Budgeting for Programs, Grants and the Organization

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Budgeting for Programs, Grants and the Organization

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Workshop Goal

The goal of this workshop is to help you develop, present, and use your organization's annual fiscal-year budget.

Learning Objectives

By the end of this class, you should be able to:

- Assess your organization's effectiveness in its budgeting process and identify areas for improvement.
- Understand the value of connecting annual budget planning with establishing your overall organizational goals.
- Effectively estimate total program costs.
- Compile a realistic income forecast.
- Identify who should be involved in monitoring the budget.
- Explore different budget to actual report formats that meet the needs of various audiences.

The Case Study

This manual includes a recurring case study, designed to illustrate the key learning objectives. All of the examples and sample financial statements are for a fictional organization called Domestic Violence Intervention & Prevention, or DV for short. The case study has two benefits: first, it will help you understand the basic concepts by providing life-like examples; and second, it may provide you with sample formats that you can use to improve your own organization's budgeting process.

Here is some background about Domestic Violence Intervention & Prevention. The organization employs nineteen staff and has an annual budget of $1.5 million. Founded over ten years ago, DV began as a safe house for victims of domestic violence. With the help of key individuals in the private sector and the support of the city, DV has flourished and expanded its services to include a shelter that can accommodate twenty women and ten children and five support groups each week for women and children dealing with or leaving batterers. R*eferences to DV will be in italics.*

Introduction

The annual budget is the financial reflection of what a nonprofit business expects to accomplish over a 12-month period. For many nonprofit executives, budgeting is the most comfortable and interesting part of financial leadership. Done correctly, the budgeting process actively engages many staff and board members who are uninterested in accounting or monthly financial reporting. It becomes an opportunity for these stakeholders to contribute to the organization's work plan. For most organizations, the annual budgeting cycle also offers the best (if not the only) time to set meaningful financial goals. The process results in a useful tool—one that will be used to anticipate problems and to provide a baseline against which actual program and financial experience can be monitored.

An Inclusive Process

In order for an organizational budget to be accurate, effective, and uniting, the budgeting process must be inclusive. While the executive director and key finance staff will play the coordinating role in the process, all management and board members have a role to play. Unfortunately, for many nonprofit organizations, planning and financial management are activities that divide rather than unite the organization. Program planners and fiscal managers speak different languages and often have different priorities; they may or may not be aware of the importance of each other's approach to the budget process. Program planning decisions often are viewed as failing to reflect economic realities, while fiscal management decisions are often viewed as insensitive to the programmatic mission of the organization. These conflicts are often fought out during the budgeting process—the very process that could unite these viewpoints. The leadership challenge is to highlight and integrate these various perspectives the collective goal of developing a realistic and inspiring plan for the coming year.

To be sure, an inclusive process can be a messy one with a great deal of debate and even frustration at times. The budgeting process is the ideal time each year to bring an organizational cross-section into the financial leadership effort. The executive director that creates the budget during an all-nighter before the first board meeting of the year—or asks her finance manager to do so—is almost guaranteeing a less-than-accurate plan and a useless tool for controlling financial activity throughout the year. People in your organization will feel more accountable to a plan that they had some say in developing. In our consulting work with nonprofits, we do not see leaders having much luck holding program and development staff accountable to budgets they did not contribute to meaningfully.

Staffing the Process

To really build an effective budgeting process, it is worth taking some time to think though who should be involved in the details of each stage. The exact mix of people, roles, and positions is likely to vary among different organizations, depending on size, structure, and organizational culture. When assembling your budgeting team,
it is important that you include the people who are the closest to the information you need, as well as those who will be held accountable to the final plan. In the best scenarios the team will include people with a finance, development, and programmatic focus, but exact titles and positions will likely vary from organization to organization.

Developing a Budget Calendar

Depending on the size and complexity of the organization, the entire budget-building process may require two to four months. For a mid-sized organization with a fiscal year beginning on July 1, a sample budget calendar might include:

MONTH	**TASK**
April	• Board and staff retreat to review performance and develop annual goals • Program coordinators establish program plan and estimate 'direct' program costs
May	• Finance manager and executive director estimate common and admin costs • Fundraising team creates income plan and estimates fundraising costs • Management team creates capital budget needed to support program, administrative, and fundraising plans
June	• Finance manager prepares cash flow projection • Management team and finance committee adjust income and expenses as needed • Full board approves final budget
July	• Management team implements annual plan and budget • Evaluate budgeting process
October	• First Quarter budget review
January	• Mid-year budget review (and revision, if needed)
April	• Third Quarter budget review • Begin budget planning for new fiscal year

Developing a Budget Structure

Before diving into the budgeting process, you must first make several decisions about the overall structure of the budgeting tool you will be using. Because most organizations improve their budgeting practices over the course of several years, it is a good idea to review the budget structure each year and consider any incremental improvements you may want to integrate in that year's cycle. In developing the basic structure of your budget, be sure to consider the following:

Establish a uniform budget structure: The line items of the budget tool should correspond to the organization's chart of accounts. This is important for being able to implement the budget once the planning is done, when the budget becomes a monitoring tool. Once established, the organizational budget structure should also serve as the framework for internal program and project budgets, as well as grant budgets. Organizations frequently need to "translate" between their internal budget structure and funders' budget forms. Your chart of accounts (and budget) should be designed primarily to give you the information you need to effectively manage your programs – resist the temptation to change it frequently based on specific funder guidelines.

Determine cost centers: Given the reporting requirements for nonprofit organizations (for the IRS Form 990 and GAAP), many organizations include functional expense classifications in the budget. This separates program services from the supporting activities of administration and fundraising.

Program	Costs resulting in distributing goods and services to clients and fulfilling the mission of the organization. This includes lobbying expenses if it is directly related to the organization's exempt purpose.
Administration	Costs not identifiable with program delivery or fundraising that are indispensable to the organization's existence such as governance, finance and accounting, legal, and executive management.
Fundraising	Costs associated with soliciting contributions from individuals, foundations, and corporations, maintaining donor mailing lists, and conducting fundraising events.

Developing a Budget Structure-continued

For some organizations, one classification for program activities may be enough to portray the program service that the organization provides. In most cases, however, there are several different program activities provided, and the expenses associated with these distinct program services might need to be separated into multiple programmatic functional categories. For example, a large university may have programs for student instruction, research, and public service. A social service agency may have programs for health and family services, public education, disaster relief, etc.

Although external reporting requirements (IRS Form 990 and GAAP financial statements) only require that expenses are classified by function, it is a good idea to also classify the organization's income in these functional categories. This helps management to understand how the organization is doing in its cost-recovery efforts for each activity, and to better understand the overall business model of the organization (i.e. which activities are generating surpluses to help subsidize activities that are not fully covering costs). When you categorize income by its functional purpose, it also helps readers of financial reports to understand how restricted funds are designated to specific programs.

Is it administrative?

The IRS identifies these specific expenses as Management & General for the purposes of Form 990:

- Costs of board of directors meetings, committee meetings, and staff meetings (unless they involve specific program services or fundraising activities);
- General legal services;
- Accounting (including patient accounting and billing);
- General liability insurance;
- Office management;
- Auditing, human resources, and other centralized services;
- Preparation publication and s distribution of an annual report;
- Management of investments;
- Lobbying (not related to exempt purpose).

Developing a Budget Structure-continued

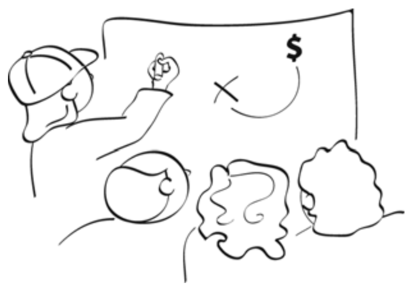
Consider including a cost center for common (shared) costs*:* Most organizations have both activity-specific costs – those that are easily identifiable with a specific program, administration or fundraising – and common or shared costs – those that are not identifiable with one of the functions.

Budgeting by Month: Many organizations see fluctuations in income and expense throughout the year, based on seasonal program activities, timing of fundraising events, hiring plans, etc. In addition to budgeting by functional area, it is wise to budget month-by-month so that year-to-date budget-to-actual reports become more meaningful tools that take into consideration these planned fluctuations.

Multiple Layers: Most organizational budgets will include several versions – a high-level summarized version for the board of directors and external audiences, a more expanded version for the management team and finance committee, and several even more detailed versions for development and program managers. The important thing to remember is that the detailed versions should all feed into the overall summary – so grant or project budgets "roll up" into a program budget, several program budgets "roll up" into the organizational budget, and the expanded organizational budget "rolls up" into a one-page summary budget.

Spreadsheet Linking: In setting up the budget, pay particular attention to the spreadsheet linking. Make sure that each number is input only once, and then referenced. A typical expense forecast will build from staffing costs (origin of salaries and FTE) to program costs (origin of program-specific costs) to allocated costs. Once these spreadsheets are completed, the remaining formats are linked only.

Planning Stages



STAGE ONE: Define the Planning Context & Goals

- Review past performance
- Document external environment
- Articulate program priorities
- Create annual goals

STAGE TWO: Estimate Costs

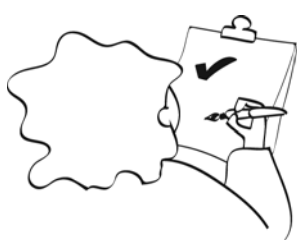
- Estimate personnel costs
- Estimate activity-specific costs
- Consider capital acquisitions
- Calculate full activity costs

STAGE THREE: Forecast Income

- Estimate revenue
- Plan for restricted and unrestricted support
- Identify contributions in kind
- Fine-tune fundraising costs

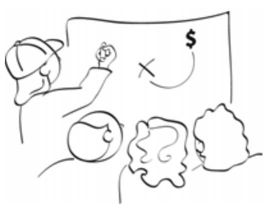
STAGE FOUR: Strike the Balance

- Create the first draft
- Consider contingencies
- Project cash flow



STAGE FIVE: Approve the Plan

Define the Planning Context and Goals



KEY TASKS:

- Review past performance
- Document external environment
- Articulate program priorities
- Create annual goals

Budgeting for the upcoming year should not be seen as “starting over” with a blank slate. In fact, a lot of strategic thinking and reflection should happen *before* you begin the process of identifying specific income and expense targets. By “define the planning context,” we mean to suggest that a budget does not exist in a vacuum. Instead it should respond specifically to the organization’s current operating context. Together, these strengths, weaknesses, opportunities, and threats become the assumptions to which your planning process will respond. Some considerations for this reflection include:

Review Past Performance: An assessment of your organization’s financial strengths and weaknesses is a critical aspect of this preparatory work. Which financial weaknesses will the organization try to address in the coming year? As part of defining the planning context you will also want to look closely at what the organization accomplished programmatically over the past year. What does the organization want to do differently or better next year?

