

BUDGET BASICS



WHAT IS A BUDGET?

- A financial planning tool that reflects ministry
- How a parish plans to use their resources to effect ministry in accordance with their current means

WHY IS IT NECESSARY?

- Plan ministry
- Prioritize spending
- Stewardship of income:
 - Shows accountability, transparency and good faith
- Accurate reporting (vis a vis Parochial Report)

TIMELINE

- Set a target date for Vestry approval
 - Sooner than later (August is a great time for initial estimate)
- Allow time for review and discussion
- Approve before the beginning of the new calendar year

ESTABLISH MINISTRIES AND PRIORITIZE

- Beginning new ministry?
- Adding more support to existing ministry?
- Set financial goals to cover initial/increased costs

KNOW YOUR CURRENT FINANCIAL STATUS

- Review current year income and expenses and compare to budget
- Analyze and understand variances of 5% or more
- Determine if variance is a one-time event or permanent budget item

AGREE ON BUDGET APPROACH

- Assign roles and responsibilities for providing documentation i.e. hall rental fees, capital expenditures, etc.
- Agree on how much uncertainty will be included (how many unknowns)

IDENTIFY UNCERTAINTIES AND CONTINGENCIES

- Capital Improvements/Deferred Maintenance
- Costs created by unexpected ministry success
- Unexpected loss of income due to death of a major donor, loss of rental income or failure of a fundraiser

DEVELOP A DRAFT **EXPENSE** BUDGET

- Determine expenses (costs) for ministry goals
- Determine customary operating expenses:
 - Compensation(s)
 - Fixed costs
 - Variable costs

DEVELOP DRAFT **INCOME** BUDGET

- Project income based on
 - Current revenue and fundraising
 - New activities
- Be **REALISTIC** and **REASONABLE**
- Consider capacity of staff and volunteers, facilities, experience, and in-kind contributions

REVIEW DRAFT BUDGET

- Confirm that ministry and administrative goals are met
- Review and discuss all assumptions
- Make adjustments: match ministry goals and capacity to income and expenses
- Review final draft

APPROVE BUDGET

- Present to all relevant committees
- Present to the Vestry for approval

DOCUMENT BUDGET DECISIONS

- Create a comprehensive budget spreadsheet and file
- Note all assumptions
- Include all documents supporting assumptions:
leases, contracts, estimates etc.

ST SWITHIN'S EPISCOPAL CHURCH 2021 BUDGET

	BUDGET 2021	BUDGET 2020	ACTUAL 2020	Variance 2020	
<u>Income</u>					
Christmas	\$ 5,000	\$ 5,600	\$ 5,100	\$ (500)	
Easter	3,000	4,000	3,017	(983)	
Weekly Offering	110,000	115,000	114,945	(55)	
Loose Offerings	9,000	9,500	9,201	(299)	
Preschool	7,500	15,000	10,000	(5,000)	the school has been closed and unable to pay full rent
Other Rentals	2,000	5,000	2,000	(3,000)	Zumba class has not met since March and stopped paying rent
Memorials	2,500	2,500	3,725	1,225	
Bequests	-	-	-	-	
Other Income	2,500	1,000	23,240	22,240	Includes \$22K from PPP
Merchandise/Fundraising	2,500	7,050	2,689	(4,361)	
Flower Contributions/Altar Guild	2,800	2,900	3,030	130	
Burials	-	-	1,140	1,140	
Investment Income	123,000	117,000	123,176	6,176	Adjusted per financial advisor
Outreach Committee	-	-	-	-	
Fellowship	200	400	100	(300)	
Total Income	\$ 270,000	\$ 284,950	\$ 301,363	\$ 16,413	



