



HUMANiTY
FINANCIAL MANAGEMENT
Rock Solid Reporting For Causes That Count



A Webinar for Charity Village

Non-profit Budgeting for Beginners

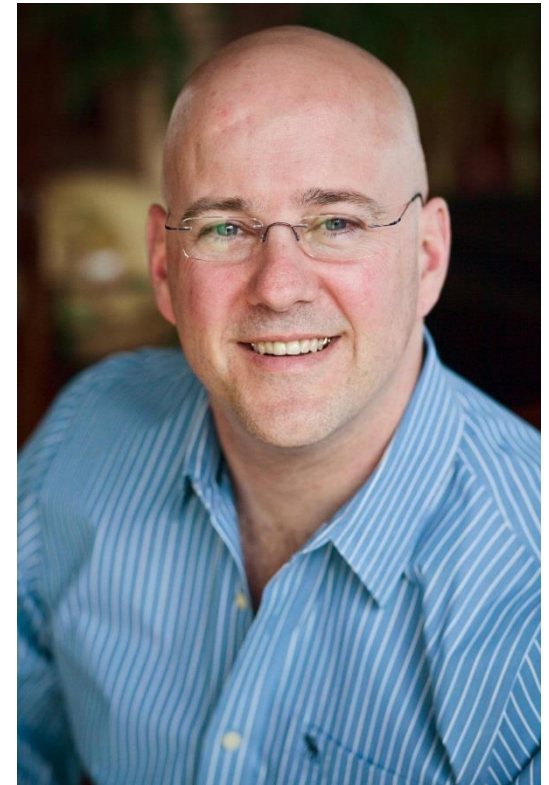
For your small to midsize Charity or Not-for-profit Organization

Tuesday, November 26th, 2019

Gordon Holley, CPA, CA, FCPB

Capacity-building and growth advisor to social profit sector

- ❖ CPA - 30 years
- ❖ Non-profit & charity experience
- ❖ Non-profit Board experience
 - 40 years cumulative experience
 - Mostly as Treasurer
 - Local, regional and national organizations
- ❖ Current board participation
 - Vantage Point
 - West Vancouver Foundation
 - Community Foundations of Canada
 - Non-profit CPAs (North America)



Humanity Financial Management Inc.

Capacity-building and growth advisors to social profit sector

- ❖ Provide outsourced finance and/or fundraising team
- ❖ Create efficient financial systems that provide meaningful, strategically useful financial reporting
- ❖ Protect assets and reputations of organizations and their directors
- ❖ Build organizational capacity so organizations can grow, serve more people and have more impact
- ❖ Reduce financial stress and anxiety

Agenda – Nonprofit Budgeting

1. Budgeting skills
2. Answers to key questions
 - Why?
 - What?
 - Who?
 - When?
 - How?
3. Summary – 10 Tips
4. Questions
5. Additional resources
6. Special offers



Poll 1 – Your Position?



Poll 2 – Annual Revenue?



First: Take a deep breath...

- Relax
- You can do this
- Basic math skills
- Excel helps
- Mostly common sense
- Get better over time

