

N O R T H E R N
C A L I F O R N I A



**Investing in
Opportunity,
Together.**

Budgeting 101

April 18, 2018
9:00-12:30pm

San Francisco Public Library
Main Branch, Latino/Hispanic Community Room
100 Larkin Street
San Francisco, CA

Agenda

- ❑ Introductions
- ❑ Setting The Stage
- ❑ Building & Monitoring Your Budget
- ❑ Developing Grant Budgets
- ❑ Becoming A Financial Leader
- ❑ Wrap-up

Who's here? ...in 30 seconds...

Organization and name

What describes your budget situation?

- ✓ I don't have a budget (yet)
- ✓ I think I have a budget, not sure where it is
- ✓ I have a "wild guess" budget, not sure it is realistic
- ✓ I have a solid budget, want to learn more about it

Setting The Stage

Budgeting, Programs & Accounts

Programs
(functional expenses)



	Youth Summit	Teen Meet
Ticket Sales		
Grants		
Supplies		
Printing		

Line Items
(natural expenses)





Pop Quiz



Which of these are programs?

- Finance Freaks – a 2017 season play
- Number Ninjas – a youth parkour class
- Excel-lent – training seniors on the computer

Answer: Excel-lent



Pro Tip

1. Look for language

- ❑ Finance Freaks – a 2017 season **play**
- ❑ Number Ninjas – Friday parkour **class**
- ❑ Excel-lent – training seniors in Excel



Pro Tip

2. Look for time

- ❑ Finance Freaks – a 2017 season play
- ❑ Number Ninjas – Friday parkour class
- ❑ Excel-lent – training seniors in Excel



Pro Tip

3. Look for mission

- ❑ Finance Freaks – a 2017 season play
- ❑ Number Ninjas – Friday parkour class
- ❑ Excel-lent – training seniors in Excel

What is a Program?

Programs have:

- ❑ Unique audiences (youth, homeless, prenatal)
- ❑ Unique missions (house the homeless)
- ❑ Unique staff (prenatal program director)

What is not a Program?

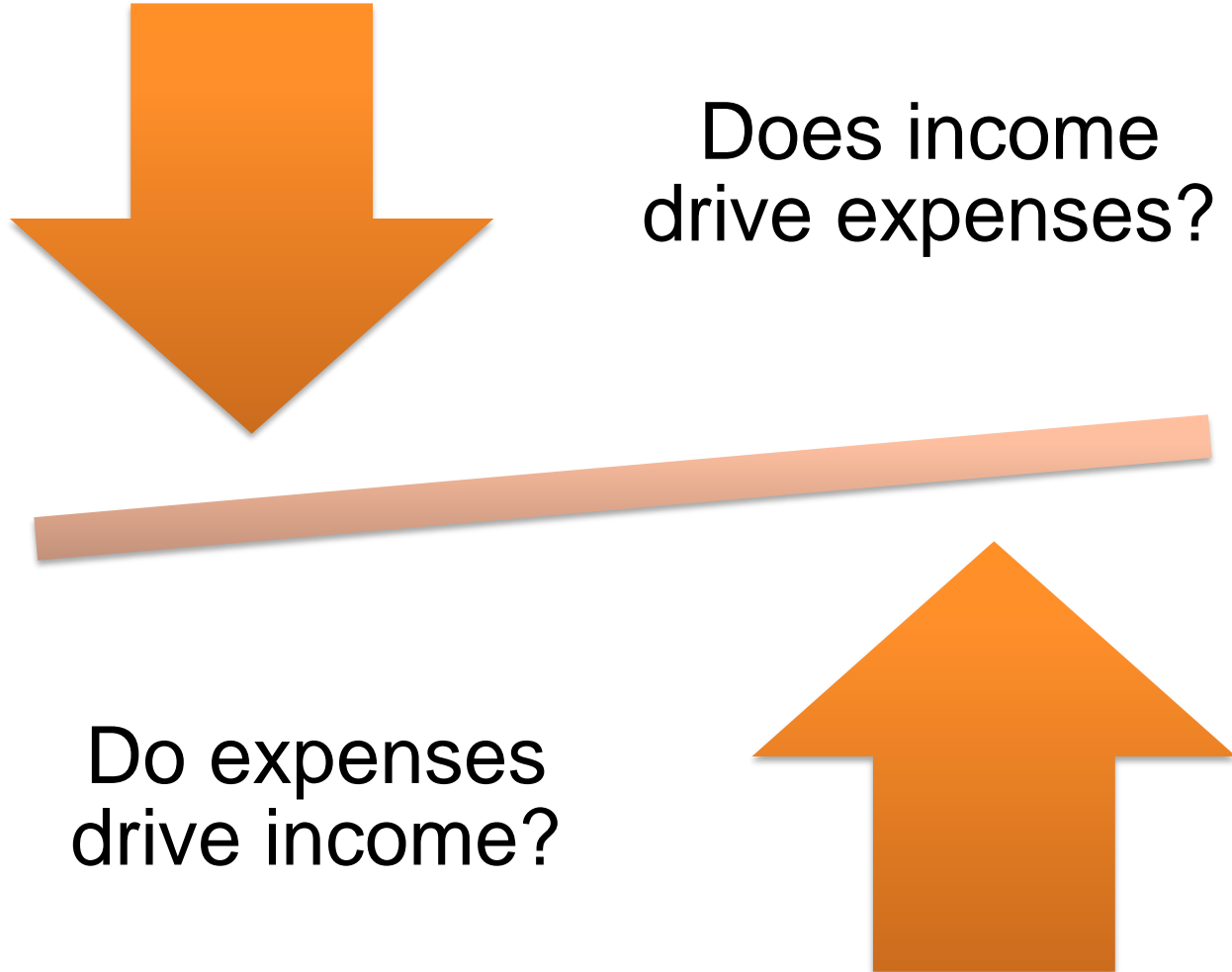
Programs are not:

- ❑ One of many classes (bollywood dancing)
- ❑ One of many services (cavity treatments)
- ❑ Part of a season (Hannukah play)
- ❑ Defined by funding sources
- ❑ Expense line items (STD testing materials)