Assess External Environment: A second dimension of the planning context is *external*. The management team should scan environmental opportunities and threats. Typical opportunities that face nonprofit businesses include: expansion of a program into a new geographic area; partnership with another nonprofit to improve services or impact; initiation of a capital campaign; and pursuit of a new funding stream. Typical threats include: the loss of a major funding source; a new competitor in your mission area; and unfavorable political changes at the local, state, or national levels. The management team should hold a special session to identify and consider external environmental factors that will influence planning.

Define the Planning Context and Goals-continued

Articulate Program Priorities: Based on this analysis, you can begin to articulate priorities for the coming year. Considering where the organization currently stands both internally and externally, what do you actually intend to do in the coming year? Will you initiate a potential program partnership or not? Is this the year to expand a particular fundraising drive or scale back? Do you expect to shift your approach to service delivery in a way that affects staff development needs or client resources?

Develop Annual Goals: With a context of where the organization stands and where its headed in the year ahead, the management team and board of directors should have an understanding of what the organization overall is trying to accomplish. By taking the time to identify these overarching goals, they will be positioned to make better planning decisions at every stage of the budget development process. By taking the time to set the context, the budget development team is positioned to make more strategic choices as it moves into the expense and income forecasting stages of the process.

Case Study: Setting Annual Goals

At DV, defining the planning context resulted in the board of directors and management team setting three overarching goals for the coming year. First, to remain competitive they want to prioritize program stability and quality. They will accomplish this by investing in more competitive compensation for staff and updated technology for the programs, and by adding more direct client financial support—which the program managers have identified as critical to successful client outcomes. Second, they want to improve on some of DV's financial health indicators: specifically to grow the reserve and establish a line of credit to manage cash flow challenges. And third, DV's leadership wants to improve fundraising effectiveness: grow the endowment, engage board members in giving, increase the pipeline of restricted contributions, and achieve better cost-recovery from major sources.

DV: FY 16-17 Annual Goals

As of April 15, 2016

Overall Goals	*2016-17 Objectives*
Stabilize programs and ensure highest quality	*Salary increases to all staff* *Replace computers and equipment* *Increase direct client support*
Improve on key financial health indicators	*Build cash reserve* *Obtain line of credit*
Maximize fundraising effectiveness	*Increase endowment income* *Increase board role in fundraising* *Build temporarily restricted balance* *Maximize cost recovery in foundation grants*

The Bottom Line

Ultimately, the budget that is developed and approved will represent one of three financial decisions for the organization: to build reserve (surplus), spend reserve (deficit) or break even. The relationship between income and expense in the budget is leadership's choice: some years a planned deficit might be appropriate; in other years the organization will want to plan for a surplus. The key is that this decision is grounded in an understanding of the current financial position of the organization and is in line with the overall goals the organization is aiming to achieve. It is often helpful to make this overarching decision in the beginning of the budgeting process.

It is important to keep in mind that building up an operating reserve is critical to an organization's long-term survival. This can only be achieved by raising unrestricted contributions, by ensuring that fees for services exceed the cost for providing such services, or by some combination of contributions and fees in excess of costs. If a nonprofit organization breaks even or operates at a deficit year after year, it will eventually experience cash flow problems to an extent that expanding or sustaining services may become impossible.

Estimate Costs

KEY TASKS:

- Estimate personnel costs
- Estimate activity-specific costs
- Consider capital acquisitions
- Calculate full activity costs
- Budget for grants and contracts

A budgeting process that is motivated by quality programming and mission impact should start with expense forecasting, not income forecasting. Expenses are the reflection of the work the organization wants to get done. If the management team limits itself to considering only work that's currently funded, an important planning opportunity is missed. Certainly in stage four of the process (Striking the Balance) pragmatism will rear its head, but for now leadership should encourage managers to think about how best to accomplish mission next year.

When estimating the organization's expenses, you will be considering both specific activity costs and common costs that every activity has to bear, as well as any capital expenditures necessary to support the organization's goals. Staff members who have the most information about these activities should be involved in the process of estimating the costs of the activities.

Estimate Costs-continued

Personnel Costs: As personnel costs are typically the largest expense in a nonprofit business and because FTE per activity is a driver of common cost allocation, it makes sense to start the cost estimation process with personnel. A staffing plan like the one below serves as an important piece of support documentation to most organizational budgets.

Case Study: Staffing Plan

As of April 22, 2016

Name	*Position*	*Total FTE*	*Shelter Services*	*Support Groups*	*Admin*	*Fund-raising*	*Common Costs*	*Total*
Elena	*Executive Director*	*1.00*	*0.10*	*0.25*	*0.40*	*0.25*	*-*	*1.00*
Freda	*Director of Finance and Admin.*	*0.75*	*-*	*-*	*0.75*	*-*	*-*	*0.75*
Albert	*Accounting Manager*	*0.50*	*-*	*-*	*0.50*	*-*	*-*	*0.50*
Ina	*IT Manager*	*0.50*	*-*	*-*	*-*	*-*	*0.50*	*0.50*
Ollie	*Office Manager*	*1.00*	*-*	*-*	*-*	*-*	*1.00*	*1.00*
Carla	*Custodian*	*0.50*	*-*	*-*	*-*	*-*	*0.50*	*0.50*
Paula	*Director of Programs*	*1.00*	*0.60*	*0.40*	*-*	*-*	*-*	*1.00*
Sherri	*Shelter Manager*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
Denise	*Day Coordinator*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
Natalie	*Night Coordinator*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
India	*Intake Coordinator*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
Cathy	*Case Worker*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
Connie	*Counselor*	*1.00*	*1.00*	*-*	*-*	*-*	*-*	*1.00*
Alexis	*Advocacy Manager*	*1.00*	*-*	*1.00*	*-*	*-*	*-*	*1.00*
Adriana	*Adult Community Organizer*	*1.00*	*-*	*1.00*	*-*	*-*	*-*	*1.00*
Yani	*Youth Community Organizer*	*1.00*	*-*	*1.00*	*-*	*-*	*-*	*1.00*
Lani	*Legislative Advocate*	*1.00*	*-*	*1.00*	*-*	*-*	*-*	*1.00*
Dana	*Director of Development*	*1.00*	*-*		*-*	*1.00*	*-*	*1.00*
Dennis	*Development Associate*	*0.75*	*-*		*-*	*0.75*	*-*	*0.75*
		17.00	*6.70*	*4.65*	*1.65*	*2.00*	*2.00*	*17.00*
FTE's without common		*15.00*	*6.70*	*4.65*	*1.65*	*2.00*	*(2.00)*	
% of FTE's for allocation of shared		*100%*	*45%*	*31%*	*11%*	*13%*	*-100%*	

Case Study: Staffing Plan

As of April 22, 2016

Name	Position	Salary (FTE)	Total FTE	Salary (adj)	Shelter Services	Support Groups	Admin	Fund-raising	Common Costs
Elena	Executive Director	85,000	1.00	85,000	8,500	21,250	34,000	21,250	-
Freda	Director of Finance and Admin.	64,000	0.75	48,000	-	-	48,000	-	-
Albert	Accounting Manager	48,000	0.50	24,000	-	-	24,000	-	-
Ina	IT Manager	72,800	0.50	36,400	-	-	-	-	36,400
Ollie	Office Manager	38,000	1.00	38,000	-	-	-	-	38,000
Carla	Custodian	29,120	0.50	14,560	-	-	-	-	14,560
Paula	Director of Programs	58,000	1.00	58,000	34,800	23,200	-	-	-
Sherri	Shelter Manager	42,500	1.00	42,500	42,500	-	-	-	-
Denise	Day Coordinator	36,500	1.00	36,500	36,500	-	-	-	-
Natalie	Night Coordinator	37,200	1.00	37,200	37,200	-	-	-	-
India	Intake Coordinator	36,000	1.00	36,000	36,000	-	-	-	-
Cathy	Case Worker	38,500	1.00	38,500	38,500	-	-	-	-
Connie	Counselor	40,000	1.00	40,000	40,000	-	-	-	-
Alexis	Advocacy Manager	41,000	1.00	41,000	-	41,000	-	-	-
Adriana	Adult Community Organizer	35,250	1.00	35,250	-	35,250	-	-	-
Yani	Youth Community Organizer	35,750	1.00	35,750	-	35,750	-	-	-
Lani	Legislative Advocate	38,000	1.00	38,000	-	38,000	-	-	-
Dana	Director of Development	65,000	1.00	65,000	-	-	-	65,000	-
Dennis	Development Associate	39,000	0.75	29,250	-	-	-	29,250	-
All	Salary Increases	8%		62,313	21,920	15,556	8,480	9,240	7,117
			17.00	841,223	295,920	210,006	114,480	124,740	96,077

This report is similar to the one on Page 26, but now actual salary dollars are spread by activity. This is an additional piece of support documentation to the full organizational budget. At this stage, it is easier to work with salary as a lump sum rather than by position.

Estimate Costs-continued

Activity-specific costs: Once the personnel worksheet is drafted, each activity manager can begin to work on his/her portion of the budget, which will include the key activity deliverables, staffing requirements, and estimates of the activity's specific costs. In budgeting, it is helpful to think of administration and fundraising as activities just like program activities: they have expenses and income that need to be forecast.

Activity managers—program manager(s), development manager, and finance manager—are usually in the best position to estimate the specific costs associated with their plans for the year. Based on past experience and current goals, the organization's managers should determine the number of staff members, supplies, and other resources needed to attain their objectives. When historical reference information is lacking or incomplete, it may be helpful to call on the experiences of your peers at similar organizations.

Remember that some costs are more hidden than others. For example, if a new program will require ten new staff positions, the expense estimates must also include time to hire, train, and support the new staff, as well as additional benefits, advertising costs, office equipment, and so forth. If a program is going to cut staff, there may be attendant costs such as outplacement or severance packages. An experienced finance manager acting in the role of budget manager can help less-experienced program and development managers anticipate these less obvious costs.

