



CHURCHBIZ PRESENTS

The Church Planter's Guide to Finance

11 STEPS TO GOD-HONORING FINANCIAL STEWARDSHIP

EBOOK v1.0

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Introduction

If you are reading this guide, you are likely a church planter who feels called to start a church or is currently leading a church plant. I would guess that you are passionate about preaching the Gospel and establishing a church. Most church planters are focused on their calling to share and show the Gospel in a specific location. You're passionate about Gospel ministry, preaching, discipleship, and shepherding people. This is the work a church planter should focus on. Most of the time, church planters are not motivated by a love for finances and administration. And yet, church finance and administration are vital to the long-term health of your church.

Because of this, church planters need to establish administrative and financial structures to support their church's growth and vision. While you don't need to be a church finance expert, having a basic understanding of this area is crucial. That's where this resource comes in. ChurchBiz started back in 2008 to resource two church plants, and our commitment to supporting local churches remains an essential part of our DNA. To help you with this, we have developed this guide that walks you through the critical financial and administrative aspects of church planting.

We've compiled eleven concise and practical chapters designed to help you set up your church for God-honoring stewardship. Use this as a step-by-step guide or jump directly to the chapters that address your specific needs. We pray it prepares the way for wise and faithful stewardship in your church plant.

READ ON >>

A woman with blonde hair, wearing a dark jacket and light-colored pants, is smiling and holding a large sign that says "See the possibilities" in cursive. She is standing on a rooftop with a metal railing. In the background, there are city buildings and a red flag hanging from a pole.

“

**CHURCHBIZ STARTED BACK IN
2008 TO RESOURCE TWO CHURCH
PLANTS. OUR COMMITMENT
TO SUPPORTING LOCAL CHURCHES
REMAINS AN ESSENTIAL
PART OF OUR DNA.**

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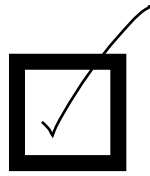


ENTITY SETUP

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CHAPTER ONE

Entity Setup



GET REGISTERED WITH STATE AND FEDERAL AUTHORITIES.

One of the initial administrative tasks in establishing a new church is registering your church plant with both state and federal authorities. If you have a trusted attorney or CPA, they should be able to assist you with this process, provided they understand the specific needs of churches.

ChurchBiz regularly handles entity setups and can guide you through the process. Whether you choose to handle this independently, hire an attorney, or work with a firm like ChurchBiz, the following summary will help you understand the requirements for setting up the entity of your church plant. This is a basic overview of what is needed to establish a new entity with the state of Texas and the Federal government. **Remember to verify requirements for states outside of Texas.*

- **Church Name – Your church needs a unique name that is not already in use.** The Secretary of State typically provides a name search tool. For example, if your church is named “Christ Church,” you may need to be more specific for legal purposes due to the prevalence of that name in Texas. A legal name like “Christ Church of Austin” might be necessary. You can still use “Christ Church” for your communications, signage, and branding. We recommend filing a “doing business as” form with the state and county.
- **Legal Structure – You will need to decide on the type of business organization.** Churches and religious organizations can be legally organized in various ways under state law, such as unincorporated associations and nonprofit corporations. You will need to input a purpose clause and dissolution clause in the formation document. We recommend a domestic nonprofit corporation as your legal structure.



- **Church Directors/Officers – You will need to identify three Directors.** One of these can serve as your registered agent. If they are unable to, you can hire out the role of registered agent.
- **Physical Address – A physical address is required for both the registered agent and your church.** Any official papers requiring service would be sent to the Registered Agent's address. The IRS will not accept a P.O. Box when establishing your EIN. If your church does not have a physical address yet, most churches use the Registered Agent's address, which is typically one of the directors. This address can be updated later.

The next step in the entity setup process is to complete the tax exemption applications with the IRS and the state after your entity has been set up with state and federal authorities. Below is a list of requirements for the state of Texas and the Internal Revenue Service (IRS).

IRS APPLICATION NEEDS

- **Articles of Formation / EIN:** This was covered in the initial entity setup.
- **Budget:** You'll need a budget covering 3-5 years, depending on how many tax years you have completed. For church plants that haven't completed a tax year, three years of projected budget are required.
- **Executed Bylaws & Supplemental Documents:** These include items such as a statement of faith if not captured within the Bylaws.
- **Church Attributes:** The IRS and court decisions have developed specific characteristics generally attributed to churches. These include:
 - Distinct legal existence
 - Recognized creed and form of worship
 - Definite and distinct ecclesiastical government
 - Formal code of doctrine and discipline

“

AND GOD IS ABLE
TO BLESS YOU
ABUNDANTLY, SO
THAT IN ALL THINGS
AT ALL TIMES, HAVING
ALL THAT YOU NEED,
YOU WILL ABOUND IN
EVERY GOOD WORK.
2 CORINTHIANS 9:8

”

- Distinct religious history
- Membership is not associated with any other church or denomination
- Organization of ordained ministers
- Ordained ministers are selected after completing prescribed courses of study
- Literature of its own
- Established places of worship
- Regular congregations
- Regular religious services
- Sunday schools for the religious instruction of the young
- Schools for the preparation of its members

You can find more information directly on [the IRS website](#) regarding the definition of churches.

Each state has its own exemption requirements for churches to be exempt from sales and use taxes, as well as state income taxes. For example, here are the Texas application needs for exemption from sales, use, and franchise tax.

TEXAS APPLICATION NEEDS

- **IRS Exempt Determination letter** (Not required)
- **Proof of Public Meetings:** You need to demonstrate that you have already started meeting publicly. This can be shown through websites or social media sites that list the time and place of public meetings.
- **Rental Agreement and Photos:** If you lease your space, you will need the rental agreement and pictures of both the interior and exterior, with your signage visible in the space.
- **Statement of Faith**
- **Regular Order of Service**
- **Average Attendance**

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**CHURCH PLANTERS: THANK YOU FOR
OBEYING THE CALL TO SUFFER FOR THE
ADVANCEMENT OF THE CHURCH.**

————— KEVIN ADERHOLT, CPA, CFO OF CHURCHBIZ

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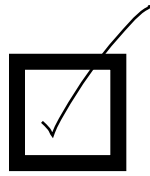


CREATING BYLAWS

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CHAPTER TWO

Creating Bylaws



ESTABLISH YOUR CHURCH ENTITY'S BYLAWS.

