



Guide to Budget Preparation

This guide is intended to assist organizations in the preparation of budgets to support grant applications. Lilly Endowment encourages organizations to read the guide carefully and to refer to the instructions as they prepare budgets for proposed grant programs.

During the proposal review process, the Endowment will analyze the budget and the anticipated expenses for proposed program activities. The analysis will include examining the extent to which the anticipated program expenses are aligned with proposed program activities described in the Proposal Narrative and whether these anticipated expenses are reasonable. The careful examination of the budget is a critical step in the Endowment's proposal review process. Well-prepared budget documents provide evidence of a high-quality proposal. Incomplete, inconsistent and incorrect information may negatively impact funding considerations.

Due to the high volume of proposals received annually, the Endowment requires organizations to submit budgets that are formatted in accordance with the provided template. The format is described more fully below.

The Endowment strongly encourages organizations to involve from the outset those responsible for accounting procedures and financial policies in the preparation of grant program budgets. The budget should be based on the organization's chart of accounts for easier monitoring of expenditures.

During the proposal review process, the Endowment may alter or revise the proposed program's budget, such as consolidating budget lines, correcting math errors, modifying the titles of budget categories, etc. The Endowment will notify organizations of significant revisions to program budgets.

If the Endowment funds the request, the organization will receive a grant agreement with an attached budget. The attached budget will be the "official" budget for the grant. Organizations are required to base all financial reporting on this budget. The organization should share a copy of the grant agreement and the attached budget with those responsible for the organization's finances and for financial reporting on the grant. The grant agreement includes a schedule for the submission of annual program and financial reports on the grant.

Budget Preparation Considerations

A complete proposal must include three budget documents: 1) detailed Line-Item Budget, 2) Summary Budget, and 3) Budget Narrative. A fuller explanation of each document is found below.

Because both the Endowment's religion and finance staff will review the budget documents, organizations need to take care that the budget materials can be understood without referring to the Proposal Narrative. If the Proposal Narrative contains information that will strengthen the Budget Narrative, however, please reference the page number of the proposal.

The Endowment determines tentative grant payment schedules on a calendar-year basis. Therefore, the Endowment requests organizations to prepare and submit budgets based on a calendar-year format, even if the organization itself uses a different fiscal year.

The Endowment requests that organizations use whole U.S. dollar amounts in creating budgets for proposed grant programs. Do not include cents or decimal points.

Organizations may include in their budget requests for “indirect costs” for proposed programs. Indirect costs are intended to cover grant-related costs that are not itemized and not easily identified but may be necessary to conduct the program. Organizations may include indirect costs for up to 10 percent of direct costs for proposed program activities. Direct costs benefit the program and may include personnel, fringe benefits, equipment, supplies, travel and contractual services. In order for the Endowment to consider requests for indirect costs, organizations must explain in their Budget Narrative the general types of expenses that the indirect costs line item will cover.

If an organization requests funds for indirect costs, the total program budget will be the sum of direct costs plus indirect costs. For example, if the activities for a proposed program would require \$1 million in direct costs, the organization may request in its budget \$100,000 for indirect costs, resulting in a \$1.1 million total program budget.

Note that subgrants to other organizations are not considered direct costs and should not be used as part of the basis upon which indirect costs are calculated. Organizations that provide subgrants to other organizations as part of their program, however, may include in their budgets as a direct cost the administrative costs of awarding and monitoring these grants.

Required Budget Documents

To assist the organization in preparing budget documents, the Endowment has provided a format and sample budget.

Line-Item Budget: The organization’s Line-Item Budget should list all the anticipated costs of the proposed program in each of the appropriate budget categories (e.g., personnel, activities, travel, etc.) with which they are associated.

If a budget for a proposed program includes funding from other sources, organizations should list those funding sources in the income section of the budget. Other funding sources may include the organization’s own funds, grants from other foundations, other contributions to the program, and/or income derived from the program (e.g., tuition, registration fees, fees for resources or services, etc.). Organizations must prepare and submit balanced budgets with total expenses matching total income.

Each column should show the total of each line item for each calendar year of the grant period. The final column should show the total for each line item for the entire grant period. The sample Line-Item Budget shows only three calendar year columns plus the total. The organization’s Line-Item Budget may be prepared in portrait or landscape orientation to fit additional columns. All budget figures and calculations should be carefully reviewed before submitting to ensure they are free of errors.

The budget categories and line items included in the sample budget reflect line-items commonly found in budget requests. They do not include all of the types of line-items the Endowment will consider for funding.

If there are line-items for the program that the organization wants the Endowment to consider for funding, please include those. Please do not include line items from the sample budget that do not apply to the proposed program.

The sample Line-Item Budget should not be read as a recommendation for amounts to allocate for particular line items. The amounts for each line item proposed in the Line-Item Budget should reflect a careful calculation of actual anticipated expenses for the organization’s proposed program and should be developed in conformity to the organization’s policies.

