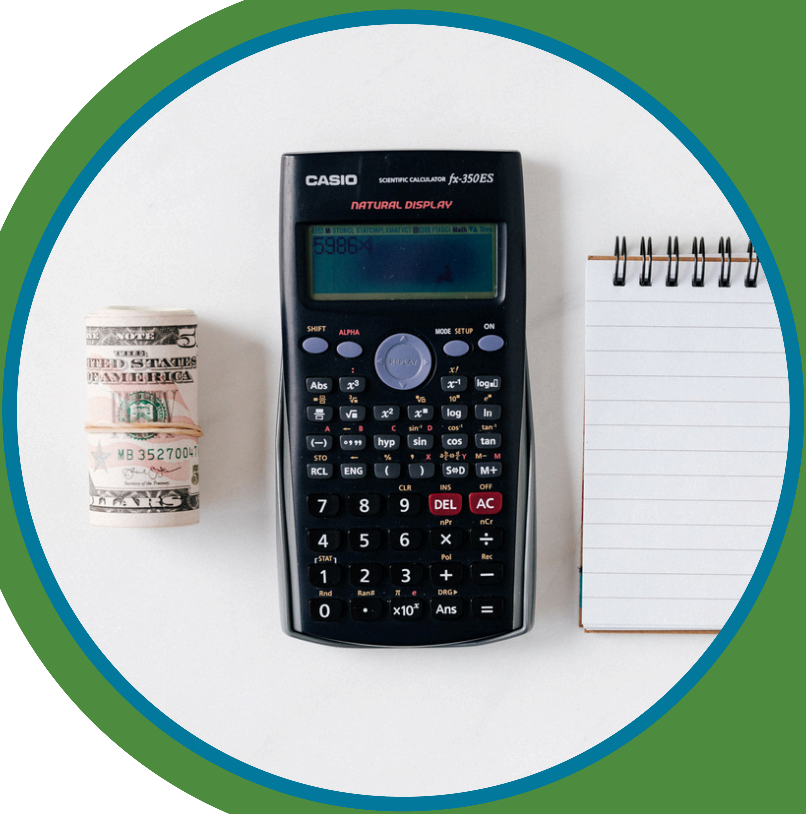
Center for faith&giving

CHRISTIAN CHURCH (DISCIPLES OF CHRIST)

YOUR GUIDE TO CREATING A CHURCH BUDGET



Creating a Culture of Generosity
Across the Life of the Whole Church

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Why Church Budgets Matter

A church budget is much more than a spreadsheet of income and expenses. It is one of the clearest expressions of a congregation's faith, values, and mission. Every dollar entrusted to the church represents an act of generosity and a response to God's abundant grace. The budget is the congregation's shared plan for faithfully stewarding those gifts in ways that proclaim the Gospel, serve neighbors, nurture disciples, and strengthen the ministry of the church.

Faithful budgeting is not simply an exercise in financial management—it is an act of spiritual discernment. It invites us to consider important questions:

- What has God called us to do?
- What ministries are most essential to our mission?
- How will we faithfully steward the resources God has entrusted to us?

When approached prayerfully, budgeting becomes less about limiting ministry and more about aligning resources with God's purposes.

Budgets Are Theological Documents
Jesus taught, "For where your treasure is, there your heart will be also" (Matthew 6:21). While Jesus was speaking about individual discipleship, those words also speak to the life of the congregation. A church budget reveals what a congregation truly values. It demonstrates, in practical ways, how a community of faith understands worship, mission, education, hospitality, justice, outreach, and care for one another. In this sense, a congregation's annual budget is a statement of faith—not because of what it says, but because of what it funds. Every line item represents a decision about how God's gifts will be used to participate in God's work in the world.

A faithful budget should always begin with mission before money. What would this process look like if before asking, "What can we afford?" a congregation's leaders first considered, "What is God calling us to do?" The budget then becomes the financial expression of that calling.

Budgets Reveal Priorities
Every congregation says certain ministries matter. The church's operating budget reveals whether those priorities are reflected in action. If discipleship is central, does the budget reflect investment in Christian education? If outreach is essential, are resources devoted to serving the community? If worship is the heart of congregational life, does the budget adequately support music, hospitality, and worship leadership?

