

# BUDGET

## ■ BIBLE

“For which of you, intending to build a tower, does not sit down first and count the cost, whether he has *enough* to finish *it*—lest, after he has laid the foundation, and is not able to finish, all who see *it* begin to mock him, saying, ‘This man began to build and was not able to finish’?” Luke 14:28-30 (NKJV).

“If the ax is dull, and one does not sharpen the edge, then he must use more strength; but wisdom brings success.” Ecclesiastes 10:10 (NKJV).

# BUDGET

## ■ SPIRIT OF PROPHECY

Managers who are slack, who do not know how to manage, should be separated from the work. Secure the services of men and women who know how to bind about the edges [*budget*], so that the work shall not ravel out. CS. Pg. 274.

# BUDGET

- **SAD WORKING POLICY**

**S 05 25 Budget Plan:**

All denominational organizations shall follow the budget plan of financial operating. The annual operating budget shall be approved by the controlling committee. It shall be the responsibility of the officers of each level of organization to require subsidiary organizations in their territory to follow the budget plan.

# BUDGET

## ■ SAD WORKING POLICY

### S 27 10 Budget Preparation:

When preparing a budget, the following concepts should be present:

#### Budget Preparation.

The budget process which begins in Treasury must be reviewed and adjusted as necessary by the administration, as well as other appropriate committees.

#### Budget Committee.

The church board of each entity will nominate, during their end of the year plenary meeting, a budget committee which will perform the final analysis and will present to the plenary for approval. Whenever possible, representatives from top organizations should take part in this committee. Representatives from entities receiving subsidy should not be members of this committee. *(free translation)*

#### Calculation of Cap.

Treasury should calculate the budget based on results in the last fiscal year.

# BUDGET

- **SAD WORKING POLICY**

**S 27 20 Implementation:**

The **budget** is to serve as the primary instrument of financial **authorization and control** for every organization. The Treasurer is to provide timely financial information to his/her fellow officers and to the Executive Committee, comparing actual operating results with budgeted projections. The administration is accountable to the constituency for budget implementation, taking appropriate actions to best ensure the **financial stability** of the organization, using the budget as a guide.

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## ■ SAD WORKING POLICY

### **S 30 20 S Emergency Provisions:**

All organizations and institutions of the South American Division should operate within their available means, without entering into projects or incurring debts beyond these limits. In additions, their yearly budget should include adequate funds to confront emergency situations, to protect from economic or political situations which affect the financial balance of the entity. The provision made in the budget to address true emergency situations should be a minimum of 5% and maximum of 10% of the budgeted operational expenses, including a percentage of the tithes. *(ft)*

# BUDGET

## ■ BUDGET TYPES

1 – Operational

2 – Investment

3 – Cash

# BUDGET

## ■ STAGES OF BUDGET

1 – Preparation

2 – Execution

3 – Control



# BUDGET

## ■ REQUIREMENTS FOR BUDGET PREPARATION

- 1 – History of previous years
- 2 – General state of the economy
- 3 – Trend of government policy
- 4 – Development of inflation rates
- 5 – District inspection in which the Institution operates
- 6 – Future goals and objectives

# BUDGET

## ■ BASIS FOR A GOOD BUDGET

- 1 – Accounting by accrual
- 2 – Regularity in the classification of revenue and expenditures
- 3 – Distribution of values by season
- 4 – Religious area – verify the number of Sabbaths in the month
- 5 – Updated provisions

# BUDGET

## ■ PERCENTAGES OF EXPENDITURE BY AREA

EXPENSES	UNION	FIELD	ABC	EDUC.
Personnel expenses	45%	64%	46%	64%
Admin. and General	25%	14%	23%	28.5%
Promotional Dept.	5%	5%		
Educ. Assist. and Guidance	15%	9%	30%	1%
Grants	8%	8%		0.5%

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## ■ PERSONNEL EXPENSES- OFFICE X DISTRICTS

NUMBER OF DISTRICTS	OFFICE	DISTRICTS
14	50%	50%
21	48%	52%
28	46%	54%
35	44%	56%
42	42%	58%
50	40%	60%
56	38%	62%
63	36%	64%

# BUDGET

## ■ CRITERIA FOR PREPARATION OF VARIOUS BUDGET GROUPS

### Personnel Expenses

- 1 – Prepare a spreadsheet with the names of all employees
- 2 – Design a scaling of workers
- 3 – Use the salary rate of increase and union projections.
- 4 – Define the limits of assistance
- 5 – Confirm category changes of church workers' children

# BUDGET

## ■ CRITERIA FOR PREPARATION OF VARIOUS BUDGET GROUPS

### **General and Administrative Expenses**

- 1 – Confirm the variation of each account over the last three years
- 2 – Analyze the each expense on the group total
- 3 – Update accounts with marked changes due to internal and/or external politics.
- 4 – Do not forget that donations received from fixed assets depreciate for replacement of these assets.

# BUDGET

## ■ CRITERIA FOR PREPARATION OF VARIOUS BUDGET GROUPS

### Promotional Departments

- 1 – Confirm the composition of each account of the various departments
- 2 – An increase of these accounts could be due to yearly inflation or an increase in revenue.
- 3 – We suggest a single account for each department.

# BUDGET

## ■ CRITERIA FOR PREPARATION OF VARIOUS BUDGET GROUPS

### **Educ. Assist. and Social Guidance Grants**

- 1 – Normally, the value pervades the increase of revenue.
- 2 – New Church programs should be analyzed.



# BUDGET

- **UPGRADE OF OPERATING CAPITAL**

When the operating capital is lower than ideal, the budget should include a percentage for its upgrade.

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## ■ BUDGET FOR INVESTMENTS

- 1 – The replacement of fixed assets has already forecast in depreciation
- 2 – The provision for new investments should be a part of the budget or as low appropriations are available

# BUDGET

- **AVAILABLE APPROPRIATIONS**

The formation and regression of available appropriations should be a part of the budget planning



# BUDGET

# END