Case Study: Estimating Activity-Specific Costs

Based on the personnel worksheet and her plans for the program, Sherri, the DV Shelter Manager, estimated the shelter's volume of activity and its specific costs—reducing these to a final "cost/night" ratio. Notice that at this stage, Sherri is considering two levels of activity: preserving core services and expansion of services. Remember, early in the process Elena is encouraging her to think creatively about how DV could improve its shelter services. You can see that what Sherri wants to grow is direct client assistance (from the current level of $250,000 up to $375,000)—the financial and other resources they provide to women leaving batterers.

Case Study: Shelter Program Cost Estimate

As of April 29, 2016

	Core	Expanded
Executive Director	8,500	8,500
Director of Programs	34,800	34,800
Shelter Manager	42,500	42,500
Day Coordinator	36,500	36,500
Night Coordinator	37,200	37,200
Intake Coordinator	36,000	36,000
Case Worker	38,500	38,500
Counselor	40,000	40,000
Salary increases	21,920	21,920
Salaries	295,920	295,920
Payroll taxes	30,332	30,332
Training	3,600	3,600
Personnel expenses	329,852	329,852
Clients, direct assistance to	250,000	375,000
Conferences and meeting	1,000	1,000
Dues and subscriptions	1,000	1,000
Other professional fees	20,000	20,000
Printing and copying	1,000	1,000
Supplies	15,000	15,000
Travel	3,750	3,750
Non-personnel expenses	291,750	416,750
Total specific costs	621,602	746,602
Shelter Nights		
Single women	2,190	2,190
Women with children	4,380	4,380
Infants/Toddlers	1,095	1,095
Children (2-12)	1,460	1,460
Teens (13-18)	730	730
Total Number of Nights	9,855	9,855
Cost per night	$63.07	$75.76

Multiple Scenarios: Depending on the environmental factors, at this stage you might want to create two or three budget scenarios for certain programs.

Estimate Costs-continued

Capital acquisitions: The acquisition of fixed assets (land, buildings, and equipment) is not considered an expense, and thus has not been included in the cost estimates so far. After talking with activity managers about their capital needs, the finance manager should develop a capital budget, which lists individual items to be purchased or improved and their estimated cost. Depending on the financing plan for these items, a forecast for the associated debt may also be necessary.

Remember that capital purchases require an outlay of cash, but are recorded as assets rather than expenses and depreciated over several years. Based on the existing fixed assets and planned acquisitions, the finance manager estimates (and includes) the non-cash depreciation expense for the year in the organizational budget. Including depreciation in the budget allows the organization to accumulate cash that can be used to finance future capital purchases.

Full activity costs: Even with personnel costs and other program-specific costs included, the cost estimate is not complete. Any organization with more than one activity must also determine the allocable portion of common costs, such as rent, telephone, utilities, and supplies. There are several ways to allocate, or distribute, these common costs so that each activity bears its fair share of the overall operating costs of the organization (see most common methods in sidebar on previous page). There are many acceptable methods for allocating common costs – the most important thing is that the method that you use is reasonable, documented, and consistently applied.

Common cost allocation rates

Common methods for determining an allocation rate for shared costs include:

- **FTE:** A percentage determined by dividing the number of FTEs of each activity by the total number of FTEs in the organization.
- **Square footage:** A percentage determined by dividing the square footage used by each activity by the total square footage of the agency.
- **Payroll:** A percentage determined by dividing the amount of personnel expenses for each activity by total personnel expenses.
- **Direct Expense:** A percentage determined by dividing the amount of the specific expenses of each activity by the total expenses of the agency.

Note that using the percentage of income of each activity is NOT an acceptable method of allocating expenses because income does not necessarily tie directly to the actual consumption of resources.

Estimate Costs-continued

For the purposes of identifying how much the program will try to recover from its funding sources, the organization may also want to determine each activity's allocable portion of administrative costs, such as accounting, board-related expenses, and general executive oversight. Calculating the full activity cost is essential to effective fundraising and cost-recovery. Without understanding the total cost to execute a program—including common and administrative costs—staff will be unable to ensure cost-recovery in their fundraising efforts.

Case Study: Costs by Activity

As of May 29, 2016

	Shelter Services	Support Groups	Admin	Fund-raising	Common	Budget 2016-17	Forecast 2017-18
Salaries	295,920	194,450	106,000	115,500	88,960	800,830	804,660
Payroll taxes	30,332	19,931	10,865	11,839	9,118	82,085	82,478
Employee benefits	-	-	-	-	80,083	80,083	80,466
Training	3,600	500	500	-	1,000	5,600	5,600
Personnel expenses	329,852	214,881	117,365	127,339	179,161	968,598	973,204
Accounting	-	-	17,500	-	-	17,500	15,000
Bank charges	-	-	5,000	-	-	5,000	3,500
Building expenses	-	-	-	-	27,500	27,500	25,000
Clients, direct assistance to	375,000	-	-	-	-	375,000	150,000
Conferences and meeting	1,000	10,000	2,500	2,000	2,000	17,500	17,500
Depreciation	-	-	-	-	38,897	38,897	54,000
Dues and subscriptions	1,000	2,300	100	250	-	3,650	3,650
Equipment rental/maint.	-	-	-	-	3,200	3,200	3,200
Insurance	-	-	-	-	29,000	29,000	23,000
Interest	-	-	-	-	8,016	8,016	8,007
Other professional fees	20,000	87,000	2,500	25,000	5,000	139,500	35,500
Postage and delivery	-	-	-	4,000	8,000	12,000	12,000
Printing and copying	1,000	5,000	-	10,000	-	16,000	16,000
Supplies	15,000	10,000	-	2,500	24,000	51,500	49,100
Telephone	-	-	-	-	36,000	36,000	31,800
Travel	3,750	15,000	500	1,000	-	20,250	20,250
Utilities	-	-	-	-	42,500	42,500	38,000
Non-personnel expenses	416,750	129,300	28,100	44,750	224,113	843,013	505,507
Total costs	746,602	344,181	145,465	172,089	403,274	1,811,611	1,478,711

Case Study: Full Activity Costs

As of May 29, 2016

	Shelter Services	Support Groups	Admin	Fund-raising	Common Costs	Budget 2016-17	Forecast 2015-16
Personnel expenses	329,852	214,881	117,365	127,339	179,161	968,598	973,204
Non-personnel expenses	416,750	129,300	28,100	44,750	224,113	843,013	505,507
Total specific costs	746,602	344,181	145,465	172,089	403,274	1,811,611	1,478,711
% of FTE's	45%	31%	11%	13%	-100%	-	-
Allocation of common costs	181,473	125,015	44,360	52,426	(403,274)	-	-
Expenses before admin costs	928,075	469,196	189,825	224,514	-	1,811,611	1,478,711
							-
% of direct costs	57%	29%	-100%	14%	-	-	-
Allocation of admin costs	108,200	55,049	(189,825)	26,576	-	-	-
Total expenses	1,036,276	524,245	-	251,090	-	1,811,611	1,478,710

Calculation for administrative allocations (direct expense basis)

Example for Shelter Services:

$$\frac{\text{Total Activity Expenses}}{\text{Total Expenses – Admin Expenses}} = \text{\% of direct costs} \qquad \frac{\$928{,}075}{\$1{,}811{,}611 – \$189{,}825} = 57\%$$

<u>Budget for grants and contracts</u>: Once full activity costs have been drafted, many organizations need to take the budget one layer deeper and integrate specific line-item budgets for grants and contracts. Especially for organizations that are heavily funded by these sources, it is very valuable to be able to look at program budgets broken out by funder. In doing so, it becomes easy to identify specific line items that are over- or under-funded by grants and contracts so that management and fundraising decisions can be made accordingly. A sample of this type of tool is on the following page.

Case Study: Activity by Funding Source

Domestic Violence Intervention & Prevention Agency
Support Group Budget by Funding Sources
July 2016 - June 2017

	SUPPORT GROUP BUDGET			Allen	Babcock	Total	Over/
	Specific Costs	Common @ 31%	Total Budget	Foundation 24%	Foundation 61%	Funders 85%	(Under) Funded
Salaries	*194,450*	*27,578*	*222,028*	*62,500*	*160,000*	*222,500*	*472*
Payroll taxes	*19,931*	*2,827*	*22,758*	*6,875*	*17,600*	*24,475*	*1,717*
Employee benefits	-	*24,826*	*24,826*	*7,000*	*16,000*	*23,000*	*(1,826)*
Training	*500*	*310*	*810*	*440*	*370*	*810*	-
Personnel expenses	*214,881*	*55,540*	*270,421*	*76,815*	*193,970*	*270,785*	*364*
Building expenses	-	*8,525*	*8,525*	*1,500*	*5,090*	*6,590*	*(1,935)*
Clients, direct assistance to	-	-	-	-	-	-	-
Conferences and meeting	*10,000*	*620*	*10,620*	*10,000*	-	*10,000*	*(620)*
Depreciation	-	*12,058*	*12,058*	-	*1,500*	*1,500*	*(10,558)*
Dues and subscriptions	*2,300*	-	*2,300*	*600*	*1,700*	*2,300*	-
Equipment rental/maint.	-	*992*	*992*	-	-	-	*(992)*
Insurance	-	*8,990*	*8,990*	-	-	-	*(8,990)*
Interest	-	*2,485*	*2,485*	-	-	-	*(2,485)*
Other professional fees	*87,000*	*1,550*	*88,550*	*10,000*	*30,000*	*40,000*	*(48,550)*
Postage and delivery	-	*2,480*	*2,480*	*1,000*	*1,000*	*2,000*	*(480)*
Printing and copying	*5,000*	-	*5,000*	-	*5,000*	*5,000*	-
Supplies	*10,000*	*7,440*	*17,440*	*3,800*	*10,000*	*13,800*	*(3,640)*
Telephone	-	*11,160*	*11,160*	*2,500*	*7,500*	*10,000*	*(1,160)*
Travel	*15,000*	-	*15,000*	-	*15,000*	*15,000*	-
Utilities	-	*13,175*	*13,175*	*2,500*	*7,500*	*10,000*	*(3,175)*
Non-personnel expenses	*129,300*	*69,475*	*198,775*	*31,900*	*84,290*	*116,190*	*(82,585)*
						-	
Total expenses before admin	*344,181*	*125,015*	*469,196*	*108,715*	*278,260*	*386,975*	*(82,221)*
Admin expenses			*55,049*	*16,285*	*41,740*	*58,025*	*2,976*
Total expenses			*524,245*	*125,000*	*320,000*	*445,000*	*(79,245)*

Estimate Costs-continued

During this phase of the budgeting process all activity managers are working simultaneously on estimating expenses. Ideally they are consulting with one another and the process is a standing agenda item at weekly or bi-weekly management team meetings. The finance manager is adding allocable common and administrative costs to each manager's initial estimates and building the capital budget. Once all activities have a solid draft of expenses, it is time to plan for income.

