BUDGET MANAGEMENT GUIDE FOR PROGRAM MANAGERS AND TEAM MEMBERS

FIRST EDITION   9/16/20

Important Principles

1) Program Managers own the budget/P&L for their program(s)
2) The net bottom line is the most important
3) Program Managers shouldn't be waiting to receive reports from Finance to know their projected P&L position; rather, they should proactively track their revenue and expenses, and use the reports from Finance to update and validate their projections
4) Track and report the initial forecast vs. actuals. Prevent large surprises – if there are indications that a significant variance is likely, communicate this to your supervisor and Finance, and update the forecast as appropriate

Basic info

Budgets at Federation are managed on a fiscal year (rather than a calendar year) basis

- Fiscal year runs from July 1 – June 30
- Therefore, fiscal year 2020 ran from July 1, 2019 – June 30, 2020
- Fiscal year 2021 runs from July 1, 2020 – June 30, 2021
- This may also be referred to as Fiscal Year 2020-2021 or FY 2020-2021

"P&L" = Profit and Loss Statement

A specific P&L can be constructed for a specific, project, program or department. The net profit/(loss) – often called "the net" - is calculated by total (or gross) revenue minus total expenses

Revenue and expenses are accounted for in the P&L based on when the program with which they are associated occurs.

- For example, if a program takes place in August 2020, all revenue and expenses will be booked into FY 2021, even though there may have been revenue collected or expenses paid in the previously fiscal year
- Timing of cash flow may differ from when the dollars are accounted for
- If an expense or revenue is pre-paid in a prior year than when the program occurs, Finance will make appropriate entries to recognize the item in the correct fiscal year
- Similarly, if a revenue or expense was incurred in a specific year however was not yet been paid by the end of the fiscal year, Finance will set up "accruals" or "accrual entries" so that the appropriate amounts are factored into the P&L

Revenue

Revenue represents funds coming in, including (but not limited to)

- Registration fees
- Donations
- Distributions from specific JCF Funds
- Designated gifts
- Grants

It is important to track that Revenue is received as expected. For example, if there is an annual distribution from a specific JCF Fund for a program, check that those funds were received when expected and coded/deposited to the correct program

If a check is received directly, coordinate with DRC (Donor Resource Center) and your Finance manager on how to code the check and have the check deposited

If your program receives a Federation allocation, that is in essence a revenue source. However, for internal budget planning purposes, it is reflected as an overall net deficit; it is not listed as a revenue line. This is a unique, Federation-specific, situation.

- For example, if your program receives a $50,000 Federation allocation from the annual campaign, then your budget total would be built to encompass a $50,000 deficit related to the allocation, rather than listing Federation Allocation as a revenue source.

Expenses

Expenses represent all expenses associated with a program, which may include both internally charged and external expenses. This may include (and is not limited to) the following, and not all of these categories are applicable to all programs:

- Some internal charges are allocated to your program or department on an annual basis (often charged as a set monthly amount) – for example, this may include allocation of expenses such as marketing, computers, internal printing etc.. - check with your Finance manager to ascertain information for your specific program each year
- Some internal charges are allocated to your program or department based on the actual amount when incurred, such as postage costs, vendor costs for items printed or produced externally through the Impact Department (for example, premiums or banners).
- Note: There may be a lag between when certain expenses (such as postage) are incurred and when they show up on your budget reports, especially those that are only entered into the system on a monthly basis
- Expenses from external vendors (either paid via check request process or through a corporate credit card)
- Personnel expenses allocated to a program or department
- Personal expenses for a specific program (reimbursed via personal expense report)

It is important for accurate tracking to charge each expense to the correct budget codes:

82159–430-4301-3000-10 (Example defined below)

82159 = GL Code which means General Ledger code, I.e., specific expense classification (Scholarships)

430 = Department Code (Jewish Camp Enterprise)

4301 = Program Code (Affordability Initiatives)

3000 = Functional Code (Education)

10 = Fund Code

Invoice Processing: Submit invoices in a timely manner to avoid late fees and interest charges

