



# **BUDGETS AND PROJECT PLANNING**

## **The Art of Budgeting**

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# AGENDA

- Overview – Why and How to Budget?
- Chart of Accounts – A Useful Frame
- Organizational v. Program Budgets
- Program Planning and Organizational Planning (and Cash Flow)
- Budget Planning v. Budget Tracking
- Tips for navigating a Grant Budget sheet



# THE ART OF BUDGETING

- Your budget is a planning document to excite your board, impress your donors, focus your fundraising, and keep you on track.
- A budget details both expenses AND income.
- Creating a budget is a form of story telling. Or a blueprint or an outline.



“...We must go through the annual budgeting process, which is about as much fun as juggling baby porcupines.

Actually, no, baby porcupines are cute. Budgeting is about as much fun as juggling open jars of spicy chipotle mayonnaise. It's messy and painful.”

Nonprofit With Balls – 10 Steps for Writing a Kick-Ass Nonprofit Organizational Budget



# BUDGET PHILOSOPHY

- Be realistic, but optimistic. There is always a solution.
- Do your research. Ask lots of questions.
- Estimate carefully – both income and expense.
- Do not be afraid. Everything will work out in the end. If it is not sorted, it is not the end.



# WAYS TO BUDGET

- Income Based Budgeting
  - What do I have to work with?
- Incremental Growth Budgeting
  - What does growth look like?
- Zero Based Budgeting
  - Start from scratch.



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# REALLY STARTING FROM SCRATCH?

- You don't have to go from zero to 60 right away.
- **SAVE YOUR RECEIPTS.**
- At a minimum, throw your receipts into folders based on a modified chart of accounts. Your accountant will thank you.
- Highlight expenses on your bank statement/credit card.
- Periodically, go through your expenses and add them up.



# IT DOESN'T START WITH NUMBERS...THERE IS A NARRATIVE.

- What do you want to do in the coming year/with this project?
- How do you envision the project/year?
  - How elaborate will it be?
- How much are you willing to compromise?  
(If you can't compromise, start the bones of next year's budget to accommodate a project)
- THEN – get detailed.
  - Research each expense. Each income stream.