Summary Budget: In addition to the Line-Item Budget, the organization should submit a one-page Summary Budget with its proposal. The summary will include high-level budget categories condensing the Line-Item Budget into major and/or consolidated budget lines. The summary categories, figures and totals should align exactly with those on the Line-Item Budget. If a grant is awarded, the Summary Budget will be attached to the grant agreement and will become the official approved budget for the program for the purposes of financial reporting to the Endowment. All budget figures and calculations should be carefully reviewed before submitting to ensure they are free of errors.

Budget Narrative: Each proposal should include a separate Budget Narrative. This section should include a written explanation of how the organization calculated each line item in the Line-Item Budget. Each line item should have a brief narrative description stating:

- the specific line-item
- how the specific line-item relates to the program
- how the amount requested has been calculated

Here are a few Budget Narrative guidelines for frequently 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 request is for 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. If not clear from a person’s title, state what each person’s responsibilities are with regard to the proposed program.
2. Fringe Benefits: Indicate the percentages of salaries the organization charges to fringe benefits. If different rates are used for different individuals, the narrative should contain a table summarizing calculations for each person. See sample table below:

Personnel	Annual Pay	Fringe Rate	Benefits Cost
Program Director	\$60,000	30%	\$18,000
Administrative Assistant	\$50,000	25%	12,500
Research Assistant	\$30,000	N/A	

- B. Program Activities:** List all costs directly related to each proposed activity for each participant, using separate line items for travel, food, lodging, honoraria, etc., and according to the organization’s chart of accounts (e.g., food for 50 people, lodging for 40 people). Program activities may include, but are not limited to: cohort gatherings, focus groups/listening sessions, resource development (print

or online), conferences/meetings/retreats, online gatherings, coaching/facilitators, evaluation, communication and fundraising.

- C. Equipment and Office Expenses:** Although the Endowment does not ordinarily award grants for capital expenditures, some programs may require the purchase of additional equipment to achieve outcomes. Please list equipment requests separately from office expenses, provide estimated purchase prices, and document why the equipment is needed. If the Endowment awards equipment purchases, the equipment becomes the organization's property, not the property of an individual. However, the organization must make the equipment available for the grant purpose for the duration of the grant period.

Office expenses are general expenses directly related to performing the activities involved in the proposed grant program. Such items as supplies, printing, postage, database management, IT support and website hosting are typical entries in this category. There may be others as well. These items should be explained in the Budget Narrative.

If the program involves several large, discrete office expenses (e.g., purchasing books for retreat attendees, producing and printing brochures, generating mailings or performing phone surveys), list each as a separate line item and provide a brief justification of the calculations for each.

- D. Travel:** List projected travel expenses and document the calculations. The organization's standard travel policies should be used to estimate travel expenses. If a specific per diem amount is used for travel, please indicate the amount and note what the figure includes. For example, some per diem amounts include hotel expenses and others do not.
- E. Consultants:** Describe the purpose and expected duration of any consultant's work as well as the projected daily/hourly rate of pay. Please note that consultant fees and travel should be on separate lines unless fees include travel costs.
- F. 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. Organizations may include indirect costs for up to 10 percent of direct costs for proposed program activities. In order for the Endowment to consider requests for indirect costs, organizations must explain in their budget documents the general types of expenses that indirect costs line items will cover. (See the comments above in the "Budget Preparation Considerations" for further discussion of indirect costs.)

Line-Item Budget Checklist

- Budget columns follow a calendar-year format
- Budget lines and categories are based on the chart of accounts used in the organization's general ledger (not the provided template examples)
- Budget figures are expressed as whole U.S. dollars. Do not include cents or decimal points.
- Budget is balanced with total expenses matching total income (if budget includes funds from other sources)
- Indirect costs do not exceed 10 percent of direct costs
- Calculations for line-item totals and overall sums are accurate
- Budget is signed by organization's appropriate officers
- Total grant request matches amount on Information Form and Official Request Letter

Summary Budget Checklist

- Summary Budget columns align with Line-Item Budget columns and follow a calendar-year format
- Summary Budget categories align with Line-Item Budget categories
- Summary Budget figures are consolidated accurately and align with Line-Item Budget figures
- Budget figures are expressed as whole U.S. dollars.
- Budget is balanced with total expenses matching total income (if budget includes funds from other sources)
- Indirect costs do not exceed 10 percent of direct costs
- Calculations for category totals and overall sums are accurate
- Budget is signed by organization's appropriate officers
- Total grant fund request matches amount on Information Form and Official Request Letter

Budget Narrative Checklist

- Budget Narrative is a separate document
- Budget Narrative includes a written explanation of calculations for each line-item

Line-Item Budget Format

LEGAL NAME OF ORGANIZATION

Budget should be based on the organization’s chart of accounts. Categories and line items are for this sample only.

