

Painting by numbers: income and expenditure

A review of the patterns of income and expenditure will paint the broader financial picture as background to the detail of the giving profile and the budget. This paper offers guidance on generating the income and expenditure charts for the case statement.



Nehemiah famously led the rebuilding of the walls of Jerusalem. He faced his share of problems and money was one of them. In Nehemiah's absence the priest Eliashib installed Tobiah the Ammonite, a vigorous opponent of Nehemiah, in the temple storerooms. To make matters worse the Levitical priests has not received their portion of the tithes and were working the fields (Nehemiah 13:4-11) alongside Temple ministry.

On his return Nehemiah did two things. First, it seems, Nehemiah called the people to bring their tithes from which the priests would be blessed. Second, Nehemiah installed four new trustworthy treasurers who oversaw the collection and distribution of oil, wine and grain (Neh. 13:12-13).

The context is very different; the principle is sound. The church needs men and women of prayer and integrity to attend to the income and expenditure of the church. As for Nehemiah, financial oversight serves a serious purpose: to resource the life of prayer, mission and ministry.

Painting by numbers

This is not the place for detailed analysis and debate around income and expenditure. The prayerful preparation of an annual budget and the careful communication of that budget to a congregation is a stewardship task for another time. The financial analysis sections of the case statement have a more limited, focused purpose.

We are painting the big picture of our financial health. The headline figures for income and expenditure colour the background of our canvas in broad brush strokes. In these big annual numbers we are looking at the trends, the picture that is beginning to emerge. If there is erratic income or expenditure, we need to know why that is. If there is a slow but steady decline in income we must be able to interpret it, locate the problem and know where to take action.

As we build our case statement the budget plan in Section 5 will add more details: repair costs, running costs, parish share and the cost of ministry activities. As we paint by numbers the picture that emerges may or may not be pretty but it does capture real life. The numbers do not lie.

Completing the charts

Download the *Income and Expenditure Analysis* spreadsheet from the [Income and Expenditure tab](#). You will also need a copy of the church's Annual Accounts for each year you plan to chart. Ideally, information from the last complete five years should be used.

The following steps detail how to complete the spreadsheet that charts income and expenditure.



1. The file has a single worksheet with data entry cells in colour at the top and three empty bar charts underneath. Each row should be used to record the information from one complete year (rows 8–12). (The spreadsheet is set to protected mode. It can be unprotected under the Review menu in Excel. There is no password.)
2. Enter the year numbers into the light grey highlighted cells, B8:B12. This will form the horizontal X-axis for the bar charts.
3. Enter the total *unrestricted* income for each year into the blue highlighted cells (D8:D12) in **Column D**. Total unrestricted income comprises your general fund plus all designated funds.
4. Enter the total *restricted* income for each year into the grey highlighted cells (E8:E12) in **Column E**. This is the sum of the church's restricted income.
5. Enter the total *unrestricted expenditure* into the gold highlighted cells (G8:G12) in **Column G**. Total unrestricted expenditure comprises all spending from general and designated funds.
6. Enter the total *restricted expenditure* into the grey highlighted cells (H8:H12) in **Column H**. This is the sum of all the church's restricted spending.
7. The worksheet will automatically calculate total income (green highlighted cells in Column J) and expenditure (pink cells in Column K). It will also populate the annual surplus/deficit in Column M (unrestricted & restricted) and the bar charts.

Including in the Case Statement

Once complete, the worksheet is included in the Case Statement as page 4. For hard copy, print the Excel page in colour. It is paginated correctly. It can also be printed as a PDF for email circulation.

Alternatively, the data and graphs can be pasted into your MS Word Case Statement. First, clear the text and graphics on page 4 of the Case Statement document the planning group is working on.

Next, unprotect the Excel spreadsheet. Highlight and copy the data and graphs (B1:M54). Then paste the copied data as a graphic onto the blank page 4 of your Case Statement and adjust to the page. (A screen grab of the Excel data is also an option: Windows/Shift/S.) Ensure the resolution of any pasted image is adequate.

Reading the three charts

The top and largest chart paints a picture of the pattern of *unrestricted* income and expenditure in recent years. This is the critical graph because your unrestricted income and expenditure fundamentally sustain mission and ministry. What picture do the numbers paint? What story do they illustrate?

The graph bottom right of the worksheet charts the annual surplus or deficit of the *unrestricted* funds of the church.



Finally, the chart bottom left charts the total income and expenditure of the church. This means it includes both the unrestricted income and expenditure and also the dark grey highlighted *restricted* income and expenditure (Columns E and H). This gives a sense of overall expenditure.

Restricted funds

Restricted funds can, of course, be used only for the purpose for which they were given. If you have significant restricted funds it is worth discussing if they are being used for their purpose.

It is also worth considering if there is legitimate expenditure from restricted funds that can take the pressure off your unrestricted general funds. A simple example is a restricted fabric fund which might legitimately be used for routine building repairs that maintain the fabric of the church.