- Complete a Request for Payment excel form (see Appendix) and attach the invoice, not a statement
- If there are multiple invoices for the same vendor, they can be submitted individually or combined on one check request (preferred by Finance) with clear descriptions of each; invoices will still be entered individually
- An invoice may be split across different program/project/GL codes if necessary and as appropriate
- During the Coronavirus situation (as of 9/10/20), invoices are processed for payment during the week _following_ the week in which they were submitted
- Checks are printed on Wednesdays; checks are usually signed the same day, unless Howard is unavailable – in which case they will be signed the following Wednesday
- Additional time is needed to process payments for new vendors
- It may take a week for checks to be returned to you or mailed to the vendor
- Larger amounts above $2000 may take longer because of additional signature requirements
- Please allow 4 weeks for the post office to deliver the mail due to current situation delays
- Notably during the pandemic, many vendors are requesting ACH (Automated Clearing House) payments which are electronic payments whereby funds are transferred directly into their accounts; this requires special approvals for the first payment to a vendor (See form in Appendix)
- If you need to enclose a letter or note with the check, or will present it in person, then the check should be returned to the Program Manager
- Retain copies of submitted payment requests and invoices, and checks if desired, for your records
- If you are sending checks for grant-type programs, always enclose a letter with the check to specify what it is for, and retain a copy of the letter for your records
- A completed W-9 form (page 1 – see Appendix) must be submitted to Finance for any new vendor or recipient; and the name/address on the payment request must match the information on the W-9 form. To check if a specific vendor is already on file, contact the Finance Department
- As a non-profit organization, we don't pay sales tax; provide the Tax Exempt letter to the vendor (see Appendix)
- Attach a contract/agreement if one was signed by Howard to payment requests

A standard Consultant Agreement Form (see Appendix) should be completed for any individual or entity who is providing straightforward services to Federation. A contract should be developed and signed for more complex projects to document deliverables and terms. If a contract is developed (or provided by a vendor), it must be reviewed and signed by Chief Operating Officer/Chief Financial Officer Howard Rabner

Receipts for charges made to corporate credit cards should be submitted to the appropriate person as soon as they are made, coded in the same manner

Federation has accounts with tax-exempt status established with Amazon, Staples and Uline. You may place orders through Melissa Lezama by providing a link to the item, the quantity, shipping address, and the billing code to which Melissa should charge the purchase when she reconciles at the end of each month

Personal expenses for reimbursement should be submitted within one month the charges
- Mileage is billed at $.50 per mile, for miles that are incremental to your normal commute

Forecasting

Build a budget forecast for the upcoming fiscal year at the appropriate level of detail (with your supervisor)

Obtain the necessary approvals by your manager and advisory committees, as appropriate

Submit official budget forecast to finance. Retain for your records, clearly labeled. Issue to all involved parties as the official budget forecast as of XX date

Recommended Tracking Process – SEE SAMPLE SPREADSHEET

Create a spreadsheet that lists each Revenue and Expense category, with the projected totals for each line item (i.e., revenue source and expense GL code) - based on your budget that has been approved and submitted to Finance

For expenses and revenue, create sub-sections of Submitted/Paid, In-hand (not yet submitted), Expected

At the beginning of the year, input all expected expenses (using sub-totals as appropriate at this stage – you don't need to break out each and every little component)

Each time you submit an invoice, log the specific information into the submitted section and adjust other sections accordingly

Include a calculation of total Submitted + In-hand + Expected compared to approved forecast to see how you are tracking vs. the forecast. If any major variances, discuss with your manager and finance to determine if an adjusted forecast is warranted

Build in a cushion of a "TBD/Contingency" line for unexpected expenses, equivalent to 5-10% of expenses

Sample program: FED FUN DAY – Original Forecast

Revenue:

- Grants $20,000
- Revenue from registration fees $5,000
- Plus: There is a $10,000 Federation allocation which is reflected below

TOTAL: $25,000

Expenses

- Advertising and Promotion $5,000
- Supplies $10,000
- Food $10,000
- Room Rental $5,000
- Photo/Video $2,000
- TBD/Cushion $3,000

TOTAL: $35,000

Net (Federation Allocation): -$10,000

SEE SAMPLE SPREADSHEET FOR DETAILED TRACKING REPORT

APPENDIX – Access these files at bit.ly/GMWbudgetresources

- ACH Form

- Budget Training Example -Tracking and P&L

- Budget Training Powerpoint

- Consultant Agreement form

- Department and Program Codes list

- Federation Tax Exempt letter

- GL Codes list

- Request for Payment Form

- W-9 Form