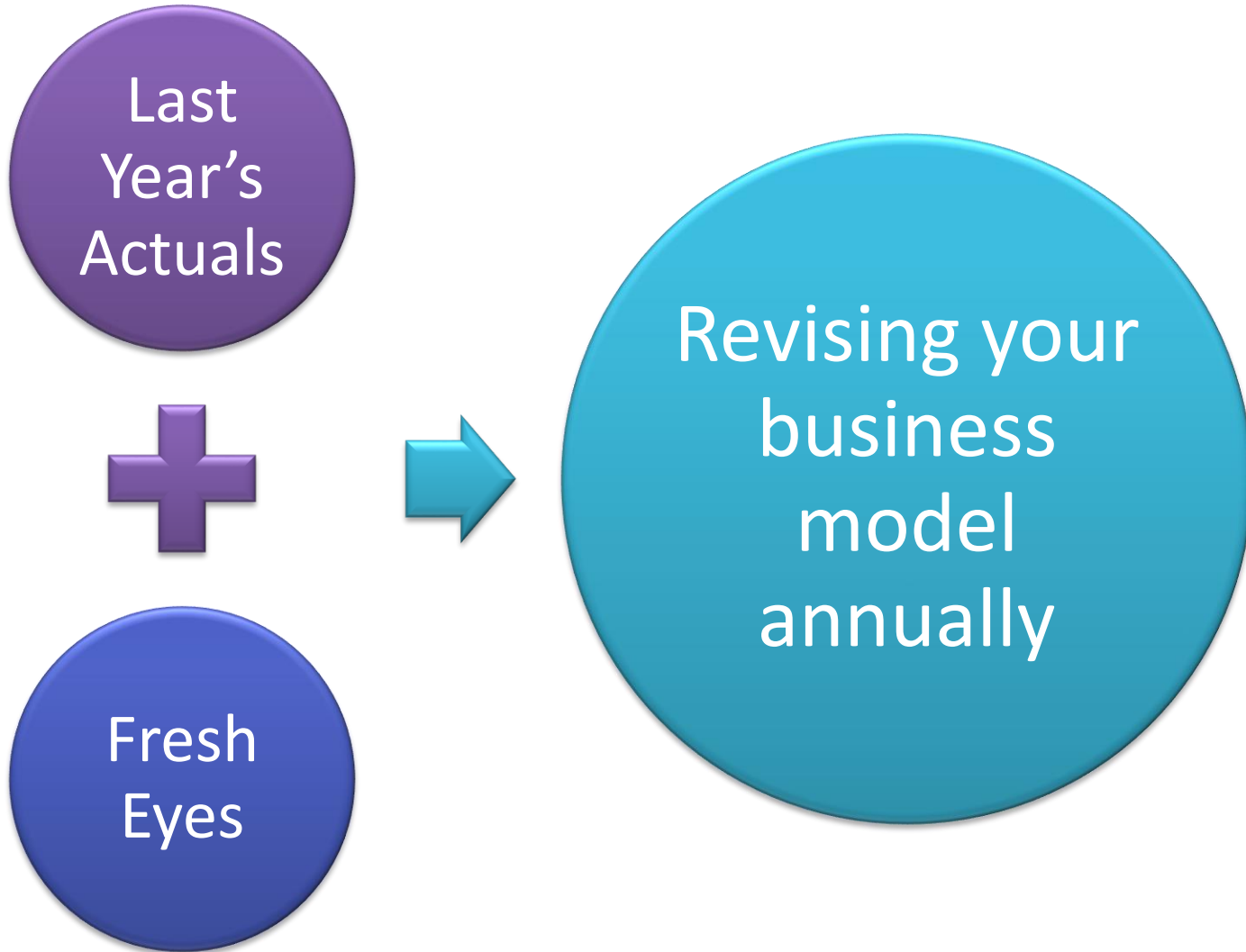
Budget Development: Overview



Budget Development: Process



Budget Development: Approach



Budget Development: Set Goals

Financial expression of mission and goals

How you plan to use your resources in a period

Programmatic

Clients Served

Number of Events

Earned Revenue

New Donors

Organizational

Net Income

Net Assets

Measuring Impact

Program Development



Discuss & Decide



Last year CoreCommunity's Excel-lent program exceeded its budget goals, so this year they want to expand. How should they budget for this?

- Add unidentified new grant income, maintain expenses
- Maintain income, add new expenses
- Add unidentified earned income, add new expenses
- Use last year's program surplus, maintain new budget

Answer: All of the above + many other solutions

Building & Monitoring Your Budget

Budget Development:

Expenses – Direct Program Costs

Program staff develop preliminary budgets based on goals:

Direct Program Expenses	Program A	Program B	Program C
Salaries			
Consultants	18,000	60,000	32,000
Supplies	49,300	17,000	5,100
Training	600	450	375
Insurance	3,751	2,813	2,344
Rent			
Dues & Subscriptions	250		500
Telephone			
Utilities			
Repairs & Maintenance			
Accounting & Legal	1,500	500	
Depreciation	2,500	1,875	1,563
Advertising	1,867	1,400	1,167
Printing & Mailing			
Miscellaneous	1,333	1,000	833
Total Direct Program Expenses	79,101	85,038	43,882

Budget Development: Expenses - Allocate Staff Time

Staff Member	Salary (+ Benefits)	%	Program A	%	Program B	%	Program C
Jane	\$ 50,000	80%	\$ 40,000	20%	\$ 10,000		
Sue	\$ 75,000	73%	\$ 55,000			27%	\$ 20,250
Bill	\$ 35,000	100%	\$ 35,000				
Tom	\$ 40,000			10%	\$ 4,000	90%	\$ 36,000
Jim	\$ 60,000	75%	\$ 45,000	5%	\$ 3,000	20%	\$ 12,000
Cindy	\$ 55,000			100%	\$ 55,000		
Jeff	\$ 40,000			64%	\$ 25,600	36%	\$ 14,250
Julie	\$ 43,400			100%	\$ 43,400		
Total	\$ 398,400		175,000		141,000		82,500

Budget Development:

Expenses – Direct Program Costs

Program staff develop preliminary budgets based on goals:

Direct Program Expenses	Program A	Program B	Program C
Salaries	175,000	141,000	82,500
Consultants	18,000	60,000	32,000
Supplies	49,300	17,000	5,100
Training	600	450	375
Insurance	3,751	2,813	2,344
Rent			
Dues & Subscriptions	250		500
Telephone			
Utilities			
Repairs & Maintenance			
Accounting & Legal	1,500	500	
Depreciation	2,500	1,875	1,563
Advertising	1,867	1,400	1,167
Printing & Mailing			
Miscellaneous	1,333	1,000	833
Total Direct Program Expenses	254,101	226,038	126,382

Budget Development: Expenses – Allocate Facility Costs

Cost Allocation Methods

If dedicated
program space:
Use direct costs
(can use sq ft)

If shared
program space:
Use % capacity

Rent 100%
admin, allocated

Direct

Indirect²¹

Budget Development:

Expenses – Shared Program Space

Annual Rent = \$75,600

Program A uses the space 33% time = $\$75,600 \times 33\% = \$25,600$

Program B uses the space 25% time = $\$75,600 \times 25\% = \$18,900$

Program C uses the space 20% time = $\$75,600 \times 20\% = \$15,750$

Operating Expenses	Program A	Program B	Program C
Salaries	175,000	141,000	82,500
Consultants	18,000	60,000	32,000
Supplies	49,300	17,000	5,100
Training	600	450	375
Insurance	3,751	2,813	2,344
Rent	25,200	18,900	15,750
Dues & Subscriptions	250		500
Telephone	2,000	1,500	1,250
Utilities	1,200	900	750
Repairs & Maintenance	1,667	1,250	1,042
Accounting & Legal	1,500	500	
Depreciation	2,500	1,875	1,563
Advertising	1,867	1,400	1,167
Printing & Mailing			
Miscellaneous	1,333	1,000	833
Total Operating Expenses	284,167	248,588	145,173

Budget Development: Expenses – Indirect Costs

Add organizational administrative costs (indirect costs)

Operating Expenses	Program A	Program B	Program C	MG&A	Fund	Total
Salaries	175,000	141,000	82,500	106,500	65,000	570,000
Consultants	18,000	60,000	32,000	30,833		140,833
Supplies	49,300	17,000	5,100	12,750	2,550	86,700
Training	600	450	375	225	150	1,800
Insurance	3,751	2,813	2,344	1,407	938	11,252
Rent	25,200	18,900	15,750	9,450	6,300	75,600
Dues & Subscriptions	250		500	750		1,500
Telephone	2,000	1,500	1,250	750	500	6,000
Utilities	1,200	900	750	450	300	3,600
Repairs & Maintenance	1,667	1,250	1,042	625	417	5,000
Accounting & Legal	1,500	500		10,000		12,000
Depreciation	2,500	1,875	1,563	938	625	7,500
Advertising	1,867	1,400	1,167	700	467	5,600
Printing & Mailing				10,000	30,000	40,000
Miscellaneous	1,333	1,000	833	500	333	4,000
Total Operating Expenses	284,167	248,588	145,173	185,877	107,579	971,385

Budget Development: Expenses – Allocate Indirect Costs

Cost Allocation Methods

FTEs per
program

Payroll
Expense

Program
Expense

Indirect
Cost
Rate

Square
Footage



Pop Quiz



Why allocate indirect costs?

