

Budgeting Manual

Illinois Yearly Meeting

March 7, 2009
Finance Committee

Introduction

This manual describes the practices generally followed for forming an initial budget for annual sessions and maintaining the meeting's financial operation between annual sessions. It is meant to be used in conjunction with the budget worksheets which are available on the ILYM website or from the Treasurer.

A budget is a reasonable estimate trying to predict future events. It gives the meeting a perspective when reviewing donations and expenses during the year. It helps our committees to carry on the work of the yearly meeting.

When it comes to finances, Cathy Habschmidt (FWCC) reminds us: "If we are faithful in discerning the work we are called to do, then our expenses are a witness to the world."

This manual is meant to be a checklist rather than a policy statement. Having Friends communicate with each other is the most important aspect of developing sound budgeting and this manual is hoped to facilitate that. As time passes, we will update our manual to meet our needs. The Finance Committee is responsible for updating and distributing the document and all suggestions for revisions should be directed to that committee.

We have divided the practices into three sections: annual sessions, initial budgeting and updating the budget.

Annual Sessions

As we are called by God, the Illinois Yearly Meeting as a body sets budget policies and priorities at annual sessions. The yearly meeting formally approves the final budget for the coming year at annual sessions.

Initial Budgeting

Creating a budget for the yearly meeting involves understanding the financial needs of all the various activities of the yearly meeting and discerning the way forward as a unified body. To do this various individuals and committees need to gather information as noted below.

Finance Committee

- a) Develops a fiscal calendar with budgeting deadlines and the Finance Committee Clerk sends it to all interested parties.
- b) Develops and seasons financial priority and policy recommendations to bring to the yearly meeting at annual sessions for discernment.
- c) Communicates financial policies, procedures, and practices to committee clerks and interested others.
- d) Reviews income sources (ascertains both the source and the likelihood of receipt). May work with the Development Committee in some cases.
- e) The Finance Committee Clerk reminds committee clerks and individuals with specific responsibilities to submit requests to be included in the budget.
- f) If needed, works with clerks to develop a budget for each committee for the coming year by providing historical information or sharing cost saving information between committees.
- g) Reviews all budget requests from within ILYM.
- h) Seasons requests for donations to other Quaker organizations, especially new requests.
- i) Reviews long term future capital and non-capital expenses (for example: a new roof, printing of *Faith and Practice*, FWCC Triennial).
- j) Creates annual budget based on requests gathered above and historical information. Prepares budget for presentation to the yearly meeting at annual sessions.
- k) Develops a report for presentation at annual sessions.

Standing and ad hoc Committees

- a) As a committee, seasons leadings for programs and activities for the coming year. Using the budget worksheets when appropriate, the committee estimates expenses and income for these and develops a budget. Committee Clerk submits budget for the coming year to the Clerk Finance Committee, according to the fiscal calendar. Examples: Committee operations may include conference calls, copying, and stamps. Activities may include visiting monthly meetings or having programs.
- b) Reviews any historical income and expense data for their committee. (These can be easily provided by the Treasurer.)
- c) Informs Finance Committee about new opportunities and expenses before coming to the floor of the yearly meeting at annual sessions. The Finance Committee needs to estimate the impact of the new costs on the overall budget. However, the Finance Committee doesn't approve the new expenses. Action comes from the yearly meeting. The

- committee proposing the new opportunity will make the presentation at annual session.
- d) When seasoning a program or retreat, see *Programs and Retreats*.
 - e) When seasoning new opportunities that are not historically part of their committee's expenses:
 - Estimates expenses getting estimates from vendors, catalogs, etc.
 - Consider travel. Is there an issue for traveling either to committee meetings or for committee members to do the work of the committee?
 - Writes a summary of the new initiative and submits it first to the Clerk Finance Committee (according to the Finance Committee's budget calendar).
 - Brings opportunity to the meeting at annual sessions for discernment.
 - Friends are reminded that paying individuals for services over \$600 requires attention from the Treasurer - to ensure compliance with IRS regulations.

Individuals with Specific Responsibilities

Most income and expenses associated with individuals come under the heading of operating expenses. These include salaries and payroll, travel (staff), travel (ILYM reps), insurance, other programs, and office. The Finance Committee uses historical numbers to generate a budget unless otherwise informed by the individual with specific responsibilities. Stewards have a process for getting bids, etc on property improvement projects that is outlined in the Handbook.

Programs and Retreats

The participants in a retreat or program generally will pay for all of the costs involved. The budgeting worksheets may help the planners of the program or retreat to figure out costs using the best estimates. The costs should then be divided among the projected participants. When considering the costs, the committee should be mindful of costs including: travel and honoraria for speakers/facilitators, workshop materials, venue, and equipment rentals. In addition there may be costs for conference calls for planning, reduced fees for those with financial needs, and costs incurred by taking care of children if their registration is free. Because it is usually difficult to predict costs exactly, ILYM will pick up shortfalls and overages will go to ILYM to be used in some other way. Programs should be reasonable in costs and if there are a few Friends unable to pay, their costs will be covered either by their monthly meetings or by the yearly meeting.

Treasurer(s)

- a) Provides historical information on expenses to the Finance Committee, committee clerks, and others including specific prior budget information. (This can be identified using our software program.)
- b) Compiles a spreadsheet with the budget requests from each of the committee clerks collected by the Finance Committee Clerk
- c) Projects budget and tracks actual expenses for the annual sessions.
- d) Projects operating expenses generally based on historical numbers. Operating expenses include staff salaries and payroll, travel budget of the staff and travel budget of ILYM representatives to other organizations, insurance expenses, and office expenses as well as committee and site maintenance expenses.
- e) Projects budget needs for miscellaneous expenses.
- f) Prepares budget spreadsheet for presentation at annual sessions once it has been approved by the Finance Committee.

