

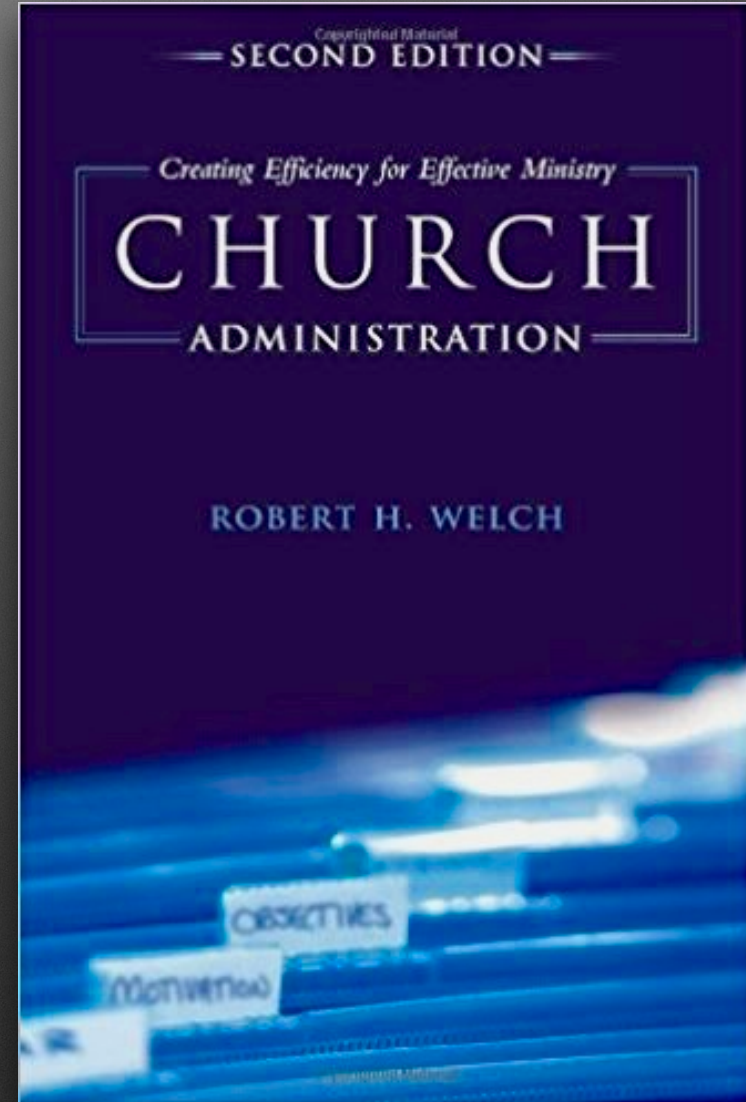


# Managing Finances

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# Based on

Robert H. Welch,  
*Church  
Administration:  
Creating Efficiency  
for Effective  
Ministry*, Second  
Edition. Nashville: B  
& H Publishing  
Group, 2011.



# Introduction

Good financial management is important for theological, practical and legal reasons.

# Stewardship Review

- Develop a stewardship program for the church.
- Conduct reviews of giving and spending as well as projections for giving.
- Create a budget that will adequately provide for the church ministry programs and activities.

- Coordinate budget requirements with committees and other budget units of the church.
- Ensure gifts and funds are properly receipted and accounted for.
- Monitor spending against budget.
- Conduct periodic audits of resources and independent annual reviews of records and procedures.

- Write and promulgate policies and procedures for efficient fiscal operations.
- Ensure compliance with federal, state, and local laws relating to fiscal operations.
- Report to the church and leaders the status of funds and accounts.

# Personnel

- Church Manager, Administrator or Executive Pastor
- Purchase officer
- Church Treasurer & Deputy Treasurer (Certify gifts records)
- Financial Secretary or Clerk (Record gifts)

- **Committees**
  - **Stewardship (Education & coordinating fundraising)**
  - **Finance (Budget development & management)**
  - **Counting groups (Always two or more unrelated persons)**
  - **Special committees such as special commission for performing audits, or building committees**



# Counting Groups

- Verify name and amount on envelopes.
- Count currency.
- Count/endorse checks — if there is a check in the offering without an envelope, create an envelope for that person and record the amount.

- Tally receipts.
- Prepare deposit slip.
- Place in locked bank bag.
- Deliver funds.

# Budgeting

Different kinds of budgets:

- Zero-Based Budget
- Line-Item Budget
- Ministry Action Budget

# Income

- Regular tithes and offerings
- Special offerings
- Pledges
- Rent, sales, stores
- Capital Gains
- Bequests

# Types of Funds

- **Designated Funds** are those funds that are either collected for a specific church authorized activity or designated by a donor to an authorized special giving account.
- **General funds** are those funds that are to operate the general budget of the church—to pay the bills.

# Expense Priorities

- On-going budget items that will require funding regardless.
- Ministry actions that describe the resource needs for the various programs and ministries of the church or organization.
- Ministry budget challenge items.

# Disbursing Funds

- Expenditures should not exceed ability to pay the encumbrance.
- Expenditures should be approved in the church budget. Most churches will establish a spending limit without review.

- The use of a purchase order system will facilitate a paper trail for the expenditure.
- Disbursement should be by check, credit card, or electronic transfer.
- There must be a receipt for every disbursement.



# Purchase Orders Must Have

- A sequential numbering/tracking system.
- Date of request.
- Space for name, address, e-mail/telephone of church.

- Space for specific identification of item required, amount, and estimated cost.
- Space for purchasing agent to enter name and address of supplier.
- Space for name of requestor/budget unit. Space for authorizing signature.
- Space to indicate receipt of delivery.

# Reporting

- Monthly in-house reports
- Periodic reports to the church
- Periodic reports to denominational authorities
- Annual Reports
- Legal Reports

# Audits

- In-house reviews
- In-house informal audits
- External reviews
- External audits

# Resources

- Books and periodicals on Church finances
- Church Management Software
- Denominational Resources
- Outsourcing (Stewardship, accounting and fundraising)

**The End**

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