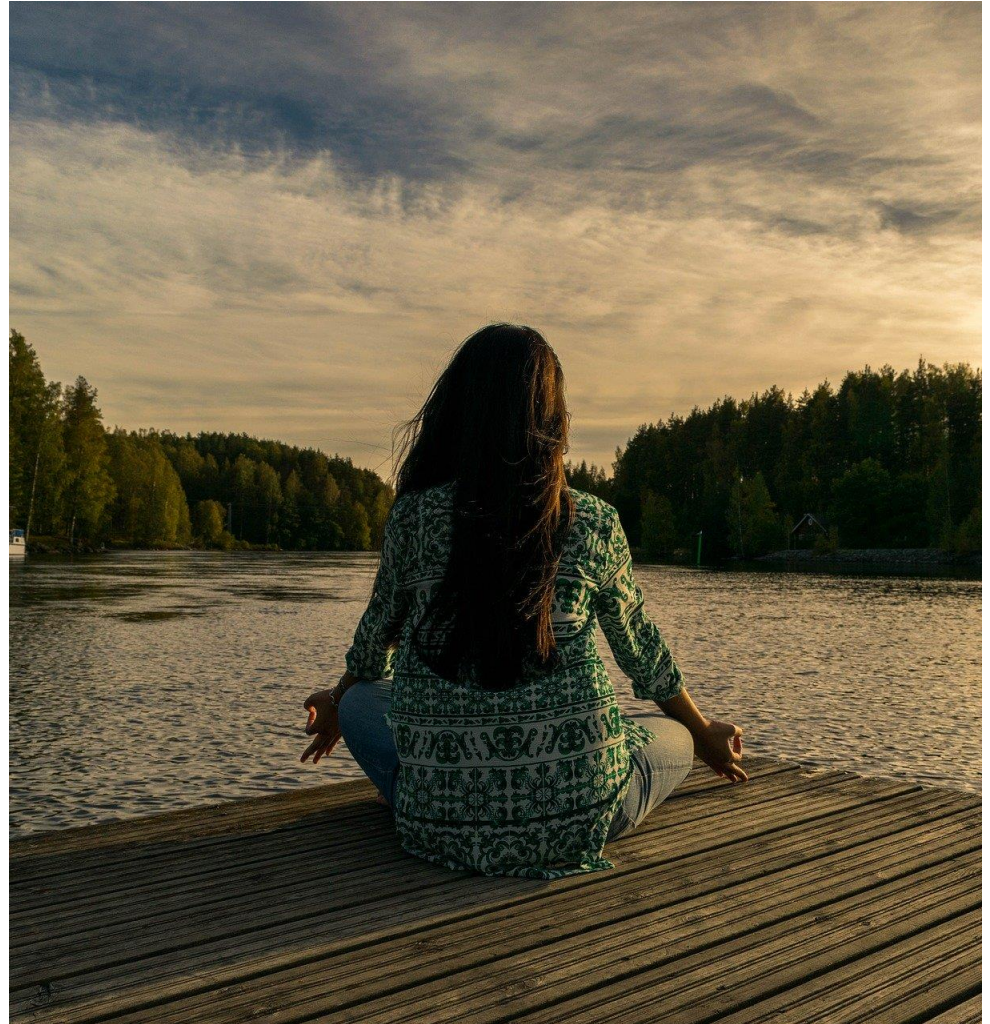
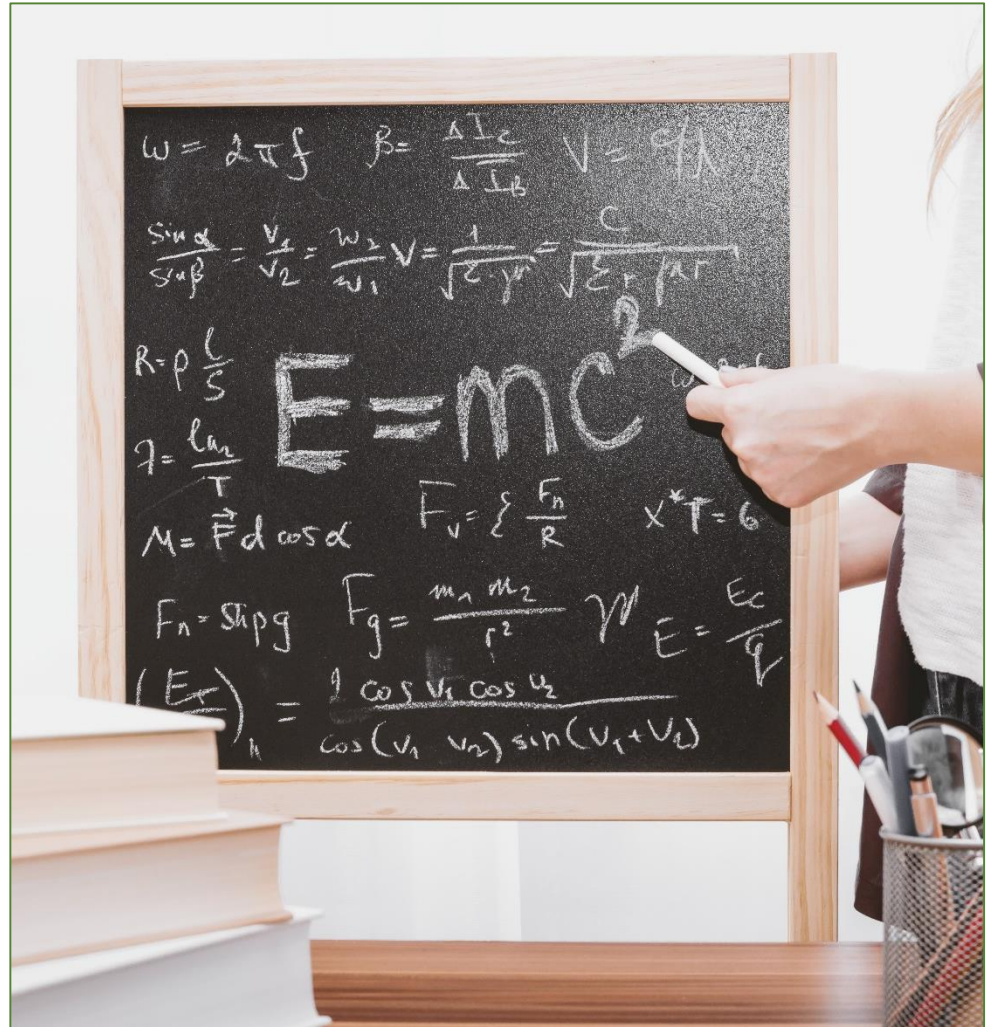


