

CHECKLIST FOR CREATING A CHURCH BUDGET

BUDGET METHODS

Decide on the type of budget your church will use. Some common methods are:

- ☐ **Annual Budget**

Prepare a budget for your entire fiscal year and leave it alone. The budget doesn't change, but you may need to explain why actual amounts differ from what you budgeted for.

- ☐ **Zero-Based Budgeting**

Evaluate the needs and expenses for every part of your church and allocate an amount to that purpose when needed, justifying every dollar you intend to spend.

- ☐ **Rolling Forecast**

Update your budget periodically. Review your financials and adjust your budget regularly throughout the year, updating forecasted numbers based on actual amounts.



FINANCIAL REPORTS TO GENERATE

Compile your financial reports. These are some helpful reports you can generate:

- ☐ **Balance Sheet** (for the month most recently reconciled)
- ☐ **Balance Sheet** (for the end of each previous fiscal year you want to use for comparison)
- ☐ **Income Statement by Month** (for the current fiscal year through the month most recently reconciled)
- ☐ **Income Statement by Month** (for up to two years prior to the current fiscal year)
- ☐ **Budget to Actual** (current month vs. last month)
- ☐ **Budget to Actual** (current month vs. same month last year)
- ☐ **Budget to Actual** (year-to-date)
- ☐ **Budget to Actual** (current year vs. previous fiscal year)
- ☐ **Budget by Fund** (for each of your funds)
- ☐ **Budget by Tag** (for ministries, locations, projects, etc.)

QUESTIONS YOUR REPORTS SHOULD ANSWER

Your reports should be able to answer some questions about a current budget, including:

- ☐ Are you meeting your income and expense goals?
- ☐ Are you meeting cash flow projections?
- ☐ What are your variances?
- ☐ Are your variances accurate and reasonable?
- ☐ Do your budget totals need to be adjusted?

FINANCIAL DOCUMENTS AND POLICIES TO COMPILE

In addition to your reports, you will want to gather other documents, policies, etc., such as:

- ☐ Amounts for your income and expense accounts, including any notes for why you have allocated funds to certain areas
- ☐ Any updated income and expense categories you would like to include in the next fiscal year
- ☐ Cash flow needs
- ☐ Gift acceptance policy
- ☐ Elder or board goals and directives
- ☐ Obligations you may have to a bank or other entity
- ☐ Other considerations you may want to factor into your budget
- ☐ Any notes you have taken as you've considered preparing your budget

GUIDELINES FOR BUILDING YOUR BUDGET

Here are some questions to help guide you through the budgeting process:

- ☐ Where are you starting?
- ☐ Where do you need to end?
- ☐ Is there a seasonality for your organization?
- ☐ Is anything starting in the next fiscal year?
- ☐ Is anything stopping in the next fiscal year?
- ☐ Do you need to restructure anything?
- ☐ Are there any foreseeable changes in revenue?
- ☐ Are you doing any capital or building campaigns?
- ☐ Are you expecting any outside financial assistance?
- ☐ Are there any foreseeable changes in costs?
- ☐ Do you plan to make any large purchases or investments?
- ☐ Are there any ratios or standards you need to adhere to?



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