



# Pathways for Tomorrow Initiative

## Phase 2

### Guide to Budget Preparation

**A**n important part of the grant application process is the preparation of the grant budget. Lilly Endowment staff reviews closely the information provided and analyzes what the applicant anticipates the proposed activities will cost.

The Endowment encourages applicants to give careful consideration to these costs and make sure that the budget is clearly connected to the activities described in the proposal narrative. Budget development should involve from the outset those responsible for accounting procedures and financial policies. A budget that is based on the applicants' chart of accounts allows for easier monitoring of expenditures if the Endowment funds the program.

If the Endowment funds the request, the applicant will receive a grant agreement with an attached budget. The attached budget will be the "official" budget for the program. Program directors should share the grant agreement and the attached budget with those responsible for the applicant's finances because it outlines the financial responsibilities for the grant. The grant agreement includes a schedule for the submission of program and financial reports for the program. The chief executive officer or other authorized official will be required to sign and return the grant agreement.

## Budget Preparation

The applicant is responsible for submitting with a proposal a budget that is divided into two parts: 1) a detailed line item budget and 2) a budget narrative that explains how the applicant has calculated specific line items. (If the detailed line item budget is longer than one page, please submit a one-page budget summary. A fuller explanation of the summary budget is found below.) Because both religion and finance staff at the Endowment will review the budget information provided, the applicant needs to take care that it can be understood without referring to the proposal itself. If the proposal contains information that will strengthen the budget narrative, however, please reference the page number of the proposal.

### 1. Line Item Budget

The applicant's line item budget should list all the appropriate accounts where money will be spent (e.g., personnel, travel, etc.) and the anticipated costs of the program in each of these accounts.

To assist the applicant in preparing a budget, the Endowment has provided two budget formats (and a sample budget for each). Use Budget Format #1 when seeking funding for 100% of the program's costs. If the applicant will have other funding sources supporting the proposed program, use Budget Format #2. Other funding sources may include the applicant's own funds, other grant support, other contributions to the program, and/or income derived from the program (i.e., tuition, registration fees, fees for services, etc.).

The line items outlined in the samples indicate items commonly found in budget requests. They do not include all of the types of items the Endowment will consider funding. If there are items in the program that the applicant wants the Endowment to consider funding, please include these. On the other hand, please do not include line items that are in the sample budget if they do not apply to the program.

Likewise, the sample budgets do not indicate recommended amounts for particular line items. The amounts for each line item included in the program budget should reflect a careful calculation of actual anticipated expenses for the applicant's particular program and should be developed in conformity to the applicant's policies.

*Please arrange the budget in a **calendar-year** format, even though the applicant's own fiscal or academic year may be different. Each column should show the total of each line item for the specific calendar year. The last right-hand column should show the total for each line item for the entire grant period. The Endowment staff uses this calendar-year format to determine tentative payment schedules.*

In addition, please use whole U.S. dollar amounts in creating the budget. The Endowment also asks that the applicant submit the line item budget on single-sided paper.

If a grant is awarded, the line item budget (or a budget summary - see below) will be attached to the grant agreement and will become the official budget for the program. The applicant will submit financial reports based on this budget.

**Budget Summary:** If the detailed line item budget is longer than one page, the applicant should submit a one-page budget summary, in addition to the line item budget, with the

proposal. This summary will include the same budget categories included in the detailed line item budget as well as major and/or consolidated budget lines within them. If a grant is awarded, this budget summary will be attached to the grant agreement and will become the official budget for the program for the purpose of financial reporting to Lilly Endowment.

## 2. Budget Narrative

Each proposal should include a separate budget narrative. This section should include a written explanation of how the applicant calculated each line item in the line item budget. Each line item should have a brief narrative description stating:

- the specific item
- how the specific item relates to the program
- how the amount requested is calculated

Here are some specific narrative guidelines for commonly used items.

### A. Personnel

#### 1. Salaries/Wages:

List the position and the amount of salary or wages requested for each person's work in the proposed program. Indicate whether the applicant is asking the Endowment to fund all or only a portion of each person's time, and state what percentage of that person's salary the request represents.

#### 2. Fringe Benefits:

Indicate the percentages of salaries the applicant charges to fringe benefits. If different rates are used for different individuals, the narrative should contain a table summarizing calculations for each person.

Sample Table:

Personnel	Annual Pay	Fringe Rate	Benefits Cost
Program Director	\$15,000	25%	\$3,750
Program Assistant	5,000	20%	1,000
Intern	2,000	N/A	0
			\$4,750

### B. Administrative Costs

Included in this category are general expenses directly related to performing the activities involved in the proposed grant program. Such items as supplies, printing, postage, and telephone are typical entries in this category (there may be others). These items should be explained in the budget narrative.

If the program involves several large, discrete administrative costs (such as purchasing books for seminar attendees, producing and printing brochures, generating mailings, or performing telephone surveys), list each as a separate line item and provide a brief justification of the calculations for each.

