THE HUD PARTNERSHIP CENTER'S CAPACITY BUILDING WORKSHOP SERIES: FINANCIAL MANAGEMENT MODULE

U.S. Department of Housing and Urban Development
Center for Faith Based and Neighborhood Partnerships

Financial Management and Budgeting for Nonprofit Organizations

Managing financial records is critically important for the long-term health and sustainability of any nonprofit organization. For a nonprofit, long-term stability means having the ability to meet financial obligations such as payroll, rent, the cost of implementing and maintaining programs, etc.. An organization's financial transactions must be appropriately recorded and maintained. An analysis of all financial data should yield information that will help guide the organization and allow it to properly plan for current and future activities.

Key Tasks

- **Develop and maintain a system for recording financial transactions**
- **Determine and track the funds needed to operate**
- **Properly allocate funds to specific programs**
- **Manage the organizations cash flow**
- **Pay its debts**
- **Manage assets and inventory**

List some key tasks associated with the financial management of your organization?

- ____
- ____
- ____
- ____

Financial Activities

Transaction Handling and Record Keeping

- **Timely and accurate billing for services performed**
- **Timely and accurate payment of goods and services**
- **Prompt deposit of receipts**
- **Proper authorization of payments**
- **Proper recording of transactions**
- **Timely and accurate preparation of financial reports**

Financial activities can be different from one organization to another depending on its size and how complex its programs are. There are three general areas for financial activities:

Transaction Handling and Recordkeeping

Planning and Budgeting

Financial Management

Transaction Handling and Recordkeeping

Transaction handling and recordkeeping are the bookkeeping and accounting areas of financial activity. Checks must be written to pay bills; incoming payments must be deposited; records of transactions must be kept.

Planning and Budgeting

Planning and Budgeting are processes in which organizations set goals and objectives, chooses programs and decides how those programs will be operated. The budgeting process relies on both financial information about past performance and the organization's future plans. In this area, your organization should be concerned with:

Financial Activities

Planning and Budgeting

- **Involve people who can assist with the budgeting process**
- **Consider both internal and external factors in the budget process**
- **Use past and current information to develop realistic projections**
- **Gain understanding and support as to how the budget will shape decision-making**

How are you involved with your organization's financial activities?

- ____
- ____
- ____
- ____

There are a number of things an organization must consider as it establishes or grows its fiscal office. You will need to decide who will be the "keeper of the records"?

- Should you hire a bookkeeper?
- Should you contract with an outside organization for things such as payroll?
- Should the executive director also serve as the fiscal officer?
- Will you need to have an audit?

As your organization grows and develops you will need to reevaluate how your fiscal responsibilities will change. You will need to be ready to adjust your system to address compliance requirements of new funding sources or curtail activities if funding support decreases.

Planning and Budgeting

Program Planners	Fiscal Managers
Concerned with ensuring a particular service is provided, how and which clients are served, how the board and the director will support the service, etc.	Concerned with the cost of the service, the impact a program has on existing resources, how new requirements will impact staff, or how the timing of expenditures and receipts will impact cash flow, etc.

Program planning is often viewed as the job of the director, or the program directors and the board. Fiscal management is usually assigned to the bookkeeper, accounting personnel, and maybe the board treasurer. At times, fiscal staffs' view program planners as unable to understand how their decisions can place undue strain on the organization's "bottom line."

Program planners may feel that fiscal managers do not understand how important it is for a program to continue or expand because it is fulfilling the mission.

Budgets are tools of the financial management system used for two central management functions:

1. decision making and
2. monitoring and controlling.

A budget is a plan of action expressed in financial terms. Through the budget process, decision-makers look at the financial implications of their plans. They must evaluate how much a program will cost and they must anticipate how they will find the revenue to pay for the program. Based on an evaluation of resources, the organization sets its priorities and then develops its budget.

Budgets

Monitor and Control Function

- **Compares revenues to expenditures**
- **Allows/ensures adjustments are made to programs if the financial situation changes**
- **Illustrates the needs of the organization to others**
- **Addresses compliance requirements of different funding sources**

A budget is also a tool for monitoring and controlling ongoing activities.

