

WNCA 2nd Monday Webinars

How to Create a Narrative Budget

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Tell me about your church

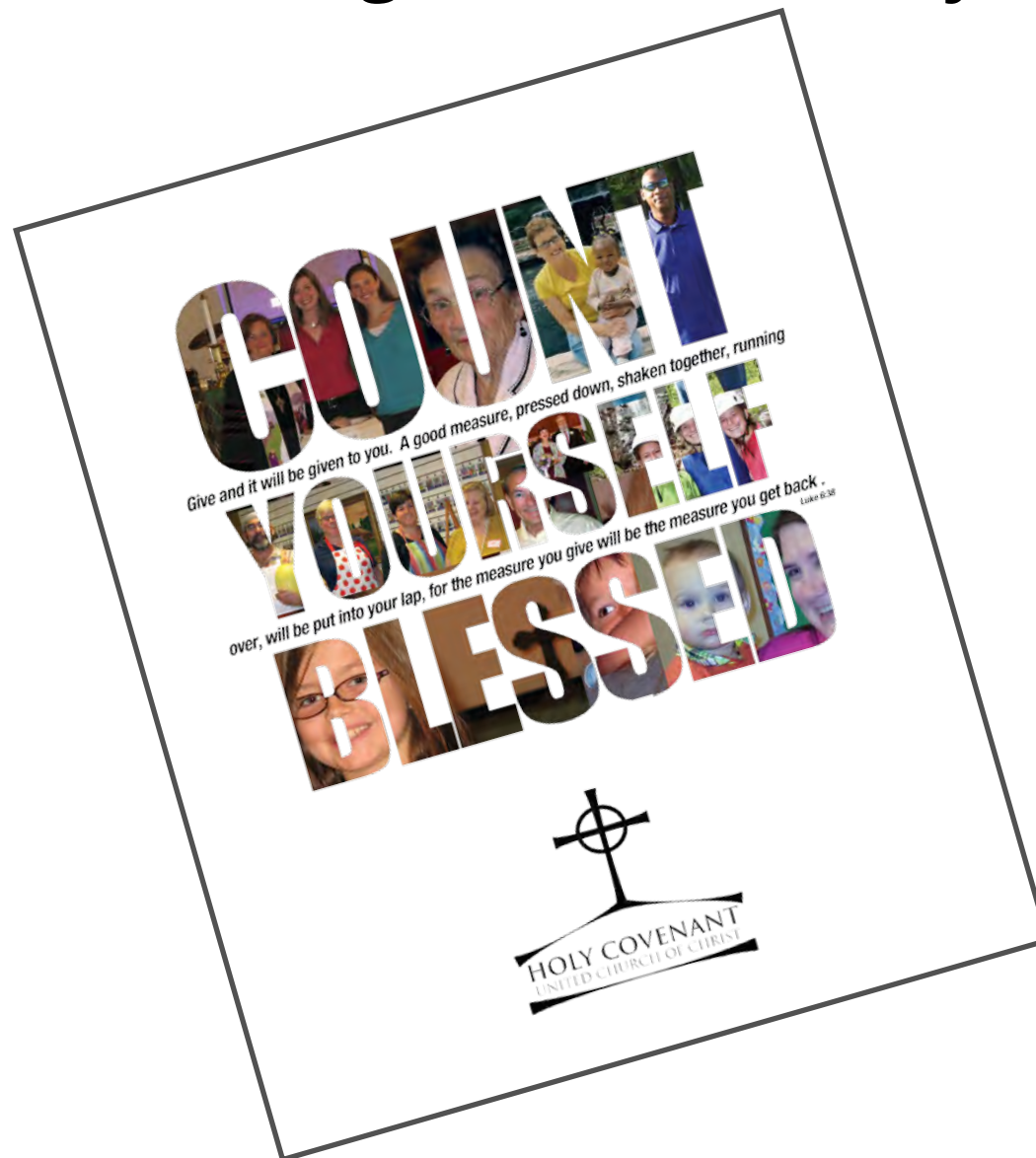
What images come to mind when you think about your church?
What means the most to you as a member? This is the story you want your budget to tell!

A narrative budget —

- tells the story of your church that connects with your members — with what they value most
- reminds members of their favorite people and programs
- inspires people to give — you could even call it a marketing document
- complements the page-of-numbers document used for church financial management
- should make people smile!

Tell your story!

Narrative Budgets transform that page of numbers into a series of stories that bring to life what's best about your church, and identifying the cost of offering the ministries your members value.



A. Create a frame with a few categories

Frame your narrative by —

- **ministry areas**
worship, education, youth, mission
- **goals**
building faith, working for justice...
- **your mission statement**

A few tips —

- Choose just four to six categories
- Use *active* words
- Avoid churchy language —
instead of “Christian Education,” how
about “Building Believers”?



B. Assign expenses to your categories

1. Your “frame” will determine how you allocate costs

“Building Believers” might combine Christian ed, pastoral care, youth, etc.

2. Where appropriate, divide costs among different categories.

The pastor’s salary, for instance, might be divided between worship, education, pastoral care and administration.