## Happy Sloth



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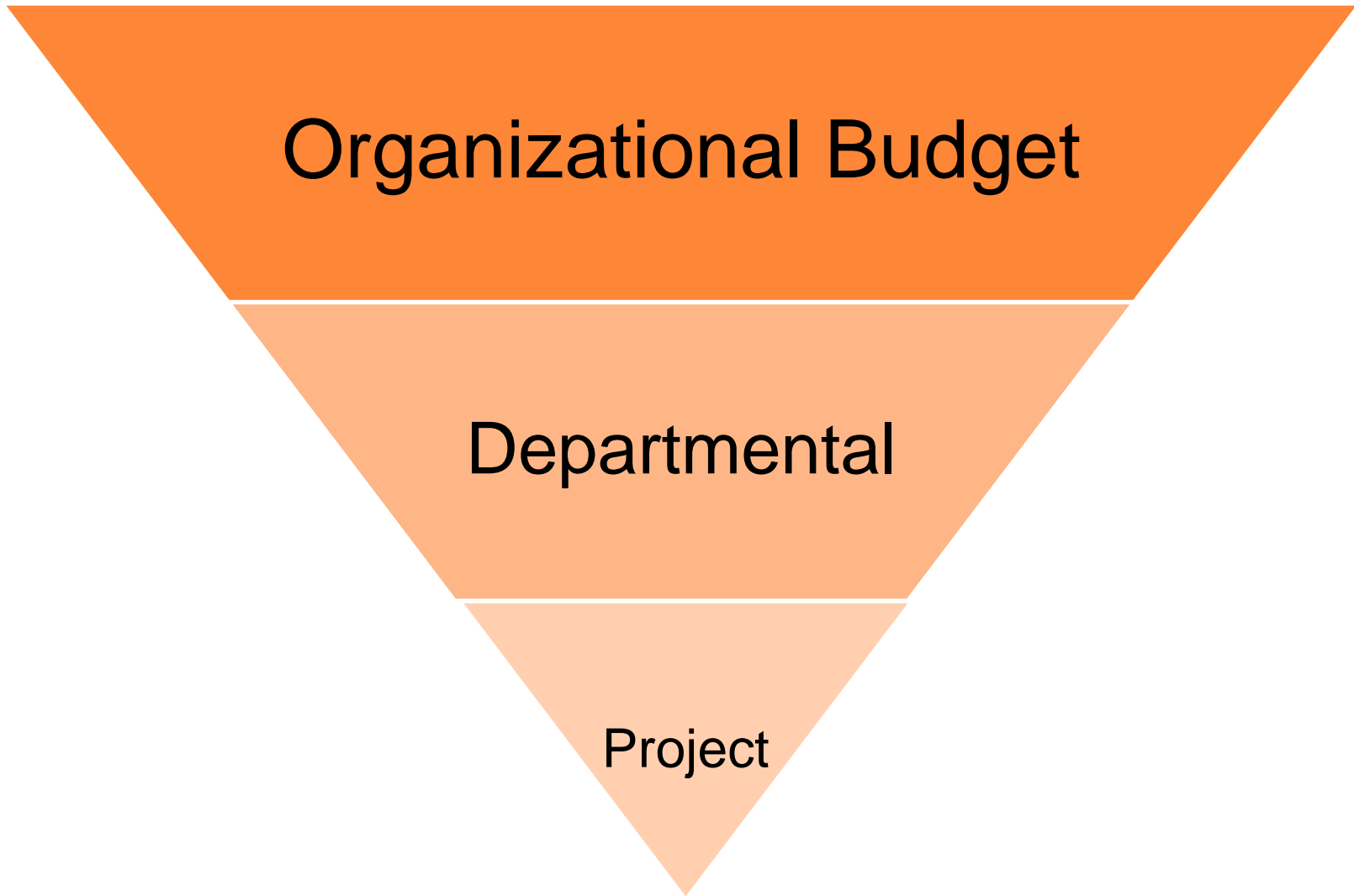


# CHART OF ACCOUNTS

- What kinds of income/revenue do you have?
- What kinds of expenses do you have?
- Each gets its own line in a Chart of Accounts.



# BUDGET LAYERS



# PROJECT BUDGET SAMPLE

## Revenue

### Earned

Admissions (85 tickets x 2 shows x \$25/ticket)	4,250.00
Workshop Fees (2 school workshops @\$400 ea)	800.00

### Unearned

LACAC grant funding	4,750.00
<b>Total Project Revenue</b>	<b>9,800.00</b>

## Personnel

Salaries (2 staff x 30 hours x \$20/hour)	1,200.00
Fringe (18%)	216.00
<b>Total Personnel</b>	<b>1,416.00</b>

## Project Expenses

Artists - Non Salary - Rehearsal (3x30 hours x\$15/hour)	1,350.00
Artists - Non Salary - Performance (3x8x\$25)	600.00
Artsts - Non Salary - Workshops (2 x 8 x \$25)	400.00
Equipment Rental (Lights/Sound)	750.00
Printing - programs	125.00
Professional fees (other - techs)	1,000.00
Public Relations	1,275.00
Misc. (contingency)	500.00
Rent (deposit in March)	1,500.00
Royalties	500.00
Supplies	250.00
Travel (mileage to workshops - .55/mile x 150 miles)	82.50
<b>Total Project Expenses</b>	<b>8,332.50</b>
<b>Grand Total Project Expense</b>	<b>9,748.50</b>

Net Project Revenue	51.50
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# ORGANIZATIONAL BUDGET