List how a budget might be used to monitor or control ongoing activities in your organization:

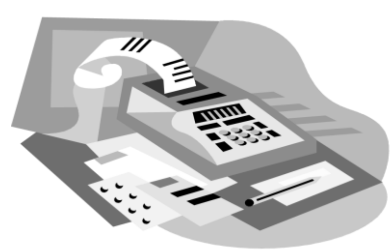
- ______________________________
- ______________________________
- ______________________________
- ______________________________

As a planning document, an effective budget is one that accurately anticipates and projects the interplay between program and fiscal activities. An effective budget serves as a guideline that reflects the best estimate by an organization's decision-makers and the anticipated cost and revenues of operating a program or developing a project.
Past budgets are useful tools for organization's to use as they develop a new budget. Past budgets can demonstrate how successfully a program was designed to meet its financial costs and help to forecast new budget estimates.

Summary:

Budgets

- Define goals for a given period of time
- Monitor progress throughout that period of time
- Provide information on whether fiscal goals for a particular program are being met to allow adjustments to be made
- Predicts and monitors the cash flow of the organization
- Provides information to funders to gain their support



The BUDGET PROCESS

The Budget process is complex and often involves many people in an organization including:

- The executive director
- Program directors
- Financial staff
- Finance committee members
- Board treasurer
- Fundraising committee, and others

Involving appropriate individuals in the budget development process allows opportunities for diverse viewpoints to unite behind the organization and its programs.

Budgeting

A 10 Step Process

Step 1. Set Framework

Establish the budget period and review program achievements and financial performance for the period.

- **Same as accounting year whenever possible**
- **Review prior years performance and achievements.**

Step 1. The budget period should be the same as the organizations accounting (fiscal) year if possible. This facilitates comparisons of the budget projections to the actual experience of the organization. It is often convenient to use a similar fiscal year as a major funder of the organization. Program achievements of the prior year should be examined to determine how resources were utilized in the program and to determine if funding was adequate.

Budgeting

Step 2. Set Goals & Activities

Identify major programs and activities of the organization and set goals and objectives for the budget period.

Step 2. Identifying major programs and activities and setting the goals and objectives for the budget period is one of the most important activities necessary for sound budgeting.

The major programs and activities identified should be the same as those used by the accounting department used to generate financial reports.

During this step a review of the long range plan should be done. During the review a list of upcoming, annual programmatic and organizational objectives should be developed. The objectives should be defined in ways they can be measured so that later it can be determined if the they have been achieved.

Step 3. of the budgeting process requires a determination as to how to estimate how to pay for the indirect costs not directly identifiable to a specific program/activity will be paid for. The federal government defines indirect cost as:

> *Those costs incurred for a common purpose and therefore benefiting more than one organizations activity (cost objective) and not readily attributable to specific activities without an excessive level of effort. Typical indirect cost include: depreciation or use allowances on building and equipment; costs of operating and maintaining facilities; general administrative expenses such as the salaries of executive officers.*

Budgeting

Step 3. Allocate Costs

Decide on a method of cost allocation and estimate the cost of required resources (expenses).

- **In estimating the cost of required resources, the organization must not only determine the direct cost of running the program, but it should also determine the shared or *indirect cost,* such as rent, phones, accounting, etc.**

For further information on this topic see OMB Circulars A-87 and A-122. (Go to www.whitehouse.gov/omb, and click on Circulars)

HUD offers training on their website on applicable OMB Circulars at http://www.hud.gov/offices/adm/grants/training/odgmotraining.cfm

Budgeting

Step 4. Estimate Revenue

Estimate anticipated revenue

- **Just as an organization must evaluate its planned expenses, it must also evaluate planned revenues. Historic information, the experience of others and understanding current economic conditions are useful in this process.**
- **It is always best to err in the direction of a very conservative estimate when the source is highly competitive, unknown or if a funder is undergoing change.**

Step 4. Make the most realistic assessment as possible of anticipated revenue. It could also be useful to develop a contingency budget to address “what if” scenarios. However it is difficult to develop such plans if large chunks of revenue come from a few sources, such as government, foundations or corporations.

Budgeting

Step 5. Adjustments

Make necessary adjustments to bring estimated revenues and expenses into a desirable relationship.

- **Once the estimates have been made, it can determine if the budget will balance or whether revenue or expenses exceed the other.**

Step 5. For any given budget period revenue and expense should be in the relationship an organization chooses for that budget period.

Do not adjust it to appear balanced if it isn't. If expenses need to be reduced, it is helpful to determine the costs of each program at different service levels.

Do not assume that benefits and costs move together, with each additional dollar of spending resulting in an additional dollar of service.