- Understand your business model
- Recover more program costs from funders
- Improve sustainability and increase impact

Answer: All of the above

Budget Development: Expenses – Allocate Indirect Costs

Calculate distribution

Operating Expenses	Program A	Program B	Program C	MG&A	Fund	Total
Total Operating Expenses	284,167	248,588	145,173	185,877	107,579	971,385
Indirect Cost Distribution	85,847	75,099	43,857	56,154	32,500	293,457

Indirect Costs

$$\$185,877 + \$107,579 = \$293,457$$

Indirect Cost Distribution (Program A)

(Program Expense ÷ Total Operating Expenses) x Indirect Cost

$$(\$284,167 / \$971,385) = 29\%$$

$$(29\%) * (\$293,457) = \$85,847$$

Budget Development: Expenses – Fully-Loaded Costs

Calculate true program cost

Operating Expenses	Program A	Program B	Program C	MG&A	Fund	Total
Total Operating Expenses	284,167	248,588	145,173	185,877	107,579	971,385
Indirect Cost Distribution	85,847	75,099	43,857	56,154	32,500	293,457
True Program Expenses	370,015	323,687	189,030	56,154	32,500	971,385

Indirect Costs

$$\$185,877 + \$107,579 = \$293,457$$

Indirect Cost Distribution (Program A)

(Program Expense ÷ Total Operating Expenses) x Indirect Cost

$$(\$284,167 / \$971,385) = 29\%$$

$$(29\%) * (\$293,457) = \$85,847$$

True Program Expense

$$\$284,167 + \$85,847 = \$370,015$$



Pro Tip

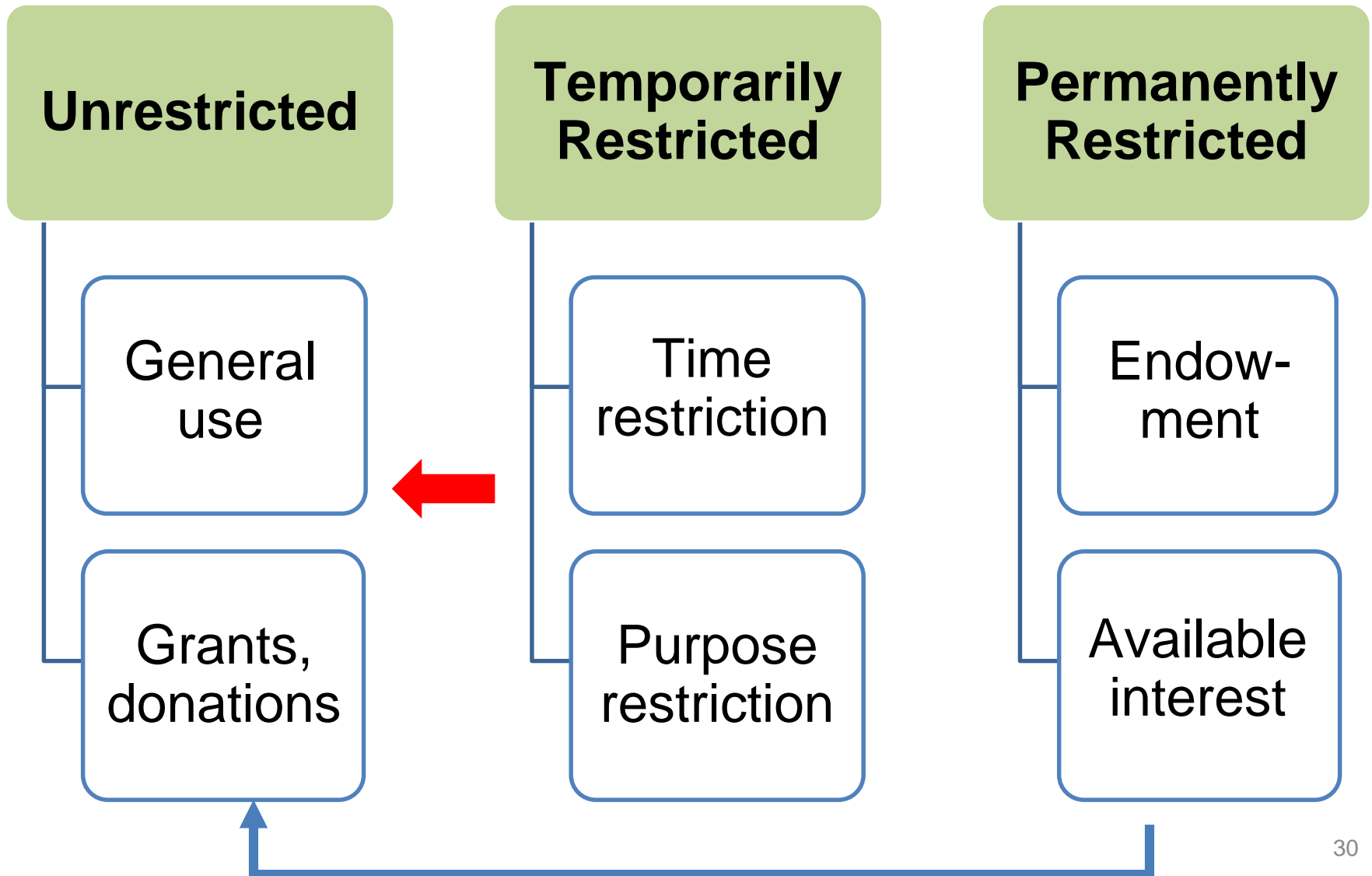
Document allocation methods for CCSF

- ❑ Process consistent & reasonable
- ❑ Procedures & plan documented in written narrative or footnotes of current approved agency-wide budget
- ❑ Matches actual cost allocation found in agency-wide budget & financial documents such as invoices
- ❑ Fundraising not allowable indirect expense by CCSF
- ❑ Important for institutional memory & transparency to funders

Budget Development: Income

Contributions	Government Funds	Earned Income	In-Kind Support	Investment Income
Individual Giving	Grants	Ticket Sales	Pro Bono	Operating fund
Corporate Grants	Contracts	Membership/ Fee for Service	Technology	Reserves
Foundation Grants	Reimbursements	Merchandise	Real Estate	Endowment
Special Events	Credit Vouchers	Rental Income	Art collections	
Assets Released	Assets Released	Royalties License Fees	Reciprocal partnerships	

Budget Development: Net Assets Released



Budget Development: Income

- ❑ Current grants & contracts to be fulfilled
- ❑ Pending grants & contracts
- ❑ New grants & contracts you plan to apply for
- ❑ Earned income from **current** programs
- ❑ Earned income from **new** programs

Budget Development: Income

Assess the likelihood of securing funds

- ❑ **Committed = 100%**

Assets released, executed contracts, award letters

- ❑ **Likely = 75%**

Based on track record or funder's recommendation

- ❑ **Possible = 25%**

New program income or new funders

Budget Development: Income

	Requested Amount	Committed	Likely	Possible	Total Budgeted Income by Funder
INCOME		100%	75%	25%	
Government					
Arts Council	225,000	225,000	-	-	225,000
Happy Valley USD	250,000	175,000	75,000	-	231,250
Pleasantville County Funding	100,000	60,000	40,000	-	90,000
Foundation Grants	-				
Helpful Foundation	75,000	75,000	-	-	75,000
Happy Valley Community Foundation	45,000	-	-	45,000	11,250
Forward-Thinking Foundation	35,000	-	-	35,000	8,750
NonprofitWorks Fund	140,000	140,000	-	-	140,000
Generous Bank Community Foundation	130,000	105,000	-	25,000	111,250
Individual Contributions	-				
Annual Fundraiser	66,133	49,600	16,533	-	62,000
Earned Income	-				
Class Fees	23,613	21,160	2,453	-	23,000
Net Assets Released	2,500	2,500	-	-	2,500
Miscellaneous	700	700	-	-	700
Total Requested	1,092,946	853,960	133,986	105,000	
Total Budgeted Income - Discounted		853,960	100,490	26,250	980,700