Image by [Shahariar Lenin](#) from [Pixabay](#)

Skill Building Requires Investment

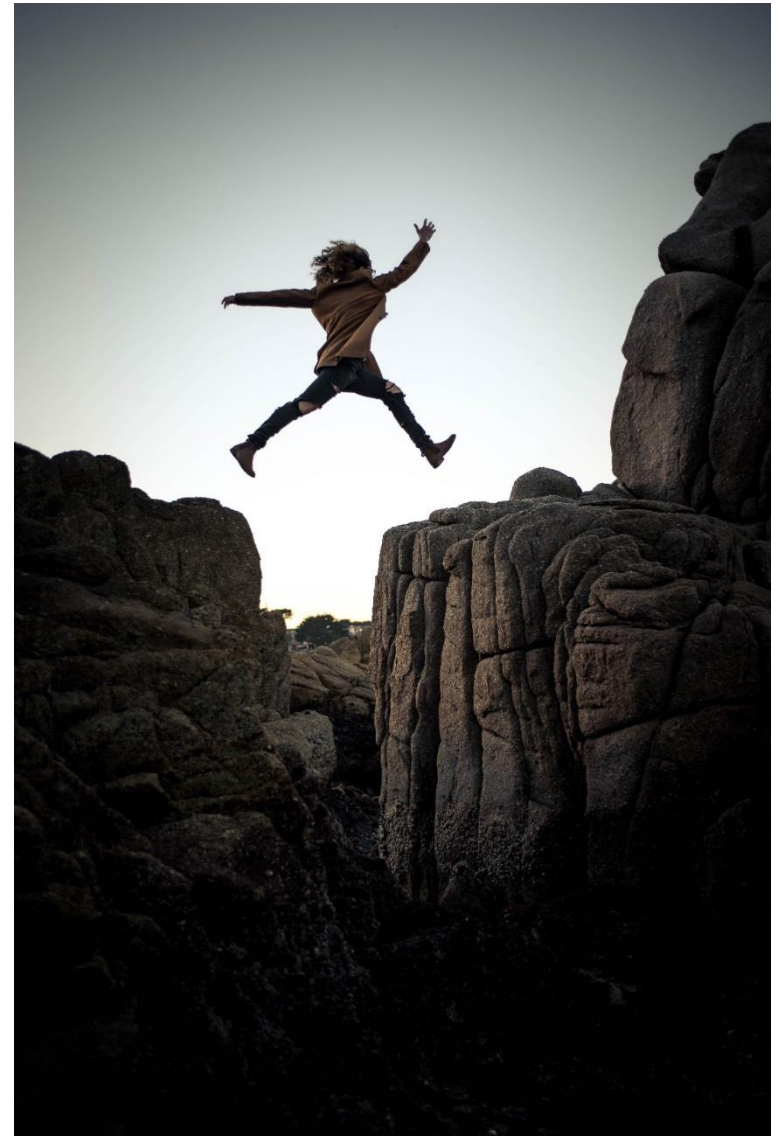
- Like any complex skill...
- Gets better with time
- Requires investment
- More reading, study, practice, learning leads to more
 - Skills
 - Confidence