### **C. Equipment**

Although the Endowment does not ordinarily award grants for capital expenditures, some programs may require the purchase of additional equipment for the achievement of program goals. Please list equipment requests separately from administrative costs, provide estimated purchase prices, and document why this equipment is needed. If the Endowment awards equipment purchases, the equipment becomes the applicant's property, not the property of an individual. However, the applicant must provide the equipment for the grant purpose for the duration of the program.

### **D. Travel**

Please indicate the program travel expenses and document the calculations. The applicant should estimate travel expenses based on the applicant's standard travel policies. If the Endowment funds the proposal, the Endowment requests that the supervisors of the individuals traveling note their written authorizations on expense reports. The program director must authorize all travel expenses charged to Endowment grant funds; the program director's supervisor or an authorized board member must approve the program director's travel.

If the applicant specifies a per diem amount for travel, please indicate this amount and note what the figure includes. For instance, some per diem amounts include hotel expenses and others do not.

If the Endowment funds the proposal, the Endowment requires that the applicant retain ticket stubs and itineraries to document air travel. The Endowment also requires that someone other than the person charging items for grant purposes on a corporate credit card authorize corporate credit card expenses.

### **E. Consultants**

If the applicant plans to hire consultants, describe the purpose and expected duration of each consultant's work as well as the daily/hourly rate the applicant expects to pay. Please note that consultants' fees and travel should be on separate lines unless fees include travel costs.

When hiring consultants, the applicant should initiate and retain in the applicant's files a contract that includes the following:

- Consultant's name, address and social security number
- Beginning and ending dates of engagement and estimated number of consulting hours to complete the program
- Description of work to be performed, reports written, etc.
- Hourly rate and method of payment for work performed
- Description of any special arrangements such as the hiring of secretarial/clerical assistance, renting of office space or equipment, overhead expenses, etc.
- A termination statement noting time requirement and obligations for payment

**F. Conferences**

If the program includes one or more conferences, please list all costs directly related to each conference, using separate line items, e.g., travel, food, lodging, honoraria, etc.

**G. Indirect Costs**

The line item titled "indirect costs" is intended to cover grant-related costs that are not itemized above and are not easily identified but may be necessary to conduct the program. Ordinarily, the Endowment will allow up to 10% for indirect costs. Please note: this is not 10% of the overall budget, but 10% of the total direct costs included in the budget. For a proposed budget of \$1 million, the upper limit on indirect costs would be \$90,909 (10% of \$909,091 in direct costs). In order for the Endowment to consider indirect cost allocations, the applicant must explain the types of items/activities included in the indirect costs.

Please email any questions to [pathways@lei.org](mailto:pathways@lei.org).

# Pathways for Tomorrow Initiative Budget Format #1

Use this format when requesting 100% funding from the Endowment.

## LEGAL NAME OF THEOLOGICAL SCHOOL

Indicate calendar year (do not use academic or fiscal year)			
202□	202□	202□	Total

### Personnel

Salary/Wages  
 Fringe benefits  
 [list by position]

### Administrative Costs

Supplies  
 Printing  
 Telephone  
 Postage

### Equipment

### Travel

### Consultants

Consulting Fees  
 Consultants' Travel

### Conferences

Participants' travel  
 Participants' honoraria  
 Facility rental  
 Lodging/meals  
 Other conference expenses

### Indirect Costs

### GRAND TOTAL

\$	\$	\$	\$
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\_\_\_\_\_  
 (Name)  
 GRANT ADMINISTRATOR

\_\_\_\_\_  
 (Name)  
 FINANCE: V.P./CONTROLLER

**NOTE:** These budget categories and line items are used for illustrative purposes only. They do not include all the types of items the Endowment may fund. If your project involves other expenses you would like the Endowment to consider, please include those items in the budget. Please do not include line items from this budget format if they do not apply. Use budget categories that are based on your own organization's chart of accounts.