3. Ask the pastor (and staff) to estimate time spent in each category

Rough percentages are fine. Combine salary, housing, fringe benefits, and all professional expenses (ie, books, continuing ed) into one total.

4. Avoid the catch-all *administrative* category

Divide costs among your categories so that each includes its fair share of office and related costs.

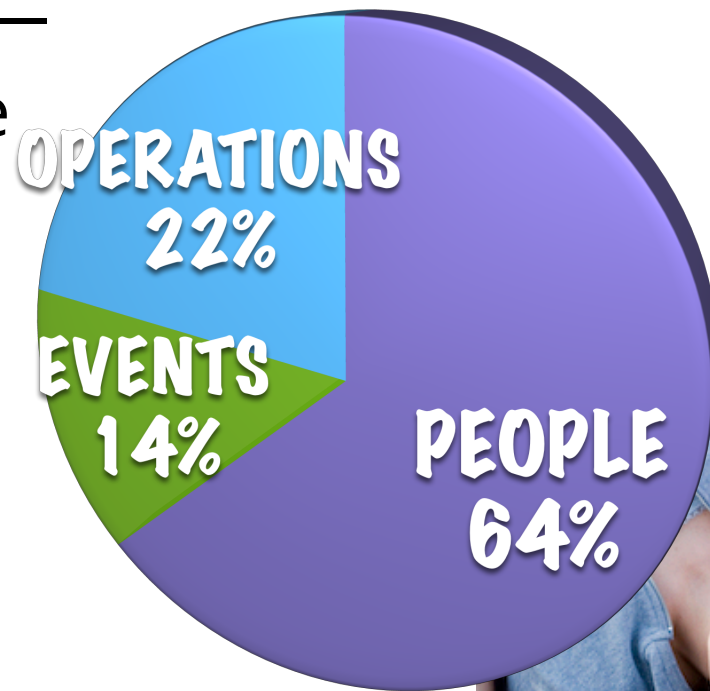
5. Consider how you’ll address *building and grounds*

You can spread costs across the other categories lay percentage of use, or create a separate category like *Providing Sacred Space*.

C. Tell the story in many ways

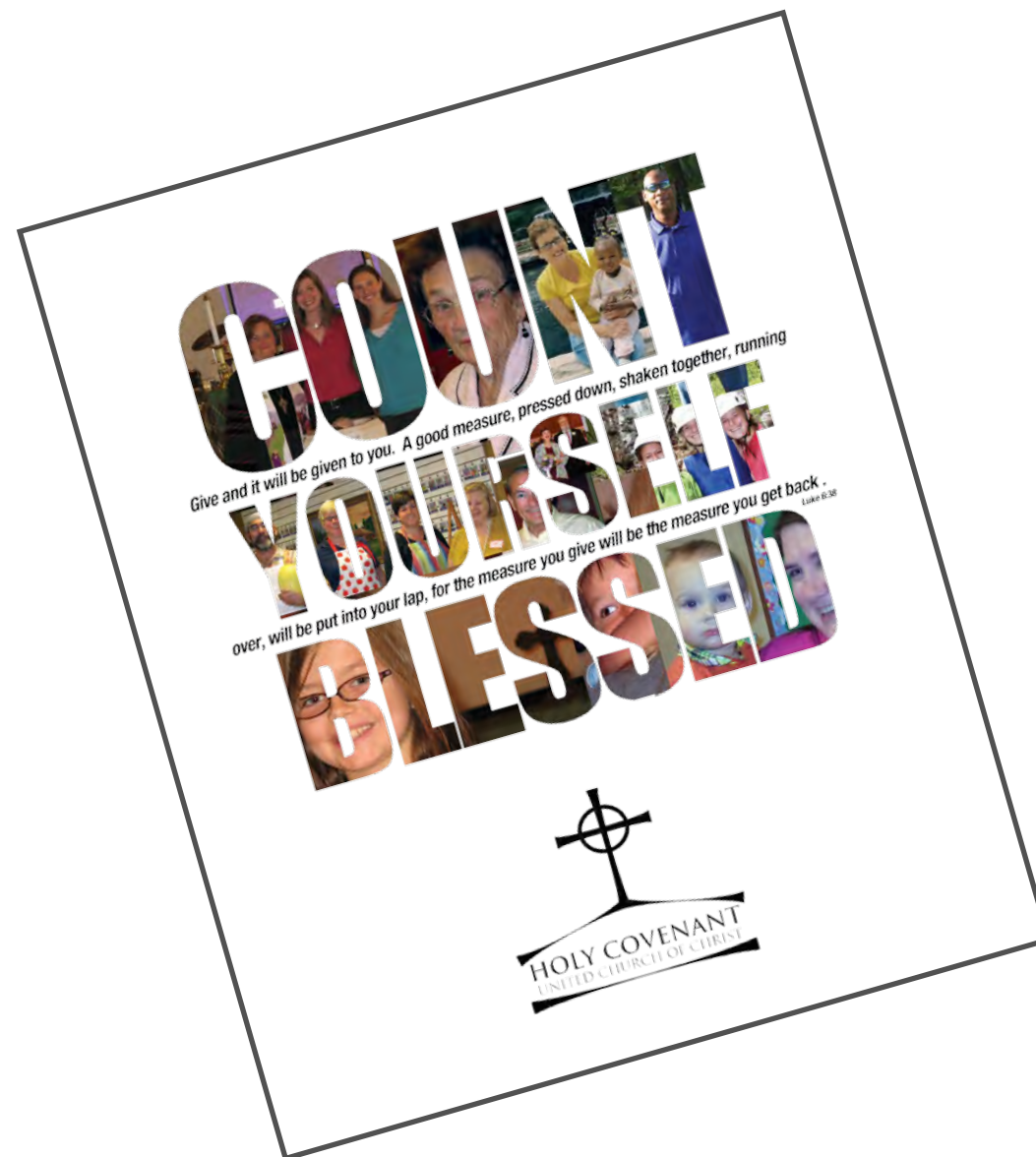
A narrative budget is infinitely flexible, so be creative —