The next crucial step for your church plant is to establish your church bylaws. Bylaws are a set of rules that define how the internal operations of your church will be governed. While the government typically doesn't dictate your operational methods, they do require evidence that you have bylaws in place to govern your church's operations.

For a church planter, bylaws might seem overly rigid and procedural, but they are essential to have in place in case of difficulties or conflicts. Ideally, they will remain a vital internal document, but you should carefully consider them, understand their implications, and ensure your church can operate within their framework. Bylaws also legally communicate how your church functions, and you will be required to open a bank account for your church.

While this eBook doesn't offer enough space to detail every aspect of creating your bylaws, we want to provide some best practices to assist you in the process. Fortunately, all existing churches should have bylaws, offering many examples for reference. While it's vital to create bylaws that reflect your church's unique governance and needs, we recommend reviewing the bylaws of other churches to use as a template for your own. ChurchBiz has a bylaws template in our training resources.

Consider the following when creating your bylaws:

- **Gather Samples:** Ask 2-3 established churches to share their bylaws with you. Aim for churches similar to the one you plan to plant.
- **Adapt and Review:** After reviewing several samples, select the bylaws that most closely align with how your church will function and adapt them to your specific context. Thoroughly read through them and ensure they offer flexibility for future leaders.

- **Internal Review:** Have your entire leadership team review the bylaws and address any questions or concerns they may have.
 - **External Feedback:** Once you have a finalized draft, ask 2-3 leaders outside of your church to review it and provide feedback.
 - **Approval and Filing:** Once your bylaws are finalized, have your board approve them and keep a final copy on file. You will need to reference this document in the future and provide a copy to a bank when opening your church account.
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**Sample bylaws can be found in our Church Finance Resource Library, which is included in the [ChurchBiz Training Subscription](#).*



CLIENT TESTIMONIAL

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WE HAVE BEEN USING CHURCHBIZ FOR FIVE YEARS NOW, AND THEY HAVE BEEN INVALUABLE TO THE OPERATIONS OF OUR CHURCH. IT GIVES US SUCH PEACE OF MIND TO PUT THIS IMPORTANT AREA OF OUR CHURCH INTO THE HANDS OF PROFESSIONALS.

KENDAL HAUG, PASTOR/ELDER, PROVIDENCE CHURCH AUSTIN

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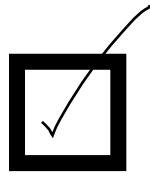


GETTING A BANK ACCOUNT

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CHAPTER THREE

Bank Account



GET YOUR CHURCH BANK ACCOUNT SET UP.

After successfully completing your entity formation, the next step for your church plant is to set up a bank account. When selecting a bank, it's crucial to consider the following:

- **Online Banking Features?** Does the bank offer reliable online banking features that will meet your church's needs?
- **Transaction Fees?** What kind of transaction fees does the bank have?
- **Transaction Limits?** Are there limits or fees on the number of transactions each month?
- **Branch Location?** Is your bank conveniently located to allow for drop-off deposits as needed? Ideally, there would be a branch location within a 15-minute drive.

Once you've chosen a bank that aligns with your church's needs, you can proceed with setting up your account. Opening a personal bank account can be time-consuming. Setting up a non-profit account is similar, but requires more documentation. To avoid multiple trips, it's best to arrive with all necessary documents.

CONTINUED ON NEXT PAGE >>



BANK ACCOUNT NEEDS

Here's a typical list of what is required to set up a bank account for your church plant:

- **Copy of your Bylaws:** These define your church's internal operations and are essential.
- **State Formation Certificate:** This document is obtained during your initial entity setup.
- **EIN (Employer Identification Number):** Your church's federal tax ID.
- **ID:** Check with your chosen bank for specific requirements regarding acceptable forms of identification.
- **Other Authorized Signers:** If there will be other individuals authorized on the account, having them present during the initial setup can save time.

Once you have all the necessary information, you're ready to set up your account at the bank.

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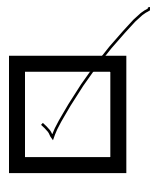


SETTING UP ONLINE GIVING

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CHAPTER FOUR

Online Giving



SET UP YOUR ONLINE GIVING PLATFORM.

Giving is a fundamental aspect of Christian worship, and every church is sustained by the generosity of its members and supporters. As a church plant, it's highly recommended that you establish your online giving as soon as possible. This will facilitate financial support for your church plant and eventually enable your congregation to give easily. If you have completed the steps outlined in Chapters 1-3, you should have all the necessary components to begin with online giving.

There are various options available for online giving platforms. Once a giving platform is set up and donors start using it, switching to a new platform can be a significant undertaking. Therefore, it's crucial to research the available options thoroughly and select a platform that meets all your needs.

A few key considerations when evaluating donor platforms:

- **Minimal Fees:** The platform should receive online donations with minimal associated fees.
- **Fund Flexibility:** It should offer flexibility to create different giving funds.
- **User-Friendly Interface:** The web-based user interface should be easy to navigate for both administrators and donors.
- **Offline Batch Entry:** The platform should provide a simple way to enter batches of offline giving. (i.e. cash & check donations)
- **Year-End Statements:** It should have the capability to generate and send year-end giving statements via email or print.
- **Reporting Capabilities:** The platform should offer robust reporting features that display giving totals.

GIVING PLATFORM RECOMMENDATIONS

At ChurchBiz, we work with a variety of donor management platforms. Here are our top three recommendations for those seeking a new platform or church planters setting up online giving for the first time:

- **[Planning Center Giving](#)** – This is a highly recommended online giving platform. It integrates seamlessly with other Planning Center applications and offers a multitude of helpful features. PCO Giving is easy to navigate for your finance team and anyone needing to access giving information. It also provides a straightforward way to generate year-end donor statements.
- **[Subsplash](#)** – Subsplash giving is part of the broader Subsplash application and website software. While its backend navigation can be a bit complex, it provides all the necessary features. If you already use Subsplash for your website or app, utilizing their giving module might be the most practical option for your church.
- **[Pushpay](#)** – Pushpay is another reliable choice for online giving. While some may have less experience with Pushpay, it is worth considering. Similar to Planning Center and Subsplash, Pushpay also offers a variety of church management solutions. A key advantage of Pushpay is its direct connection with QuickBooks, a feature your bookkeeper or finance team will appreciate.

