

## How to Develop a Church Budget

There are primarily two ways to create a budget for your church. One is a zero-based budget, where you analyze specific future needs for the year and estimate projected income and expenses for each line item. The other way is to base the budget on prior history, and adjust for past trends and inflation.

I would recommend a combination of the two. Establish your new budget based on prior year history and then adjust it for any materially known specific income or expenses that were not common in prior years.

Income should be adjusted up or down based on the trend of increase or decrease of the prior year. Any specific projects, fundraisers or miscellaneous funds can be added as needed.

Expenses should be based on reviewing the trends of the last couple of years. However, be as specific as possible for major expense areas like salaries, mortgage payments, missions, etc. This will create a good balance between time spent and accuracy for your new budget.

Remember, it's okay to adjust your budget as the year progresses. Remember, the budget is not your master, but a management tool to help you make good financial decisions. It's all part of being a good steward of what the Lord has given you.

Terry Steen  
Consultant  
AG Financial Loan Solutions  
[tsteen@agfinancial.org](mailto:tsteen@agfinancial.org)