Agenda

- Ice Breaker

- 2024 Budget Preparation

- Cheque Requisition / Expense Reimbursement

- Quiz

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Agenda

- What is a budget and why do we budget?

- Prerequisites & Principles of Budgeting

- Types of budgets

- Budgets at Richview

- What makes a good budget submission (and what doesn't ☺)

- Next steps

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What is a budget?

Let's start with a definition…

Budgeting is an **operational plan**, for a **defined period** (usually a year), expressed in financial terms and based on the **expected income** and **expenditure**.

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Why do we budget?

- It helps us keep our eyes on the mission/vision

- It helps ensure we don't spend money we don't have / stay out of debt

- It helps us save money / prepare for emergencies

- It is a requirement of our by-laws

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Prerequisites of Budgeting

- **Plans** – have a plan for the coming year. What are your objectives? How are you planning on achieving those objectives?

- **Financial data** – historical data on revenue and expenditures related to your area of accountability

- **Budget Process & Procedures** – what forms need to be completed? When are they due? How is the budget created and approved.

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Principles of Budgeting

- Pray

- Start by focussing on the objectives of the ministry

- Plan your Ministry activities well in advance based on objectives

- Seek council from others

- Budget according to vision, but don't forget the past or present

- Build in margin and flexibility

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Two common types of Budgets

- **Incremental Budget** – Incremental budgeting takes last year's actual figures and adds or subtracts a percentage to obtain the current year's budget.

- **Zero Base Budget** – all line items in the budget are zero and must be rebuilt from scratch. People must be able to justify each expense. No expenditures are automatically "okayed".

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Richview Budgets

Operating

Funds the church's day to day operations

Replacement Reserve

$
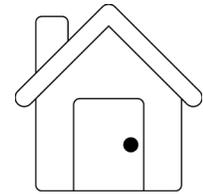
Funds projects and items which cost over $1500

Missions

Funds Missionaries & projects

Manse

Funds expenses associated with the Manse

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Question time...

Items	Replacement Reserve Budget	2023 Budget
Opening Balance		654,845
REVENUE		
40500	Replacement Reserve Fund Contribution	54,250
40550	Interest on balance	0
Total Revenue		**54,250**
EXPENSES		
85000 Local Church Ministry		
85010	Children's Capital (Chairs)	2,000
85020	Sound Equipment	0
85030	Backwash lights for stage	3,000
85050	Electric Drum Set	12,000
85055	Transition from Google Workspace to Microsoft365	15,255
85060	New laptops for staff & treasurer	5,000
95000 Building		
95010	Building Renewal - Engineering/Artchitect	30,000
95030	Building and Property Improvements	100,000
Total Expenses		**167,255**
Anticipated Closing Balance		**541,840**

Question

Based on this budget, how much in total is the church allowed to spend from the replacement reserve fund in 2023?

a) $654,845
b) $54,250
c) $654,845 + $54,250
d) $167,255 ✅
e) $541,840

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What makes a good budget submission (1 of 4)?

- Use the form provided

Richview Church Budget Request Form		
Budget Line Name		
Person Responsible		
Item	**Amount**	**Notes**

- Provide an appropriate amount of detail

Richview Church Budget Request Form		
Budget Line Name	Made Up Line	
Person Responsible	Paul Redlich	
Item	**Amount**	**Notes**
✗ Made Up Line	$5,000.00	

Too high level
- How will the $5,000 be spent?
- No notes

Richview Church Budget Request Form		
Budget Line Name	Made Up Line	
Person Responsible	Paul Redlich	
Item	**Amount**	**Notes**
✗ Item one	$10.00	Description of item one
✗ Item two	$15.00	Description of item two
✗ Item three	$5.00	Description of item three
✗ Item four	$20.00	Description of item four

Too low level
- The budget doesn't need to include items with such small amounts
- It may be helpful to build your budget this way then summarize them into logical units

Richview Church Budget Request Form		
Budget Line Name	Made Up Line	
Person Responsible	Paul Redlich	
Item	**Amount**	**Notes**
✓ Logical Grouping 1	$500.00	Description of logical grouping 1
✓ Logical Grouping 2	$1,000.00	Description of logical grouping 2
✓ Logical Grouping 3	$1,200.00	Description of logical grouping 3

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- Use good descriptions under "Item" and if it's not clear add notes.

TIP

Ask yourself,
"Is it clear to the leaders who will be approving the budget what the item is for?"

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Budget Line Name	Made Up Line	
Person Responsible	Paul Redlich	

Item	Amount	Notes
✗ Stuff I need for my ministry	$500.00	
✓ Training for ministry volunteers	$1,000.00	2 seminars x $100/seminar x 5 people/seminar

An extreme example to make the point

Example of a good description with notes

- Make sure the item(s) you're budgeting should be included in your line vs. another line

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Budget Line Name	Childrens' Ministries	
Person Responsible	Paul Redlich	

Item	Amount	Notes
✗ Washroom Supplies	$500.00	Toilet paper, paper towels, air freshener

This item should be included under Custodial supplies vs. Children's Ministries

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- Include single items over $1,500 in the replacement reserve budget

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Budget Line Name	Made Up Ministry	
Person Responsible	Paul Redlich	

Item	Amount	Notes
✘ Big expensive item	$5,000.00	

> This is a valid item that is required for ministry, but it should be included in the Replacement reserve budget, not the operating budget.

- Provide your budget submission on or ahead of time

Due date this year is…
September 20, 2024

- If there is an unusual request, it's helpful to know how it relates back to our mission. Feel free to add a **brief** paragraph outlining this.

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Budget Line Name	Made Up Ministry		
Person Responsible	Paul Redlich		

Here's an example.

Item	Amount	Notes
✓ Goldfish	$1,200.00	See side note.

We are planning to give away gold fish to the community to bring them in to the church and introduce them to our ministry to youth

- **For staff**: Review your budget submission with your manager / ensure you have their support prior to submitting the budget

APPROVED

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So, what are the next steps?

- **The 2024 Budget request spreadsheets will be sent to you by the end of this week**
    - If there are items with a single entry (i.e. Hydro, Gas, Water, etc.) we haven't included spreadsheets for each of these as each can be easily filled in

- **Plan**
    - Historical information:
        - If you need what was approved in 2024 – let me know & I can send you the details (paul.redlich@outlook.com)
        - If you're wondering how much you've spent YTD, please reach out to our bookkeeper Nancy Burrell at bookkeepingroom@startmail.com
    - Define objectives for your ministry for 2025
    - Identify what you'll need to accomplish these objectives

- **Complete your 2025 Budget request**

- **Review with your team/manager (seek the council of others)**

- **Send your 2025 Budget request to deacons@richview.org by September 20th**

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FAQs

Q1: **What happens if I miss something in my budget submission and need additional funds in 2024?**

A1: It depends. Based on our bylaws:
a) if the amount is for less than 0.5% of the budget, the elders or deacons can approve the request without it going to the congregation for approval
b) If the amount is greater than 0.5% of the budget, the church membership must approve it at a members meeting

Q2: **What happens if I spend more than I've budgeted for?**

A2: According to our bylaws, you are not allowed to spend more than what was approved for each major line item(s)

Q3: I don't know how to use a spreadsheet. What do I do?

A3: We use a spreadsheet to simplify the calculations. If you don't know how to use a spreadsheet:
1) Ask a team member for help
2) Use whatever form of communication you're comfortable with (email, Word, etc.)

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