Once you've considered these questions and established a giving platform, you'll be well on your way to faithfully administering the offerings your church receives.

If you require professional assistance, [the ChurchBiz team is available](#) to help you navigate these issues. Whether you are a church planter setting up giving for the first time or an existing church looking to enhance your giving processes, we can provide support.

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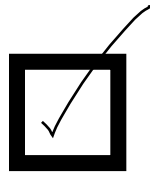


MANAGING DONORS

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CHAPTER FIVE

Managing Donors



PROVIDE GIVING STATEMENTS TO YOUR DONORS.

At the close of each year, it is crucial to provide donor statements to individuals who have made charitable contributions. To do this effectively, you will need donor names, email addresses, and a comprehensive record of their gifts, which necessitates tracking all donations. Most online giving platforms automatically record online donations to the appropriate funds and maintain donor records. However, the question then becomes: how do we incorporate offline giving into these systems?

This is where “batch entries” become essential. A batch entry is a manual process of recording offline donations into your online giving platform. For instance, if your church received five checks totaling \$3,000 and \$250 in cash last week, after this money has been collected and counted, the details can be entered into your giving platform as a batch. Each check would be recorded under the name of the giver and allocated to the designated fund. Cash donations, if anonymous, would typically be entered as anonymous and likely directed to the general fund unless specified otherwise.

Once the batch is named (often simply by the date of entry), it’s ready to be finalized. Most systems refer to this finalization as “committing” the batch. Once committed, your offline giving will be consolidated with your online giving records, ensuring all your giving is recorded in one central location.

Maintaining batch entries is relatively straightforward with a robust giving platform. It is recommended that every time an offering is collected, it is also recorded with a batch entry. This practice provides multiple layers of record-keeping: the written count, the deposit itself, and the batch entry. This means a member of the finance or staff team should log into the giving platform each week after the money has been counted. They would navigate to the batch entry section of their online giving

platform and create a new batch. For existing donors, their name can be typed in, and the new donation recorded to their profile. If a new donor contributes, the person entering the batch will create a new profile for them.

In most systems, at least their name, address, and email address will be required. The email address and contact information are particularly important, as they will be used for sending donor statements. If cash is given anonymously, it can be entered into a profile designated as “Cash.” Once all donations are entered, the batch can be named and committed, which will then add it to the online giving totals for accurate reporting. The entire batch entry process typically takes only a few minutes once a person is familiar with the system. Most giving platforms provide step-by-step tutorials on how to perform batch entries within their specific system.

Even as a new church planter, establishing a consistent rhythm of performing batch entries is critical. Imagine the scenario at year-end when donors request their giving statements. Without regular batch entries, you would likely spend hours sifting through online bank deposits to determine who gave what and when. Whether you handle this yourself or find someone within your church to assist, make it a regular practice. Your future self will undoubtedly be grateful.

Here are some helpful guides from our recommended giving platforms:

- [PCO Giving Batch Entry Guide](#)
- [Subsplash Batch Entry Guide](#)
- [Pushpay Batch Entry Guide](#)



CLIENT TESTIMONIAL

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THE GOSPEL COALITION HAS BENEFITED IMMEASURABLY FROM THE EXCEPTIONAL SERVICE PROVIDED BY CHURCHBIZ. THEY HAVE BECOME A VITAL AND TRUSTED PARTNER WHOM WE ARE DELIGHTED TO RECOMMEND TO OTHERS.

RYAN GRIFFITH, THE GOSPEL COALITION

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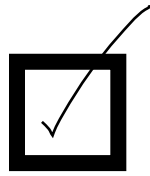


UNDERSTANDING MINISTER TAX

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CHAPTER SIX

Minister Tax



GET TO KNOW MINISTER TAX AND PAYROLL PROCESSING.

At some point, your new church plant will need to process payroll. While some planters may initially be on their sending church's payroll, it's highly likely that within the first 12 months of planting, you will need to begin processing payroll directly from your church plant.

Before running payroll, you will need to determine your salary. This can be a challenging task for a church planter, but here are a few tips to get started:

- **Establish a Reasonable Metric:** Base your salary on a reasonable metric, such as a school district pay scale or a compensation study.
- **Seek Approval:** Submit your proposed salary to your oversight board or the sending church for approval and feedback.
- **Ensure Financial Support:** Make sure that your current giving can support your salary.

Once your salary is set, it's essential to understand ministerial tax. Ministers are taxed differently from other church employees, so understanding these distinctions is crucial for a church planter.

There are three federal payroll taxes that apply to all organizations, both for-profit and not-for-profit: Federal Income Tax (FIT), Social Security Tax, and Medicare Tax. Social Security and Medicare taxes are commonly combined under the term FICA (Federal Insurance Contributions Act), which is a flat tax of 15.3% of wages. For everyone except ministers, the IRS assesses half of this tax directly on employees and the other half on the employer. This tax is straightforward to remit to the federal government as it's a flat percentage calculated at each payroll processing, and most payroll systems electronically route the funds to the IRS.



However, this is not the case for ministers. The IRS defines ministers as “self-employed” only for the purpose of settling Social Security and Medicare taxes. As such, ministers participate in SECA (Self-Employment Contributions Act) rather than FICA. Because of this distinction, the church cannot assess and pay Social Security and Medicare taxes on behalf of ministers. If a church mistakenly does so, they are violating both FICA and SECA, which can lead to problems for the minister when they apply for Social Security and Medicare benefits later in life. While the minister may not necessarily lose out on benefits if they mistakenly paid into FICA over the years, the Social Security Administration may have difficulty calculating their benefit, potentially leading to under-calculation and a headache for the retired minister to sort out.

Since the church cannot assess, collect, and remit SECA taxes for ministers, the responsibility for settling this tax lies solely with the minister directly with the IRS. This is accomplished when the minister files their annual 1040 tax return by completing Schedule SE. This schedule simply takes the minister’s wages and housing allowance and multiplies the amount by 15.3%. The calculated SECA tax is then added to the Federal Income Tax liability on the 1040.