Why?

Risk reduction

- Planning tool
- Expectations
- Alignment
- Monitor and control



“What is your budget?”

- A budget is a plan, expressed in dollars

Operating budget	
Revenues	
Donations	52,000
Fundraising events	22,000
Memberships	7,500
Government grants	55,000
Total revenues	137,000
Expenses	
Salaries and benefits	79,250
Programming costs	31,000
Administrative costs	26,000
Total expenses	136,250
Budgeted surplus	750

What? - Statement of Operations

- Sections
 - Revenues
 - Expenses
 - Net Surplus or Deficit
- Same format as budget
- Period of time
 - Monthly, year-to-date
 - Yearly

ABC Organizations Statement of Operations For the year ended March 31, 2018

Revenues	
Donations	52,000
Fundraising events	22,000
Memberships	7,500
Government grants	55,000
Total revenues	137,000

Expenses	
Salaries and benefits	79,250
Programming costs	31,000
Administrative costs	26,000
Total expenses	136,250

Surplus	750
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What? - Statement of Financial Position

- Sections
 - Assets (owns)
 - Liabilities (owes)
 - Net Assets (difference)
- Point in time
 - Month-end
 - Fiscal year-end
- $\text{Assets} = \text{Liabilities} + \text{Net Assets}$



ABC Organization	
Statement of Financial Position	
As at March 31, 2018	
Assets	
Cash	18,989
Accounts receivable	2,010
Prepaid expenses	3,010
Total Assets	24,009
Liabilities	
Bank loan	7,750
Accounts payable	9,874
Payroll liabilities	2,497
Total liabilities	20,121
Net Assets	3,888
Total liabilities and net assets	24,009

What?

End Result

- Balanced?
- By program?
- By funder?
- Annual/Monthly?



Who?