"Economies of scale" are present in most projects, and beyond a certain point, additional expenses may bring diminishing returns.

Budgeting

Step 6. Cash Flow

Prepare a cash flow projection and plan for cash flow and cash reserves.

Step 6. A cash flow projection involves projecting monthly cash coming into the organization and cash going out. For an example, even if the organization has a "balanced budget," it may not receive revenue until the end of the budget period, while expenses are spread throughout the period. A cash flow projection will help foresee cash flow problems and plan for solutions.
If cash flow problems appear to be an ongoing problem, you may consider setting aside funds into a cash reserve. This will ensure there are adequate funds to cover expenses while waiting for revenue.

Budgeting

Step 7. Approval

Approve the budget

- **Done by the board of the organization.**

Step 8. Implementation

Implement the plan and budget

- **Staff is responsible for implementing the plan and budget.**

Step 7. The Board approves the budget as a part of its governing function.

Step 8. The executive director may determine if program managers have responsibility for monitoring and controlling the expenditures for a program.

Step 9. Ensure that financial reports are done monthly and provided to management and the board. This ensures that programs are on track and will indicate if there is a financial situation that needs attention.

Step 10. Cash flow projections should be updated monthly based on the actual balance of cash at the end of the last month and information on the timing of cash receipts and cash disbursements.

Budgeting

Step 9. Monitoring

Compare revenue and expenses to the actual budget

- **Reporting on expenses and revenues should be done in a timely, ongoing manner and such reports should be distributed to those with budget control responsibility, such as the executive director, the treasurer, board members, etc.**

Step 10. Amendments

Update cash flows and revise plan and budget as appropriate.

NOTE:
Nonprofits generally receive revenue from multiple sources and must prepare budgets for each funder. A single line item such as personnel or travel may be partially paid by multiple sources, and the organization may find it advantageous to prepare a source budget that details major funders, and what portion of each line has been budgeted to that funder. BUT, accounting systems should be set up to track revenue and expense by program/activity, not simply by source.

CASH FLOW

If an organization has more expenses than income, sooner or later it will be in trouble. An organization can also be in trouble when it has more income than expense. This occurs if the income and expense occur at different times so that there is not enough cash to cover the debt.

More About Cash Flow

Cash flow refers to the need to have cash come in at the right time to meet expenses. Cash flow can be projected, monitored and controlled.

Addressing Cash Flow Problems
SHORTAGES

- Loans
- Lines of Credit
- Required fees to be paid in advance
- Speeding up collection of receivables
- Change the timing of fundraising events
- Working with funders for a more favorable payment schedule
- Delaying payments to vendors
- Liquidate investments

Cash flow projections are typically developed as part of the budget process, so that possible shortages or surpluses can be anticipated. Based on cash flow, management may decide to postpone a project, borrow money, cut expenses or increase revenue.

List some strategies for addressing cash flow problems you may have used.

- ______________________________
- ______________________________
- ______________________________
- ______________________________

Surpluses may appear to be a good thing, and yes, they are better than shortages.

Addressing Cash Flow Problems
SURPLUSES

- **Short term investment**
- **Change the timing of fundraising events or campaigns**
- **Make loans**
- **Buy supplies on sale that are not immediately needed**

List how you have dealt with any surpluses in your organization.

- ______________________________
- ______________________________
- ______________________________
- ______________________________

Summary:

Good financial management includes tracking the overall system of income and expenses as well as timing of when funds are available and when expenses are incurred.

THE INTERNAL CONTROL SYSTEM

Nonprofit organizations, just like other organizations, are vulnerable to deliberate theft and misguided use of funds for unauthorized purposes. But the same idealism and commitment that bring talented people to the agency also may make it reluctant to impose controls over staff.

Internal controls safeguard the organization's resources and work to ensure that an organization's plans and policies are implemented and decided upon.

Good financial management includes tracking the overall system of income and expenses as well as timing of when funds are available and when expenses are incurred.
List why internal controls are needed? Do you know what your organization's internal control procedures are?

Internal controls safeguard the organization's resources and work to ensure that an organization's plans and policies are implemented and decided upon.

Internal Controls

Internal controls are needed to:

- **Provide reliable data**
- **Safeguard assets and records**
- **Promote operational efficiency**
- **Encourage adherence to prescribed policies**

PROVIDE RELIABLE DATA: Managers depend on accurate information to make informed decisions. Program planning is influenced by the financial performance of the program as demonstrated in financial statements. Internal controls ensure financial information is reliable.