Forecast Income

KEY TASKS:
- Income trend analysis
- Plan for restricted and unrestricted support
- Identify contributions in kind
- Fine-tune fundraising costs

As with expenses, historical information, the experiences of others, and current considerations will form the basis for income estimates. Fees, contributions, and special events can often be accurately estimated by reviewing past experience and adjusting for current plans and economic climate. For small or new organizations—and for simple decisions in all kinds of organizations—an educated guess may be the best forecasting method. More formal forecasting involves applying statistical and mathematical techniques to historical data to make projections about the future. Both forecasting and predicting—from "seat of the pants" to highly complex modeling—are based on the premise that future events can be predicted based on patterns discovered through reviewing historical information. Although it may sound like an obvious point, remember that future events may not follow the patterns of the past.

Forecast Income-continued

Income trend analysis: For a systematic approach at estimating income:

- Graph results from previous years and note any trends. For example, foundation grants have increased by 20% for each of the last two years.
- Make educated guesses about key factors that will influence the income from a certain activity. For example, an improved advertising effort may strengthen ticket sales for a theater event.
- Determine how these factors will likely affect income. For example, a depressed economy may offset improved advertising for a theater event.
- Return to the original graph and add a projection for the coming year. Be sure to document the assumptions underlying these projections, as they should be included in a narrative report presented with the final budget.

Plan for restricted and unrestricted support: It is more difficult to forecast income when it comes in large chunks from few sources—such as foundations, corporations, and government agencies. When forecasting foundation and corporate grants and government contacts, it is essential to follow the accounting principle of matching revenue and expenses. For example, if a potential new source of funding will expand an existing program, remember to include (or exclude) both the new source of revenue AND the associated new expenses in your budget. If you include only the new income, but exclude the associated new expenses, you've set yourself up for disaster.

If the organization typically receives restricted donations, it will be necessary to budget for both unrestricted and restricted monies, especially in the situation of multi-year funding. In addition, organizations that routinely solicit and receive grants for specific projects need to include only the funds to be released from restriction in the budget period.

Case Study: Multi-Year Grants

For example, if DV receives a two-year grant for its support groups program in March 2016; the grant period would be April 2016 through March 2019. As DV's fiscal year is July 1 to June 30, this grant should be included in the budget over three of DV's fiscal years, as shown:

Year	Months	Percentage of Funds
16-17	3	12.5%
17-18	12	50.0%
18-19	9	37.5%
Total	**24**	**100.0%**

Forecast Income-continued

Budgeting for Restriction: A complete budgeting process for restricted monies will include: (1) a forecast for restricted dollars to be raised this year, (2) a schedule of funds to be released this year and in future years, and (3) a target for temporarily restricted net assets at the end of each operating period.

Discounting Funds to be Raised: Many organizations adopt the approach of "discounting" the forecasted amount of support based on the likelihood of receiving the grant. Note how DV has discounted certain grant amounts from 25 percent to 75 percent depending on the perceived probability of receiving the grant – a wise practice.

Case Study: DV Foundation Grant Detail

As of May 13, 2016

Committed Funds (100%)	*Purpose*	*Request*	*Expected*	*2016-17*	*2017-18*
Allen Foundation	*Support Groups*	*350,000*	*350,000*	*160,000*	*190,000*
Babcock Foundation	*Support Groups*	*255,000*	*255,000*	*180,000*	*75,000*
Community Foundation	*Fundraising*	*5,000*	*5,000*	*5,000*	*-*
Detwiler Foundation	*Endowment*	*10,000*	*10,000*	*10,000*	*-*
Eastwood Fund	*Endowment*	*10,000*	*10,000*	*10,000*	*-*
Total Committed		*630,000*	*630,000*	*365,000*	*265,000*
Highly Likely Funds (75%)					
Fong Family Fund	*Support Groups*	*150,000*	*112,500*	*55,000*	*57,500*
Greystone Foundation	*Support Groups*	*150,000*	*112,500*	*50,000*	*62,500*
Huntington Foundation	*Endowment*	*10,000*	*7,500*	*7,500*	*-*
Impact Fund	*Endowment*	*10,000*	*7,500*	*7,500*	*-*
Total Highly Likely		*320,000*	*240,000*	*120,000*	*120,000*
Likely Funds (50%)					
Jordon-Jackson Inc.	*Endowment*	*30,000*	*15,000*	*15,000*	*-*
Kirby and Kenny	*Unrestricted*	*10,000*	*5,000*	*5,000*	*-*
Landau Foundation	*Unrestricted*	*45,000*	*22,500*	*22,500*	*-*
Malcolm X Fund	*Unrestricted*	*25,000*	*12,500*	*12,500*	*-*
Total Likely		*110,000*	*55,000*	*55,000*	*-*
Possible Funds (25%)					
New Philanthropy Fund	*Unrestricted*	*200,000*	*50,000*	*50,000*	*-*
One America Fund	*Unrestricted*	*60,000*	*15,000*	*15,000*	*-*
Progressive Partners	*Unrestricted*	*30,000*	*7,500*	*7,500*	*-*
Quacken Foundation	*Unrestricted*	*50,000*	*12,500*	*12,500*	*-*
Total possible		*340,000*	*85,000*	*85,000*	*-*
TOTAL		*1,400,000*	*1,010,000*	*625,000*	*385,000*

Forecast Income-continued

Identify in-kind contributions: One of the most important sources of support for many nonprofit organizations is volunteer labor and donated materials. For organizations that receive donations in kind, it is extremely important to plan for both the donation (income) and the cost that would have been incurred were the donation in cash. For example, an organization that regularly receives donations of food from local restaurants and grocery stores for its meal deliveries should reflect those donations in its budget in case the donors are no longer able to continue their support. Otherwise, the staff and board may find themselves facing a large, unbudgeted expense.

In-kind donations should be recorded at their fair market value so that if they need to be replaced, the organization is aware of the expense. Note that because both the revenue and expense of in kind contributions are included, this type of support does not change the bottom line. The income and the expense zero each other out. This is true except in the case of in kind donations of depreciable assets.

Also note that the rules for *accounting* for in-kind donations are very specific and differ from these recommendations for *budgeting* for them.

For example, DV's volunteers who assist with food preparation in the shelter would not be included on the organization's audited financial statements. For the purposes of planning, however, the organization does include volunteer time because if the assistance ended, paid employees would have to be hired to continue the program.

Fine-tune fundraising costs: As staff and board creates the income plan, it may be necessary to revise the fundraising cost estimate based on the specific fundraising activities planned for the year.

Strike the Balance

KEY TASKS:

- Create the first draft
- Consider contingencies
- Project cash flow

Once the initial estimates for income and expense have been made, the budget development team can see whether it has a balanced budget or whether income or expense exceeds the other. Remember, the budget does not have to balance at zero. An organization may choose to incur a deficit during a budget period. In so doing it would be deciding to invest resources accumulated in prior years—perhaps to initiate or expand a program. On the other hand, the organization may wish to budget for a surplus so as to build up the resources of the organization. Or it may decide to maintain the current level of resources and simply break even for the year. The key issue is that income and expense need to be in the relationship chosen by the leadership of the organization, rather than mechanically balanced.

Strike the Balance-continued

Create the first draft: In most cases the first draft of the budget will include more expense than the organization can hope to fund. To strike the desired balance between income and expense, activities need to be re-evaluated and adjustments made. An organization that finds itself with a financially unfeasible first draft may consider increasing its fundraising goals. But, when reviewing the income budget, avoid the temptation of raising income estimates without changing the specific plans for generating the additional income. It is not enough just to say, “We’ll try harder to raise money this year”. An organization needs a carefully considered fundraising plan that is more realistic than optimistic when it comes to what it will cost to raise a dollar.

If expenses need to be reduced, determine what each program activity would cost at different levels of intensity. For example, you might find that the cost of providing services for a program at one-half the current service level results in a decrease in costs by just one-third. Don’t assume that benefits and costs move together—with each additional dollar spent resulting in an additional dollar of benefit. “Economics of scale” are present in most projects, and beyond a certain point, additional expenses may bring a diminished return. As a result, there may be some programs where a large reduction in expenses will result in less reduction in services than in other programs.

Cost-benefit analysis is a tool that an organization may find helpful in making hard decisions regarding cutting or increasing costs. Cost-benefit analysis is used to examine the costs required to achieve a certain objective. This analysis is not easy because it requires you to assign dollar values to the benefits as well as the costs. For example it could be used to answer the difficult question, “Does $100,000 spent on emergency shelter for battered women result in more lives saved than $100,000 spent on police training to respond more effectively to 911 battery calls?” It is not to say that one intervention is “better” or even more necessary than the other, but to examine which gets you more of what you want for the investment.

Strike the Balance-continued

DV's first budget draft projects a large operating deficit, which is inconsistent with board and staff financial goals. In striking the balance between goals and available resources, DV's management team and board face competing demands. They are committed to dedicating more resources to direct client assistance, but this translates into fewer resources for other organizational activities. They are also committed to addressing some of the organization's financial vulnerabilities. These uncertainties and tensions are normal factors in most every annual planning process.