It’s worth noting that a minister can elect to opt out of SECA altogether by filing Form 4029 with the IRS within the first two years of being a licensed or ordained minister. If they do, they are not required to pay the 15.3% but will not qualify for any Social Security and Medicare benefits on their exempt earnings, so they must plan accordingly. They must apply and be approved by the IRS before claiming this exemption. Many new ministers mistakenly believe that because the church doesn’t pay into FICA on their behalf, they are “exempt”. In fact, it is the church that is “exempt” from paying into FICA. The minister can also become “exempt” via SECA, but this requires an application as noted above.

HOW TO MOVE FORWARD

Churches should consider paying ministers a SECA allowance (7.65% of wages and housing) to offset the burden of paying the full SECA tax. Ministers can avoid a large tax debt due on April 15th each year by electing “Extra Withholding” (box 4c) on their W-4 form. This authorizes the church to withhold additional Federal Income Tax (not to be confused with FICA or SECA) and remit it to the IRS each pay period. These FIT withholdings can then be applied to the minister’s total tax liability when they file their tax return.

“

WHATEVER YOU DO,
WORK AT IT WITH
ALL YOUR HEART,
AS WORKING FOR
THE LORD, NOT FOR
HUMAN MASTERS,
SINCE YOU KNOW THAT
YOU WILL RECEIVE
AN INHERITANCE
FROM THE LORD AS
A REWARD. IT IS THE
LORD CHRIST
YOU ARE SERVING.
COLOSSIANS 3:23-24

”

How much should the minister elect to withhold? The answer will vary for each minister, based on factors such as other forms of income and family size. It is suggested that the minister elects at least the SECA Allowance amount (7.65%). This strategy works well for ministers with multiple children (e.g., child tax credits) and those claiming a housing allowance, as the housing allowance is exempt from the FIT tax. However, if the spouse also works, this amount may not be sufficient. In such cases, the minister will need to make further additional withholdings or begin making quarterly estimated tax payments.

Free Tax Advice – For ministers whose income variability doesn’t change significantly year-over-year, they can estimate their tax debt by reviewing last year’s tax return. They can see their prior year’s tax liability and set up extra withholdings via the W4 to ensure that at least that amount is paid in. They may also need to check their spouse’s most recent pay stub for FIT withholdings and do some basic math, but it’s a relatively simple exercise. If the minister has rental properties or other investments, they should hire a tax professional and consider it a cost of doing business.

Do you understand the Minister Tax and is your housing allowance set up correctly? Ministerial taxes can be complex. Ministers are taxed differently from typical employees. They can designate a portion of their salary as a housing allowance, which reduces their federal tax liability; however, they are responsible for paying the full 15.3% of Social Security and Medicare taxes that would generally be split with an employer. Some pastors choose to opt out of Social Security and Medicare, but this election must be made within the first two years of ministry and filed with the IRS. Our team at ChurchBiz has [published an article](#) to provide further explanation.

Housing Allowance, Worksheet, and Basic Rules – Lastly, we recommend finding a firm like ChurchBiz to process your payroll. Utilizing a third-party service to handle your payroll helps ensure that it is processed correctly, taxes are paid to the IRS, and the appropriate forms are filed. It also adds an extra layer of integrity, as you are not writing your own paychecks.

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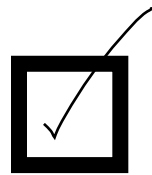


SETTING UP PAYROLL

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CHAPTER SEVEN

Payroll



SET UP PAYROLL FOR YOUR CHURCH EMPLOYEES.

Setting up payroll for your church plant is a crucial step in formalizing your financial operations. Beyond understanding ministerial tax, which was covered in the previous chapter, there are practical steps to ensure a smooth payroll process for all your staff, both ministerial and non-ministerial.

Here are key considerations and steps for setting up payroll:

- **Choose a Payroll System or Service:** You'll need to decide whether to manage payroll in-house using accounting software with payroll features or outsource it to a dedicated payroll service provider. Payroll service providers, such as ChurchBiz (mentioned in Chapter 6), can ensure compliance with tax regulations, accurately handle withholdings, and file necessary forms on time. This can save significant time and reduce the risk of errors, especially with the complexities of minister tax.
- **Gather Employee Information:** For each employee, you will need to collect essential information, including:
 - Full legal name and address
 - Social Security Number (SSN)
 - I-9 Form
 - Date of birth
 - Start date
 - Compensation rate (salary or hourly wage)
 - W-4 form for federal income tax withholding
 - State tax withholding forms (if applicable for your state)
 - Direct deposit information (bank name, account number, routing number)
 - Any benefit enrollment information (e.g. health insurance, retirement contributions)



- **Determine Pay Schedule:** Decide how frequently you will pay your employees (e.g., weekly, bi-weekly, semi-monthly, monthly). Consistency in your pay schedule is crucial for both employees and compliance.
- **Understand Tax Obligations:**
 - **Federal Income Tax (FIT)** – Withholdings are based on the employee's W-4 form.
 - **Social Security and Medicare (FICA)** – For non-ministers, both the employee and employer portions of FICA taxes must be collected and remitted. For ministers, remember they are responsible for their own SECA taxes.
 - **Federal Unemployment Tax Act (FUTA)** – Churches are exempt from FUTA; therefore, it's essential to be aware of this federal unemployment tax to avoid incorrectly remitting payments.
 - **State Taxes** – Depending on your state, you may be required to withhold and remit state income tax, state unemployment tax (SUTA), and other local taxes.
- **Set Up Direct Deposit:** Offering direct deposit is convenient for employees and simplifies the payroll process for the church. Most payroll systems or services facilitate direct deposit.
- **Maintain Records:** Keep meticulous records of all payroll transactions, including gross wages, deductions, net pay, and tax withholdings. This is crucial for compliance and the timely generation of year-end tax forms.
- **Generate and Distribute Tax Forms:** At the end of the year, you will need to prepare and distribute W-2 forms for employees and 1099-NEC forms for independent contractors (if applicable). For ministers, while they handle their own SECA, their compensation must still be reported.

- **Stay Compliant:** Payroll laws and regulations are subject to change. Regularly review IRS guidelines and state labor laws to ensure your church remains compliant with all applicable regulations. (i.e. Texas New Hire Reporting)

By carefully planning and executing your payroll setup, your church plant can ensure its employees are paid accurately and on time, while also fulfilling its financial obligations to government authorities.