SAFEGUARD ASSETS AND RECORDS: Money and the physical assets of an organization can be stolen, misused or accidentally destroyed unless they are adequately protected. The same is true of nonphysical assets such as pledges and accounts receivables, contracts, and other financial information.

PROMOTE OPERATIONAL EFFICENCY: Internal controls can reduce unnecessary duplication of effort and guards against misallocation of funds.

ENCOURAGE ADHERENCE TO PRESCRIBED POLICIES: Management establishes procedures and rules to pursue the organization's mission and goals. Internal controls help ensure policies and procedures are followed.

In small organizations, many duties may overlap. But a key principle is the "segregation of duties" so that no financial transaction would be handled by one person from beginning to end.

What internal controls would each of these groups be responsible for?
Financial Management Staff:

- ______________________________
- ______________________________
- ______________________________

The Executive Management:

- ____
- ____
- ____

The Board:

- ____
- ____
- ____

A Minimal Set of Controls Might Include:

- **An *Accounting Procedures Manual***
- **Two signature authority for payments**
- **Bank reconciliation review by someone other than the bookkeeper**
- **The Board of Directors should approve the annual budget and regularly review financial statements**
- **The board should approve leases, loan agreements, grant proposals and any major commitments of the organization**
- **The board should approve personnel policies**

- An *Accounting Procedures Manual* (APM) describes the administrative tasks of the organization and indicates what position is responsible for each task. It can be an informal document, but it should describe how functions such as check approvals, fund transfers and other financial transactions are handled.

- In many cases, two signatures should be required on checks, or at least on checks of certain amounts (e.g. checks over $500).

- The same person should not receive checks or cash and do the recording of the income and the deposits in the bank.

- The bank reconciliation should be reviewed by someone other than the bookkeeper. In a small organization a board treasurer can review the bank statements and cancelled checks on a regular basis or at finance committee.

- The board of directors should approve the annual budget and the board or the finance committee should review financial statements on a regular basis.

- The board of directors should approve leases, loan agreements, all large purchases, grant proposals and any transactions that commit the organization's resources.

- The board should approve personnel policies that clearly define salary levels, compensatory time, benefits, grievance procedures, severance pay, and other personnel matters. Internal controls do not guarantee that funds will not be taken or misused. Like locked doors, internal controls keep honest people honest. They set a standard of accountability and conscientiousness.

Summary:

All nonprofits must have a set of internal controls to maintain the integrity of their financial management systems; the basic principle is that no transaction should be followed by only a single person from beginning to end.

Audits and Audit Trails

An audit is a set of tests performed by an independent Certified Public Accountant (CPA) that results in an opinion as to the accuracy of the financial statements.

Financial reports are used by people within organizations and by people outside the organization. Accounting standards that are used by all organization in external reports share a common language to ensure understanding and to make it possible to compare the finances of one organization to those of another.

Audit Trails

The system of internal controls provides an audit trail:

- **An audit trail means that a transaction (deposit/payment, etc.) can be followed from one end of the accounting systems to the other (e.g., from the source of origin to the final record or from the final record to the source of origin).**

For example, from a source document such as a supply order, the auditor should be able to trace how the transaction ended up in the financial statement. Similarly, the auditor can trace any item on the financial statements back to the source documents to verify the nature of the transaction.

The Audit trail is a testing mechanism to evaluate the internal controls and thus the reliability of the accounting records. If the controls are so weak as to make the records inadequate, the auditor may find it necessary to issue a qualified opinion and will list the reasons in the audit report.

When is an Audit Needed?

- **The Federal government requires independent audits only for organizations that have expended more than $300,000 in federal funds within one year. Government agencies may require a government or independent audit for contractors. Some foundations may also require audits of grantees.**
- **Nonprofits that expend $300,000 or more per year in federal funds, whether direct or indirect must have an A-133 audit.**

Nonprofits that expend $300,000 or more per year in federal funds, whether direct of indirect, must have an A -133 audit. An A-133 audit must be performed in accordance with generally accepted auditing standards and generally accepted government standards.

Generally Accepted Auditing Standards are established by the American Institute of Certified Public Accountants.

Nonprofits expending ***less*** than $300,000 a year are exempted from federal audit requirements, but MUST keep records available for review by appropriate officials of the federal grantor or sub-grantor entity.