Budgets inevitably require difficult choices. No congregation can fund every worthwhile ministry, which is why budgeting is fundamentally an exercise in discernment. The budgeting process invites leaders to prayerfully identify which ministries best reflect the congregation's mission and where resources can make the greatest impact.

A faithful budget doesn't simply continue last year's spending patterns. It intentionally aligns today's resources with today's priorities.

Budgets Create Trust
Generosity flourishes where trust exists. Members give faithfully because they believe their gifts will be used wisely, transparently, and in ways that advance God's mission. One of the greatest responsibilities of church leaders is honoring that trust through careful stewardship and clear communication. A healthy budgeting process is collaborative, transparent, and accountable. Financial decisions are made openly, reports are shared regularly, and expenditures are connected to the congregation's mission rather than treated as isolated accounting entries.

The Disciples Handbook for Treasurers emphasizes that "the ministry of money serves as an extension of a congregation's spirituality. In every aspect, financial ministry must engender trust." When members understand not only how money is spent but why it is spent, they become more confident in the church's leadership and more invested in its ministry.

Budgets Support Ministry
The purpose of a church budget is not simply to pay bills. Every utility payment creates a place for worship. Every staff salary supports pastoral care, teaching, administration, and mission. Every insurance payment protects ministry. Every curriculum purchase helps form disciples. Every outreach allocation reflects Christ's love in the community. Behind every expense is ministry.

Budgets are never just financial documents. A faithful budget tells the story of ministry. It demonstrates how every resource entrusted to the church supports the congregation's participation in God's mission.

A budget is not designed to be a limitation on ministry. Instead, it is one of the primary tools God gives the church to faithfully organize, sustain, and expand its witness in the world.

A Final Thought
A church budget is ultimately an expression of hope. It reflects the congregation's confidence that God will continue to provide, that people will continue to respond with generosity, and that the church's ministry is worth investing in. When created prayerfully, communicated clearly, and aligned with the congregation's mission, a budget becomes far more than an annual financial plan—it becomes a testimony to what the church believes God is doing in and through its life together.

Wise Practices for Budget Planning

- **Begin with mission, not money.** Let your congregation's vision guide the budget—not the other way around.
- **Involve ministry leaders early.** Those closest to the ministry are often best positioned to identify future needs.
- **Build realistic revenue projections.** Budget for faithfulness, not wishful thinking.
- **Review the budget throughout the year.** A budget is a living document, not something that belongs in a file cabinet after it's approved.
- **Communicate regularly.** Help the congregation see how financial resources are being transformed into ministry.
- **Celebrate God's provision.** Budget meetings shouldn't focus only on shortfalls (or surpluses!). Make space to recognize the generosity that makes ministry possible.

Sources:
- *The Handbook for Treasurers of Christian Church (Disciples of Christ) Congregations*
- Scripture: Matthew 6:21; Luke 14:28–30; 2 Corinthians 8–9; Acts 2:42–47.

Who Has a Say?

A church budget should never be the work of one person. Faithful budgeting invites the wisdom, experience, and discernment of the whole congregation through an appropriate and transparent process. While each congregation's policies may be different, healthy budget development is collaborative, mission-focused, and clearly understood by everyone involved.

In many congregations, the finance committee or treasurer prepares the initial draft of the budget. In others, staff members, ministry leaders, or a stewardship committee may also contribute. Regardless of who prepares the first draft, the budget should reflect the congregation's mission and ministry priorities rather than simply last year's spending patterns. The people preparing the budget should have both financial knowledge and a deep understanding of the congregation's ministries. **Their role is not merely to balance income and expenses but to help align financial resources with the church's calling.**

Questions to Consider

- Who is responsible for preparing the first draft of your congregation's budget?
- Do those preparing the budget understand both your finances and your mission?
- Is budget preparation viewed as a ministry responsibility rather than simply an accounting task?

Because budgeting involves both fiduciary responsibility and spiritual discernment, those involved should be selected thoughtfully. Some congregations elect finance committee members, while others appoint them based on gifts, experience, or willingness to serve. Healthy finance teams often include people with different perspectives—not only individuals with financial expertise, but also leaders who understand worship, outreach, discipleship, facilities, and congregational life. **A diversity of voices often leads to wiser decisions.**

Questions to Consider

- How are members of your finance committee or budget team selected?
- Does the group include a variety of experiences and perspectives?
- Are expectations for service clearly defined?

