



Budgeting for Nonprofits: How to Budget & Plan for Success

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Meet the Presenters



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Corinna is a managing director in FORVIS' New York City office, where she leads its Advisory Services & Emerging Outsourced Accounting Services practices. Corinna brings more than 25 years of experience as a finance executive, where she has provided interim- & outsourced-CFO services to a wide range of organizations.



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Andrew has 12 years of experience serving nonprofit organizations. He is versed in all aspects of internal & external reporting, grants management & procurement, system implementations, & accounting system automation design. He also has expertise in dealing with tax matters for exempt organizations, payroll tax considerations, & other filings.

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Objectives

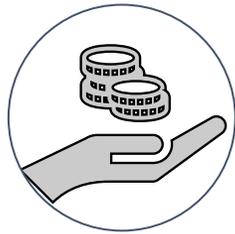
- Plan for success through budgeting for nonprofits
- Identify resources that can help avoid common missteps during the budgeting process
- Discover ways budgeting software can assist a nonprofit effectively manage their budget

How to Plan for Success

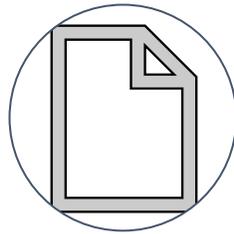
Budgeting is a key component that allows nonprofits to allocate resources effectively, achieve goals, & impact their communities. Successful budgeting focuses on setting financial goals & creating a mission-focused budget that aligns with the organization's goals & purpose.



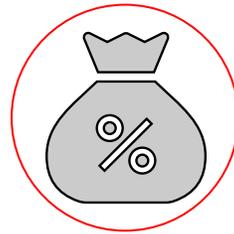
Start With a
Mission-
Focused
Budget



Understand
Your Funding
Sources



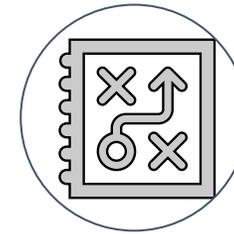
Allocate
Resources
Effectively



Allocations



Monitor Your
Budget
Regularly



Budget
Reforecasting
& Review



Use
Budgeting
Software

Where to Start

Resource Planning

Ongoing Activities

Effectively Manage
Your Budget

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Where to Start?

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Questions to Ask



Who should be involved in the process?

- Finance, Management, Programs, Development, etc.

What are the goals & objectives?

- How will the goals be accomplished?

What is the timeline?

- When does the budget need to be presented?

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Start With a Mission-Focused Budget

A mission-focused budget is a critical first step in budgeting for nonprofits

- Every budget line item should relate to the organization's mission & purpose
 - For example, if your mission is to provide access to healthcare, include expenses related to healthcare services (salaries for healthcare providers, medical supplies, & facility costs)
- Develop a budget that reflects the organization's strategic plan, outlining its goals & objectives, to help confirm that:
 - The budget is aligned with the nonprofit's mission & vision
 - Resources are allocated toward achieving the desired outcomes



Resource Planning

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Understand Your Funding Sources

Nonprofits rely on different funding sources. Understanding where your funding comes from is crucial when budgeting to help you allocate resources effectively, plan for future fundraising activities, & identify potential gaps in funding. Budgeting for:

- Grants
 - Requires understanding & careful consideration of the grant requirements to make sure the budget aligns with the objectives
 - Grant applications typically require a detailed budget outlining how the funds will be used to achieve the desired outcomes
- Donations
 - Include donor outreach & fundraising expenses, such as marketing & event expenses
 - Track donation sources & analyze fundraising efforts' effectiveness to help identify opportunities to improve fundraising activities
- Earned income
 - Nonprofits must track their earned income sources & allocate resources accordingly
 - Can come from membership fees, merchandise sales, or service fees



