**Cornerstone Mt Carmel
Step 3: Budgeting Process**

There are three key elements to Cornerstone’s budgeting process. First, we have just completed a five- year business plan to help us navigate our growth and expectations over the next five years. We were fortunate to have a donor volunteer the services of his company to complete and manage this process on our behalf (copy of five year plan is attached). This plan includes data from the last two years of completed budget years and anticipates operations for the next five years. This plan includes a Cash Flow Statement, Balance Sheet, and a detailed Expense and Revenue report. Using this information, we can easily calculate our costs per student, and other relevant budget ratios for the completed years, and we can project ratios ahead five years.

Ultimately, this plan will be integrated with our strategic plan – which we completed last year and will update annually at our board retreat. The strategic plan will lay out the vision for Cornerstone over the next five years, while the business plan will provide the financial backbone to the strategic plan.

Second, we have our annual budget which tracks current income and expenses on a monthly basis – against our approved annual budget (which is developed through our business plan). This budget is then compared against operations for the same period the year earlier. In addition to showing data on a cash basis, data is also reviewed on the basis of “a percentage of approved budget.” This allows us to catch when expenses exceed expectation or approach budgeted limits and also sounds an alarm when revenue falls below budget needs or below past experience.

Third, we have just completed an audit of our finances to ensure our accounts and controls are in line with generally accepted accounting practices. This audit will be done annually to provide confidence to our donors that we are being good stewards of the resources they have placed under our control.

Because the majority of our expenses are related to the salaries and benefits of our employees we completed a comprehensive review staff compensation packages of both public and private teachers and administrators in our area and nationally. We relied heavily on the survey data of ACSI and supplemented this data with data from the Department of Education, the local Boards of Education and our own survey data. Because the Board believes we have a biblical obligation to treat our employees fairly in both pay and working conditions (Gen. 13:8, Lev. 25:53) – we then compared our staff’s compensation to these findings. Based on this report, we dramatically increased the pay of all our employees and set a range within which we hope to keep our staff’s salary in relation to their peers in our area (A copy of this report is attached).

Finally, it is important to note that Cornerstone operates with a very low tuition base, and counts on funds raised to meet almost 80 percent of our expenses. Thus, sound budgeting and planning on both the income and revenue side are essential.

**Budget Calendar:**

A budget report is provided at every meeting of the Board. Fundraising activities are ongoing throughout the year and are reviewed at every meeting.

**January**: Between January and March, Board will retreat to review business plan, strategic plan, and audit findings.

**March**: Board approves tuition and fees for coming year. Teacher intent/contracts signed.

**April**: Board review of preliminary budget. Begin hiring for new year.

**May**: Reenrollment and tuition meetings (ongoing throughout summer). Input from teachers on resource needs.

**June**: Distribution of forms to teachers on needs for new year.

**July**: Approve Budget for upcoming year. Furniture, textbook and equipment orders for new year.