One of the easiest ways to create frustration is to build a budget in isolation. Ministry leaders often have the clearest understanding of upcoming opportunities and challenges. Inviting them into the budgeting process can improve both the quality of the budget and the congregation's ownership of it. Stakeholder involvement does not necessarily mean everyone makes every decision. It means **those most affected by budget decisions have an opportunity to share information, identify priorities, and help discern where resources are most needed.**

Questions to Consider

- Are ministry leaders invited to submit budget requests or ministry plans?
- Is there an opportunity for conversation before decisions are finalized?
- Do people understand how budget decisions are made, even when requests cannot all be funded?

Every congregation should clearly understand who has the authority to adopt the annual budget. Depending on your church's governance structure, that responsibility may rest with the board, the congregation, or another designated governing body.

Whatever the process, it should be clearly communicated, consistent with your bylaws, and carried out transparently. Budget adoption should not be viewed as merely approving numbers but as affirming the congregation's shared commitment to its mission for the coming year.

Questions to Consider
- Who has final responsibility for adopting your congregation's budget?
- Is the approval process clearly outlined in your governing documents?
- Do members have sufficient information before they are asked to vote?

No budget perfectly predicts the future. New ministry opportunities arise. Emergencies occur. Circumstances change.

Healthy congregations establish clear procedures for modifying the budget when necessary. Leaders should know who may propose amendments, how requests are evaluated, and which body has authority to approve changes.

Having an established process helps congregations respond with flexibility while maintaining accountability.

Questions to Consider
- Can budget amendments be proposed during the year?
- Who may submit those requests?
- Who has authority to approve changes?
- How are changes communicated to the congregation?

Ultimately, every congregation should know where financial authority resides. That authority should reflect the congregation's polity, governing documents, and denominational practices.

Just as important as identifying where authority rests is understanding how it is exercised. Healthy governance balances accountability with transparency, ensuring that financial decisions are made thoughtfully, communicated clearly, and always in service to the church's mission.

Faithful financial leadership is not about concentrating authority in one person or one committee. It is about creating a process in which wisdom is shared, responsibilities are clear, and decisions are made in ways that build trust throughout the congregation.

Budget Setting Preparation

Being financially organized enables congregations to get more out of their funding, save money, and allocate spending properly. These steps will prepare those entrusted with your financial ministry to create a budget that reflects your mission and values.

Step 1: Set Realistic Goals
The first step in creating a church budget is to outline your goals. Church goals can be both financial and operational, to help guide the plan for the year. Your budget plays a major role in turning your ambitions into actionable financial statements and goals and determining your expenses for the year.

Step 2: Summarize Your Income
The next step in the church budgeting process is to list your income sources for the year. This includes your estimated income from tithes, offerings, and donations. However, this can also include the estimated revenue from any fundraising events you want to have that year. Once you have your estimated income for the year, you can use it to determine the projects and programs you can afford to run. If your income does not cover everything you want to do, you can plan more fundraising events.

A budget is an essential tool for forming more faithful and transparent financial management strategies, engaging the people responsible for different budget items, and providing an easier way to track where church funds are actually going.

Step 3: Consolidate Expenses
After you list your estimated income, summarize your expenses. These expenses should cover running the church itself, compensating staff, funding projects, and even putting money aside for the future.

Step 4: Create Financial Reserves
While churches are nonprofits, we should still put money aside "for a rainy day." Putting money aside in advance can help you plan for the future, and it will come in handy during months when you don't generate as much revenue. In this way, your financial reserve can help keep your church running without a hitch. Our "How Much is Enough" downloadable worksheet offers more practical guidance.

Step 5: Don't Forget Variable Costs
Churches generate income in similar ways to businesses, and like a business, a church's income can vary from month to month. This is an important concept to include in your budget and you should design your budget with flexibility in mind. While costs like your mortgage payment are fixed, project and outreach expenses have some flexibility. This means that you can scale projects up or down depending on how much income actually comes into the church. After you complete the basic church budgeting steps, how can you make the budget real for your church?