Budgeting during the year

Between annual sessions, as money is paid out and as money comes in, the Treasurers update the expense and income sheets. As needed, Finance Committee, along with the treasurers, encourage communication concerning the financial actions, review the budget compared with actual expenses, and make recommendations to maintain ILYM's financial health. To keep the yearly meeting apprised of the finances of the meeting, the Finance Committee and the Treasurers provide reports at all Continuing Committee meetings. If necessary, the Finance Committee may communicate with the yearly meeting between Continuing Committee meetings and annual sessions.

Continuing Committee

Continuing Committee meets several times during the year to reflect on, among other things, the report of the Finance Committee. The Finance Committee makes year-to-date progress reports and may make recommendations as appropriate. The Review Committee may bring financial requests that need to be seasoned in a larger body.

Finance Committee

- a) Composes a letter regarding the monthly meeting donations to the yearly meeting and any other fund raising letters. (May work with the Development Committee on these.) Arranges for distribution of these letters.
- b) Maintains communication with all committee clerks to better anticipate unexpected shortfalls and windfalls. Helps committees communicate with each other when a combined project or services may

- save costs.
- c) Keeps the yearly meeting informed of the financial health of the meeting. Provides a year-to-date financial report at Continuing Committee and, if necessary, to committee clerks and monthly meeting clerks or treasurers.
 - d) Reviews the actions of the Review Committee.
 - e) Reviews financial policies, procedures, and practices; and seasons recommendations for changes to, or new policies.
 - f) Provides updated financial policy/procedure/practice content for the ILYM website.
 - g) Reviews this manual annually and makes adjustments.

Review Committee

The Review Committee is responsible for reviewing requests during the year from committees or individuals with specific responsibilities when new opportunities arise or costs for activities are over the budgeted amount by 10% or \$5000 whichever is lower. Some items which need to be considered by the Review Committee are: Can the yearly meeting afford the additional expense? Is this in keeping with the charge given to the requesting committee or individual at annual sessions? Is there other relevant information that should be considered? The Review Committee then decides if the requesting committee or individual should go ahead with the plan, bring it to Continuing Committee or another committee for further seasoning, or bring it to annual sessions.

The Finance Committee appoints the Review Committee and announces the members at annual sessions. Committee clerks or individuals should contact the clerk of the Review Committee when a decision is needed.

Standing and ad hoc Committees Clerks

- a) Communicates with the Clerk of Finance Committee, according to the fiscal calendar.
- b) Communicates with the Clerk of Finance Committee if they find their committee will not spend an approved budgeted expense.
- c) Informs the Treasurers if someone will be paid for services over \$600 (to be sure we are in compliance with IRS regulations).
- d) If a new opportunity arises or if the costs for a project are greater than anticipated and there is going to be a variance of greater than 10% or \$5000 of the total for any expense line, then a request for additional funds should be made to the Review Committee prior to spending the extra funds.

Treasurer(s)

- a) Reviews large contracts with the Stewards before they are signed.
(See Stewards' practices for signing large contracts.)
- b) Projects cash flow patterns to anticipate periods of potential
shortfall during the year, and reports these to the Finance Committee.
- c) Keeps track of administrative expenses.
- d) Provides reports to Finance Committee, Continuing Committee and all
committee clerks, as needed.
- e) Consults with all who may need information regarding the
spreadsheets
- f) Keeps the Finance Committee informed of operating expenses
including the use of the funds for travel by staff or ILYM reps. Informs
the Review Committee if it appears we will be exceeding the budgeted
amount.

Travel Reimbursement Policy

Friends are not to be hindered from traveling on ILYM business as official representatives or committee members due to lack of funds. However, in view of the limited amount of funds available in the budget for this purpose, the Travel Fund should be used according to the following guidelines:

1. Requests for travel funds should be made well in advance to the Treasurer.
2. The amount to be advanced or reimbursed is based on the current IRS business rate per automobile mile or reasonable commercial fares. Friends are encouraged to be prudent.
3. Conference registration fees may be reimbursed.
4. Any ordinary expenses for food or lodging may be reimbursed.
5. Questions of travel reimbursement for committee business should be cleared through that committee in advance of the travel and reported to the Treasurer.
6. Friends World Committee for Consultation Triennial travel will be handled from its own fund.

How to be reimbursed or have the Yearly Meeting pay an expense.

Since it is expected that committee clerks or individuals with specific responsibilities will review each expense, a note or message from the clerk or individual approving the expense should accompany each request for reimbursement.

Friends should try to provide a formal expense receipt for reimbursement, but sometimes a documented affirmation is sufficient. For example, a Friend requesting reimbursement for travel expenses based on the mileage rate (rather than reimbursement based on fuel receipts) may simply state the purpose, dates, origin, destination, and miles traveled in the reimbursement request. For another example, a Friend receiving an honorarium may provide a simple bill or receipt as documentation of the date, the purpose/activity, and the amount.

If the reimbursement is for services and will total \$600 or more in a calendar year, the Treasurer may need a completed W-9 form (to be sure we are in compliance with IRS regulations).

The expense approval message and a receipt or written documentation of the expense should be provided to the ILYM Treasurer responsible for writing reimbursement checks. The request should include the payee name and postal address. Please submit requests well before the end of the fiscal year.