

THE DIOCESE OF MARYLAND

BUDGET INSTRUCTIONS

Date: May 31, 2007

To: Budget Line Supervisor

From: Karen Kinnamont Stewart, Comptroller

Subject: DIOCESE OF MARYLAND OPERATING BUDGET FOR FISCAL YEAR 2008

So, it is that time of year again. A time we all look forward to. The best time of the year...it's Budget Time! It is time to freshen up your crystal balls and look into the future of your programs to determine how much money you will need to carry out God's work through your ministries/mission/programs in the next fiscal year. It may seem to be a rather daunting task but it really isn't as hard as you may imagine if you break it down into smaller parts or tasks. Here are some **tips** to help you through the process.

Preparation:

1) Please keep this in mind!

a. Be good stewards of time, treasures and talents:

1. **Everything belongs to God** – God has given us tools, skills, and resources to do his work here on earth.
2. **Money is the tool not the rule** – Everything costs money and we need money to continue in God's work. In the same respect, we do not work to obtain wealth and possession but rather to obtain the tools required to do what God has planned.
3. **Spend money wisely** – Do not spend money just because it is available. Discern the best use of the money to achieve God's design. Utilize you money as you utilizes the skills God has given you – wisely, efficiently, and effectively.

2) Answer the following questions:

- a. Is your program going to be the same next year as it is today?
- b. If the answer was yes, do you know of any circumstances that will alter the amount of money in your 2006 budget next year?
- c. If the answer was no, what will change?
- d. Will the change increase or decrease the cost to run the program/mission/ministry?
- e. Are you adding new programs, events or services?
- f. Please identify the different elements of the new programs/events/services that will have a financial cost.

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3) Gather the following sources of information:

- a. A copy of you Fiscal Year 2007 budget.
- b. A listing of your current financial activity for Fiscal Year 2007 and also 2006 (for history)
- c. Information or research you may have gathered for next year's programs, mission, ministries.
- d. Prepare a list of activities and expenses that will incur throughout the year. Please include anything with a dollar amount that will be paid for it. It is easy to think of the big expenses but it is usually the small items that cause budget over runs. Please remember supplies, telephone bills, coffee services, cell phones, mileage, ect. Some cost items for general operations will be on a combined budget line such as Diocesan administration and employee expenses, etc. Although you will not be responsible for preparing these budget lines **do not take anything for granted**. Please make sure all of your expenses are represented on a budget line before leaving them off of yours. **Remember, an expense will only be paid if it is on an approved budget form.** (Tip: try to separate your expenses into two categories: annual expenses that occur every year such as subscriptions, seminars, conferences, trips, etc.; and events or activities that may be schedule at a certain time but it is not clearly defined because you can move the money to that time frame as plans firm up).

4) Completing the Questionnaire:

- a. **The questionnaire MUST be submitted with every program/ministry budget application. Diocesan administration and fund raising line items do not require this form.**
- b. This budget questionnaire will act as a resume for your program. In it you will describe your mission, goals, your successes and not so successes, as well as give us an idea of what you do with them money you have been granted over the past year(s). Please complete it as best you can in the fullest way possible. Please call me if you have any questions or concerns.

5) Completing the Budget Worksheet:

- a. **Please note (this is a very important worksheet): all projected expenses must be included on this worksheet for budget consideration. Only the expenses noted on this sheet will be considered in the budget process and, if your budget is approved, only these expenses will be paid.** (I can not stress this enough)
- b. **Approved Format** – all budget submissions **MUST** utilize this approved form. Budget applications utilizing a different form will not be approved.
- c. **Line Item** – this line contains your charge account name for all expenses related to your budget line. Monitoring this line on the financial statements will enable you to review your actual verses budget results to see how you are spending your money.
- d. **Mission/Department** – use this line description to list the name of your program, mission, ministry, or department. Use a separate sheet for each Budget Line. Please do

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not combine budget lines as this will just “muddy the water” during budget approval and you may be seriously under-funded.

- e. **Description of budget need** – This area allows for a monthly and categorical breakdown of income and expenses. Please note the two separate areas: “Money In” and “Money Out”.

