



Creating Financial Surplus



Generosity
by LifeWay.

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Have you ever had month than budget? Have you ever had to hold payroll or wait on your own payroll for a week or two? As a church planter I have. I can even remember teaching that conference and saying our vision will always outpace our resources.

To be completely honest then I look at my own past budgeting practices and those of other churches it is no wonder we live in need instead of surplus. What if that could change? I believe it can.

Imagine for a moment having a surplus of resources for:

- Funding your budget,
- Hiring that much needed staff person,
- Responding to an unexpected need,
- Helping that neighboring church, or
- Funding that mission opportunity.

Here are several practices that will able you to build surplus in a relative short time period.

1. Budget On Less Than 100% of Last Years Budget. I'm always amazed with the way churches budget from year-to-year. Typically, they look at their income for this year and add a certain percentage. If they are experiencing growth or if the economy is doing well they can get by with this for a time. However, sooner or later growth is going to slow or the economic bubble is going to burst.

What if instead of budgeting for a 5 to 10% increase you budgeted on 90 to 95% of last years income with the intent of saving the surplus to do all those things you wish you could do. Most of us would never considering adding 10% to our personal budget each year without a guarantee increase.

2. Fund Capital Projects Out of Surplus. What if you took this same surplus and saved it to fund capital projects. Take a church that with a \$500,000 annual income that's growing financial at a rate of 10% annually. Here's what it could look like.

Year	Annual Budget	Actual Income	Surplus	Comb. Savings
1	\$500,000	550,000	50,000	50,000
2	\$495,000	610,000	115,000	165,000
3	\$549,000	671,000	122,000	287,000
4	\$603,900	738,100	134,200	421,200
5	\$664,290	811,910	147,620	568,820

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3. Pay Attention To Your Percentages. Each year we collect data on churches related to how they budget their expenditures. It isn't unusual to see salaries consuming 50% or more of annual budget. With very few if any exceptions these churches are short on cash. Consider budgeting based on no more than 45% staff, 25% facilities, 10% ministry, and 10% missions. This will give you the 10% you need for a 90% budget. You may want to consider getting your staffing numbers down even further to 35 to 40%. This will allow you to put more money into facilities. Whatever you do keep your staffing and facilities cost down to between 60 to 70% at the most. The goal is to create 10% margin for creating access.

4. Align Your Budget With Your Vision. Vision draft happens over time. Use our Vision Focus Budget Guide to align your budget with your vision. It's amazing how over time many things can end up in our budget that has little or nothing to do with our vision.

5. Relentlessly Monitor Your Financial Dashboard – A big wake up call for me was when I was serving in a fast growing church plant where it was no ones job to monitor our financial dashboard. All we knew is we had a surplus coming in. What we didn't know was we had a surplus going out. With our fast growth we were out pacing our bookkeepers ability to give us good monthly reports. When we finally got one some three months later we had over spent the budget by nearly \$150,000. Fortunately, we were growing so fast that we didn't experience any long-term percussion from our failure to monitor. However, we did learn a lesson and we did implement new systems and we became relentless about monitoring our financial dashboard at the micro and macro level.

6. Make Funding the Vision Easy. Automate the important. We practically live in a cashless society and we must make sure that we make giving easy to our average attender as well as our faithful member and supporter. Many churches lag behind in this area and so does their income as a result of it.