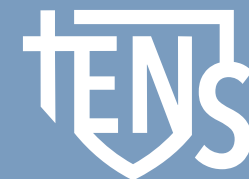
THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# 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*



THE EPISCOPAL  
NETWORK FOR  
STEWARDSHIP

# TENS Theme for 2023

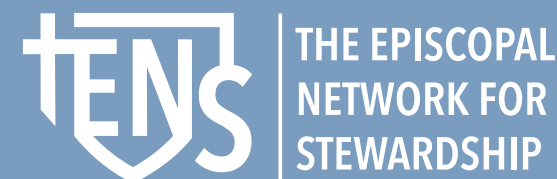
The central act of Christianity is one of hospitality – invitation to abundant garden, the offering of that nourishment to all, and the reconciliation that comes by sharing a common act of love. Planted in such a garden of gratitude, we are Rooted in Abundance.

We are grounded in abundance, generosity, and welcome, and we share our gifts of wealth, works, and wisdom with the world in gratitude for having the opportunity to steward them.

---

*They shall be like a tree planted by water, sending out its roots by the stream. It shall not fear when heat comes, and its leaves shall stay green; in the year of drought it is not anxious, and it does not cease to bear fruit. Jeremiah 17:8, NRSV*

*Keeping the Conversation Going*







Thank you!

For more information, resources, and videos,  
find us at [www.tens.org](http://www.tens.org)

**J. Davey Gerhard,**  
**Executive Director**  
415-869-7837 (o)  
415-307-0172 (m)  
[davey@tens.org](mailto:davey@tens.org)  
[www.tens.org](http://www.tens.org)