1. **Money In** – Use this category to list all monies that you will be receiving from external sources, or non-Diocesan budgeted items, that will be processed through the Dioceses Business Office. You will be listing them based on when you plan on receiving the funds. An example of this type of transaction would be money brought in through fund raising activities, participant co-payments for trips or events, room and property rental, Episcopal Appeal funds, and other types of funding that would offset your expenses. Also, please include the amount you request from the Diocese on an incoming cash line. The budget should balance where the outgoing cash equals the income cash.
2. **Money Out** – Use this category to broadly list all expenses you plan on having in 2006 by the months in which you think they will occur. Broadly defining your expenses into categories will allow for better tracking of programs, events, and services. An example would be Office Expense, Supplies, Food Program, Honduras Trip; St. Mary’s building maintenance, etc. Use as many categories as you need to control and monitor your area of the budget. Please use more than one sheet if you need to but please make sure you mark each sheet with a sheet number just in case of accidental separation (i.e. Page 1 of 4).

- f. **Totals** – total the spreadsheet across and down being sure that the final totals agree.

- g. **Submission of documents:** The completed budget request forms are **due** back to the Business Office **by July 1, 2007**. Please do not be late. A late application puts extra strain on the review process and lengthens the budget preparation. Because of this reason applications received after the deadline will be viewed on a first come first serve basis and subject to available funds limitations all on-time applications are reviewed.

- h. **What happens next?**

1. The budget worksheets will be logged and check for possible issues such as double up of expenses between different budget lines or perhaps some common expenses that may have fallen through the cracks.
2. You will be contacted by your Budget Liaison to arrange a meeting to go over your budget request. Your Budget Liaison will ask questions on your budget and fill out a Budget Questionnaire. They will determine if all of your expenses are noted and also, dare I say it, necessary. It is not that we would run your program or make any decisions concerning your program but rather to help you discern which area of spending could be decreased should the revenue projections not be sufficient to meet every budget request. Remember the old saying, “money out can not be more than money in”.
3. Once all budget line items have been addressed the requested amounts will be compiled into a preliminary budget. The projected results of the budget will be reviewed and deliberations will begin. Any required reduction to the

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budget due to a reduction in revenue will be applied fairly across budget lines. You will be contacted if an adjustment is necessary. You will be able to plead your case but please remember, “money out can not be more then money in”.

4. The budget deliberations should wrap up in the fall. A copy of your approved budget listing any changes will be mailed to the address on your budget sheet. If you do not include an address you will not receive a budget copy and run the risk of not receiving funding.
5. Actual financial results will be available to you upon request throughout the 2008 budget year. Remember, you are in charge of your spending. If you overspend against your budget you are spending money we do not have. Remember, “money out can not be more then money in”.
6. You will be asked to explain all expense variances over or under \$500.00 that may occur. If you discover an activity or program category came in below budget after reviewing the financial statements, you may chose to reclassify surplus funds to another category in your budget you think may go over budget. You must notify the Comptroller of your desire to redirect funds or the change will not be applied to the budget.
7. Performance of Revenue to budget will also be address every month. We reserve the right to review budget performance and reduce spending should we have a substantial drop in revenue. However, we will not change your budgeted numbers without your knowledge and will fairly apply any changes across all budget lines.

6) Budget Q & A:

- Question:** What do I do if I have a questions or a problem filling out this form?
- Answer:** We, in the Business Office, are here to serve you and help you through this process. My direct phone number is 410-554-6385 should you need my assistance.
- Question:** What do I do if I do not have all the numbers needed to calculate my actual spending this year?
- Answer:** We, in the Business Office, are here to serve you and help you through this process. My direct phone number is 410-554-6385 should you need my assistance.
- Question:** What do I do if I have discovered unexpected and unbudgeted costs in the middle of next year?
- Answer:** You must petition the Program & Budget Committee for a change in your budget line. You should prepare a presentation detailing the cost incurred, why it wasn't budgeted, what will happen if the adjustment is not improved, and do you have suggestions as to sources of additional funding. For instance, borrow some funds from categories that will occur months down the road and plan a fund raising campaign to cover those events. The Program & Budget Committee meets monthly on the second Thursday of each month at 5:00 pm at the Diocese. Please contact the Business Office to be added to the agenda should you need to.