



Annual Review

Why budgets matter

Why give?

San Diego in California experiences over 10 months of sunshine each year. A weather forecaster was heard to say: *the forecast for San Diego? Same as it was yesterday, same as it will be tomorrow!* For the Church, however much we may desire more of the same, tomorrow's pattern of ministry and its financial sustainability are far less certain than the San Diego sunshine. The annual budget is a tool for planning ministry. If we don't plan, and do not budget then slow but sure decline is the reality for the ministry of the local church.

Many churches do not prepare an annual budget. In others the budget simply baptises the status quo adjusting last year's expenditure for inflation and rooting around for occasional savings. Moreover, the task often falls to the treasurer, working alone, not only to prepare but also to present and drive the budget within the leadership team. In truth responsibility for the budget belongs, legally as well as spiritually, to all of the leadership. The annual budget is the purpose of the church written in numbers. It is an ethical document setting out the local church's priorities.

In truth for many churches there is no big picture, no carefully defined vision or agreed strategic plan. The pressures on parish ministry and lack of resources are enormous. Even so, creating a budget can implement incremental change, however small, towards a new and different future. The process of clarifying [ministry aims](#) and preparing an [Annual Review Document](#) provides a creative and, just as importantly, a more collegiate basis for budget preparation. The task of planning ministry belongs to

the leadership of the church not the treasurer. A budget can never replace a vision nor the strategic

thinking which turns vision into reality. However, a budget properly prepared serves four fundamental purposes within the life of the local church:

Firstly, the budget is an action plan for the ministry and mission of the church. Without the allocation of financial resources any vision or plans for ministry remain merely a mirage. A budget will highlight lack of vision for ministry, speaking clearly about the priorities that govern the direction of the church.

Secondly a budget is a channel of communication between leadership and people. Money talks – so control what it says before it begins to embarrass! Use the budget to tell people about the priorities for the church in the coming financial year. A budget helps change the money culture in the local church.

Thirdly a budget must be approved by the leadership of the church in their capacity as trustees. This certainly includes formal approval of the budget but also the leadership's personal response to supporting the ministry the budget embodies. Leaders must review their own giving and be champions or advocates of the budget as an expression of the church's ministry and mission.

Fourthly a budget is a vital tool for the treasurer to inform the church leadership in their capacity as trustees about the financial health of the church. A budget allows careful monitoring and wise stewardship of the resources entrusted to the leadership by congregation and community.