# Pathways for Tomorrow Initiative Budget Sample #1

## LEGAL NAME OF THEOLOGICAL SCHOOL Pathways for Tomorrow Initiative Budget

	2020	2021	2022	Total
<b>Personnel</b>				
Director	\$50,000	\$52,500	\$55,125	\$157,625
Fringe Benefits	5,000	5,250	5,513	15,763
Administrative Assistant	25,000	26,250	27,563	78,813
Fringe Benefits	2,500	2,625	2,756	7,881
Research Assistant	25,000	26,250	27,563	78,813
Fringe Benefits	2,500	2,625	2,756	7,881
	110,000	115,500	121,276	346,776
<b>Administrative Costs</b>				
Supplies	500	527	598	1,625
Printing	255	275	290	820
Telephone	510	555	598	1,663
Postage	325	367	384	1,076
Seminar materials	1,497	525	500	2,522
	3,087	2,249	2,370	7,706
<b>Equipment</b>				
Computer Hardware	2,500			2,500
<b>Travel</b>				
Airfare	5,560	4,875	3,250	13,685
Meals	265	280	280	825
Lodging	650	550	450	1,650
	6,475	5,705	3,980	16,160
<b>Consultants</b>				
Consulting Fees	10,470	5,650	3,850	19,970
Consultants' Travel	620	645	580	1,845
Expenses	200	200	200	600
	11,290	6,495	4,630	22,415
<b>Conferences</b>				
Participants' travel	3,200	3,550	3,780	10,530
Participants' honoraria	500	500	500	1,500
Lodging/meals	1,000	1,115	1,260	3,375
	4,700	5,165	5,540	15,405
<b>Sub-Total Expenses</b>	138,052	135,114	137,796	410,962
<b>Indirect Costs</b>	13,805	13,511	13,779	41,095
<b>GRAND TOTAL</b>	<b>\$151,857</b>	<b>\$148,625</b>	<b>\$151,575</b>	<b>\$452,057</b>

(Name)  
GRANT ADMINISTRATOR

(Name)  
FINANCE: V.P./CONTROLLER

## Pathways for Tomorrow Initiative Budget Format #2

*Use this budget format when requesting Lilly Endowment to fund a **portion** of a larger budget. This budget should reflect both projected **income** and **expenditures** for the entire project. At the bottom of this budget, please identify the percentage of the project cost your organization is requesting from Lilly Endowment. Also, indicate by a star (\*) any line items to which you will specifically allocate Endowment support.*

### LEGAL NAME OF THEOLOGICAL SCHOOL

Indicate calendar year (do not use academic or fiscal year)				
	202□	202□	202□	Total
<b>INCOME:</b>				
Lilly Endowment Grant				
List of other funding sources				
<b>TOTAL INCOME</b>	\$	\$	\$	\$

**EXPENSES:**

**Personnel**

Salary/Wages  
 Fringe benefits  
 [list by position]

**Administrative Costs**

**Equipment**

**Travel**

**Consultants**

Consulting Fees  
 Consultants' Travel

**Conferences**

Participants' travel  
 Participants' honoraria  
 Facility rental  
 Lodging/meals  
 Other conference expenses

**Indirect Costs**

<b>GRAND TOTAL</b>	\$	\$	\$	\$
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\_\_\_\_\_  
 (Name)  
 GRANT ADMINISTRATOR

\_\_\_\_\_  
 (Name)  
 FINANCE: V.P./CONTROLLER



## Pathways for Tomorrow Initiative Budget Sample #2

### LEGAL NAME OF THEOLOGICAL SCHOOL Pathways for Tomorrow Initiative Budget

	2021	2022	2023	Total
<b>INCOME</b>				
Lilly Endowment	\$312,715	\$292,891	\$194,400	\$800,006
Funding Source #2	100,000			100,000
Funding Source #3	50,000	40,000	40,000	130,000
Funding Source #4	0	27,500	14,205	41,705
<b>TOTAL INCOME</b>	<b>\$472,715</b>	<b>\$360,391</b>	<b>\$248,605</b>	<b>\$1,071,711</b>
<b>EXPENSES</b>				
Project Director	\$50,000	\$52,500	\$55,125	\$157,625
Project Manager	27,500	28,875	30,319	86,694
Assistant Professor	25,000	26,250	27,563	78,813
Administrative Assistant	25,500	26,250	27,563	78,813
Fringe Benefits	37,620	41,420	41,420	120,460
	165,120	175,295	181,990	522,405
Computer Hardware	6,000			6,000
Airfare	20,172	24,762	31,845	76,779
Meals	4,230	4,367	4,662	13,259
Lodging	14,450			14,450
	38,852	29,129	36,507	104,488
Evaluator	11,250	12,732	13,840	37,822
Web Developer	3,960	3,960	3,960	11,880
Audio-Visual Specialist	7,200	7,200	7,200	21,600
	22,410	23,892	25,000	71,302
Travel			82,479	82,479
Honoraria		15,000	27,400	42,400
Food/Lodging			126,418	126,418
		15,000	236,297	251,297
Supplies	1,200	1,419	1,398	2,730
Graphics/Printing/Copying	5,500	5,400	5,160	16,060
	6,700	6,819	5,271	18,790
<b>Sub-Total Expenses</b>	<b>239,082</b>	<b>250,135</b>	<b>485,065</b>	<b>974,282</b>
<b>Indirect Costs</b>	<b>23,908</b>	<b>25,014</b>	<b>48,507</b>	<b>97,429</b>
<b>GRAND TOTAL</b>	<b>\$262,990</b>	<b>\$275,149</b>	<b>\$533,572</b>	<b>\$1,071,711</b>

\_\_\_\_\_  
(Name)  
GRANT ADMINISTRATOR

\_\_\_\_\_  
(Name)  
FINANCE: V.P./CONTROLLER