

Sample Departmental Budget Formats

Media Department

Classic Budget Format:

Salaries
Benefits
Travel
Raw materials
Printing
Duplication
Depreciation
Supplies
Utilities
Rent
Telephone/internet
Postage/shipping

Zero-Based Budget Format:

Fatherhood project
Teen evangelism project
Podcast project
Fall concert
Monthly features (12)
Staff Director
Production Manager
Administrative Assistant
Office overhead

A “Balanced” Cash Flow Budget

<u>Revenue</u>	
Contributions revenue	\$ 2,000,000
Other revenue	<u>180,000</u>
Total revenue	<u>\$ 2,180,000</u>
 <u>Expenditures</u>	
Program expenditures	\$ 1,425,000
Administrative expenditures	<u>755,000</u>
Total expenditures	<u>\$ 2,180,000</u>
 “Bottom line” on audited financial statements	 <u>\$ (300,000)</u>
 Projected net cash flow:	 <u>\$ —</u>

(Assumes depreciation expense of \$300,000).

A “Balanced” Accounting Budget

<u>Revenue</u>	
Contributions revenue	\$ 2,000,000
Other revenue	<u>180,000</u>
Total revenue	<u><u>\$ 2,180,000</u></u>
 <u>Expenses</u>	
Program expenses	\$ 1,230,000
Administrative expenses	650,000
Depreciation expense	<u>300,000</u>
Total expenses	<u><u>\$ 2,180,000</u></u>
 “Bottom line” on audited financial statements	 <u><u>\$ —</u></u>
 Projected net cash flow:	 <u><u>\$ 300,000</u></u>

An Accounting Budget With Modest Surplus

<u>Revenue</u>	
Contributions revenue	\$ 2,000,000
Other revenue	<u>180,000</u>
Total revenue	<u>\$ 2,180,000</u>
 <u>Expenses</u>	
Program expenses	\$ 1,130,000
Administrative expenses	600,000
Depreciation expense	<u>300,000</u>
Total expenses	<u>\$ 2,030,000</u>
 “Bottom line” on audited financial statements	 <u>\$ 150,000</u>
 Projected net cash flow:	 <u>\$ 450,000</u>



Sample Budgeting Bylaws Provisions

XYZ Nonprofit Organization

Article 7 – Budgets

1. **Budget methods and approvals - operating**

Annually, the CEO/Administrator shall, in cooperation with department heads, develop a detailed proposed operating budget for each department, reflecting income and expenses using the same method of accounting used by XYZ in preparing its regular financial statements for Finance Committee and Board consideration. The detailed proposed operating budget shall be presented to the Finance Committee for approval no later than _____. Upon approval by the Finance Committee, the approved budget (with any modifications) shall be summarized by department and submitted to the Board of Directors for approval no later than _____. Upon approval by the Board of the summarized budget (with any modifications), the budget shall be officially adopted for the respective year. Notwithstanding the official adoption of any budget, management of XYZ is not permitted to authorize expenses in excess of income for any year-to-date period without specific approval of the Finance Committee. The Finance Committee is not permitted to authorize expenses in excess of income of more than \$50,000 for any year-to-date period without specific approval of the Board.

Subject to the limitations described in the preceding paragraph, the CEO/Administrator is permitted to reallocate budgeted amounts from one department to another, so long as the total budget remains unchanged. Subject to the limitations described in the preceding paragraph, department heads are permitted to incur expenses for their respective departments which vary from the amounts budgeted for individual line items, so long as the total expenses for each such department remain within the total amount budgeted for the department.

Variances (expenses in excess of budgeted amounts) by individual departments must be approved by the CEO/Administrator. Variances in the total operating budget of up to \$50,000 annually must be approved by the Finance Committee. Variances in the total operating budget in excess of \$50,000 annually must be approved by the Board.

All approvals of budgets and variances should be duly recorded in the minutes of the body exercising such authority.

2. **Budget methods and approvals – capital expenditures**

Annually, the CEO/Administrator shall develop a detailed proposed capital expenditures budget reflecting expected sources of funds and proposed expenditures for capital items. The detailed proposed capital expenditures budget shall be presented to the Finance Committee for approval no later than _____. Upon approval by the Finance Committee, the approved capital expenditures budget (with any modifications) shall be summarized and submitted to the Board of Directors no later than _____ for approval. Upon approval by the Board of the summarized capital expenditures budget (with any modifications), the capital expenditures budget shall be officially adopted for the respective year. Capital expenditures may only be made from fund sources identified in and approved as part of the capital expenditures budget. Notwithstanding the official adoption of any budget, management of XYZ is not permitted to authorize expenditures in excess of authorized fund sources received for any year-to-date period without specific approval of the Finance Committee. The Finance Committee is not permitted to authorize expenditures in excess of authorized fund sources received of more than \$50,000 for any year-to-date period without specific approval of the Board. Funds from debt are considered authorized fund sources only if the proceeds of the specific debt are included in the authorized capital expenditures budget and the specific debt is approved in advance by the Board pursuant to applicable provisions of the Articles of Incorporation and Bylaws.

All approvals of budgets and variances should be duly recorded in the minutes of the body exercising such authority.

3. Budget methods and approvals – auxiliary activities

Annually, the CEO/Administrator shall, in cooperation with department heads, develop a detailed proposed auxiliary activities budget for XYZ, reflecting income and expenses using the same method of accounting used by XYZ in preparing its regular financial statements for Finance Committee and Board consideration. The detailed proposed auxiliary activities budget shall be presented to the Finance Committee for approval no later than _____. Upon approval by the Finance Committee, the approved budget (with any modifications) shall be officially adopted for the respective year. Notwithstanding the official adoption of any budget, management of XYZ is not permitted to authorize expenses in excess of income for any year-to-date period without specific approval of the Finance Committee. The Finance Committee is not permitted to authorize expenses in excess of income of more than \$50,000 for any year-to-date period without specific approval of the Board.

All approvals of budgets and variances should be duly recorded in the minutes of the body exercising such authority.

4. Disbursement of restricted funds

All disbursements of donor-restricted funds, to the extent not covered in specifically approved budgets (for example, capital expenditures budgeted from building fund contributions included in the capital expenditures budget) must be approved in advance by the Finance Committee. Management of XYZ must establish proper accounting and tracking of donor-restricted contributions so as to ensure that donor-restricted funds are held until spent for authorized purposes.

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