



Building a Narrative Budget

A Planning Guide for Congregations

Introduction

A narrative budget does more than explain where money is spent—it tells the story of how God is at work through your congregation. By organizing your budget around ministry rather than accounting categories, you help members and visitors alike see how every gift supports your congregation's mission.

This guide walks your leadership team through six practical steps to begin creating a narrative budget. You don't need to finish everything in one meeting. Many congregations find it helpful to work through one or two steps at a time.

STEP 1: Start with Your Mission

Before opening your budget, turn to your mission statement.

A narrative budget begins with God's call, not your chart of accounts.

Discuss together:

- Why does our congregation exist?
- What ministries define who we are?

Complete this sentence:

Our congregation exists to...

Checkpoint

- ☐ We have a current mission statement.
- ☐ We agree on our primary ministry priorities.
- ☐ We can clearly explain our purpose to someone new.

STEP 2: Identify Your Ministry Categories

Most narrative budgets work best with **4–6 major ministry areas**.

Avoid organizing around committees. Instead, organize around ministry.

Examples

- Worship
- Faith Formation
- Community Care
- Mission & Outreach
- Hospitality
- Children & Youth
- Congregational Care
- Leadership Development

Ministry Area	Why is it important?

Checkpoint

- ☐ Our categories reflect our mission.
- ☐ They are broad enough to include multiple ministries.
- ☐ Someone outside our church would understand them.

STEP 3: Follow the Ministry

Now pull out your current budget. Instead of asking: Where does this expense belong?

Ask: What ministry does this expense make possible?

An Example:

Line Item	Instead of seeing...	Think about...
Pastor Salary	Compensation	Worship, pastoral care, teaching, leadership, community engagement
Building	Maintenance	A place where ministry happens every day
Utilities	Monthly bills	Lights, heat, and technology that make worship, meetings, and outreach possible
Administrative Support	Office work	Communication, hospitality, coordination, and connection
Insurance	Required expense	Protecting the people and resources entrusted to your care

Your Congregation

Line Item	Ministries Supported

Checkpoint

- ☐ We've started seeing ministry instead of just expenses.
- ☐ We recognize that many expenses support multiple ministries.

STEP 4: Allocate Shared Costs

This is the only "math" step. Estimate how shared expenses support each ministry. Remember: perfection isn't the goal. Faithful interpretation is.

Expenses to Allocate:

- ☐ Pastor
- ☐ Other Staff
- ☐ Building

- ☐ Utilities
- ☐ Custodial
- ☐ Administrative Support
- ☐ Technology
- ☐ Insurance
- ☐ Office Expenses

Helpful Tip: Ask each staff member to estimate how they spend their ministry time based on the categories you have identified.

Example:

- Worship – 30%
- Faith Formation – 20%
- Pastoral Care – 25%
- Community Engagement – 15%
- Administration – 10%

Those estimates help determine how salary costs are distributed.

Checkpoint

- ☐ Staff allocations completed.
- ☐ Shared expenses reasonably distributed.
- ☐ Total allocations equal 100%.

STEP 5: Tell the Story

This is where your budget becomes a ministry document.

For each ministry category, gather:

- ☐ One story
- ☐ One photograph

- ☐ One testimony
- ☐ One ministry statistic
- ☐ One Scripture

Ask: How has God worked through this ministry during the past year?

Remember: People remember stories long after they forget numbers.

STEP 6: Share the Story

Don't let your narrative budget become a document people see once a year!

Consider using it:

- ☐ During your annual stewardship emphasis
- ☐ In your annual report
- ☐ On your website
- ☐ In new member materials
- ☐ During congregational meetings
- ☐ In newsletters
- ☐ On social media
- ☐ During celebration Sundays

Common Sticking Points

Don't get hung up here!

- Trying to make the math perfect.
- Creating too many ministry categories.
- Writing long paragraphs instead of clear stories.
- Using accounting language instead of ministry language.
- Leaving out photographs and testimonies.
- Treating it as a stewardship-season document only.
- Having only the treasurer create it.

Before You Publish...

Ask these questions:

- Would someone unfamiliar with our church understand our mission after reading this?
- Does every major expense connect to ministry?
- Does this inspire generosity?
- Does this reflect who God is calling us to be?
- Would I want to support this ministry after reading it?

Final Encouragement

A narrative budget doesn't change your finances—it changes how people understand them. Every congregation already has a story. Your narrative budget simply helps people see it.

Bonus:

Here's a sample agenda to use with the team you've assembled to create your narrative budget.

Narrative Budget Team Meeting Agenda (a 90-Minute Working Session)

- Opening Prayer (5 min)
- Review Mission Statement (10 min)
- Identify Ministry Categories (20 min)
- Allocate Staff Time (20 min)
- Brainstorm Stories & Photos (20 min)
- Assign Next Steps (15 min)