Budget Development: Income

		A	B	C	D
	Requested Amount	Committed	Likely	Possible	Total Budgeted Income by Funder
<u>INCOME</u>		100%	75%	25%	
Government					
Happy Valley USD	250,000	175,000	75,000	-	231,250

Total Budgeting Income by Funder

$$D = (A) * (100\%) + (B) * (75\%) + (C) * (25\%)$$

Happy Valley USD

$$\text{Committed: } (\$175,000) * (100\%) = \$175,000$$

$$\text{Likely: } (\$75,000) * (75\%) = \$56,250$$

$$\text{Total Budgeted Income By Funder: } \$175,000 + \$56,250 = \$231,250$$

Budget Development: Income

Add target dates and program

	Requested Amount	Committed	Likely	Possible	Total Budgeted Income by Funder	Timing	Program
INCOME		100%	75%	25%			
Government							
Community Council	225,000	225,000	-	-	225,000		A
Happy Valley USD	250,000	175,000	75,000	-	231,250	Jan	A&B
Pleasantville County Funding	100,000	60,000	40,000	-	90,000	Jan	B
Foundation Grants							
Helpful Foundation	75,000	75,000	-	-	75,000		A
Happy Valley Community Foundation	45,000	-	-	45,000	11,250	Apr	C
Forward-Thinking Foundation	35,000	-	-	35,000	8,750	Mar	B
NonprofitWorks Fund	140,000	140,000	-	-	140,000		C
Generous Bank Community Foundation	130,000	105,000	-	25,000	111,250	May	C
Individual Contributions							
Annual Fundraiser	66,133	49,600	16,533	-	62,000	Dec	Fundraising
Earned Income							
Class Fees	23,613	21,160	2,453	-	23,000		C
Net Assets Released							
	2,500	2,500	-	-	2,500		C
Miscellaneous							
	700	700	-	-	700		
Total Requested	1,092,946	853,960	133,986	105,000			
Total Budgeted Income - Discounted		853,960	100,490	26,250			
					980,700		



Pro Tip

Be conservative with
grant projections!

The funding landscape tends to shift
unexpectedly

Budget Development: Combine Income & Expenses

	Program A	Program B	Program C	MG&A	Fund	Total
Income						
Government	400,000	146,250				546,250
Foundation Grants	75,000	8,750	262,500			346,250
Individual Contributions					62,000	62,000
Earned Income			23,000			23,000
Net Assets Released			2,500			2,500
Miscellaneous				700		700
Total Income	475,000	155,000	288,000	700	62,000	980,700
Operating Expenses						
Salaries	175,000	141,000	82,500	106,500	65,000	570,000
Consultants	18,000	60,000	32,000	30,833		140,833
Supplies	49,300	17,000	5,100	12,750	2,550	86,700
Training	600	450	375	225	150	1,800
Insurance	3,751	2,813	2,344	1,407	938	11,252
Rent	25,200	18,900	15,750	9,450	6,300	75,600
Dues & Subscriptions	250		500	750		1,500
Telephone	2,000	1,500	1,250	750	500	6,000
Utilities	1,200	900	750	450	300	3,600
Repairs & Maintenance	1,667	1,250	1,042	625	417	5,000
Accounting & Legal	1,500	500		10,000		12,000
Depreciation	2,500	1,875	1,563	938	625	7,500
Advertising	1,867	1,400	1,167	700	467	5,600
Printing & Mailing				10,000	30,000	40,000
Miscellaneous	1,333	1,000	833	500	333	4,000
Total Operating Expenses	284,167	248,588	145,173	185,877	107,579	971,385
Direct Net Income	190,833	(93,588)	142,827	(185,177)	(45,579)	9,315
Indirect Cost Distribution	85,847	75,099	43,857	56,154	32,500	293,457
Fully-Loaded Net Income by Program	104,985	(168,687)	98,970	(55,454)	29,500	9,315



Discuss & Decide



After budgeting expenses by program with fully-loaded costs, CoreCommunity first learns that one of their main programs is running a deficit.

What should they do?

- Cancel the program
- Hire a program manager to run it more efficiently
- Reorient all fundraising toward that program
- Operate the program as-is with a deficit

Answer: All of the above + many other solutions 38

Budget Development: Review

- Develop realistic fundraising goals
- Evaluate program return
- Identify surplus strategy**
- Assess revenue risk**
- Examine deficits**
- Agree on contingency plans**

Cash Surplus Strategies

- Build reserves
- Pay down credit
- Invest for interest
- R&D – research and design
- Systemic improvements