Allocate Resources Effectively

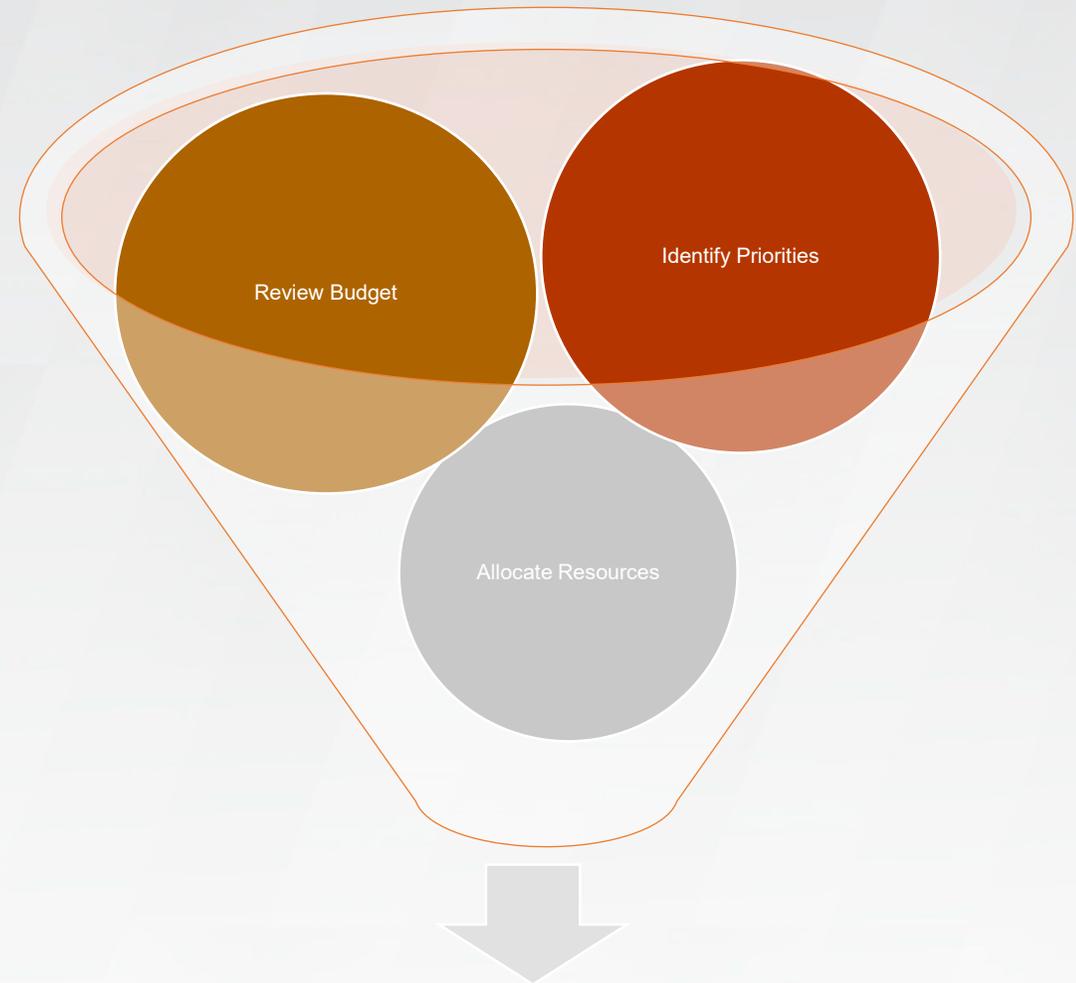
Budgeting helps prioritize spending & allocate resources effectively

- **Understand the priorities, goals of the activities, & resources required to achieve those goals**

Involves reviewing the budget, identifying priorities, & allocating resources

- **Direct vs. Indirect Costs**
- **Personnel Costs**

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Effective Allocation of Resources

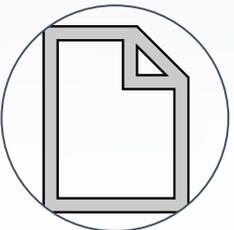


Allocations



Understand allocations & your funding sources

- Funding sources
 - What's being directly funded? Vs. What is not?
- Determine the allocation approach & methodology
 - Personnel
 - OTPS
 - Indirect Costs



Ongoing Activities

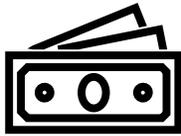
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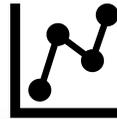
Monitor Your Budget Regularly

The budget is not a static document; it must be reviewed & updated regularly to make sure the organization is on track to achieve its goals.

Monitoring the budget involves:



Identify actual expenses & revenues
against budgeted amounts



Identifying variances



Taking corrective action (if
necessary)

Nonprofits must establish a process for monitoring the budget regularly, such as monthly or quarterly reviews.

- During these reviews, analyze the budget to help identify any deviations from the plan & potential areas for improvement
- Allows nonprofits to make informed decisions & adjust their operations to confirm they are aligned with their budget

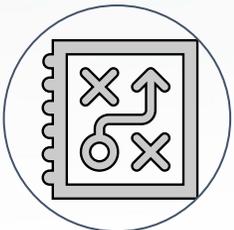


Budget Reforecasting & Review



Unexpected events can impact the organization's ability to achieve its goals & objectives.

- Budget provides an organization with a road map to achieve their goals
- Having a reforecasting process allows organizations to predict the outcome of the budget & prepare for unexpected events
- Being flexible will allow for greater commitment as needed



Assistance to Effectively Manage Your Budget

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Use Budgeting Software

Budgeting software to help nonprofits manage their budgets effectively

- Simplifies the budgeting process, allowing organizations to easily create, monitor, & adjust their budgets
- Allows nonprofits to track their expenses & revenues & generate reports quickly, helping simplify the budget review process

When choosing budgeting software, nonprofits must consider their specific needs & goals

- Some budgeting software is designed specifically for nonprofits & includes features such as grant tracking & donation management
- Nonprofits also must consider the cost of the software & make sure it aligns with their budget



Objectives

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Questions

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