

Budget and Reporting Overview

Reporting to Givers

Research studies indicate church budgets often fail to communicate the value of the ministries they support and the changes occurring in personal lives through ministries. Givers, therefore, have a limited understanding of the use of their gifts or relationship with those receiving ministry benefits.

Narrative Versus Line-Item Budget Report

Financial reporting to the congregation with only a line-item budget isn't effective for interpreting its ministries or their impact.

However, a narrative budget report helps attenders understand what the church is really doing in ministry, evangelism, discipleship training, benevolence and missions.

A narrative budget is a representation of the line-item budget in simple, easy-to-read descriptive terms. It transforms a line item of expense into an exciting and enlivening picture of ministries and missional expressions of the congregation.

Budgeting and Reporting Practices

Least effective

- » Using a line-item budget only
- » Dividing a budget by 12 or 52 and reporting monthly or weekly need
- » Constant reporting of being behind budget
- » Analyzing giving patterns by regular receipts or giving units
- » Using any form of thermometer

Most effective

- » Using a narrative budget report
- » Regular faith and finance report, featuring a ministry
- » Regular income and expense reports
- » Comparison over multiple years
- » Ministry and giving testimonies
- » Analyzing giving patterns by households

Creating a Narrative Budget Report

Enlist a small team to create the report, including people from the finance or stewardship teams, church staff and/or a skilled communicator to:

1. Review the line-item budget and group budget items by ministry areas, such as worship, education, youth and missions.
2. Review the congregation's mission statement. Creatively describe the various ministries of the congregation as they fulfill the mission statement.
3. Consider pro-rating all salaries, building operational costs and overhead as well as program funds into specific ministry areas.
4. Write a descriptive headline or statement about each ministry. Use stories and examples that paint a picture of changing lives. Consider a photo or pie chart that depicts the budget and your ministries visually.
5. Picture new or expanded ministry needs as the rationale for increased funding requests. Provide a positive, clear explanation of significant funding proposals, whether increases or decreases.
6. Identify any exciting future ministries that could be undertaken with funding beyond the budget.
7. Prepare the narrative budget in an inviting, readable format.



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