Budget Development: Risk

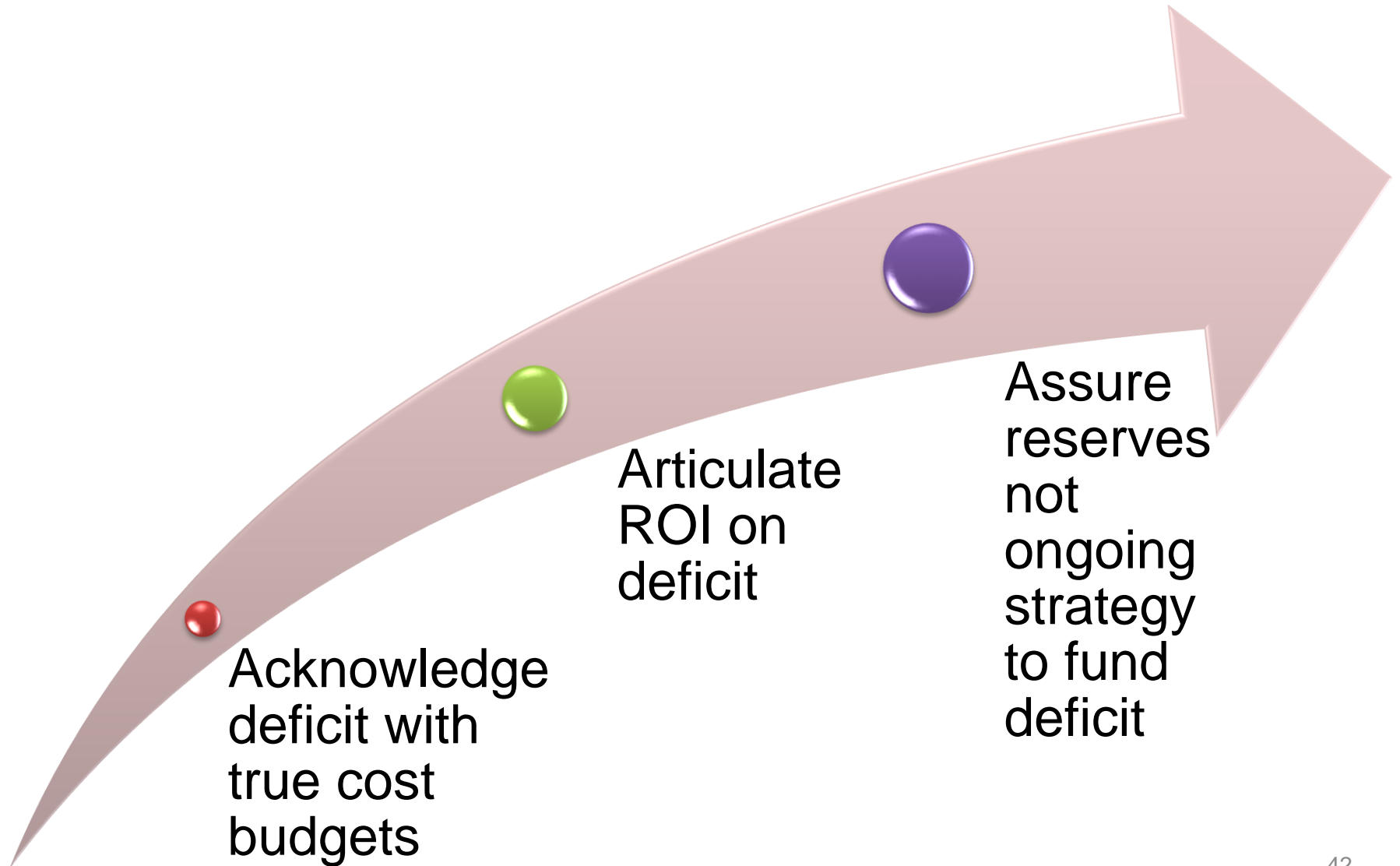
Assess Revenue Risk

Possible Discounted Income

Total Expense

$$\frac{\$26,250}{\$971,385} = 3\%$$

Budget Development: Dealing with Deficits



Budget Development: Contingency Planning

Identify pivot points

Operating Expenses	Program A	Program B	Program C	MG&A	Fund	Total
Salaries	175,000	141,000	82,500	106,500	65,000	570,000
Consultants	18,000	60,000	32,000	30,833		140,833
Supplies	49,300	17,000	5,100	12,750	2,550	86,700
Training	600	450	375	225	150	1,800
Insurance	3,751	2,813	2,344	1,407	938	11,252
Rent	25,200	18,900	15,750	9,450	6,300	75,600
Dues & Subscriptions	250		500	750		1,500
Telephone	2,000	1,500	1,250	750	500	6,000
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Repairs & Maintenance	1,667	1,250	1,042	625	417	5,000
Accounting & Legal	1,500	500		10,000		12,000
Depreciation	2,500	1,875	1,563	938	625	7,500
Advertising	1,867	1,400	1,167	700	467	5,600
Printing & Mailing				10,000	30,000	40,000
Miscellaneous	1,333	1,000	833	500	333	4,000
Total Operating Expenses	284,167	248,588	145,173	185,877	107,579	971,385

Budget Development: Contingency Planning

Remember pivot timing

	Requested Amount	Committed	Likely	Possible	Total Budgeted Income by Funde	Timing	Program
INCOME		100%	75%	25%			
Government							
Community Council	225,000	225,000	-	-	225,000		A
Happy Valley USD	250,000	175,000	75,000	-	231,250	Jan	A&B
Pleasantville County Funding	100,000	60,000	40,000	-	90,000	Jan	B
Foundation Grants							
Helpful Foundation	75,000	75,000	-	-	75,000		A
Happy Valley Community Foundation	45,000	-	-	45,000	11,250	Apr	C
Forward-Thinking Foundation	35,000	-	-	35,000	8,750	Mar	B
NonprofitWorks Fund	140,000	140,000	-	-	140,000		C
Generous Bank Community Foundation	130,000	105,000	-	25,000	111,250	May	C
Individual Contributions							
Annual Fundraiser	66,133	49,600	16,533	-	62,000	Dec	Fundraising
Earned Income							
Class Fees	23,613	21,160	2,453	-	23,000		C
Net Assets Released	2,500	2,500	-	-	2,500		C
Miscellaneous	700	700	-	-	700		
Total Requested	1,092,946	853,960	133,986	105,000			
Total Budgeted Income - Discounted		853,960	100,490	26,250	980,700		44



Discuss & Decide



**Your board is uncomfortable with net income of \$9,315.
They ask you to increase your margin.
What do you do?**

- Reduce personnel costs
- Increase personnel costs
- Reduce other costs
- Keep costs the same

Answer: All of the above + many other solutions

Budget Development: Final Draft

	Program A	Program B	Program C	MG&A	Fund	Total
Income						
Government	400,000	146,250				546,250
Foundation Grants	75,000	8,750	262,500			346,250
Individual Contributions					62,000	62,000
Earned Income			23,000			23,000
Net Assets Released			2,500			2,500
Miscellaneous				700		700
Total Income	475,000	155,000	288,000	700	62,000	980,700
Operating Expenses						
Salaries	175,000	141,000	82,500	106,500	65,000	570,000
Consultants	18,000	60,000	32,000	30,833		140,833
Supplies	34,000	17,000	5,100	12,750	2,550	71,400
Training	400	300	250	150	100	1,200
Insurance	3,751	2,813	2,344	1,407	938	11,252
Rent	25,200	18,900	15,750	9,450	6,300	75,600
Dues & Subscriptions	250		500	750		1,500
Telephone	2,000	1,500	1,250	750	500	6,000
Utilities	1,200	900	750	450	300	3,600
Repairs & Maintenance	1,667	1,250	1,042	625	417	5,000
Accounting & Legal	1,500	500		10,000		12,000
Depreciation	2,500	1,875	1,563	938	625	7,500
Advertising	1,867	1,400	1,167	700	467	5,600
Printing & Mailing				10,000	30,000	40,000
Miscellaneous	1,333	1,000	833	500	333	4,000
Total Operating Expenses	268,667	248,438	145,048	185,802	107,529	955,485
Direct Net Income	206,333	(93,438)	142,952	(185,102)	(45,529)	25,215
Indirect Cost Distribution	82,480	76,270	44,529	57,041	33,011	293,332
Fully-Loaded Net Income by Program	123,852	(169,708)	98,422	(56,341)	28,989	25,215