- Include photos of lots of people — including the cute babies and the grumpy people!
- Show your programs rather than using words to explain them
- Use short statements in your bullet point lists
- Add a few pie charts and graphs
- Be sure to describe the mission the church is accomplishing in each category's description



Enjoy the process!

A Narrative Budget isn't bound by rules — it should be a pleasure to read *and* to create. You have plenty of flexibility, so avoid overthinking the process.
Have some fun!



Additional resources



CORNERSTONE *explainer*

INSPIRING BUDGETS

Connect givers to the mission they value

When people ask you about your church, what do you tell them? Do you talk about how much it costs to heat the building? Or what percentage of the budget is spent on youth ministry? No! You tell them about your friends, about your favorite parts of worship, about the community gatherings, or about the ministries that mean the most to you. A narrative budget (or mission spending plan) tells this story — it touches your givers personally, connecting them to what they love best about your church and its work in the world.

Narratives inspire giving

Around annual campaign time in most churches, the finance committee distributes the line-item budget and hopes people will give enough to pay the bills. While a standard page-of-numbers document may be great for church financial management, that black & white document offers little inspiration

to potential givers. Narrative budgets tell your church's story in pictures and text, reminding people of the relationships and programs that mean so much to them, and moving them toward support of the ministries they value.

Narratives don't replace financials

The usual page-of-numbers budget is great for management — but does it make you smile? Just like you don't mow the lawn with hedge clippers, you don't inspire giving by focusing on the bills. A narrative budget has its place *alongside* the traditional financial documents that the finance committee or church council use to manage the church's day-to-day operations. They are complementary, each with its own job to do.

Narratives may be more accurate

Because narrative budgets divide costs across ministry areas, they actually reflect the cost of a given ministry more

TALKING POINTS

- ◆ Above all, a narrative budget (or mission spending plan) tells the story of your church's mission & ministry. Use lots of pictures, bullet-point lists & graphs — but as few numbers as possible.
- ◆ What images come to mind when you think of your church? What ministries mean the most to your people? This is the story you want your budget to tell!
- ◆ Narrative budgets are designed to inspire giving. They complement and supplement line-item budgets — they don't replace classic management budgets.
- ◆ To see and download examples of different narrative budgets, visit the Learn section on the Cornerstone Fund website.

cornerstonefund.org

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CORNERSTONE *explainer*

THE FINANCIAL DASHBOARD

Communicating church finances clearly & easily

You can probably count on your fingers the number of people in a church meeting who are interested in the usual line-item budget. Even church leaders find themselves frustrated when time comes to review church finances. Many don't understand what financial documents are telling them, and others just glaze over at the sight of all those numbers. And when budgets or statements are presented in a non-standard manner, even the financially savvy can become confused.

Like a car's dashboard, the financial dashboard conveys important information in a format that's quick to comprehend. Presented in line graphs, pie charts and other graphic options, financial data is condensed to an appropriate level and conveyed clearly. By its nature, the financial dashboard offers limited data, as over-communication of detail can often do more harm than good.

To encourage generous givers, church leaders must build trust in the management of the church's funds — and that trust begins with clarity. As the saying goes: less is more. Budgets and financial statements that cover more than one or two pages, that provide tons of detail, or that omit important elements of the church's financial situation can cause confusion and raise questions in church members' minds. Questions can lead to conflict, which in turn can breed mistrust.

When developing a financial dashboard, consider that most church members primarily want the big picture: how are we doing on giving and income? are our actual results on-target with the budget? where is our money being spent? Choose the information appropriate to your audience and the occasion — then provide the information in a graphic format that is useful, appealing and easy to understand.

TALKING POINTS

- ◆ Remember: less is more!
- ◆ A good rule of thumb for presenting financial information: the larger the audience, the more summarized the information should be.
- ◆ Most people comprehend financial data more easily when information is presented in a simple, clear and colorful graphic format.
- ◆ The items included on a financial dashboard can change, providing the data most useful to the occasion & audience.
- ◆ When presenting a financial dashboard, be sure to have a traditional document handy for those who prefer more in-depth information.

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