“ DID YOU KNOW?

The ChurchBiz team is led by CPAs with over 40 years of combined experience, bringing a wealth of knowledge and expertise to the table. This ensures our clients receive the best possible service and guidance.

We are passionate about helping churches and strive to be a partner in ministry, empowering you and your team to stay focused on your mission.

ChurchBiz is focused on supporting the unique needs of churches.

We work primarily in the ministry context and understand the particular needs of church-specific finance.

We offer continuity of service, eliminating the need to train new volunteers every few years. Volunteers are great, but tend to have a high turnover rate. Life circumstances often move in-house bookkeepers move to other jobs. We ensure a smooth transfer of critical financial tasks.

For a free quote on our services, [fill out our client interest form](#).

JESUS

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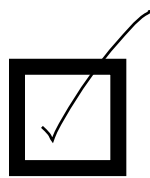


CREATING A BUDGET

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CHAPTER EIGHT

Creating a Budget



DEVELOP A BUDGET FOR YOUR CHURCH FINANCES.

Developing a budget is a crucial aspect of your church plant's finances, even before your official launch. Budgets serve as a vital tool for aligning your financial spending with the overarching vision of your church plant. In the early stages of your church plant's life, it's highly probable that your budget will be supplemented by external support.

We strongly recommend creating a detailed budget on an annual basis. Additionally, when you're just starting, it's beneficial to forecast budgets for your first three years. These forecasted budgets don't need to be overly granular; they should primarily include significant budget categories. These long-term forecasts also serve as valuable tools for setting goals toward achieving financial sustainability as a church plant.

Creating a budget for your church plant is an essential step toward establishing financial stability and supporting your ministry efforts. As a church planter, you may feel overwhelmed by this task, but with a systematic approach, it can become manageable and even rewarding.

Here's a step-by-step guide to help you create your first church budget:

- **STEP 1: Define Your Mission and Vision**

Start by ensuring your budget aligns with your church's mission and vision. What are the primary goals you want to achieve in your first year? Whether it's outreach initiatives, community service, or worship services, knowing your priorities will help shape your financial decisions.

- **STEP 2: Gather Input from Key Leaders**

Involving key members of your team or church leadership in the budgeting process is essential. Their insights and experience can provide valuable context and help identify areas of spending that may be crucial for your church's success.

“
EACH OF YOU SHOULD
USE WHATEVER GIFT
YOU HAVE RECEIVED
TO SERVE OTHERS,
AS FAITHFUL
STEWARDS OF
GOD’S GRACE IN
ITS VARIOUS FORMS.
1 PETER 4:10
”

- **STEP 3: Estimate Your Income**

Begin by estimating your potential income sources. Consider the following:

- **Contributions** – Forecast pledges and regular offerings. You might want to analyze financial data from similar church plants in your area or consult with experienced leaders for realistic projections. Each year, as you get more historical data, you can make increasingly accurate projections.
- **Outside Support** – It’s essential to consider your external support. Typically, this support is given for a set amount of time. Keep this in mind as you are building your budget. Your internal giving will need to increase over time as external support decreases.

- **STEP 4: Outline Your Expenses**

Next, list all the necessary expenses you anticipate in your first year. Common budget categories for church plants include:

- **Rent/Utilities** – If you’re leasing a facility or paying for utilities, estimate these costs.
- **Salaries, Benefits, & Employer Taxes** – Include salaries for yourself and any staff or volunteers.
- **Ministry Supplies** – Budget for Bibles, educational materials, and other resources needed for worship and community development.
- **Ministry Expenses** – It’s likely that you will need to budget for meals, coffee, and other meeting expenses.
- **Marketing** – Consider the costs associated with branding, advertising, and community outreach.
- **Insurance** – Don’t forget to account for liability and property insurance.
- **Contractors** – You may need to budget for contractors who assist with leading worship or childcare.
- **Administrative Costs** – This includes office supplies, software tools, website maintenance, and any professional fees (such as legal and accounting).

After reviewing our suggestions, you may want to consider any additional costs that could arise.

- **STEP 5: Set Up a Monthly Breakdown**

Divide your estimated income and expenses into a monthly budget. This will help you monitor cash flow over time and make adjustments as needed. For instance, if you expect an annual income of \$30,000, project that you’ll need approximately \$2,500 per month. Similarly, allocate expenses on a month-by-month basis, taking into account seasonal fluctuations in expenditure.

- **STEP 6: Include Contingency Funds**

It's wise to set aside a contingency fund (typically around 10% of your total budget) to handle unexpected expenses or shortfalls in income. This buffer will give you peace of mind as you navigate the early months of your church plant.

- **STEP 7: Review and Adjust Regularly**

A budget is a living document that requires regular review and adjustment. Schedule monthly meetings with your finance team to assess your budget against your actual income and expenses. This will help identify trends, opportunities for savings, or areas where you may need to adjust your spending.

- **STEP 8: Communicate with Your Congregation**

Once your budget is established, it's vital to communicate it to your congregation. Transparency fosters trust and encourages stewardship. Share how funds will be used to advance your mission and support the community, fostering a culture of generosity among your members.

Creating your first budget is an exciting milestone in your church planting journey. With clarity and commitment to your church's mission, you can establish a budget that promotes growth and effective stewardship. Remember, you don't have to handle everything at once. Start small, stay flexible, and allow your budget to evolve as your church plant grows.

If you are a ChurchBiz training subscriber, you can download the sample budget templates located in the [Church Finance Resource library](#).



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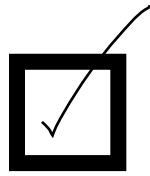


TRACKING EXPENSES

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CHAPTER NINE

Tracking Expenses



GET SET UP TO TRACK MINISTRY-RELATED EXPENSES.

As a church planter, you are embarking on a journey that involves not only spiritual leadership but also significant administrative and financial responsibilities. While the primary focus of your ministry is often on outreach, community building, and worship, managing your finances effectively is crucial for the sustainability of your church. Here's why meticulous expense tracking is essential and how it can benefit you as a church planter. There are various options available for online giving platforms. Once a giving platform is set up and donors start using it, switching to a new platform can be a significant undertaking. Therefore, it's crucial to research the available options thoroughly and select a platform that meets all your needs.