Case Study: First Draft DV Budget (summary)

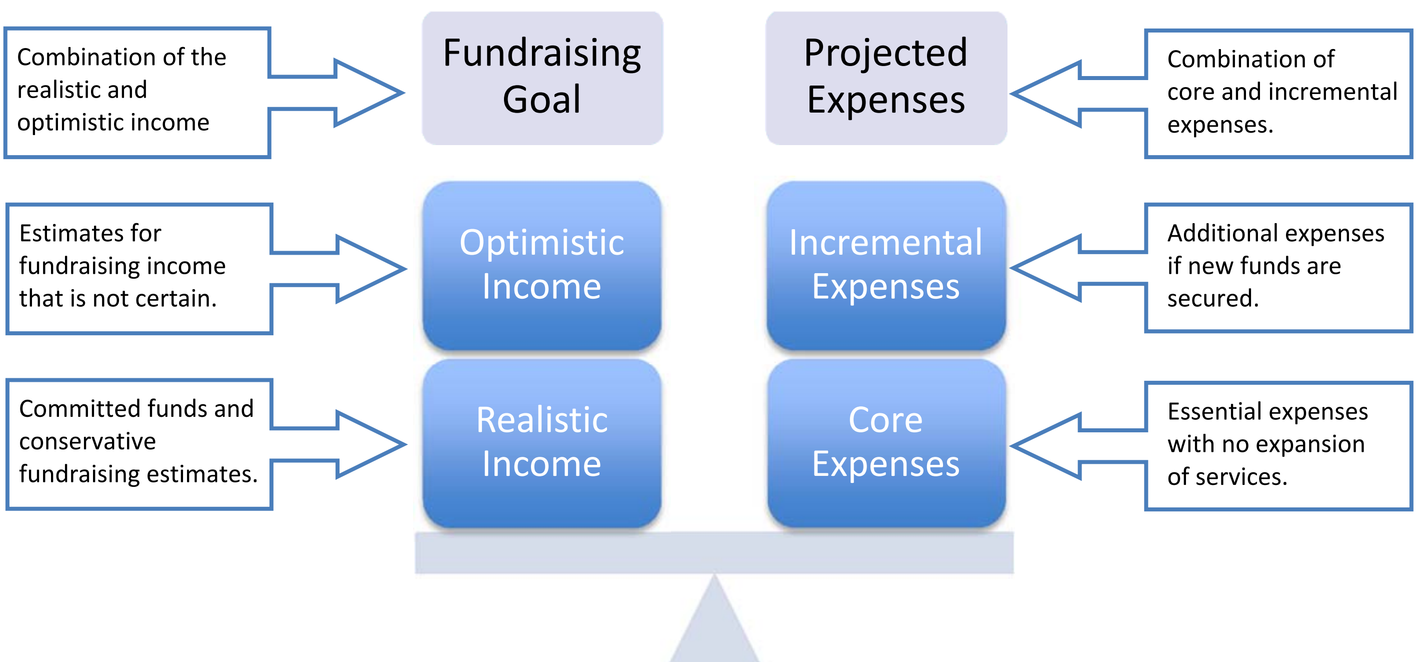
As of May 29, 2016

	Shelter Services	Support Groups	Admin	Fund-raising	Common Costs	Budget 2016-17	Forecast 2015-16
Contributions	-	-	-	80,000	-	80,000	58,000
Fundraising events - net	-	-	-	135,000	-	135,000	125,000
Foundation grants	-	-	-	125,000	-	125,000	115,000
Total support	-	-	-	340,000	-	340,000	298,000
Government contracts	815,009	-	-	-	-	815,009	770,467
Interest and dividends	-	-	10,000	-	-	10,000	5,750
Unrealized gain (loss)	-	-	-	-	-	-	-
Total revenue	815,009	-	10,000	-	-	825,009	776,217
							-
Net assets released	-	445,000		5,000	-	450,000	453,000
Total income	815,009	445,000	10,000	345,000	-	1,615,009	1,527,217
Personnel expenses	329,852	214,881	117,365	127,339	179,161	968,598	973,204
Non-personnel expenses	416,750	129,300	28,100	44,750	224,113	843,013	505,507
Total specific costs	746,602	344,181	145,465	172,089	403,274	1,811,611	1,478,711
% of FTE's	45%	31%	11%	13%	-100%	0%	-
Allocation of common costs	181,473	125,015	44,360	52,426	(403,274)	-	-
Expenses before admin costs	928,075	469,196	189,825	224,514	-	1,811,611	1,478,711
							-
Change before admin costs	(113,066)	(24,196)	(179,825)	120,486	-	(196,602)	48,507
% of direct costs	57%	29%	-100%	14%	0%	(0)	-
Allocation of admin costs	108,200	55,049	(189,825)	26,576	-	(0)	-
Total expenses	1,036,276	524,245	-	251,090	-	1,811,611	1,478,710
Change in net assets	(221,267)	(79,245)	10,000	93,910	-	(196,602)	48,507

Strike the Balance-continued

Consider contingencies: When an organization is looking at several significant variables in income or expense a contingency budget can be a useful tool. In this approach, the activity managers calculate the costs of operating at different levels and develop two or more budgets that reflect different scenarios. Typically, the first budget operates on the assumption that activities will be cut back or maintained to provide the minimum level of service to which the organization is irrevocably committed; this becomes the base cost. The second budget assumes additional resources with corresponding additional costs. Often, this second budget reflects an assumption of economies of scale: an increase in the level of activity results in a decrease in the total cost per mission unit. Estimating expenses for programs at different levels can reveal the level at which maximum economies of scale occur.

Striking the Balance



Case Study: Contingency Budget

The notes section of the contingency budget presentation alerts the reader to what additional resources and costs are factored. Notice that in its optimistic funding scenario, DV will add Chinese-language support groups, increase financial assistance to clients, and employ a consultant to maximize endowment growth.

As of June 3, 2016

	Realistic Income & Core Expenses	Optimistic Income & Incremental Expenses	Fundraising Goals & Total Expenses	Notes
Contributions	80,000	50,000	130,000	New direct mail
Fundraising events - net	135,000	90,000	225,000	Includes new event
Foundation grants	125,000	50,000	175,000	GenOp support
Total support	340,000	190,000	530,000	
Government contracts	815,009	-	815,009	
Interest and dividends	10,000	12,500	22,500	
Unrealized gain (loss)	-		-	
Total revenue	825,009	12,500	837,509	
Net assets released	450,000	100,000	550,000	Chinese groups
Total income	1,615,009	302,500	1,917,509	
Shelter Services	803,075	125,000	928,075	Direct assistance
Support Groups	394,196	75,000	469,196	Chinese group
Administration	189,825	-	189,825	
Fundraising	199,514	25,000	224,514	Consultant
Total expenses	1,586,611	225,000	1,811,611	
Change in net assets	28,398	77,500	105,898	
Beginning net assets	300,000	-	300,000	
Ending net assets	328,398	77,500	405,898	
Liquid operating reserve	149,340		226,841	
Monthly expenses	132,218		150,968	
Reserve in months	1.13		1.50	
Fundraising Ratio	1.70		2.36	

Strike the Balance-continued

Projecting cash flow: At this juncture—when staff is close to a final draft for consideration by the board—the finance manager should also develop an accompanying cash flow projection. This is important because budgets are accrual-based (to match the organization's financial statements) and as a result, cash shortages can go unanticipated. For example, even if an organization has a balanced budget, it may not receive the income until the end of the budget period, while its expenses may be spread throughout the period. A cash flow projection will help foresee cash flow problems and plan for solutions.

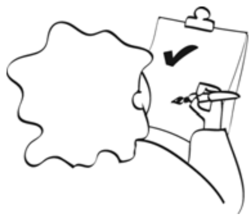
Case Study: Cash Flow Projection

As DV's Cash Flow Projection shows, the first quarter will be tricky. As a result, they're planning to use their new line of credit. You can see that they will need to borrow $75,000 from their line of credit to cover the cash shortage during the 1st quarter, and they will pay it back during the second quarter. This format also shows the projected balance in DV's investment account – which will help the investment committee and finance staff plan for maximum return.

As of June 3, 2016

	Total Budget	Q1 July-Sept	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-June
Opening Cash Balance	175,000	175,000	49,125	121,100	148,896
Fundraising	415,000	100,000	215,000	50,000	50,000
Foundation grants	1,010,000	25,000	300,000	350,000	335,000
Government contracts	815,009	125,009	530,000	75,000	85,000
Interest and dividends	10,000	2,500	2,500	2,500	2,500
Total Inflows	2,250,009	252,509	1,047,500	477,500	472,500
Personnel	968,598	242,148	242,150	242,150	242,150
Operating	843,013	228,946	205,875	205,054	203,138
Capital	29,790	29,790	-	-	-
Total Outflows	1,841,401	500,884	448,025	447,204	445,288
Cash Available	583,608	(73,375)	648,600	151,396	176,108
From (To) Line of Credit	0	125,000	(125,000)	-	-
From (To) Investments	(410,000)	(2,500)	(402,500)	(2,500)	(2,500)
Closing Cash Balance	173,608	49,125	121,100	148,896	173,608
Beginning Investments	105,000	105,000	107,500	510,000	512,500
Ending Investments	515,000	107,500	510,000	512,500	515,000

Approve the Plan



While staff is responsible for developing the budget, the board—acting in its governing role—vets and approves the budget. For many board members, reviewing and approving the budget is the most comfortable and interesting part of their financial oversight duties. The staff presentation of the budget is a real opportunity for board members to become engaged in setting meaningful financial goals and in understanding the organization's overall work plan and goals for the year.

In most organizations, the board finance committee will review a draft budget in advance of the full board presentation. This version will often include detailed income and expenses by activity area and be accompanied with a thorough narrative report that outlines the major assumptions underlying the projections. In the best scenario, the finance committee plays the role of thought partner to the executive director and finance manager, testing the assumptions with a critical but supportive eye and ensuring alignment between the proposed budget and organizational goals.

We recommend sharing with the full board and staff a presentation of the budget that demonstrates the performance of activities by business line (see page 52). Every nonprofit has a mix of activities, often some that are running a deficit and others that generate surplus to help subsidize high-impact programs that do not fully cover costs. Having a good understanding of this mix of activities and how they work together to contribute to the organization's overall financial results is an important part of recognizing and understanding the organization's business model.