A-133 (Single Audit)

The auditor's objective for an A-133 (single) audit, in addition to the expression of an opinion of the financial position are to determine if:

- The organization has an internal control structure that provides reasonable assurance of compliance of laws and regulations, not only at the financial statement level, but also with regard to program management.

- The organization has complied with the laws and regulations that may have a direct material effect on its financial statements and on each major federally funded program.

Accounting Reports and Audits

- **Based on the investigation the auditor issues a formal opinion about the financial reports of the organization.**

NOTE: An audit is <u>NOT</u> designed to uncover fraudulent activity within an organization.

Auditors can issue different types of opinions:

Audit Opinions Types

- **Unqualified opinion**
- **Qualified opinion**
- **Disclaimer of opinion**
- **Adverse opinion**

- <u>Unqualified opinion</u>: Most often audits are issued with unqualified, "clean" opinions.
- <u>Qualified opinion</u>: A qualified opinion is issued when the auditor believes the statements are, in a limited way, not in accordance with generally accepted accounting principals or the auditor is unable to perform sufficient test work in one or more areas.
- <u>Disclaimer of opinion</u>: The auditor may issue a disclaimer of opinion if insufficient evidence exists to vouch for the financial statement.
- <u>Adverse opinion</u>: The auditor believes that the financial statements are inaccurate.

Selecting and Engaging an Auditor

An organization's procurement or purchasing policy would govern how it goes about soliciting, selecting and hiring an auditor.

Organizations often prepare a brief description of their accounting system and send out letters requesting bids. It is a good idea to solicit bids from small, as well as, large firms.

Accounting firms that are interested will send a representative to make a bid. The bid will be based on many factors including:

- Budget size of the organization
- Condition of the books
- Complexity of reports
- Distance to and from the organization
- Billing rates
- The deadline for the audit

DEVELOPING the PROGRAM/PROJECT BUDGET

When developing the budget for a specific program or project, you should consider organizing it based on HUD's SF-424, This standard federal form provides a good guide to help you organize your budget costs into categories.

Budget

- Organize the budget based on the SF-424

  - Personnel
  - Fringe Benefits
  - Travel
  - Equipment
  - Supplies
  - Contractual
  - Construction
  - Other

Personnel - this is anyone who you employ as either a salaried or hourly employee who will be paid through this grant.

Fringe Benefits – FICA, unemployment, health insurance, retirement, taxes, etc.

Travel – only includes out of State travel. Local travel goes under "Other". CAUTION: Travel must be an essential part of the work plan for the grant and will receive extra scrutiny. Training for which you travel a distance should only be for training that is not available locally.

Equipment - is nonexpendable, tangible personal property with a unit cost of $5,000 or more and a useful life of more than one year. If it doesn't fit this description, it is not considered *equipment,* even if it seems like equipment (e.g., computer). CAUTION: There are special rules for equipment purchases.

Supplies - this is where most purchases go including office supplies, materials, computers, etc.

Contractual - products or services to be secured using a sub-contract. This includes people, products or software leases. A sub-contract budget is needed if the amount is large.

Other - any essential expenses that do not fit under the categories above. Consultants go under Other. Rent and telephone costs also go here.

Indirect Charges - You can only charge this if you have an existing approved indirect cost rate already in place with the federal government.

For *personnel,* list expenses by job title.

For *travel,* list transportation and per-diem

For *supplies*, list expenses by type

For *contractual*, list expenses by contract

For *other*, list expenses by major item

Building Your Budget

- **Build a spreadsheet that includes each budget category with the following columns:**

Cost	Allocation/ Description	Total

Building Your Budget

- Example: **PERSONNEL AND FRINGE**

Cost	Allocation/ Description	Total
Project Director	$50,000 salary X 100% time for one year	$50,000
Fringe Benefits	20% of salary	$10,000

You must also be able to explain why these expenses are critical to the grant. If you plan on applying for funding for your program, construct a budget narrative as to how your costs were derived. This will also be helpful to others who look at your records and for anyone who might assist in the development of future budgets.