*The value of the pastor knowing about the giving of church members has been quantified by the Lake Institute on Faith & Giving. The organization cites these statistics: *[A]mong those congregations whose clergy look at giving records, 58% reported an increase in the amount they received over the past three years (42% [of those congregations had] an increase of 10% or more).*

Wise Practice for When Considering Types of Budgets

Most congregations use more than one type of budget! A line-item budget is essential for accounting and financial reporting. A cash flow budget helps manage income and expenses throughout the year. A program budget can help leaders evaluate ministry priorities. And a narrative budget—which we'll explore in the next section—helps the congregation understand how every dollar supports God's mission.

These approaches are not competitors; they are complementary tools that help congregations steward their resources faithfully.

TYPES OF BUDGETS: LINE ITEM BUDGET

When most of us think of a budget, we picture a line-item budget. It lists line by line the dollars to be spent on each item – salaries, utilities, outreach, Christian education, evangelism, stewardship, etc. Each line is carefully listed, costs estimated, and the amounts budgeted. The line-item budget is the basic budget. Even if other budgeting techniques are used, the congregation will eventually need to develop a line-item budget to show the dollar amount available to each area. This type of budget is essential for accounting purposes.

DESCRIPTION
All expected income & expenses for a given period are categorized into specific line items & assigned a dollar amount.

Advantages
- Simple to prepare and understand
- Works well with accounting software
- Makes monthly financial reporting straightforward
- Provides clear spending limits for each category
- Essential for audits and financial oversight

Disadvantages
- Focuses on expenses rather than ministry
- Can encourage "same as last year" thinking
- Doesn't clearly communicate how spending advances the church's mission
- May hide the true cost of ministries because shared expenses remain separated

Best Used When...
- Preparing annual operating budgets
- Tracking monthly income and expenses
- Presenting financial reports to boards and finance committees
- Maintaining accounting records

CFG INSIGHT

**Every church needs a line-item budget.
The question isn't whether you should have one—
it's whether this is the only way you communicate your budget.**

TYPES OF BUDGETS: PROGRAM BUDGET

A program budget organizes expenses around ministries instead of accounting categories. Rather than asking, "How much did we spend on utilities?" it asks, "How much did we invest in worship, discipleship, outreach, or hospitality?"

Shared costs—such as staff salaries, building expenses, and administrative support—are allocated across the ministries they support.

DESCRIPTION
Each program viewed as a separate entity with its own budget to clearly see the costs & impact on church's mission.

Advantages
- Connects spending directly to ministry
- Helps leaders evaluate ministry effectiveness
- Makes budgeting more strategic
- Encourages thoughtful resource allocation

Disadvantages
- More time-consuming to prepare
- Requires allocating shared expenses
- Can be challenging for smaller congregations without detailed records

Best Used When...
- Evaluating ministry priorities
- Strategic planning
- Communicating with boards and ministry leaders
- Preparing a narrative budget

Example:

Ministry	Budget
Worship	$95,000
Faith Formation	$48,000
Outreach & Mission	$38,000
Hospitality	$27,000
Congregational Care	$42,000
Administration	$60,000

CFG INSIGHT

Program budgets shift the conversation from "What did we spend?" to "What ministry did those dollars make possible?"

TYPES OF BUDGETS: CASH FLOW BUDGET

The line-item budget is based on a fiscal year. The premise is that at year's end, income and expenses will match. However, in the day-to-day operations of a congregation, income and expenses seldom match on a monthly basis. While most budgets focus on the entire fiscal year, a cash flow budget focuses on timing. It projects when income will be received and when expenses must be paid, helping leaders anticipate periods when cash may be tight even if the annual budget is balanced.

A cash-flow budget is a way of projecting income and expenses month by month. It can also be used to discover if, when and where a cash shortage might exist in the coming year. Income and expenses are projected beginning with the first month (including the balance from the previous year) and the projected balances are then carried forward to each new month. An effective cash-flow budget requires information from all areas of the church. Dates of past expenditures may give some guidelines, but all major expenses (mortgage, insurance, special programming, etc.) should be confirmed.

This is especially important for congregations whose giving fluctuates seasonally, such as during the summer months or at year-end. The Treasurer's Handbook highlights cash-flow budgeting as a way to anticipate shortages before they become crises.