Case Study: Budget for Finance Committee Discussion

Domestic Violence Intervention & Prevention Agency
2016-17 Final Budget for Finance Committee
As of June 5, 2016

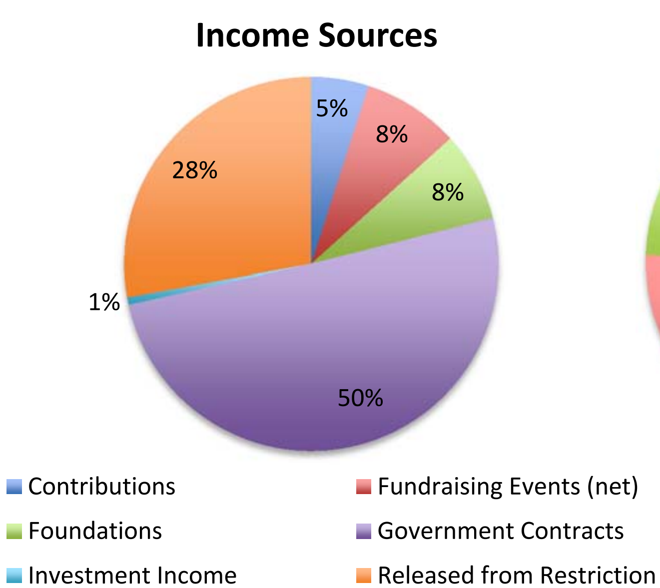
	Program Activities		Supporting Activities			
	Shelter Services	Support Groups	Admin-istration	Fund-raising	Common Costs	Total Budget 2016-17
Contributions	-	-	-	80,000	-	80,000
Fundraising events - net	-	-	-	135,000	-	135,000
Foundation grants	-	-	-	125,000	-	125,000
Total support	-	-	-	*340,000*	-	*340,000*
Government contracts	815,009	-	-	-	-	815,009
Interest and dividends	-	-	10,000	-	-	10,000
Total revenue	*815,009*	-	*10,000*	-	-	*825,009*
Released from restriction	-	445,000	-	5,000	-	450,000
Total income	815,009	445,000	10,000	345,000	-	1,615,009
Salaries	295,920	194,450	106,000	115,500	88,960	800,830
Payroll taxes	30,332	19,931	10,865	11,839	9,118	82,085
Employee benefits	-	-	-	-	80,083	80,083
Training	3,600	500	500	-	1,000	5,600
Personnel expenses	*329,852*	*214,881*	*117,365*	*127,339*	*179,161*	*968,598*
Accounting	-	-	17,500	-	-	17,500
Bank charges	-	-	5,000	-	-	5,000
Building expenses	-	-	-	-	27,500	27,500
Clients, direct assistance to	250,000	-	-	-	-	250,000
Conferences and meeting	1,000	10,000	2,500	2,000	2,000	17,500
Depreciation	-	-	-	-	38,897	38,897
Dues and subscriptions	1,000	2,300	100	250	-	3,650
Equipment rental/maint.	-	-	-	-	3,200	3,200
Insurance	-	-	-	-	29,000	29,000
Interest	-	-	-	-	8,016	8,016
Other professional fees	20,000	12,000	2,500	-	5,000	39,500
Postage and delivery	-	-	-	4,000	8,000	12,000
Printing and copying	1,000	5,000	-	10,000	-	16,000
Supplies	15,000	10,000	-	2,500	24,000	51,500
Telephone	-	-	-	-	36,000	36,000
Travel	3,750	15,000	500	1,000	-	20,250
Utilities	-	-	-	-	42,500	42,500
Non-personnel expenses	*291,750*	*54,300*	*28,100*	*19,750*	*224,113*	*618,013*
Total specific costs	621,602	269,181	145,465	147,089	403,274	1,586,611
Allocation of common costs	181,473	125,015	44,360	52,426	(403,274)	-
Allocation of admin costs	109,139	53,572	(189,825)	27,114	-	-
Total expenses	912,215	447,768	-	226,629	-	1,586,611
Change in net assets	(97,206)	(2,768)	10,000	118,371	-	28,398

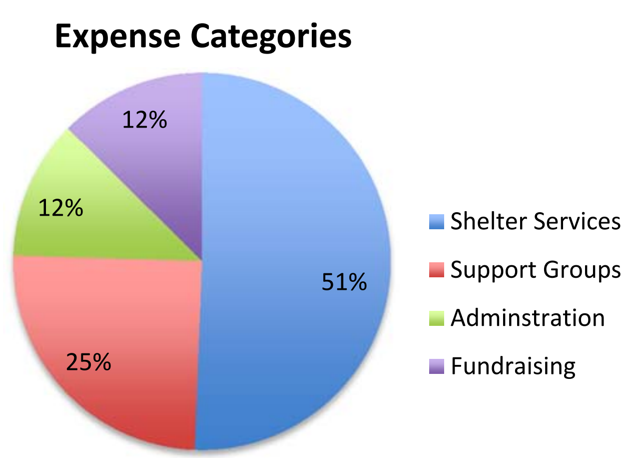
Case Study: Budget for Board Presentation

In the final board presentation, the budget is “rolled up” – with income and expenses at a summary level – allowing the board to exercise its oversight duties without getting mired in budget minutiae. Pie charts or other visuals can also help keep the board focused on the overall financial picture of the organization.

Domestic Violence Intervention & Prevention Agency
2016-17 Final Budget for Full Board
As of June 15, 2016

	Program Activities		Supporting Activities			Total
	Shelter Services	Support Groups	Admin-istration	Fund-raising	Common Costs	Budget 2016-17
Contributed support	-	-	-	340,000	-	340,000
Earned revenue	815,009	-	10,000	-	-	825,009
Released from restriction	-	445,000		5,000	-	450,000
Total income	815,009	445,000	10,000	345,000	-	1,615,009
Personnel expenses	329,852	214,881	117,365	127,339	179,161	968,598
Non-personnel expenses	291,750	54,300	28,100	19,750	224,113	618,013
Total specific costs	621,602	269,181	145,465	147,089	403,274	1,586,611
Allocation of common costs	181,473	125,015	44,360	52,426	(403,274)	-
Allocation of admin costs	109,139	53,572	(189,825)	27,114	-	-
Total expenses	912,215	447,768	-	226,629	-	1,586,611
Change in net assets	(97,206)	(2,768)	10,000	118,371	-	28,398





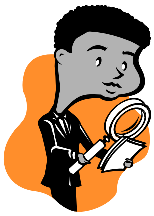
Case Study: Annual Goals for Board Presentation

The best budget presentations clearly link the organization's goals to the financial forecasts. Because the budget was developed as a financial representation of particular organizational goals and objectives, those goals, objectives, and a means of measuring them should be included as part of the budget presentation. By including specific measurements, the staff holds themselves accountable for meeting the goals they've set and will help the organization know if it is making the desired progress. Without measurements, performance is often difficult to track and too easy to explain away when it is not optimal.

Domestic Violence Intervention & Prevention Agency
2016-17 Budget: Goals and Objectives (with Measurements)
As of June 15, 2016

Overall Goal	**Current Objective**	**Measurement**	**2016-17**	**2015-16**
Stabilize programs and ensure quality	• Salary increases to all staff	• Salary increases	8%	0%
	• Replace computers and equipment	• Capital purchases	27,790	1,057
	• Increase direct client support	• Budget for direct assistance	250,000	150,000
Improve on financial health indicators	• Build cash reserve	• Months of reserve	1.02	0.72
	• Obtain line of credit	• Available credit	75,000	0
Maximize fundraising Effectiveness	• Increase endowment income	• Perm restricted net assets	355,000	105,000
	• Increase board role in fundraising	• Fundraising return (unrestricted)	1.52	1.27
	• Build temporarily restricted funds	• Temp restricted net assets	756,004	371,004
	• Improve foundation cost recovery	• Net results for support group	(2,768)	(28,140)

Monitoring Stages



KEY TASKS:

- Identify who is involved
- Design financial reports
- Analyze and project

Once the final budget is approved, it is time for the organization to turn its attention to how the budget will be monitored in an ongoing and meaningful manner. While monitoring is not as intensive as the planning portion of the budgeting cycle, it is critical that it is not neglected and becomes an ongoing part of the organization's operations. After all, you have just spent months developing a tool that reflects your best thinking about the organization's goals and priorities for the coming year. Now it is time to use that planning tool in a meaningful and ongoing way to support organizational decision making and the ongoing operations of your programs.

Aligning your accounting system

Once the budget is approved, be sure that your accounting system is aligned to support it.

Ensure that the accounting system matches budget: Assuming that your budgeting tool was designed to align with your chart of accounts, you have already confirmed that the basic structure of the accounting system matches the budget format. Remember that specific account numbers will now tie to line items within the budget and they should separate income and expenses by activities in the same way that they are defined in the budget.

Enter budget into accounting system: Even basic accounting systems like QuickBooks allow users to input budget numbers, which will serve as the basis for generating budget vs. actual reports. This is essential to using the budget as a tool to monitor and control activities. Some organizations prefer to export the monthly financial statements into an Excel template that is loaded with the budget information for comparison. Either method is acceptable and will require some implementation in the beginning of the year.

Properly categorize income and expense: In order to report actual income and expenses, and provide an effective basis for comparison to the budget, income and expenses must be categorized in the same way they were during the budgeting process. Be sure that you have strong systems in place so that people who are deeply knowledgeable about the decisions made during the budgeting process are coding income and approving and coding expenses. This requires an effective system to move the information between managers of the organization's activities and finance staff.

Identify Who Is Involved

Just as it is important to design an inclusive planning process, it is equally important that the monitoring portion of the budgeting cycle be inclusive. For most organizations, financial reports reflect a broad and complex set of activities. When a team of people are regularly reviewing and monitoring this information in ways that are meaningful to them, the organization both deepens its understanding of financial data and increases its ability to evaluate its progress toward organizational goals.

When determining who will be involved in the monitoring activities, it is important to clearly define their role and accountability in the monitoring process. What is expected from each person or group? Are they responsible for controlling certain budget line items, or is financial information shared as information only? If it is information only, how should the information inform their decision making or activities? Who needs to work together as a team to discuss and interpret the financial information so that people can have a full picture and make meaning from the numbers presented?

Exactly who is involved in monitoring the budget will depending on the size, capacity and culture of your organization, but some potential roles to consider include:

<u>Program Managers:</u> A program manager might be held accountable to closely monitoring certain direct programmatic expenses and potentially some revenue targets, especially for revenue that is driven directly by enrollment or units of service. If program managers are expected to scale back or increase services based on the achievement of particular revenue goals, they will need to have clear and regular information about progress toward those goals.

<u>Development Director:</u> In addition to monitoring fundraising-specific expenses (like other activity managers), a development director will often be responsible for monitoring the organization’s revenue targets in detail. The development director should be analyzing each revenue stream regularly to ensure that the organization is meeting its targets, and providing in-depth analyses for any shortfalls or significant overages so that the organization can understand better its successes and challenges and shift its fundraising activities accordingly.

Executive Director/Management Team: The executive director has ultimate control responsibility over the organizational budget and should be deeply involved in the ongoing monitoring of the budget from an overall organizational perspective. As an organization grows, it is valuable for the executive to fully engage a management team in this overall responsibility as partners in monitoring progress and continually evaluating the organization's goals and objectives.