Building Your Budget

- **Example: PERSONNEL AND FRINGE**

Cost	Allocation/ Description	Total
Office Manager	$30,000 salary X 50% time for one year	$15,000
Fringe Benefits	20% of salary	$ 3,000

Building Your Budget

- **Example: TRAVEL**

Cost	Allocation/ Description	Total
Grantee Conference Washington DC (3 days)	1 person Airfare: $200 Lodging: 2 days x $153 Meals: 3 days x $51	$659

Building Your Budget

- **Example: OTHER - Space**

Cost	Allocation/ Description	Total
Office Space	600 sq. feet at $20/sq. foot	$12,000
Classroom Usage Fee	2 @ $100 per day X 100 days	$20,000

Building Your Budget

- Example: OTHER - Consultant

Cost	Allocation/ Description	Total
Evaluation Consultant	10 days at $300 per day	$3,000

Building Your Budget

- Example: OTHER – Local Travel

Cost	Allocation/ Description	Total
Local Travel (home visits)	4 staff @ $8/day x 300 days (20 miles/day @ .40 per mile)	$9,600

Building Your Budget

- Example: SUPPLIES

Cost	Allocation/ Description	Total
Computer		$2,000
Printer		$ 500
Financial Software		$ 300
Donor Software		$ 250

If you are working with government funds be sure to know any restrictions on expenditures that are tied to the funds. Failure to comply with funding guidelines can result in loss of the funds, or other more serious actions.

Key Term: Allowable Cost

Remember – For federal grants to nonprofits, OMB Circular A-122 answers the question: What am I allowed to spend money on and under what conditions?

www.whitehouse.gov/omb

COST SHARING

Remember to detail the value of all resources that support your program. This includes the value of items such as:

Cost Sharing

What cash, goods or services can you add to the public resources listed in the budget?

Sources: current budget, partner agencies, volunteers, in-kind donations

Land – seek an appraisal for any land or building donated for your program.

Volunteer Hours – make sure you establish a process to record volunteer hours so that they may be reflected in your budget. Often local United Way Agencies have databases with salary equivalents for various volunteer positions. Costs must pass a reasonableness test.

Donated space – estimate the value of the space that is provided for your program based on its market value.

Key Term: Cost Sharing / Matching

Means that you or the community must provide cash or in-kind goods or services.

Often required in federal grant programs.

In-kind services – these can include a wide variety of things including printing, advertising, marketing, etc.

There could be a wide number of people who offer to support your program by providing in-kind services. However, at times well intentioned offers are not always fulfilled.

If you are counting on in-kind services be sure to have the commitment given in writing. Another rule of thumb, what ever is offered, expect to receive only a percentage of the offer and budget accordingly.

Cost Sharing

<u>The ACCOUNTING Rule:</u>
You can't count it if you didn't treat it like real money. BOOK IN-KIND

<u>The REAL LIFE Rule:</u>
Get in-kind commitment in writing and budget it 1/2 or 1/3 as large.

Cost Sharing

Add three more columns to your spreadsheet:

Federal	Grantee	Third Party

Cost Sharing

- Example: PERSONNEL & FRINGE

Cost	Federal	Grantee	Third Party
Project Director Salary ($50,000)	$40,000	$10,000	
Fringe @ 20% ($10,000)	$ 8,000	$ 2,000	

Cost Sharing

- Example: OTHER - Consultant

Cost	Federal	Grantee	Third Party
Evaluation Consultant ($3,000)	$2,500		$500

Cost Sharing

- Example: OTHER - Rent

Cost	Federal	Grantee	Third Party
Office Space ($12,000)	$12,000		
Classroom Usage Fee ($20,000)	$10,000		$10,000

BUDGETING AND TIMELINES

Examples:

Project Director - full time; expect to hire in one month at $40,000/year.

- Salary: $40,000 x 100% x 11 months = $36,667
- Fringe Benefits: 20% of salary = $7,333

Tutors - expect to hire 12 to work 10 hours per week at $10 per hour for 6 months (26 weeks).

- 12 x 10 x $10 x 26 = $31,200

PROGRAM INCOME

If a program receives federal funds, and the program generates income, you must follow the regulatory guidelines for that particular funding source. Failure to do so can have serious consequences and could jeopardize the program.

Key Term:
Program Income

- **Refers to any revenue that the project is expected to generate**
- **Examples might include ticket and program sales at special events**
- **Not always treated in the same way – find out the agency's rules regarding use of program income**

Budget Considerations

- **Make sure that you realistically project the activities, resources, staff and other items that will cost money.**
- **Your budget should clearly reflect how your program will operate. The budget should reference the same activities, resources, staff, etc. as your program.**

And finally,

CHECK YOUR MATH!!!