	Indicate calendar year (do not use academic or fiscal year)			
INCOME	20□□	20□□	20□□	Total
Lilly Endowment Grant				
Funding Source #1 (if applicable)				
TOTAL INCOME	\$	\$	\$	\$
<hr/>				
EXPENSES				
Salary/Wages (list by position)				
Fringe Benefits				
TOTAL PERSONNEL				
Venue Rental				
Honoraria				
Food/Lodging				
TOTAL PROGRAM ACTIVITIES				
Computer Hardware				
Supplies				
Graphics/Printing/Copying				
TOTAL EQUIPMENT AND OFFICE EXPENSES				
Airfare				
Meals				
Lodging				
TOTAL TRAVEL				
Evaluator				
Web Developer				
Audio-Visual Specialist				
TOTAL CONSULTANTS				
DIRECT COSTS				
INDIRECT COSTS				
TOTAL EXPENSES	\$	\$	\$	\$
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Signature

(Name) Grant Administrator

Signature

(Name) Finance: V.P./Controller

Line-Item Budget Sample

LEGAL NAME OF ORGANIZATION

INCOME	2026	2027	2028	Total
Lilly Endowment Grant	\$312,715	\$292,891	\$194,400	\$800,006
Funding Source #1	100,000			100,000
Funding Source #2	50,000	40,000	40,000	130,000
Funding Source #3		27,500	14,205	41,705
TOTAL INCOME	\$462,715	\$360,391	\$248,605	\$1,071,711
EXPENSES				
Program Director	\$50,000	\$52,500	\$55,125	\$157,625
Program Manager	27,500	28,875	30,319	86,694
Assistant Professor	25,000	26,250	27,563	78,813
Administrative Assistant	25,000	26,250	27,563	78,813
Fringe Benefits	37,620	41,420	41,420	120,460
TOTAL PERSONNEL	165,120	175,295	181,990	522,405
Venue Rental			82,479	82,479
Speaker Honoraria		15,000	27,400	42,400
Food/Lodging			126,418	126,418
TOTAL PROGRAM ACTIVITIES		15,000	236,297	251,297
Computer Hardware	6,000			6,000
Supplies	1,200	1,400	1,411	4,011
Graphics/Printing/Copying	5,500	5,500	5,000	16,000
TOTAL EQUIPMENT AND OFFICE EXPENSES	12,700	6,900	6,411	26,011
Airfare	20,172	24,762	31,845	76,779
Meals	4,230	4,367	4,662	13,259
Lodging	14,450			14,450
TOTAL TRAVEL	38,852	29,129	36,507	104,488
Evaluator	11,250	12,651	12,701	36,602
Web Developer	3,960	3,960	3,960	11,880
Audio-Visual Specialist	7,200	7,200	7,200	21,600
TOTAL CONSULTANTS	22,410	23,811	23,861	70,082
DIRECT COSTS	239,082	250,135	485,066	974,283
INDIRECT COSTS	23,908	25,014	48,506	97,428
TOTAL EXPENSES	\$262,990	\$275,149	\$533,572	\$1,071,711

Signature

(Name) Grant Administrator

Signature

(Name) Finance: V.P./Controller

Summary Budget Format

LEGAL NAME OF ORGANIZATION

Indicate calendar year (do not use academic or fiscal year)

INCOME

Lilly Endowment Grant

Funding Source #1 (if applicable)

20□□

20□□

20□□

Total

TOTAL INCOME

\$

\$

\$

\$

EXPENSES

Personnel

Program Activities

Equipment and Office Expenses

Travel

Consultants

DIRECT COSTS

INDIRECT COSTS

TOTAL EXPENSES

\$

\$

\$

\$

Signature

(Name) Grant Administrator

Signature

(Name) Finance: V.P./Controller

Summary Budget Sample

LEGAL NAME OF ORGANIZATION

Indicate calendar year (do not use academic or fiscal year)

INCOME	2026	2027	2028	Total
Lilly Endowment Grant	\$312,715	\$292,891	\$194,400	\$800,006
Funding Source #1 (if applicable)	100,000			100,000
Funding Source #2 (if applicable)	50,000	40,000	40,000	130,000
Funding Source #3 (if applicable)		27,500	14,205	41,705
TOTAL INCOME	\$462,715	\$360,391	\$248,605	\$1,071,711
EXPENSES				
Personnel	\$165,120	\$175,295	\$181,990	\$522,405
Program Activities		15,000	236,297	251,297
Equipment and Office Expenses	12,700	6,900	6,411	26,011
Travel	38,852	29,129	36,507	104,488
Consultants	22,410	23,811	23,861	70,082
DIRECT COSTS	239,082	250,135	485,066	974,283
INDIRECT COSTS	23,908	25,014	48,506	97,428
TOTAL EXPENSES	\$478,164	\$275,149	\$533,572	\$1,071,711

Signature

(Name) Grant Administrator

Signature

(Name) Finance: V.P./Controller