Board Finance Committee: In most organizations, the board finance committee is monitoring the organization's financial activities in a similar level of detail as the management team. A strong finance committee serves not just as another pair of eyes assessing the financial health of the organization, but also as a thought partner for the executive or management team in thinking through options for taking advantage of financial opportunities and mitigating risk.

Full Board and Staff: Financial oversight is an important function of the full board and they should be receiving regular financial reports to assist them in fulfilling this duty. Information shared with the full board is often kept at a high level, focused on the overall financial performance of the organization and the general effectiveness of its business model. We recommend that similar information is shared regularly with the full staff to create a culture of financial transparency and accountability.

We suggest making financial progress a standing agenda item at your staff meetings once per quarter so that staff become accustomed to monitoring financial progress. Encourage people to ask questions and make comments. If the organization gets off track financially and has to make hard decisions, such as closing a program or laying off staff, the financial leader will have far more credibility and perhaps even empathy from staff if they have been kept informed along the way. Similarly, as the organization achieves fundraising targets, staff won't be left wondering "where is the money going?" if they are informed of the organization's overall financial picture.

Design Financial Reports

Once you have determined who is involved in the monitoring process and defined their respective roles and accountability, it is time to design financial reports that will provide them with the information they need to fulfill that role. Each audience will vary in what financial information they need and the frequency with which they need it. The following pages reflect possible report formats for the various audiences.

Reports comparing detailed budgeted to actual revenue and expense should be produced every month in a timely manner (no later than 2-3 weeks after the end of the month). These reports should be distributed to and reviewed by everyone with budget control responsibility, including the executive director and all activity managers.

When looking at budget-to-actual reports, it is important for staff and board to come to a basic agreement about what constitutes a significant variance among budget line items. For some line items, a variance of 20% might be completely acceptable, especially if it represents a small dollar amount. In other line items a 5% variance could represent an area in need of attention. You may want to agree upon a particular threshold for variance at which the finance manager will provide a written explanation. In some organizations, there may also be key line items to monitor and their performance will be highlighted in all reports and discussion. If contingency budgeting was used in the budgeting process, be sure to define clearly when and how decisions will be made to implement the secondary plan based on actual performance. It is often useful to accompany budget-to-actual reports with a narrative that highlights trends and offers explanation for any significant variance.

Domestic Violence Intervention & Prevention Agency
Shelter Program Budget to Actual
For the Nine Months Ending March 31, 2017

	YTD Actual	Annual Budget	YTD Variance	YTD %
Government contracts	574,382	815,009	(240,627)	70%
Total Revenue	574,382	815,009	(240,627)	70%
Salaries	221,940	295,920	(73,980)	75%
Payroll taxes	22,749	30,332	(7,583)	75%
Training	3,000	3,600	(600)	83%
Personnel expenses	247,689	329,852	(82,163)	75%
Clients, direct assistance to	117,450	250,000	(132,550)	47%
Conferences and meeting	1,255	1,000	255	126%
Dues and subscriptions	948	1,000	(52)	95%
Other professional fees	20,000	20,000	-	100%
Printing and copying	627	1,000	(373)	63%
Supplies	16,254	15,000	1,254	108%
Travel	1,254	3,750	(2,496)	33%
Non-personnel expenses	157,788	291,750	(133,962)	54%
Total specific expenses	405,477	621,602	(216,125)	65%
Allocation of common costs	139,735	181,473	(41,739)	77%
Allocation of admin costs	78,580	109,139	(30,559)	72%
Total Expenses	623,792	912,215	(288,423)	
Change in net assets	(49,410)	(97,206)	47,796	51%

Shelter Nights	YTD	Budget	Remaining	YTD %
Single women	1,484	2,190	706	68%
Women with children	1,964	4,380	2,416	45%
Infants/Toddlers	458	1,095	637	42%
Children (2-12)	1,078	1,460	382	74%
Teens (13-18)	589	730	141	81%
Total Number of Nights	5,573	9,855	4,282	57%

Case Study: Management Team Budget vs. Actual YTD

Domestic Violence Intervention & Prevention Agency
Budget to Actual
For the Nine Months Ending March 31, 2017

	YTD Actual	YTD Budget	YTD Variance	YTD %
Contributions	23,200	60,000	(36,800)	39%
Fundraising events - net	92,430	135,000	(42,570)	68%
Foundation grants	92,000	93,750	(1,750)	98%
Total support	207,630	288,750	(81,120)	72%
Government contracts	574,382	611,257	(36,875)	94%
Interest and dividends	1,361	7,500	(6,139)	18%
Total revenue	575,743	618,757	(43,014)	93%
Released from restriction	322,335	337,500	(15,165)	96%
Total income	1,105,708	1,245,007	(139,299)	89%
Salaries	600,298	600,623	(325)	100%
Payroll taxes	61,531	61,564	(33)	100%
Employee benefits	62,913	60,062	2,851	105%
Training	3,872	4,200	(328)	92%
Personnel expenses	728,614	726,448	2,166	100%
Accounting	14,160	13,125	1,035	108%
Bank charges	2,745	3,750	(1,005)	73%
Building expenses	20,800	20,625	175	101%
Clients, direct assistance to	117,450	187,500	(70,050)	63%
Conferences and meeting	14,204	13,125	1,079	108%
Depreciation	25,260	29,173	(3,913)	87%
Dues and subscriptions	2,632	2,738	(106)	96%
Equipment rental/maint.	2,515	2,400	115	105%
Insurance	18,170	21,750	(3,580)	84%
Interest	6,103	6,012	91	102%
Other professional fees	29,980	29,625	355	101%
Postage and delivery	9,374	9,000	374	104%
Printing and copying	13,145	12,000	1,145	110%
Supplies	37,558	38,625	(1,067)	97%
Telephone	25,154	27,000	(1,846)	93%
Travel	13,964	15,188	(1,224)	92%
Utilities	32,262	31,875	387	101%
Non-personnel expenses	385,476	463,510	(78,034)	83%
Total expenses	1,114,090	1,189,958	(75,868)	94%
Change in net assets	(8,382)	55,048	(63,430)	

Domestic Violence Intervention & Prevention Agency
Budget to Actual
For the Nine Months Ending March 31, 2017

	YTD Actual	Year-End Forecast	YTD Variance	YTD %	Annual Budget	Forecast Variance
Contributions	23,200	30,000	(6,800)	77%	80,000	(50,000)
Fundraising events - net	92,430	92,430	-	100%	135,000	(42,570)
Foundation grants	92,000	150,000	(58,000)	61%	125,000	25,000
Total support	207,630	272,430	(64,800)	76%	340,000	(67,570)
Government contracts	574,382	815,009	(240,627)	70%	815,009	-
Interest and dividends	1,361	1,500	(139)	91%	10,000	(8,500)
Total revenue	575,743	816,509	(240,766)	71%	825,009	(8,500)
Released from restriction	322,335	500,000	(177,665)	64%	450,000	50,000
Total income	1,105,708	1,588,939	(483,231)	70%	1,615,009	(26,070)
Salaries	600,298	800,830	(200,532)	75%	800,830	-
Payroll taxes	61,531	82,085	(20,554)	75%	82,085	-
Employee benefits	62,913	80,083	(17,170)	79%	80,083	-
Training	3,872	5,600	(1,728)	69%	5,600	-
Personnel expenses	728,614	968,598	(239,984)	75%	968,598	-
Accounting	14,160	17,500	(3,340)	81%	17,500	-
Bank charges	2,745	5,000	(2,255)	55%	5,000	-
Building expenses	20,800	27,500	(6,700)	76%	27,500	-
Clients, direct assistance to	117,450	225,000	(107,550)	52%	250,000	(25,000)
Conferences and meeting	14,204	17,500	(3,296)	81%	17,500	-
Depreciation	25,260	38,897	(13,637)	65%	38,897	-
Dues and subscriptions	2,632	3,650	(1,018)	72%	3,650	-
Equipment rental/maint.	2,515	3,200	(685)	79%	3,200	-
Insurance	18,170	29,000	(10,830)	63%	29,000	-
Interest	6,103	8,016	(1,913)	76%	8,016	-
Other professional fees	29,980	37,000	(7,020)	81%	39,500	(2,500)
Postage and delivery	9,374	12,000	(2,626)	78%	12,000	-
Printing and copying	13,145	16,000	(2,855)	82%	16,000	-
Supplies	37,558	51,500	(13,942)	73%	51,500	-
Telephone	25,154	36,000	(10,846)	70%	36,000	-
Travel	13,964	20,250	(6,286)	69%	20,250	-
Utilities	32,262	42,500	(10,238)	76%	42,500	-
Non-personnel expenses	385,476	590,513	(205,037)	65%	618,013	(27,500)
Total expenses	1,114,090	1,559,111	(445,021)	71%	1,586,611	(27,500)
Change in net assets	(8,382)	29,828	(38,210)		28,398	1,430

Case Study: Full Board and Staff Budget vs. Actual

Domestic Violence Intervention & Prevention Agency
Budget to Actual
For the Nine Months Ending March 31, 2017

	YTD Actuals	Annual Budget	YTD Variance	YTD %
Contributions	23,200	80,000	(56,800)	29%
Fundraising events – net	92,430	135,000	(42,570)	68%
Foundation grants	92,000	125,000	(33,000)	74%
Total support	207,630	340,000	(132,370)	61%
Government contracts	574,382	815,009	(240,627)	70%
Interest and dividends	1,361	10,000	(8,639)	14%
Total revenue	575,743	825,009	(249,266)	70%
Released from restriction	322,335	450,000	(127,665)	72%
Total income	1,105,708	1,615,009	(509,301)	68%
Personnel expenses	728,614	968,598	(239,984)	75%
Non-personnel expenses	385,476	618,013	(232,537)	62%
Total expenses	1,114,090	1,586,611	(472,521)	70%
Change in net assets	(8,382)	28,398	(36,780)	-30%

Case Study: Full Board and Staff Scorecard

As of March 31, 2017

Overall Goal	Current Objective	Measurement	Full Year Budget	Actual 03/31/17	Variance
Stabilize programs and ensure highest quality	• Salary increases to all staff	• Salary increases	8%	8%	0%
	• Replace computers and equipment	• Capital purchases	27,790	15,250	(12,540)
	• Increase direct client support	• Budget for direct assistance	250,000	117,450	(132,550)
Improve on financial health indicators	• Build cash reserve	• Months of reserve	1.02	0.83	(0.19)
	• Obtain line of credit	• Available credit	75,000	200,000	125,000
Maximize fundraising effectiveness	• Increase endowment income	• Perm restricted net assets	355,000	369,500	14,500
	• Increase board role in fundraising	• Fundraising return	1.52	1.03	(0.49)
	• Build temporarily restricted funds	• Temp restricted net assets	756,004	1,105,984	349,980
	• Improve cost recovery in foundation grants	• Net results of support groups	(2,798)	(13,951)	(11,153)

