

11 Church Finance Committee Duties And Responsibilities

Talking money is simply an unpopular topic for ministries. However, it requires a diligent approach to managing finances to sustain a vibrant church.

Churches elect or assign members to serve on a Finance Committee.

This team of people is responsible for the management and responsible [stewardship of church financial resources](#).

This crucial committee can have a significant influence on the sustained financial health and growth of church assets.

When mismanaged, this group can negatively affect the long-term financial viability of a church – something no one wants to be responsible for.

Church Finance Committee Duties And Responsibilities

1. Revenue Projections

It is difficult to budget without having a realistic idea of how much money will be available.

11 Church Finance Committee *Responsibilities*



Take a realistic approach to project revenues by analyzing historical giving, attendance patterns, and average [member donations](#).

For instance, run a report from your church management software that shows how many giving households you have.

Then determine the average monthly giving for those combined households.

Remember to [maintain confidentiality](#) through this reporting process.

Err on the side of caution and base projections on real giving patterns rather than hopeful increases.

For instance, if your church is in the middle of a capital campaign, do not assume weekly giving toward the general fund will increase when members are stretching to designate funds to a building project.

2. Creating A Budget

The finance committee assists in establishing the global budget based on revenue projections and allocates dollars to individual departments.

The individual department managers are responsible for creating their own budget estimates that are based on the [church strategy](#), associated department goals, and resources that are allocated to support department goals.

Allow individual department managers to prepare their budget estimates. This simple step will result in greater accountability, more accurate reporting, and increased reliability.

For instance, if the church has a strategy to grow its youth ministry, there would be budget dollars allocated to the youth department to support those efforts. The Youth Director will then present a budget based on program needs and strategy.

The advantage of this approach is that working managers are more apt to follow their budgets.

Because, they participated in the budget process and understand the reasoning behind it – as opposed to a budget handed down to them from above.

A manager's involvement in the budget process adds a layer of accountability in that they have no one to blame for failing to meet their budget requirements.

3. Budget Review

A budget is simply an itemized allotment of funds and therefore requires monitoring.

The finance committee should be monitoring the budget every month by reviewing the actual dollars that came in, the actual dollars that went out and analyzing any variances.

Midyear adjustments may be made to the budget when projections fall short or unexpected expenses come up.

4. Emergency Funding

Even the best of budget planning can go awry when an unexpected major expense arises.

To offset this, allocate a percentage of budget dollars to emergency funding. Set aside a percentage of revenue to an emergency fund bucket.

Create a definition for an emergency and don't touch the funds unless a real financial emergency arises.

Keep this fund growing year after year so that there will be financial resources available when those unanticipated emergencies arise.

This safeguard can prevent an unexpected budget variance.

5. Financial Reporting

Systematic financial reporting helps the church see how it is performing and adhering to the budget.

Create monthly or quarterly reports and keep [church leadership](#) apprised of spending and budget variances.

If there is an effort to raise building funds show dollars that are available for the project and what percentage of funds have been raised.

If there is a focus to pay down church debt, report on that also.

6. Responsible Stewardship

Churches rely on the generous donations of its members to do what it does.

Being good stewards of those funds is a primary responsibility of the church board and finance committee.

There should be a way to tie every expenditure to its support of this mission.

Consequently, this team of dedicated people should challenge any spending that does not support the [church mission, vision](#), or strategy.

7. Safeguarding Church Assets

The board, along with the finance committee are responsible for ensuring that there are proper financial controls of church assets.

This committee should be writing [cash handling policies](#) and auditing the process of anyone who handles church money.

This includes ensuring there are safe places to store cash, that no one is ever alone with money and that there is constant supervision of members, volunteers or employees who come in contact with cash.

If you think [embezzlement in the church](#) is not common, think again.

8. Ensuring A Profit Margin

Profit margins are how nonprofit organizations grow their capital. Since nonprofit organizations can't take profits out of the organization, they invest any dollars that are above expenses back into the organization.

[Church budgets](#) should designate a percentage of income for a profit margin.

For instance, if a church brings in \$500,000 and budgets for a 5% profit margin, it will be saving \$25,000 a year that can be reinvested into church facilities.

Imagine what 10 or 20 years of growth could do with that safety net!

9. Debt Management

It is difficult to get a church up and running without racking up some debt.

However, a church is limited in what it can do if it is debt-ridden. The finance committee should have a strategy for paying down debt, and that should be part of the budget.

Paying down debt can come through capital campaigns that are designated for debt reduction, or it can be from aggressive debt payments.

Either approach is fine, but the goal should be to get the church as close to debt-free as possible.

10. Member Financial Teaching

Church members are only as giving as their personal finances allow. The finance committee can influence members by offering classes in [personal finance](#), budgeting, and financial management.

Help members get a handle on their finances and giving will inevitably increase.

11. Manager Budget Training

Churches that employ people to manage various departments within the church should use the finance committee to help [train church leaders](#) on how to manage their budget, how to read and interpret financial reporting statements and how to address departmental budget variances.

A finance committee should be able to develop budget training and create a simple process to help managers become financially literate.

A church finance committee is a financial think-tank for a church. Develop a finance committee that is committed to budgeting, monitoring and, controlling how church funds are spent and your church will have the necessary resources to fulfill its mission, vision, and strategy.

Does your church finance committee do these things?