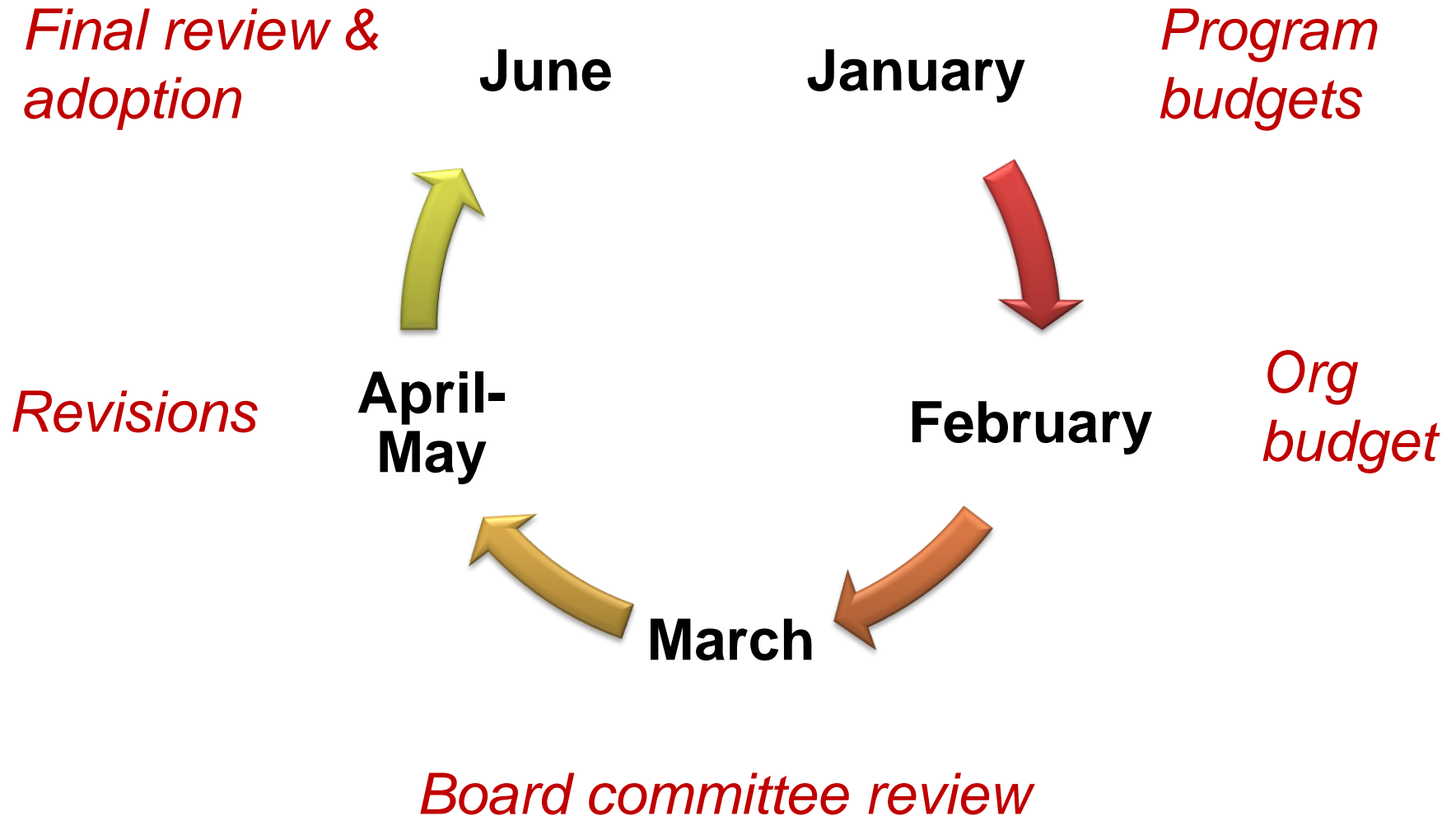
Pro Tip

Budget for a surplus
to meet your long-term goals

- Operating Reserve
- Facility Reserve
- Program Development
- Debt Principal Repayment

Budget Development: Timeline

July-June fiscal year





Pop Quiz



What happens from July to December?

- We all go to the Bahamas
- NCCLF runs our organizations for us
- We monitor actuals and make adjustments

Answer: Monitor your actuals!

Variance Report

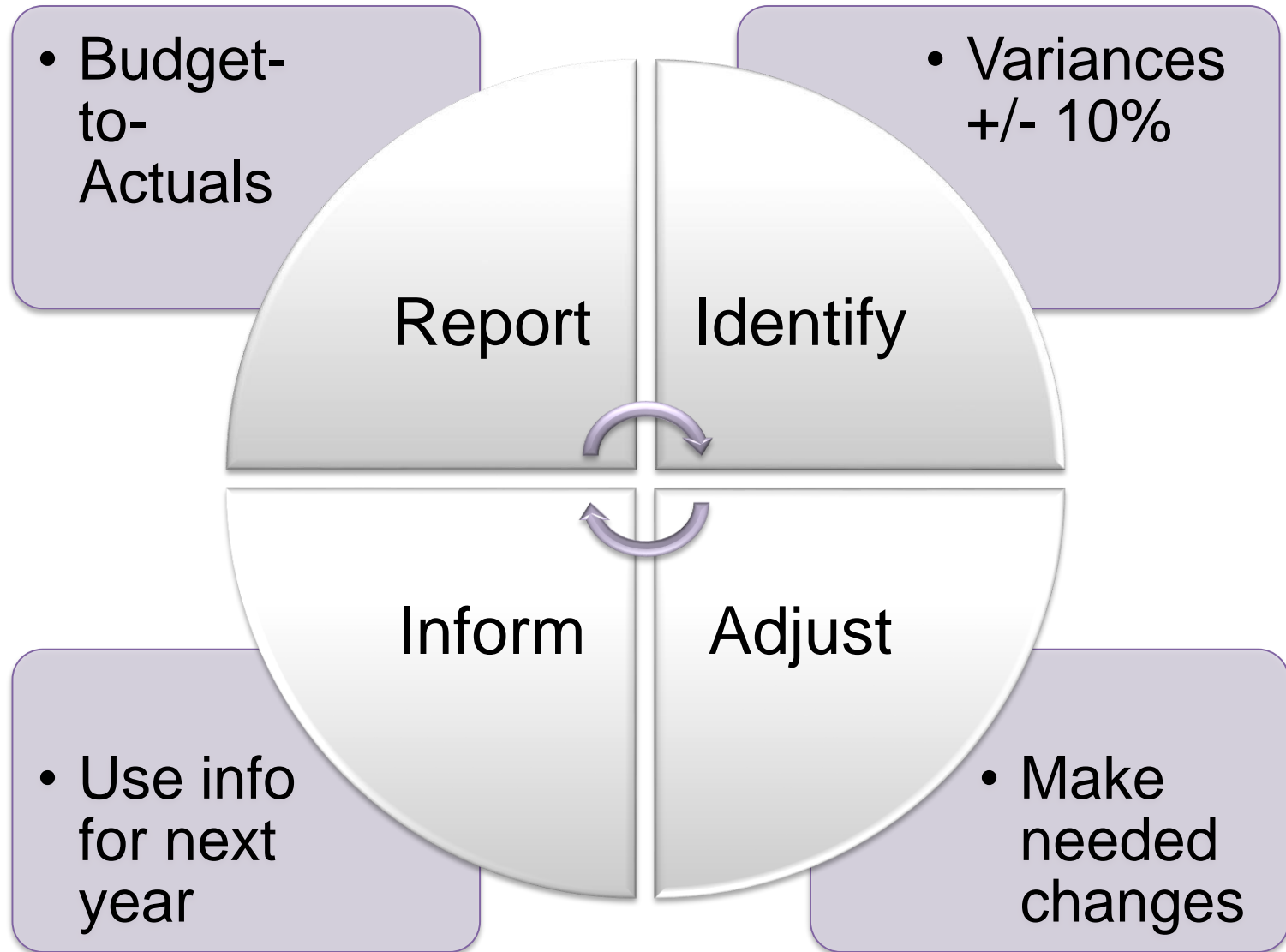
A **B** **C** **B - C = D** **D ÷ B = E**

	Annual Budget	YTD Budget	Actuals Jul - Sept	Variance Budget - Actual	Variance % Actual/Budget
Income					
Government	546,250	136,563	119,438	17,125	-13%
Foundation Grants	346,250	86,563	143,000	(56,438)	65%
Individual Contributions	62,000	15,500	10,000	5,500	-35%
Earned Income	23,000	5,750	3,000	2,750	-48%
Net Assets Released	2,500	2,500	2,500	-	0%
Miscellaneous	700	175	629	(454)	259%
Total Income	980,700	247,050	278,567	(31,517)	13%
Operating Expenses					
Salaries	570,000	142,500	145,328	(2,828)	2%
Consultants	140,833	35,208	32,497	2,711	-8%
Supplies	71,400	17,850	15,000	2,850	-16%
Training	1,200	300	557	(257)	86%
Insurance	11,252	2,813	-	2,813	-100%
Rent	75,600	18,900	18,900	-	0%
Dues & Subscriptions	1,500	375	570	(195)	52%
Telephone	6,000	1,500	1,500	-	0%
Utilities	3,600	900	900	-	0%
Repairs & Maintenance	5,000	1,250	3,500	(2,250)	180%
Accounting & Legal	12,000	3,000	2,575	425	-14%
Depreciation	7,500	1,875	1,875	-	0%
Advertising	5,600	1,400	5,000	(3,600)	257%
Printing & Mailing	40,000	10,000	-	10,000	-100%
Miscellaneous	4,000	1,000	773	227	-23%
Total Operating Expenses	955,485	238,871	228,975	9,896	-4%
Net Income	25,215	8,179	49,592	(41,413)	506%

