July-June Fiscal Year Considerations
Church Plants and Established Churches

Responsive Budgeting plus Sensible Reporting and Adapting

- Expense and headcount budgeting align with and subordinate to ministry-year planning*
    - Fits / consistent with annual ministry planning (in winter/spring) and execution cycle
    - Spring decisions about fall-launched ministry year iterate directly with budget/funding priority choices
- Financial reporting in sync with ministry program year
    - Fits staff needs: Fiscal YTD reports reflect ministry program outcomes
    - Fits officer/member mindset: Financial reports match ministry calendar
- Emergency mid-late FY spending cuts would not occur during fall program launch

Better Timing

- Capacity and focus
    - More staff/officer availability for ministry goal setting/planning in spring (after Easter) than during fall / pre-Christmas season
    - Greater financial staff capacity: Year-end close in summer (lull in ministry activity), not January (busy time of year due to contribution statements, W-2s, and 1099s)
- Budget planning
    - Timely implementation of new budget; takes effect in 1-3 months
    - Budget planning not contingent on December giving (i.e. finalize budget in January)
- December, largest giving month of the calendar year, moves to middle of fiscal year
    - Decent midpoint indicator of FY-end income projections
    - Permits time in January-February to adjust current expense budget if prudent
- Annual financial review: Less expensive and time-stressed season for audit firms who may offer discount to perform services at a time other than spring tax season.
    - Con: More staff vacations in summer vs. winter/spring
- Con: Medical benefit renewals based on calendar year are out of sync with budget year; i.e. Would budget for six months of actual and six months of estimated premiums
- TBD: Change timing of annual performance reviews and pay raises to June/July? Would conduct staff evaluations in sync with assessment of past ministry year outcomes and upcoming ministry year expectations.

Better Funding

- Fall pledge or generosity campaign (if used) grows out of current ministry plans
    - Con: Potential confusion as pledge and contribution tracking remains based on calendar / tax year, not in sync with fiscal year budget.
- Year-end giving:
    - Two natural “year-end” opportunities to emphasize generosity (tax-advantages for some in December; promote to all a strong ministry year finish in June)
    - TBD: Possible reduction in December giving (refuted by experienced churches)

Transition

- Move to new fiscal year would require an abnormal budget year (i.e., not 12 months)
- Con: Financial FYTD reporting and Y/Y comparisons more challenging for 1-2 years
- Right time to change may be when church is in flux anyway

**Ministry year assumed to be autumn program launch → fall/winter/spring/summer; aligned generally with school year*

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