HIGHLIGHTS	Salary Increases	The full 8% increase was funded - our first in 3 years!
	Endowment Funds	We completed the campaign, ending $14,500 over goal
	Line of Credit	As planned, we secured a $200K line of credit with our bank
	Temp Restricted Funds	We have raised significantly more restricted funds for future years than projected, primarily for the support groups
MIXED RESULTS	Direct Client Support	We are a little behind our goal in distributing client support. We are investigating the situation and will report next month.
	Capital Purchases	We have replaced all staff computers on schedule, but delayed the new database until our cash position improves
	Fundraising Return	We had to spend more than expected on our fundraising efforts, although we are still hitting our revenue targets
LOW LIGHTS	Cash Reserve	Although we are showing a small surplus at this point in the year, we are running behind in our efforts to build our cash reserve. This is not surprising given our focus on the endowment campaign and in raising temporarily restricted funds for the support group program. Unrestricted fundraising needs to be our next priority.
	Cost Recovery	We have not been able to recover costs as effectively as we had planned on the support group program, primarily due to our funders only capping their admin rates at 10-12% of program costs. Some of our funders for next year will cover up to 15% admin so we expect this to continue to improve over time.

Analyze and Project

There is considerable debate about whether organizations should revise their budgets one they have been approved by the board to reflect new information and projections. The motivations to revise vary from the desire to have a better monitoring tool (comparing actuals to invalid projections can be frustrating), to an executive's desire to keep from looking bad in front of his or her board. The downside of eliminating the originally approved budget is that the organization loses the opportunity to reflect on what has changed since the planning process. This can be very valuable information in understanding where your organization has come from and where it is headed.

We recommend that organizations do a quarterly review of how the budget is holding up to actual financial activity. If there are material differences between the plan and the reality, staff may decide to develop and bring a revised budget to the finance committee for approval. Alternatively, the finance manager may add a projections column to the budget-to-actual reports. This strategy both preserves the original story and provides readers with an up-to-date prediction of where the organization will land.

Some key things to remember when analyzing your financial results include:

<u>Focus on the net financial result:</u> A classic mistake organizations make is continuing to spend all year on budget when income is not coming in as expected. It is critical to remember that an annual budget is a plan to reach a net financial result—to yield a specific surplus or to invest a specific amount of the organization's reserves through a planned deficit. Whichever the financial goal for the year, if the organization is not running on pace to achieve that net financial result, then even budgeted expenses should be questioned and reconsidered. The budget is never permission to spend when income is not coming in as planned.

Analyze and Project-continued

Anticipate the future: Given that most organizations raise funds and encounter new risks and opportunities throughout the fiscal year, it is important not to stay overly focused on budget variance analysis to the exclusion of a rolling analysis of your anticipated financial position. Budget variance is the difference between budgeted and actual results for a given period. While it is useful to understand why predictions were off, it is just as important to be actively anticipating the future. Often executive directors and boards are focused on “hitting the budget” rather than anticipating and intentionally shaping their financial futures beyond the current fiscal year. Fiscal years are arbitrary units of time; in reality, the decisions we make—and the consequences of deferred decisions—live on well beyond the fiscal year. For this reason, we recommend that organizations build the habit of rolling financial projection.

Commit to financial projection: At least quarterly, the management team should evaluate what they are learning about current and possible revenue streams, shifts in programming, and strategic opportunities, and there should be a means to capture that up-to-the moment thinking in a financial projection. Midway through the fiscal year, we recommend adding a projection column to the income statement, so that for the rest of the year it includes year-to-date actuals, year-to-date budget, and a column for management’s current projection of where the organization is likely to end the year. Even better, the projection can roll into the “fifth quarter” – that is, across the arbitrary finish line of the fiscal year and into the first quarter of next year. When you are able to do this, you are laying the groundwork for your next planning cycle to begin again.

Case Study: Year-End Forecast

Domestic Violence Intervention & Prevention Agency
Year-End Forecast
As of April 25, 2017

	YTD Actual	April Projected	May Projected	June Projected	Year-End Forecast	Annual Budget	Forecast Variance
Contributions	23,200	800	5,000	1,000	30,000	80,000	(50,000)
Fundraising events - net	92,430	-	-	-	92,430	135,000	(42,570)
Foundation grants	92,000	8,000	25,000	25,000	150,000	125,000	25,000
Total support	207,630	8,800	30,000	26,000	272,430	340,000	(67,570)
Government contracts	574,382	80,209	80,209	80,209	815,009	815,009	-
Interest and dividends	1,361	46	46	47	1,500	10,000	(8,500)
Total revenue	575,743	80,255	80,255	80,256	816,509	825,009	(8,500)
Released from restriction	322,335	69,538	54,064	54,064	500,000	450,000	50,000
Total income	1,105,708	158,593	164,319	160,320	1,588,939	1,615,009	(26,070)
Salaries	600,298	66,844	66,844	66,844	800,830	800,830	-
Payroll taxes	61,531	6,851	6,851	6,851	82,085	82,085	-
Employee benefits	62,913	5,723	5,723	5,723	80,083	80,083	-
Training	3,872	1,528	100	100	5,600	5,600	-
Personnel expenses	728,614	80,947	79,519	79,519	968,598	968,598	-
Accounting	14,160	1,113	1,113	1,113	17,500	17,500	-
Bank charges	2,745	752	752	752	5,000	5,000	-
Building expenses	20,800	2,233	2,233	2,233	27,500	27,500	-
Clients, direct assistance	117,450	35,850	35,850	35,850	225,000	250,000	(25,000)
Conferences and meeting	14,204	3,296	-	-	17,500	17,500	-
Depreciation	25,260	4,546	4,546	4,546	38,897	38,897	-
Dues and subscriptions	2,632	339	339	339	3,650	3,650	-
Equipment rental/maint.	2,515	228	228	228	3,200	3,200	-
Insurance	18,170	3,610	3,610	3,610	29,000	29,000	-
Interest	6,103	638	638	638	8,016	8,016	-
Other professional fees	29,980	7,020	-	-	37,000	39,500	(2,500)
Postage and delivery	9,374	875	875	875	12,000	12,000	-
Printing and copying	13,145	952	952	952	16,000	16,000	-
Supplies	37,558	4,647	4,647	4,647	51,500	51,500	-
Telephone	25,154	3,615	3,615	3,615	36,000	36,000	-
Travel	13,964	2,095	2,095	2,095	20,250	20,250	-
Utilities	32,262	3,413	3,413	3,413	42,500	42,500	-
Non-personnel expenses	385,476	75,223	64,907	64,907	590,513	618,013	(27,500)
Total expenses	1,114,090	156,170	144,426	144,426	1,559,111	1,586,611	(27,500)
Change in net assets	(8,382)	2,423	19,893	15,894	29,828	28,398	1,430

Case Study: Rolling Projections

Domestic Violence Intervention & Prevention Agency
Rolling Projections
As of April 25, 2017

	YTD Actual	Q4 Projected	Q1 Projected	Q2 Projected	Q3 Projected	Q4 Projected	FY 16/17 Forecast
Contributions	23,200	6,800	6,800	15,000	6,800	6,800	35,400
Fundraising events - net	92,430	-	-	100,000	-	-	100,000
Foundation grants	92,000	58,000	25,000	75,000	-	50,000	150,000
Total support	207,630	64,800	31,800	190,000	6,800	56,800	285,400
Government contracts	574,382	240,627	199,000	199,000	199,000	199,000	796,000
Interest and dividends	1,361	139	750	750	750	750	3,000
Total revenue	575,743	240,766	199,750	199,750	199,750	199,750	799,000
Released from restriction	322,335	177,665	185,000	100,000	100,000	100,000	485,000
Total income	1,105,708	483,231	416,550	489,750	306,550	356,550	1,569,400
Salaries	600,298	200,532	206,548	206,548	206,548	206,548	826,192
Payroll taxes	61,531	20,554	21,171	21,171	21,171	21,171	84,682
Employee benefits	62,913	17,170	17,685	17,685	17,685	17,685	70,740
Training	3,872	1,728	1,250	1,250	1,250	1,250	5,000
Personnel expenses	728,614	239,984	246,654	246,654	246,654	246,654	986,615
Accounting	14,160	3,340	3,000	8,500	3,000	3,000	17,500
Bank charges	2,745	2,255	915	915	915	915	3,660
Building expenses	20,800	6,700	6,700	6,700	6,700	6,700	26,800
Clients, direct assistance	117,450	107,550	50,000	50,000	50,000	50,000	200,000
Conferences and meeting	14,204	3,296					-
Depreciation	25,260	13,637	13,637	13,637	13,637	13,637	54,548
Dues and subscriptions	2,632	1,018	1,018	1,018	1,018	1,018	4,072
Equipment rental/maint.	2,515	685	685	685	685	685	2,740
Insurance	18,170	10,830	10,830	10,830	10,830	10,830	43,320
Interest	6,103	1,913	1,913	1,913	1,913	1,913	7,652
Other professional fees	29,980	7,020	6,000	6,000	6,000	6,000	24,000
Postage and delivery	9,374	2,626	2,626	2,626	2,626	2,626	10,504
Printing and copying	13,145	2,855	2,850	7,500	2,850	2,850	16,050
Supplies	37,558	13,942	13,942	13,942	13,942	13,942	55,768
Telephone	25,154	10,846	10,846	10,846	10,846	10,846	43,384
Travel	13,964	6,286	6,286	6,286	6,286	6,286	25,144
Utilities	32,262	10,238	10,238	10,238	10,238	10,238	40,952
Non-personnel expenses	385,476	205,037	141,486	151,636	141,486	141,486	576,094
Total expenses	1,114,090	445,021	388,140	398,290	388,140	388,140	1,562,709
Change in net assets	(8,382)	38,210	28,410	91,460	(81,590)	(31,590)	6,691

Action Planning

Three things that you will do differently, practice, try, or share with your co-workers:

1.

2.

3.