Team

- Closest to activities
- Board member
- Treasurer
- ED/CEO
- Program managers

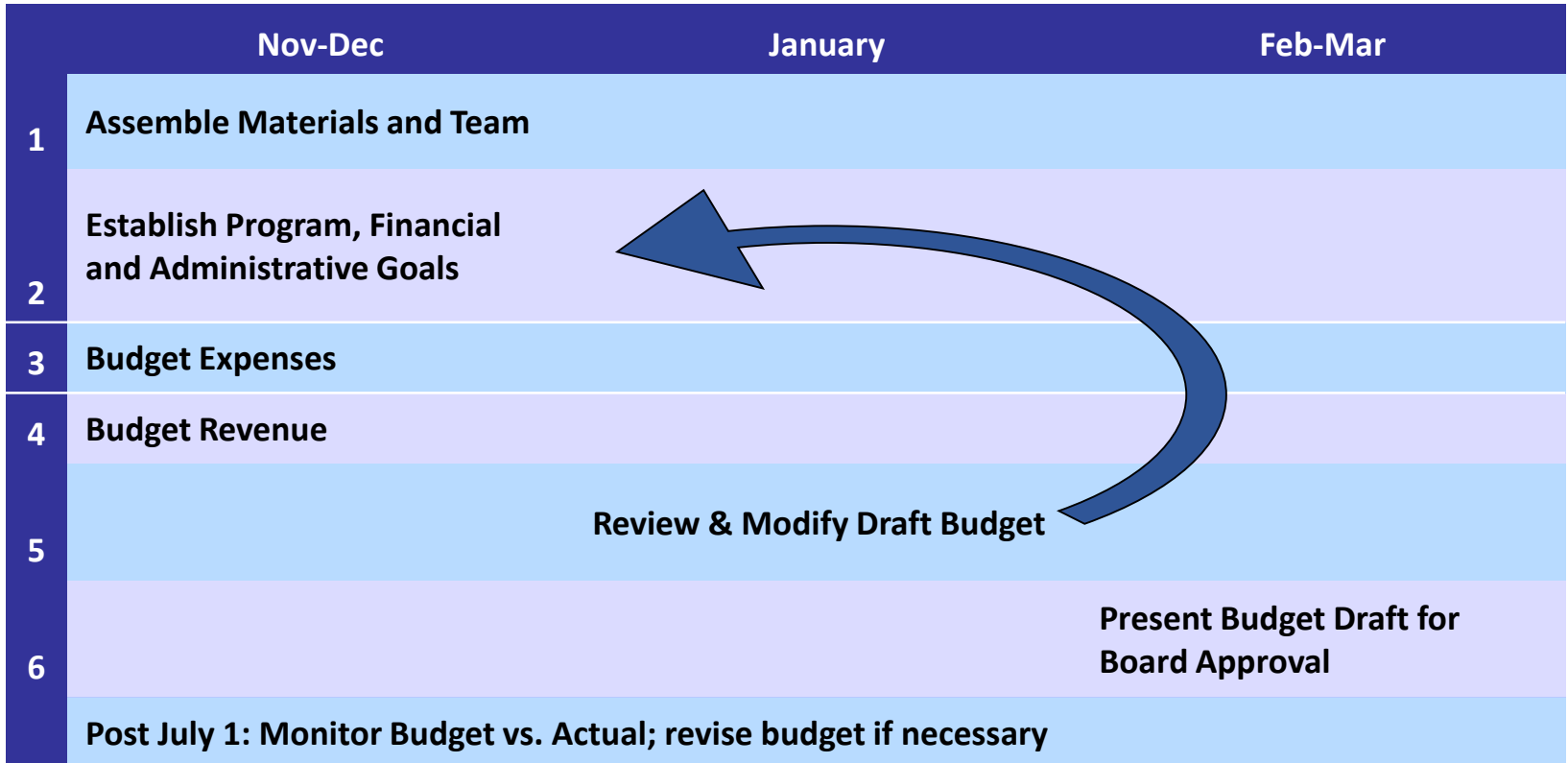
When?

Work back

- Strategic plan update
- Operating plan
- Budget
 - Gather materials
 - Team input
 - Compile
 - Pre-sell



When?



Sample: Fiscal Year ending March 31st

How?

Process

- Foundations first
 - Funding, or
 - Salaries and facilities
- Fill in the blanks
- Document
 - Calculations
 - Assumptions



Photo by [Randy Fath](#) on [Unsplash](#)

How?

- Assemble materials
 - Last year's budget
 - Last year's actual revenues and expenses
 - Current year's budget
 - Current year's actual revenue and expenses
 - Forecast of current year's results
 - Market intelligence
 - Expected pay raises
 - Development trends
 - Operating / business plan
 - Goals/priorities

How? - Revenues

- Grants and service contracts
 - Government
 - Foundations and corporations
- Intermediaries
 - Canada Helps, United Way, CHIMP
- Individual contributions
- Special events
 - Most organizations benchmark net at least 50% of gross revenue and if the event can't make that goal then event is not held
- Earned Revenue
 - Program service fees / Membership dues
- Other revenues
 - Investment income

How? - Revenues

- Be realistic
 - Rule of Thumb:
 - Don't include revenue or expenses in budget unless confidence level of revenue is >90%
 - Can always submit budget revision request part way through year if additional revenue comes in
 - Consider segregating confirmed from unconfirmed revenue
 - Board will usually approve spending based on budget so if revenue doesn't come in...