Advantages
- Prevents unexpected cash shortages
- Improves financial planning
- Helps schedule major expenses wisely
- Reduces the need for emergency borrowing

Disadvantages
- Requires regular updating
- Depends on realistic projections

Best Used When...
- Monitoring monthly finances
- Planning for seasonal giving patterns
- Managing large capital projects

DESCRIPTION
Provides realistic month-to-month projections of anticipated receipts and expenditures & accounts for seasonality.

Example:
Giving traditionally decreases during July and August while insurance premiums and youth camp expenses are due.

A cash flow budget identifies this shortfall months in advance, allowing the church to:
- build reserves,
- adjust payment schedules, or
- postpone discretionary spending until giving increases.

CFG INSIGHT

A balanced annual budget doesn't always mean you have enough cash in the bank today. Cash flow planning helps congregations prepare wisely for seasonal fluctuations.

TYPES OF BUDGETS:
ZERO-BASED BUDGET

The zero-based budget is a budgeting process that asks every department in the church to start from scratch in its budget requests. Previous years' budgets are not to be used as a basis for analyzing the needs for the next year's budget. Zero-based budgeting mandates that every item is justified, not simply repeated from the previous year's budget.

This process for budgeting keeps a department from doing the same old things and using the congregation's money in the same old ways. It is a very helpful process when the department wants to carefully examine its program and expenditure. However, zero-based budgeting is extremely difficult for a congregation to do! The process of seeking information is a time-consuming step. It is much easier to simply rely on information available from the previous budget. Zero-based budgeting is a helpful tool, but is not necessary in all congregations or departments, nor is it necessary every year.

Advantages
- Prevents outdated spending habits
- Encourages innovation
- Aligns spending with current mission
- Promotes intentional stewardship

Disadvantages
- Time intensive
- Requires significant planning
- Can be frustrating if used every year
- Demands strong communication among leaders

DESCRIPTION
Every expense justified anew each year so every dollar spent is aligned with the church's current priorities and goals.

Best Used When...
- Ministry priorities have changed
- Church finances have significantly increased or decreased
- Launching a strategic plan
- Recovering from financial challenges

Example:
Instead of assuming: Vacation Bible School - $4,000

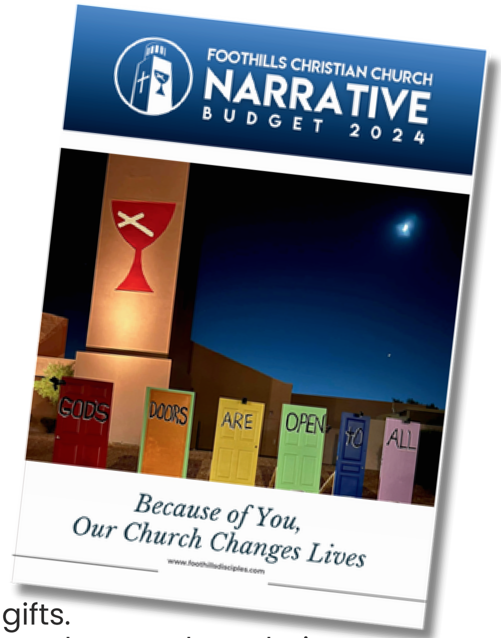
Leaders ask:
- Are we still offering VBS?
- Does it effectively serve our community?
- Should funding increase, decrease, or be redirected?

Every expense receives fresh consideration.

CFG INSIGHT

Zero-based budgeting asks an important stewardship question: "If we weren't already doing this ministry, would we choose to start it today?"

DEVELOPING A NARRATIVE BUDGET



Narrative budgets do far more than make financial reports easier to read. They help cultivate a culture of generosity by connecting financial resources to God's mission.

They connect giving to ministry. People are far more likely to give generously when they understand the impact of their gifts. Instead of seeing contributions disappear into a list of expenses, they see how their generosity supports worship, discipleship, outreach, pastoral care, and hospitality.

They educate the congregation. Many church members have little understanding of what it actually costs to sustain ministry. A narrative budget helps people appreciate that every ministry—from Sunday worship to youth retreats to community outreach—depends on faithful stewardship.