ST SWITHIN'S EPISCOPAL CHURCH 2021 BUDGET

	BUDGET 2021	BUDGET 2020	ACTUAL 2020	Variance 2020	
Expense					
Clergy Compensation	\$ 74,774	\$ 73,550	\$ 73,550	\$ -	
Total Staff Salaries	84,129	83,206	83,206	-	Includes Admin, Sexton and Minister of Music
Payroll Taxes	6,239	6,167	6,167	-	
Pension - Clergy	20,617	20,439	20,439	-	
Pension - Lay	3,098	3,037	3,037	-	
Health Insurance	22,938	21,625	21,625	-	
Prof. Development - Clergy	1,000	1,000	250	(750)	
Clergy Business Expenses	750	1,000	248	(752)	
Travel - Clergy	400	700	183	(517)	
Travel- Lay	100	100	79	(21)	
Rector's Descr. Fund	1,000	1,000	1,000	-	
Supply Priests	1,200	1,200	1,200	-	
Property Insurance	15,000	15,000	14,814	(186)	
Maintenance- Church	11,000	10,000	11,633	1,633	
Supplies/Hardware	1,700	2,000	1,223	(777)	
Maintenance- Rectory	1,400	1,400	383	(1,017)	
Heat - Church	8,500	10,000	6,260	(3,740)	
Heat - Rectory	3,000	2,500	2,955	455	
Electric - Church	4,800	6,200	3,825	(2,375)	
Water - Church	1,800	2,300	1,125	(1,175)	
Water - Rectory	2,000	1,800	2,498	698	
Telephone & Internet	4,800	4,600	4,732	132	
Altar Guild/Flowers	4,000	7,500	2,038	(5,462)	
Office Supplies	1,300	1,300	941	(359)	



ST SWITHIN'S EPISCOPAL CHURCH 2021 BUDGET

	BUDGET 2021	BUDGET 2020	ACTUAL 2020	Variance 2020
Expense				
Copiers/Computers	3,000	3,500	2,452	(1,048)
Postage	600	600	596	(4)
Miscellaneous	1,200	1,200	1,258	58
Merchandise/Fundraising	1,200	1,200	1,524	324
Consultant Services	300	300	-	(300)
Communications	1,200	1,000	1,307	307
Convention	400	400	300	(100)
Diocesan Sacred Gifts for Administration	17,354	18,354	18,354	-
Diocesan Sacred Gifts for Mission	6,000	5,000	5,000	-
Support of Other Mission	9,500	7,500	9,851	2,351
Christian Education	300	300	30	(270)
Youth	1,500	2,500	234	(2,266)
Musicians	2,500	2,500	1,920	(580)
Organ Repair	1,800	2,000	1,360	(640)
Supply Organist	600	600	400	(200)
Fellowship	750	1,200	803	(398)
Property Tax Rectory	4,193	4,055	4,055	-
Major Improvements to Property	10,000	10,000	9,521	(479)
Major Improvements to Rectory	-	-	-	-
Total Expenses	\$ 340,492	\$ 342,633	\$ 323,139	\$ (19,494)
Budget Deficit	\$ (70,492)	\$ (57,683)	\$ (21,777)	\$ 35,906
Additional Transfer			22,500	
	-	-		-
Total Surplus (Deficit) after Transfer	\$ (70,492)	\$ (57,683)	\$ 723	\$ 35,906



IMPLEMENT BUDGET

- Assign responsibilities for management of revenues and expenses
- Incorporate budget into accounting system
- Monitor financial activity compared to budget and respond to changes as needed

SPECIAL CONSIDERATIONS FOR 2021

- How can you create a reasonable budget when so many variables are now unpredictable?
- Create scenarios- best case, middle and worst case
- Create a budget through the first quarter and then revisit and revise

SPECIAL CONSIDERATIONS FOR 2021

- What current costs can be reduced? Revisit copier or phone contract
- Are there creative solutions to reduce expense? Can people contribute office supplies rather than the church buying?
- Do you consider drawing on endowment (if applicable)?
- Are there other sources of income not previously explored or developed?

SPECIAL CONSIDERATIONS FOR 2021

- If you need to make deeper cuts these will often force you to look at personnel
- Revisit contracts to look at benefits sharing/costs. Note-parity still applies
- If considering layoffs, how can you preserve as many positions as possible? Can you job share amongst your own employees or share employees with other churches?

SPECIAL CONSIDERATIONS FOR 2021

- Fully evaluate the impact and costs of personnel contingencies.
 - Since churches don't pay into unemployment what is the implication for the employee, especially if they are long term?
 - What are the full costs of severance?
 - If the person leaves what duties can be set aside and what must be continued? Who will do it?
 - Are cuts temporary or might they become permanent?
 - How will the loss of that position impact the church's capacity to resume programming once income is restored?