How? – Salaries and Wages

- Prepare a salaries schedule estimate:

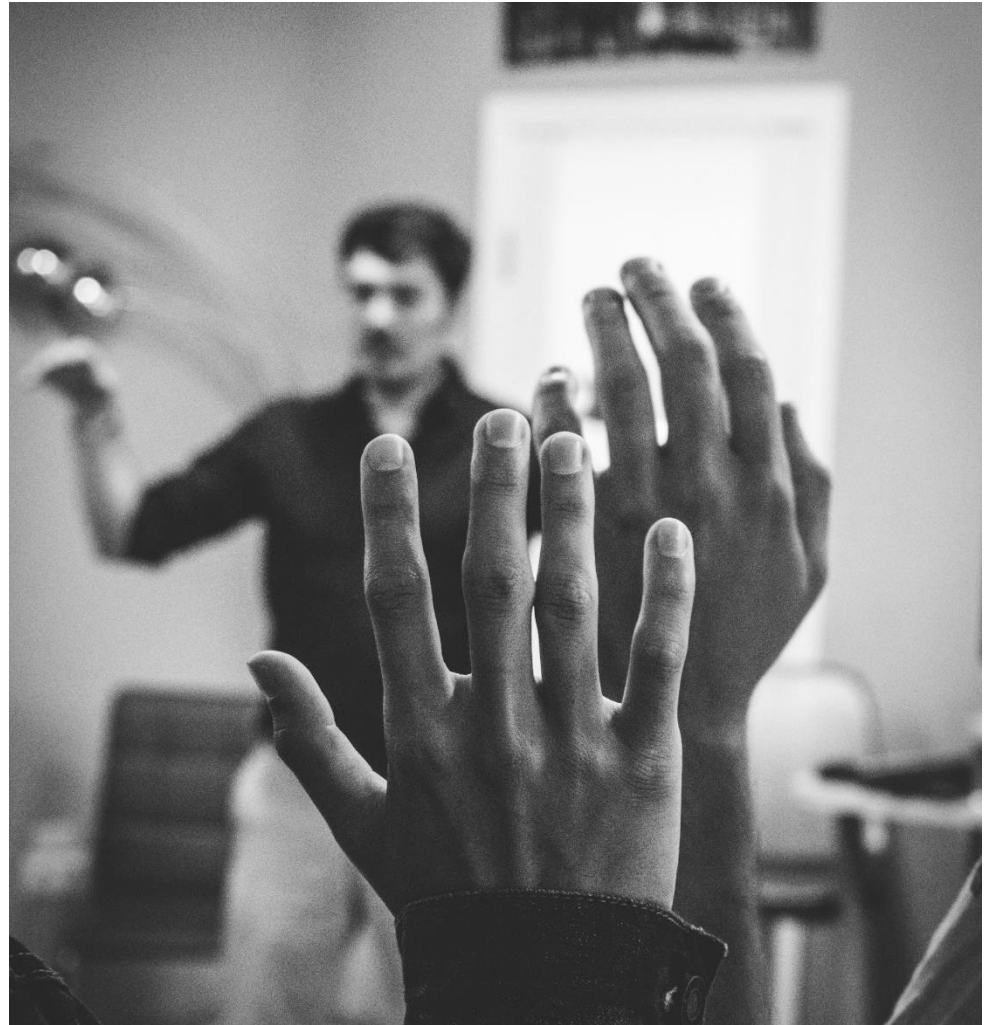
Emp	Hours	Rate	Salary	Emp'r CPP	Emp'r EI	Benefits	Other	Total
Beth			78,000	2,749	860	11,700	348	93,657
Scott	1,500	\$25	<u>37,500</u>	<u>1,912</u>	<u>608</u>	<u>5,625</u>	<u>725</u>	<u>46,370</u>
Total			115,500	4,661	1,468	17,325	1,073	140,027

