



SOUTHERN BAPTISTS OF TEXAS
FOUNDATION

Curtis Boozer, DMin

- Worked as a CPA in public practice, specifically serving churches
- Served as the CFO for manufacturing enterprises and as President before call to ministry – turnaround specialist
- Served as the Exec. Pastor to two multi-site mega churches for the past 15 years
- Studied at Texas A&M, Southwestern Baptist Theological Seminary and Rawlings School of Divinity, Liberty University

Budgeting - Philosophy

- Budgets should align with Vision
- Budgets are man-made
- Budgets are a plan – not truth
- Budgets should guide decisions – not limit thought

Budget Development & Review

- The “Big Picture” of Annual Church Budgeting
 - Created by staff and presented to the Oversight Team and the Congregation
 - Used by the Oversight team for evaluation of effectiveness to achieving the Vision
- The “Detailed Plan” of the Church Budget
 - Created by staff to operationalize the efforts of staff to achieve the Vision
 - Used by staff, not the Oversight Team
- Reviewing Budget Income and Expenses Monthly
 - Should be summary for Oversight Teams, detailed for operational team



Monitoring the Budget

(Oversight Team)

- Work with an Agenda for meetings
 - Lead Pastor's report – Vision focused forward view and current status
 - Ministries report – Vision Focused action plans
 - Financial report – explanation of current resources/variances from “big picture” norms
 - Give visibility to new discoveries (unexpected expenses, maintenance needs, equipment needs)
 - Oversight team report – status of recruitment for future members, strategic needs (land, buildings, etc), items to be raised in prayer for guidance



Monitoring the Budget

(Oversight Team)

- Documents Needed
 - Financial Statements
 - Statement of Financial Position (Comparative)
 - Statement of Activities (Summary – Current and YTD)
 - Statement of Cash Flows (Current and YTD)
 - Narrative of Monthly Activity by Management and progress on vision objectives
 - KPI Report (Months of reserves, Attendance, Avg \$ Giving per donor, New members total YTD, etc.)



Sharing the “Big Picture”

- Most people are not financially minded – even people on oversight teams
- Use graphs/pictures except when numbers are needed
- Provide a written narrative and tell the story of the numbers in the narrative (this will communicate to the non-financially minded as well as the finance minds)
- Teach the oversight group how to read the reports
 - Highlight simple tricks to validating data
 - Point out the important information versus the “additional” information
 - Give metrics versus giving a data dump
 - Explain why the metric tells a story



Developing the Budget

- Budgeting methods are based on your personality and preferences – that is OK!
- My method
 - Download prior activity into a spreadsheet (Statement of Activities by Month)
 - Modify known outliers (unusual things that won't reoccur)
 - Modify known changes (Property insurance increases, Health insurance increases, etc.)
 - Add new vision action plans
 - Compare to project resources and adjust



Developing the Budget

(Tips)

- Give a “starting budget” from the last 12 month actuals to the lead pastor before involving others and get his feedback on vision changes
- Use “Rules of Thumb” for guard rails
 - 15% Margin minimum (when adding back depreciation/non-cash expenses)
 - Have four months of operating cash available (4 months of cash to cover expenses)
 - Limit deficit spending to a “floor” of operating cash requirement
- The benefit of these strategies is that they provide a limit to spending.
 - If increased revenue, then \$ available to spend. Likewise, the reverse applies.
- Budget at “Ministry level” not account level



Example of Margin

Revenues	\$100,000
Expenses	\$ 90,000

Surplus	\$ 10,000
Add back Non-cash expenses	\$ 5,000

Ending Margin	\$ 15,000
15% of Total Revenues	

Accounting and Admin Issues

- Cash Reserves & Financial Reality
- Make Difficult Decisions in a Downward Cycle
- Evaluate programs for effectiveness – be willing to change
- Relentlessly review your processes to remove friction.
- Consider quarterly meetings to evaluate friction

Tools that We Provide

- On our website, there will be a pulldown that will have the following:
 - Budget Template Spreadsheet

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