Variance Report: Strive for <10% under/over

	Annual Budget	YTD Budget	Actuals Jul - Sept	Variance Budget - Actual	Variance % Actual/Budget	
Income						
Government	546,250	136,563	119,438	17,125	-13%	
Foundation Grants	346,250	86,563	143,000	(56,438)	65%	Over
Individual Contributions	62,000	15,500	10,000	5,500	-35%	Under
Earned Income	23,000	5,750	3,000	2,750	-48%	Under
Net Assets Released	2,500	2,500	2,500	-	0%	
Miscellaneous	700	175	629	(454)	259%	
Total Income	980,700	247,050	278,567	(31,517)	13%	
Operating Expenses						
Salaries	570,000	142,500	145,328	(2,828)	2%	
Consultants	140,833	35,208	32,497	2,711	-8%	
Supplies	71,400	17,850	15,000	2,850	-16%	
Training	1,200	300	557	(257)	86%	
Insurance	11,252	2,813	-	2,813	-100%	Under
Rent	75,600	18,900	18,900	-	0%	
Dues & Subscriptions	1,500	375	570	(195)	52%	
Telephone	6,000	1,500	1,500	-	0%	
Utilities	3,600	900	900	-	0%	
Repairs & Maintenance	5,000	1,250	3,500	(2,250)	180%	
Accounting & Legal	12,000	3,000	2,575	425	-14%	
Depreciation	7,500	1,875	1,875	-	0%	
Advertising	5,600	1,400	5,000	(3,600)	257%	Over
Printing & Mailing	40,000	10,000	-	10,000	-100%	Under
Miscellaneous	4,000	1,000	773	227	-23%	
Total Operating Expenses	955,485	238,871	228,975	9,896	-4%	
Net Income	25,215	8,179	49,592	(41,413)	506%	Over

Budget Monitoring

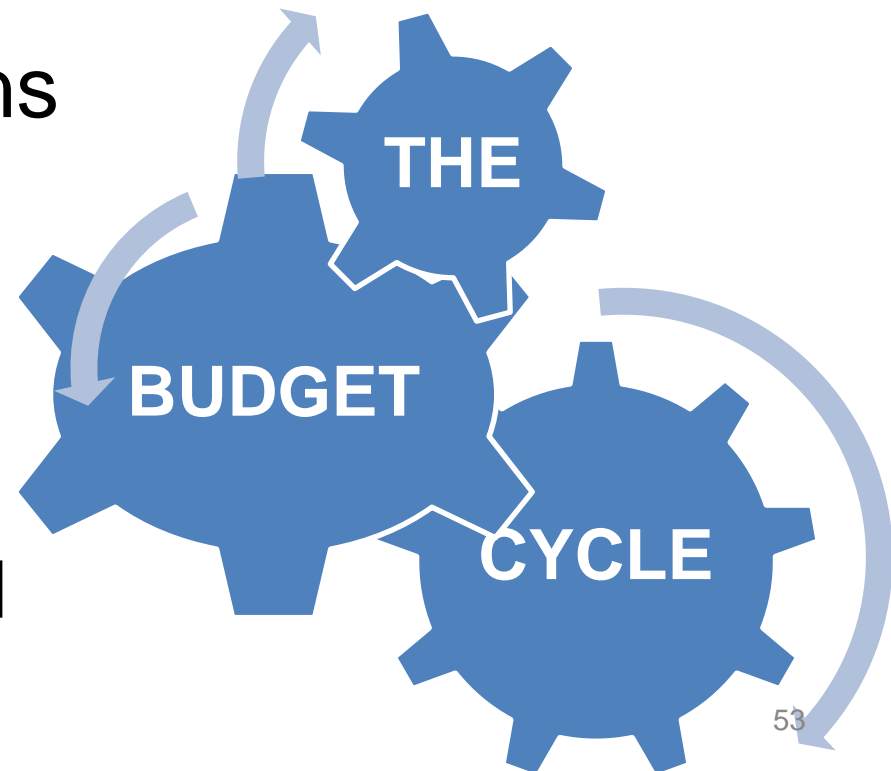


Always Be Budgeting

A healthy organization is always budgeting:

- Developing the budget
- Implementing decisions
- Gathering information
- Making adjustments

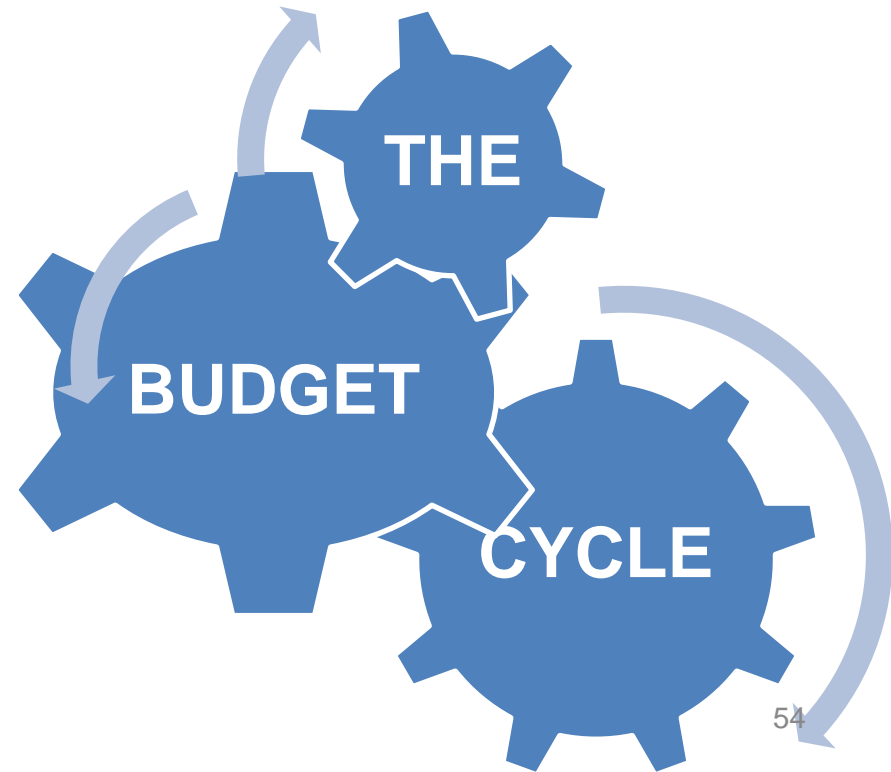
That's why it's called



Always Be Budgeting

Why?

- ❑ Continuity for clients
- ❑ Reliability for staff
- ❑ Growth & expansion
- ❑ Impact



Case Study: ParentsPlus

Vision: We envision a time when parents will have the skills and confidence to help their children to succeed in school.

Mission: To provide parents in the Happy Campers School District with skills & confidence to help their children succeed in school.

Programs

Training Program provides homework help training for parents

Family Activities organizes monthly activities for parents/children

Health Check-Ups provides medical services for low-income children

Kindergarten Tours recruits new families for the incoming class

Goals, 2018 – 2020

1. All children in Happy Camper School District will read at grade level.
2. Develop a strong school community.

Case Study: ParentsPlus

Split up into an ED group and a Board group.