- Compare to total salaries in budget
- Ensure they are the same

Summary – 10 Tips for Beginners

1. Set a timeline
2. Assemble your team
3. Gather required information
4. Use same account structure as actual
5. Start with information most confident about
6. Fill in blanks as best you can
7. Includes notes, if anything reader should know
8. Document assumptions and calculations
9. Budget to a small surplus
10. Ensure budget aligned with priorities

Questions?





Nonprofit Finance Fund®

- Making Your Budget the Backbone of Your Nonprofit – 7 Part Series
 - Budgeting Basics
 - Budgeting Best Practices
 - Budgeting for Restrictions
 - Below the Line Budgeting
 - The Art of Forecasting Contributed Revenue
 - The Art of Reforecasting
 - Communicating Your Finances

<https://nff.org/blog/nonprofit-budgeting-basics>



Charity Village Active Learning Courses

- Boards That Work
- Case for Support
- Event Planning
- **Budgeting for Nonprofits**
- Corporate Sponsorship
- Grantseeking

- <https://charityvillage.com/cms/active-learning/courses>
- \$99 per user

Courses

Overview

Better Board Kit

Boards That Work

Budgeting for Nonprofits

Case for Support

Corporate Sponsorship

Event Planning

Fundraising Bundle

Grantseeking

Management & Leadership
Bundle

How Fundraising Works

Planned Giving

Proposal Writing

Receipting Charitable Gifts
(Canada)

Special Events Bundle

Strategic Planning

Volunteer Engagement

Writing Effective Policies and
Procedures

Webinars

Related links

HOME > ACTIVE LEARNING > COURSES

CHARITYVILLAGE COURSES

If you're looking for practical, high-quality training in the fundamentals, without spending major dollars on course fees and travel, eLearning at CharityVillage® is for you and your team. Each course is self-paced, meaning that you can take as much time or as little time as you need to work your way through it. Most people spend approximately 1-2 hours completing a course in one sitting, but how long you spend on a course is entirely up to you!

When you purchase a single course or a pre- set bundle, you have 12 months to complete the course(s). Once you open a course for the very first time, you have **unlimited access for three months** to complete it.

Our Courses Are:

Fun: Using an interactive audiovisual approach, this is practical learning that is actually fun.

Practical: While we cover some of the theory and context, each course focuses on practical knowledge and skills that you can use now, within your budget.

Resourceful: Enjoy access to templates, web links and additional resource documents.

Easy to Use: All you need is a web browser. No special software to download or configure. No conference call numbers to dial. No waiting for an instructor to respond. You're in complete control of your learning.

High Value: It's the CharityVillage.com approach you've always known — high quality at very affordable prices. Access courses one at a time or talk to us about our Value Bundles and The Better Board Kit.

Accredited: Participating in eLearning courses is applicable for points towards various professional certifications and recertification programs (CFRE, CVA and PAVRO).

Charity Village: Budgeting for Nonprofits

Part 1

- Module 1: Budget Basics
- Module 2: How to Read a Budget
- Module 3: The Budget in a Planning Context

Part 2

- Module 1: Creating Your Budget
- Module 2: Managing the Budget throughout the Year
- Module 3: Additional Budgeting Techniques

Links and Additional Resources

- 12 downloadable resources and course transcript
- 13 links to online resources
- Exam / Certificate available >70%

Charity Village Course on Nonprofit Budgeting

\$10 discount to anyone who orders by November 30.

- Use the following code at checkout: **BFN2019**



Thank You!

- For orgs with Revenue > \$1 million
 - Free 30 minute consultation
- Gordon Holley, CPA, CA, FCPB
- Contact:
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 - 604-229-9795