Alignment with Budget – Once you have established a budget, the next essential step is to track your spending to ensure that every purchase aligns with your allocated budget categories. Proper expense tracking helps ensure that you remain accountable to your budget, preventing overspending in any particular area that could jeopardize your financial health.

Clear Financial Oversight – When funds are disbursed via checks or credit cards, it is vital to have a clear process for recording these expenses and coding them to the appropriate budget line items. This practice not only helps maintain clarity about where your money is going but also enables you to make informed financial decisions moving forward.

Utilizing Expense Management Tools – Fortunately, various helpful tools are available to simplify expense management. These tools can streamline the process of categorizing transactions, generating reports, and providing a clear overview of your financial outflow. By automating these processes, you can significantly reduce the administrative burden of expense tracking, allowing you and your team to focus more on ministry.

If you have an existing credit or debit card, we recommend using Uncat to code your expenses. Uncat is a simple tool that allows your bookkeeper to categorize transactions for you with a single email. Each week, you will get a reminder to code your transactions through the email link. It's a great tool that saves you time and ensures everything is coded properly.

If you don't have a debit or credit card, we recommend partnering with Bill Spend and Expense. Bill provides a robust expense tracking tool that syncs with their credit cards and QuickBooks Online for accounting purposes.

Transparency and Accountability – Maintaining clear and organized records of expenses fosters transparency within your team and among stakeholders. When financial records are accessible and well-maintained, it builds trust and accountability, ensuring everyone is on the same page regarding the church's spending habits. This culture of transparency can enhance collaboration and even attract potential donors who appreciate sound financial practices. We recommend financial oversight from a finance team member or other key leader (besides the lead planter) to review all compensation and operating expenses.

Navigating Financial Challenges – Church planting often involves unforeseen expenses and financial challenges. By regularly tracking your expenses, you can identify trends, spot potential issues before they escalate, and adjust your budget accordingly. This proactive approach allows for better financial resilience in times of uncertainty.

Collaboration with Your Core Team – As you navigate the complexities of church finances, remember that there are likely individuals within your core team or your sending church who can offer assistance and insights in managing these financial matters. Engaging team members in the budgeting and tracking process can not only lighten your load but also leverage the collective expertise of the group.

Expense tracking may not seem as glamorous as other aspects of church planting, but it is undeniably fundamental to the success and sustainability of your ministry. By prioritizing this practice, you can ensure that your financial resources are aligned with your vision and mission. Take the time to set up a solid expense tracking system, utilize available tools, and lean on your team and external resources for support. This way, you can devote more time and energy to what truly matters—spreading your message and impacting your community.

Finally, remember that you don't have to navigate this journey alone.

The team at ChurchBiz is here to help! We are passionate about supporting church planting and ensuring sound financial administration, allowing you to remain focused on your core ministry. Don't hesitate to [reach out](#) for guidance and resources to aid you in your financial management efforts.

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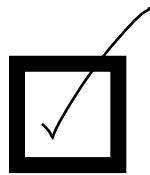


ESTABLISHING SOLID FINANCIALS

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CHAPTER TEN

Solid Financials



UNDERSTAND YOUR P&L AND BALANCE SHEET.

By establishing processes for tracking income and expenses, you are laying the groundwork for accurate and reliable financial reports. Your bookkeeper can use this information to ensure that every deposit and expense is accurately tracked in QuickBooks. Then, at the end of the month, they will reconcile your accounts and provide solid financial reports.

As a church planter, it's important to understand how to manage your finances effectively. Two key financial documents that will help you do this are the Profit and Loss Statement and the Balance Sheet.

Profit and Loss Statement (P&L) – This report shows how much money your church earns and spends over a specific period, like a month or a year. Think of it as a summary of your church's financial performance. The "profit" portion refers to income from donations or fundraising activities, while the "loss" part accounts for expenses like rent, utilities, salaries, and program costs. By analyzing the P&L, you can see if your church is operating at a surplus or deficit—essentially, whether you have more income than expenses or vice versa. If you have a budget, our team can import it into QuickBooks and run a Budget vs. Actuals report for you. This is a P&L report that shows you the actual income and expenses compared with the budgeted income and expenses for a specified period.

It is essential to note that Profit and Loss reports are generated only through your fiscal year. This means that at the end of the year, the net income will transfer to the balance sheet as retained earnings or Unrestricted Net Assets.

Balance Sheet – This statement provides a snapshot of your church's financial position at a specific point in time. It lists everything your church

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WHOEVER CAN BE
TRUSTED WITH
VERY LITTLE CAN ALSO
BE TRUSTED WITH
MUCH, AND WHOEVER
IS DISHONEST WITH
VERY LITTLE WILL
ALSO BE DISHONEST
WITH MUCH.
LUKE 16:10
”