EDs: Your job is to present your budget (attached) to the Board with the goal of getting it approved. Be ready to explain why you are comfortable with 3 out of 4 programs running a deficit.

Boards: Your job is to review the budget and decide whether to approve it. What questions do you want to ask? What context could help you feel more comfortable with the projections? What additional information might you want to request?

Developing Grant Budgets

Grant Budget Development

	Program A	Program B	Program C	MG&A	Fund	Total
Income						
Government	400,000	146,250				546,250
Foundation Grants	75,000	8,750	262,500			346,250
Individual Contributions					62,000	62,000
Earned Income			23,000			23,000
Net Assets Released			2,500			2,500
Miscellaneous				700		700
Total Income	475,000	155,000	288,000	700	62,000	980,700
Operating Expenses						
Salaries	175,000	141,000	82,500	106,500	65,000	570,000
Consultants	18,000	60,000	32,000	30,833		140,833
Supplies	34,000	17,000	5,100	12,750	2,550	71,400
Training	400	300	250	150	100	1,200
Insurance	3,751	2,813	2,344	1,407	938	11,252
Rent	25,200	18,900	15,750	9,450	6,300	75,600
Dues & Subscriptions	250		500	750		1,500
Telephone	2,000	1,500	1,250	750	500	6,000
Utilities	1,200	900	750	450	300	3,600
Repairs & Maintenance	1,667	1,250	1,042	625	417	5,000
Accounting & Legal	1,500	500		10,000		12,000
Depreciation	2,500	1,875	1,563	938	625	7,500
Advertising	1,867	1,400	1,167	700	467	5,600
Printing & Mailing				10,000	30,000	40,000
Miscellaneous	1,333	1,000	833	500	333	4,000
Total Operating Expenses	268,667	248,438	145,048	185,802	107,529	955,485
Direct Net Income	206,333	(93,438)	142,952	(185,102)	(45,529)	25,215
Indirect Cost Distribution	82,480	76,270	44,529	57,041	33,011	293,332
Fully-Loaded Net Income by Program	123,852	(169,708)	98,422	(56,341)	28,989	25,215

Grant Budgets: Program B

	Budget - Program B
Income	
Government	146,250
Foundation Grants	8,750
Individual Contributions	
Earned Income	
Net Assets Released	
Miscellaneous	
Total Income	155,000
Fully-Loaded Program Expenses	
Salaries	141,000
Consultants	60,000
Supplies	17,000
Training	300
Insurance	2,813
Rent	18,900
Dues & Subscriptions	
Telephone	1,500
Utilities	900
Repairs & Maintenance	1,250
Accounting & Legal	500
Depreciation	1,875
Advertising	1,400
Printing & Mailing	
Miscellaneous	1,000
Indirect Cost Distribution	76,270
Total Program Operating Expenses	324,708

2 government grants
+
1 foundation grant



Total requested = \$210,000



Total budgeted = \$155,000

Program B Funding Requests

	Budget - Program B	Grant Request - Happy Valley USD	Grant Request - Pleasantville County Funding	Grant Request - Forward-Thinking Foundation
Income				
Government	146,250	75,000	100,000	
Foundation Grants	8,750			35,000
Individual Contributions				
Earned Income				
Net Assets Released				
Miscellaneous				
Total Income	155,000	75,000	100,000	35,000
Fully-Loaded Program Expenses				
Salaries	141,000	45,000	60,000	7,500
Consultants	60,000	15,000	15,000	4,000
Supplies	17,000	4,000	5,000	8,000
Training	300			
Insurance	2,813		-	
Rent	18,900		4,000	5,000
Dues & Subscriptions				
Telephone	1,500		1,000	500
Utilities	900		-	
Repairs & Maintenance	1,250		-	1,250
Accounting & Legal	500			
Depreciation	1,875		-	1,875
Advertising	1,400			1,400
Printing & Mailing				
Miscellaneous	1,000			1,000
Indirect Cost Distribution	76,270	11,000	15,000	4,475
Total Program Operating Expenses	324,708	75,000	100,000	35,000



Pro Tip

Grant budget narratives are an opportunity to articulate *how the funder will become an impact partner*

Case Study: Helpful Hand

Helpful Hand Nonprofit runs a community center that offers a variety of services to low-income children and their parents.

Last year Helpful Hand's government funding was reduced due to budget cuts and the organization took out a line of credit to help with cash flow management.

In FY10 Helpful Hand is hoping to generate a surplus to pay down a portion or all of the line of credit.

Case Study: Helpful Hand

Use the attached financial statements to develop a strategy to address the below scenarios:

Scenario 1: Your budget includes a unrestricted \$35,500 foundation grant. The grant was supposed to be approved in September however you just got a call from the foundation officer and your grant request has been denied. Use the attached financial statements to develop a strategy to pay down your line of credit.

Scenario 2: The \$120,000 grant you thought would be approved in June is not going to be approved until October (Helpful Hand has a 12/31 fiscal year-end). You budgeted for a grant term of 7/1/17-6/30/18 but now the term has changed to 10/1/17-10/30/18. How will this affect your annual budget? Your August budget-to-actual variance? Your YTD budget-to-actual variance? What is the potential impact on cash flow?

Becoming A Financial Leader

Financial Leadership

- ❑ Pursue all funding, not just unrestricted
 - ✓ *restrictions only limit if they were already stretches*
- ❑ Properly staff finance function
 - ✓ *staff, contractors, board*
- ❑ Discuss expectations of financial roles with board
 - ✓ *there's a right fit for organizations of every size*
- ❑ Perform against budget
 - ✓ *be nimble & increase net assets annually*
- ❑ Understand revenue diversity
 - ✓ *strengths & weaknesses*
- ❑ Monitor cash & build reserves
 - ✓ *cash is king, queen, jack, jill and ACE!*

Budgeting 201

...get excited!

- ❑ Monthly/quarterly budgets – *executing pivot points*
- ❑ Multi-year budgets – *using budgets to drive strategy*
- ❑ Capitalization budgets – *building a sustainable future*
 - ❑ Reserves
 - ❑ Program research, measurement & development
 - ❑ Debt principal payments

Mission

NCCLF promotes economic justice and alleviates poverty by increasing the financial resilience and sustainability of nonprofits and enterprises. Through flexible financial products and sound advice, we create opportunities to make socially responsible investments that revitalize Northern California communities.

Vision

NCCLF envisions financially strong and culturally vibrant communities where each person has access to decent jobs, homes, health care, education, and economic opportunities. We work in partnership with individuals and organizations who share our vision of sustainable communities and social and economic justice.

Our Programs



Lending
&
NMTC



Consulting



Socially
Responsible
Investing



Policy

NCCLF Consulting & Training

*Helping nonprofits use
their resources strategically*

Real Estate Consulting

- Workshops and individual consulting engagements that help nonprofits manage their real estate resources.
 - Lease vs. Buy Analysis
 - NMTC Feasibility Analysis
 - Facility Strategic Planning
 - Real Estate Coaching



NCCLF Consulting & Training

*Helping nonprofits use
their resources strategically*

Financial Management Consulting

- Workshops and individual consulting engagements that strengthen the financial management capacity of nonprofit leadership.
 - Financial Assessments
 - Business Model Optimization
 - Budget Development
 - Cash Flow Management
 - Financial Education



Resources

- ❑ [Nonprofit Quarterly](#)
- ❑ [Propel Nonprofits](#) (Nonprofits Assistance Fund)
- ❑ [Nonprofit Finance Fund](#)
- ❑ [Compasspoint](#)
- ❑ [California Association of Nonprofits](#) (CalNonprofits)

Questions & Evaluations



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