They build trust. Trust deepens when congregations understand *how* money is spent AND *why* it is spent. A narrative budget provides context that a line-item budget alone cannot.

They reinforce mission. Because ministries—not expense categories—become the organizing principle, the congregation is continually reminded that the budget exists to support God's work in the world rather than simply maintain an institution.

They inspire generosity. Narrative budgets often result in increased giving because people know how their money is being used to help others. They want to be a part of the vision of mission the congregation has set! When members see that their offerings are changing lives rather than merely paying bills, generosity becomes a joyful response instead of an obligation.

A narrative budget isn't a different way of accounting for church finances—it is a different way of communicating them. Most congregations continue to manage their finances using a line-item budget while using a narrative budget to tell the story of ministry. Instead of asking members to invest in "utilities" or "insurance," a narrative budget helps them see how their generosity supports worship, discipleship, pastoral care, mission, and hospitality.

People rarely give because they're excited about paying the electric bill. They give because they believe in worship that transforms lives, children who grow in faith, neighbors who are served, and communities that experience God's love. **A narrative budget helps congregations connect financial resources to those stories of transformation.**

Looking Ahead
The good news is that creating a narrative budget is often much easier than people expect. You don't need to change your accounting system or create an entirely new budget from scratch. Instead, you'll begin by asking a simple question: "What ministry does each expense support?"

The worksheet on our website will guide you through that process step by step, helping you transform your existing line-item budget into a compelling story of ministry that educates your congregation, builds trust, and inspires generosity.

About This **Resource**

Contact Information
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These materials are intended to provide current and accurate information on the topics presented. They are offered as an educational resource and should not be considered a substitute for professional accounting, legal, tax, or financial advice. One of the most valuable practices for church leaders is knowing whom to call when questions arise. Begin by identifying trusted partners in your own context.

Unless otherwise noted, these materials were originally developed by the founding Executive Director of the Center for Faith & Giving, Rev. Bruce A. Barkhauer, and Generosity Coach, Rev. Dr. Janet A. Long, and have been edited, expanded, and compiled by the current Executive Director, Rev. Melissa R. St. Clair.

Finally, this is a working document. As congregational life and wise practices evolve, so will these materials. If there is a topic that would strengthen this guide, we'd love to hear from you! Please contact the Center for Faith & Giving using the information provided above.
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Rev. Bruce A. Barkhauer

Rev. Barkhauer was called as the first Minister for Faith & Giving for the Christian Church (Disciples of Christ) in 2010. For 25 years, he led congregations in Ohio and Indiana in achieving high levels of financial support for local and global missions, and he now shares his experience across the life of the whole church. His energy, vision, and entrepreneurial spirit enhance gifts in both business and ministry. He brings a biblically based understanding about stewardship combined with theological integrity and weds them to the current trends and best practices related to spirituality and money.

Rev. Dr. Janet A. Long

Rev. Dr. Janet Long was a beloved lifelong Christian Church (Disciples of Christ) minister who served as Senior Pastor of Washington Avenue Christian Church, Elyria, OH, for over 33 years. She was elected and served as Moderator of the Christian Church (Disciples of Christ) from 1995 to 1997. Following her retirement from full-time congregational ministry, Rev. Dr. Long worked as a Generosity Coach for the Center for Faith & Giving. Her service across the denomination included Christian Church Finance Council and Christian Church Foundation Board of Directors, including two years as Chair on the Christian Church Pension Fund Board. She was part of the audit committee and chaired the Board’s presidential search. She was a pioneer in many ways, as well as a faithful, insightful, dedicated, and effective leader who had a passion for stewardship.

Rev. Melissa R. St. Clair

Upon Rev. Barkhauer’s retirement in 2024, Rev. St. Clair was called as the second Minister for Faith & Giving. She has led the congregations she has served in adopting wise stewardship practices, experiencing successful capital campaigns, and entering into innovative partnerships to serve not only the congregation but the community. She has 16 years of congregational experience in Disciples congregations, most recently serving as Senior Pastor of Heart of the Rockies Christian Church (Disciples of Christ) in Fort Collins, CO. Rev. St. Clair has served on the Board of Stewards of the Center for Faith & Giving. She is currently a leader/mentor for the Ecumenical Circle of the Bethany Fellows.