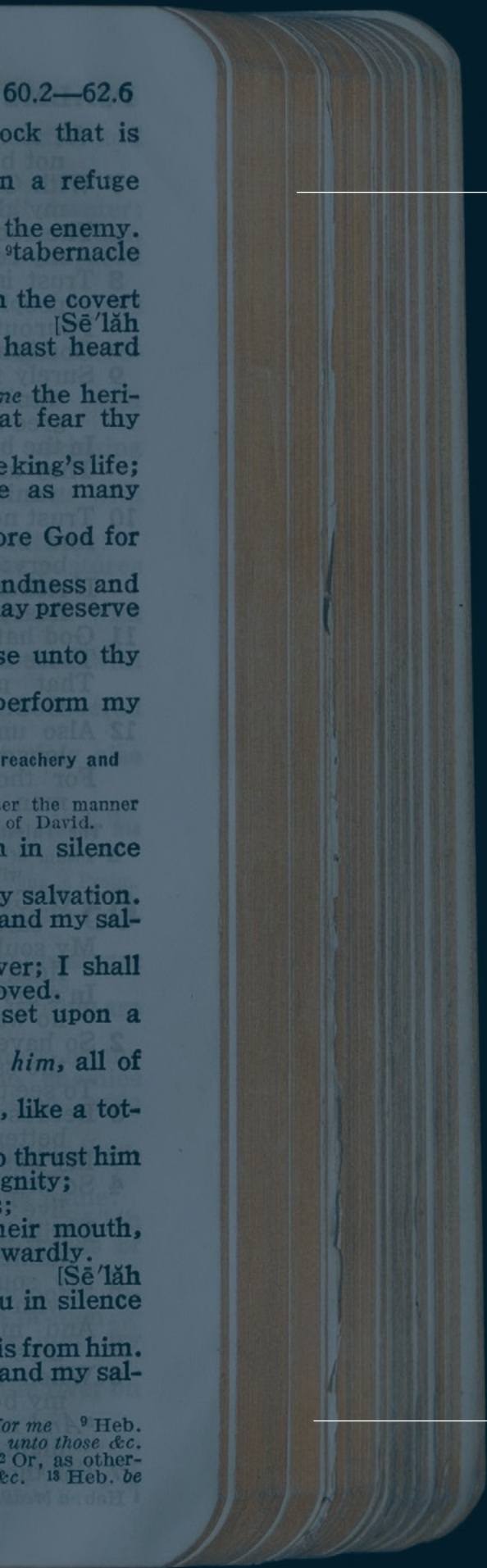
owns (assets), such as cash in the bank, property, and equipment, alongside what it owes (liabilities), like loans or unpaid bills. The equity section of the balance sheet is essentially a snapshot of what the church owns after accounting for what it owes. In simple terms, it tells you how much of the church’s assets—like buildings, land, and equipment—are actually owned outright by the church, rather than being financed through loans or other debts. The difference between these two categories is your church’s net assets—what you own minus what you owe.

Here is a breakdown of the key components you might find in the equity section of the balance sheet:

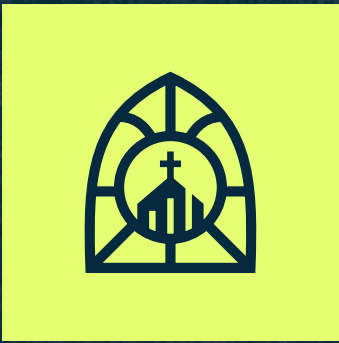
- **Net Assets** – This represents the total assets minus total liabilities (what the church owes). It shows the net worth of the church, which could be considered its “equity.” For a church planter, this reflects the financial health of the congregation.
- **Unrestricted Funds** – This part of the equity can be spent at the discretion of the church leadership. It may include donations with no specific restrictions on their use, which can be applied towards various ministries, programs, or building projects.
- **Temporarily Restricted Funds** – These funds are donations made for specific purposes, such as funding a building campaign or outreach programs. The church can use these funds, but only for the particular projects they were intended for, until the restrictions are lifted.
- **Permanently Restricted Funds** – These are donations that are intended to be held in perpetuity. The principal amount is kept intact, and only the income generated from these funds can be used. This often includes endowments. For a church planter, understanding the equity section is crucial because it enables informed decisions about financial sustainability, planning for future projects, and ensuring the church operates within its means. Recognizing how assets and liabilities interact will also help in effectively communicating the church’s financial health to potential donors and congregation members.

The Balance Sheet helps you understand the overall health of your church’s finances and can guide you in making decisions about future spending or fundraising. Both of these documents are crucial for managing your church’s finances, helping you to plan for the future, and ensuring that you can continue to serve your community effectively.

ChurchBiz offers additional resources and training on financial reports through our [ChurchBiz Training Subscription](#). There, you’ll find on-demand videos that walk you through the financial reporting process.



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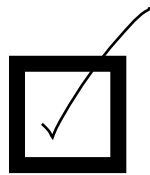


TEACHING FOR STEWARDSHIP

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CHAPTER ELEVEN

Stewardship



PREPARE TO TEACH GOD-HONORING STEWARDSHIP.

Giving is an important part of Christian worship. Churches rely on the generosity of their members and supporters to sustain their operations. While the Bible has a great deal to say about giving, it is often misunderstood or overlooked altogether. This isn't something new in the church; there have been numerous instances throughout history when giving has been taught poorly.

Historically, some branches of Christianity taught giving as a means of atonement for sins or as a way to help loved ones escape purgatory (as the saying went, "As soon as the coin in the coffer rings, the soul from purgatory springs.") More recently, the prosperity gospel has gained traction, propagating the idea that giving is a method to receive more from God, primarily in a material sense. The common thread in these misinterpretations is that giving is motivated by guilt, pressure, or false promises. The consequence of such teaching is that false teachers enrich themselves, while church members are exploited, and eventually, people become skeptical and weary of the subject of giving.

We often hear church planters share that they avoid teaching on giving because of its widespread misuse. Many do not want their church to be associated with the false teachings that often dominate the conversation around this topic. However, despite the church's various missteps in handling this topic, giving remains a vital part of Christian worship. Thankfully, the scriptures provide clear instructions that enable us to discuss giving in a way that restores it to its proper context of worship.



A brief survey of key scriptures reveals helpful principles for giving:

- **Honoring God** – **Proverbs 3:9** instructs us to honor the Lord with our wealth and the first fruits of our produce.
- **Cheerful Giving** – From **2 Corinthians 9:7–8**, we learn that God loves a cheerful giver—one who gives from the heart. Giving should not be under compulsion or driven by external religious pressure.
- **Giving With Pure Motives** – **Matthew 6:3–4** reminds us that giving is not meant to impress others. While our giving supports ministries run by people, its ultimate purpose is not to impress them but to honor God, who sees what we give in secret. Therefore, we give without making a display of it to others.

Many other scriptures could be cited, but the core message is clear. From the earliest days of the church, giving has been a vital component of Christian worship. In Acts 2:42–47, we observe the early church’s radical generosity, which stemmed not from external pressure or self-serving preaching but from hearts filled with the Holy Spirit. A spirit of grace-enabled generosity was evident in their willingness to sell possessions to meet the needs of others within the church. This generosity was evident in both their daily lives and in the regular practice of gathered worship.

When rightly guided by the scriptures, teaching on giving within worship helps to form a biblical understanding of this practice. The emphasis here is that giving is vital to Christian worship. Despite its misuse, we cannot neglect it in our personal lives or our corporate worship. If we agree that giving is a critical part of Christian worship, then we must consider how to structure it responsibly within our worship services. Furthermore, we must ensure that what is given is stewarded with integrity and transparency.

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BUT WHEN YOU GIVE
TO THE NEEDY, DO NOT
LET YOUR LEFT HAND
KNOW WHAT YOUR
RIGHT HAND IS DOING,
SO THAT YOUR GIVING
MAY BE IN SECRET.
THEN YOUR FATHER,
WHO SEES WHAT IS
DONE IN SECRET, WILL
REWARD YOU.
MATTHEW 6:3-4

”

Every church has some liturgy or order of service. While we might not give it much thought, the order of service says something. Liturgy shapes us. Not overnight but over time. The repeated acts we perform in worship inform our minds and shape our hearts (For more on this, check out *You Are What You Love* by James K.A. Smith). Christian churches have a variety of approaches to liturgy. Some follow a loose structure, but a structure nonetheless.

Others have a more rigorous and set pattern of worship. Before proceeding, it may be worthwhile to pause and consider your church's liturgy. What are some regular, repeated patterns of worship? How does the service start and stop? What is in the middle? Do you sing a certain number of songs before the sermon each week? What are the different elements of liturgy in your church? Is there scripture reading, corporate prayer, confession, and other elements of worship? When is the Lord's Supper observed?

At some point in your church's liturgy, there is likely a time for giving. If the regular patterns of worship shape us, what might your church's giving liturgy teach you? Imagine that your church has no mention of giving in the gathering. What is this forming in you? It might communicate that giving is disconnected from worship. Perhaps giving is not something we can discuss at church. Perhaps that money is not a spiritual subject and has no place in gathered worship. Let's imagine another church where the very first part of the service is giving. Welcome to First Prosperity Church. We would like to begin the service by inviting you to give now. What would this communicate? Do you see how each liturgy could say very different things about giving?

For some reading this, you attend a church with an established liturgy of giving. You are not looking to change it (nor could you). But it's helpful to consider what it's saying to you and those you worship with. Others might be in a pastoral leadership position (especially church planters). You can intentionally think about how you will lead an entire church to practice giving during your service. I don't think there is a single right way to do this, but I do think it's essential for leaders to consider a best practice tailored to their specific context.

Let me provide two examples of how churches might address this in their own context:

Church A has decided they have far too often avoided giving completely. Their congregation has been shaped to see giving as merely transactional or pragmatic. This church decided they wanted to bring giving right into the heart of their gathering. So they created a time before the sermon where they spent 1-2 minutes reminding the church about the why of giving (many of the principles I touched on in my last article). They decided that rather than passing an offering plate, they would direct people to place their offerings in boxes located at the back of the room. Their conviction

was that giving was a central part of worship. Because of this, they made it a central part of their liturgy. They also recognized the poor teaching around giving and decided to briefly teach each week during giving to help people approach giving from a biblical perspective.

Church B has a similar problem. Early in their existence, they were careful not to appear overly focused on finances. This led them to leave, abandoning their worship services and addressing the issue only occasionally in sermon series or members' meetings. After some time, the church elders sensed a need to bring giving into their regular patterns of worship. They wanted to ensure that giving was understood as a response to the Gospel of grace rather than something that earned favor or blessing from God. This led them to put it in the response section of their liturgy following the Lord's Supper each week.

If you share our conviction that giving is a vital part of Christian worship, I would encourage you to consider how that plays out in your church's worship. From the perspective of a worshipper, you may not have control over how your church practices giving each week, but you can consider how you approach it. What if you took a moment to stop and consider your giving each week when it was time for the offering? Offer it in prayer to the Lord with a heart of thanksgiving. Even if it's happening online, pause to recognize it as an offering of thanks for all God has done for us when you send it. Create your own regular pattern to guide your mind and heart to give joyfully and sacrificially.

For leaders who can shape how they give in the gathering, I would encourage you to think through your church's biblical convictions on giving. From those convictions, consider how your liturgy can reflect and shape those convictions in your church.





CHURCHBIZ

CHURCH PLANTER FINANCIAL CHECKLIST

Establish Legal Entity – File for Domestic Nonprofit Corporation status and obtain an EIN.

Secure Physical Address – Use for official mail & IRS filings (no P.O. Boxes).

Create Church Bylaws – Develop, review, and file operational rules for future use.

Open a Bank Account – Select a suitable bank and provide the required documentation.

Set Up Online Giving – Choose a platform that offers minimal fees, flexibility, and user-friendliness.

Manage Offline Giving – Implement batch entries for checks and cash, track all donations.

Understand Minister Tax (SECA and Housing Allowance) – Grasp the distinction from FICA and SECA responsibilities.

Determine Minister Salary – Set a reasonable compensation based on comparable standards.

Set Up Payroll – Select a payroll system, gather employee data, and ensure compliance with tax obligations.

Create an Annual Budget – Align with the mission, gather input, estimate income and expenses, and include contingencies.

Track Expenses – Utilize tools like Uncat or Bill Spend and Expense for oversight.

Review Financial Reports (P&L, Balance Sheet) – Understand and use for decision-making.

Teach Biblical Giving – Regularly instruct on God-honoring stewardship and its role in worship.

Integrate Giving in Worship – Make it an intentional part of the service, not an afterthought.

Maintain Transparency & Integrity – Ensure accurate records and clear communication about finances.

For a free quote on our services, [fill out our client interest form](#).



LEADING CHURCHES TO GOD-HONORING STEWARDSHIP. BUILT BY CPAS. PASSIONATE ABOUT THE LOCAL CHURCH SINCE 2008.

We believe the local church plays a powerful role within the community as a vessel to transform people's lives by drawing them into a relationship with God. We desire to see healthy churches saturate communities throughout the world. We believe establishing local churches is God's primary mission strategy — The Great Commission! At ChurchBiz, we play a unique role in carrying out this mission strategy by providing bookkeeping, payroll, and stewardship services to the local church.

We believe that every church deserves a finance professional who is available, knowledgeable in managing and executing critical financial processes, and values the mission and purpose of the ministry. Our primary services cater to the specific needs of churches and non-profit organizations with a focus on payroll and bookkeeping. We also provide a range of additional services aimed at supporting churches in key financial areas. [You can find a list of our current services here](#) or get in touch by scanning the QR code below.