All of your departmental/project budgets combined

+

Overhead/Operations and General Fund Support

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Organizational Budget



# WHAT IS OVERHEAD?

- Salaries that cannot be directly tied to a project
- Expenses not directly related to a project
- Office/Cost of Doing Business



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# HOW TO LOVE EXCEL

- Formulas are not that scary. They do the math for **YOU** (no more calculators)!
- If you set things up right, making changes is a snap (it will automatically do the math for you again)!
- It keeps all your numbers in a straight line!
- You can also put words in an Excel document. Just like in Word! (though it doesn't spell check...)
- **<http://www.excel-easy.com/>**



## Cats Not Worried About Budgets



Photo by Bronwyn Mauldin





# CASH FLOW BUDGET: ANOTHER PIECE OF THE PLAN

- Month-to-Month budget planning
- Revenue goes in the months when donations and when ticket sales are expected
- Expenses go in the months when the expenses happen
- Projections help you see when times will be tight, thus preventing freak outs AND reminding you not to overspend when there's money in the bank.



# Sample Cash Flow (Project) Budget

## Revenue

<i>Earned</i>		January	February	March	April	May	June	Total
Admissions (85 tickets x 2 shows x \$25/ticket)	4,250.00	-	-	-	-	4,250.00		4,250.00
Workshop Fees (2 school workshops @\$400 ea)	800.00				800.00	-		800.00
<i>Unearned</i>		-						
LACAC grant funding	4,750.00		-	-	-	-	4,750.00	4,750.00
<b>Total Project Revenue</b>	<b>9,800.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800.00</b>	<b>4,250.00</b>	<b>4,750.00</b>	<b>9,800.00</b>

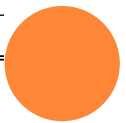
## Personnel

Salaries (2 staff x 30 hours x \$20/hour)	1,200.00	240.00	240.00	250.00	240.00	240.00	240.00	1,210.00
Fringe (18%)	216.00	43.20	43.20	43.20	43.20	43.20	43.20	216.00
<b>Total Personnel</b>	<b>1,416.00</b>	<b>283.20</b>	<b>283.20</b>	<b>293.20</b>	<b>283.20</b>	<b>283.20</b>	<b>283.20</b>	<b>1,426.00</b>

## Project Expenses


Artists - Non Salary - Rehearsal (3x30 hours x\$15/hour)	1,350.00		225.00	225.00	450.00	450.00		1,350.00
Artists - Non Salary - Performance (3x8x\$25)	600.00					600.00		600.00
Artsts - Non Salary - Workshops (2 x 8 x \$25)	400.00				400.00			400.00
Equipment Rental (Lights/Sound)	750.00					750.00		750.00
Printing - programs	125.00				125.00			125.00
Professional fees (other - techs)	1,000.00					1,000.00		1,000.00
Public Relations	1,275.00				1,275.00			1,275.00
Misc. (contingency)	500.00			500.00				500.00
Rent (deposit in March)	1,500.00			500.00		1,000.00		1,500.00
Royalties	500.00	500.00						500.00
Supplies	250.00	50.00	50.00	50.00	50.00	50.00		250.00
Travel (mileage to workshops - .55/mile x 150 miles)	82.50				82.50			82.50
<b>Total Project Expenses</b>	<b>8,332.50</b>	<b>550.00</b>	<b>275.00</b>	<b>1,275.00</b>	<b>2,382.50</b>	<b>3,850.00</b>	<b>-</b>	<b>8,332.50</b>
<b>Grand Total Project Expense</b>	<b>9,748.50</b>	<b>833.20</b>	<b>558.20</b>	<b>1,568.20</b>	<b>2,665.70</b>	<b>4,133.20</b>	<b>283.20</b>	<b>9,758.50</b>

Net Project Revenue	51.50	(833.20)	(558.20)	(1,568.20)	(1,865.70)	116.80	4,466.80	41.50
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## BUDGET PLANNING V. TRACKING

- Excel is for planning (and for tracking)
  - Quickbooks (or whatever you use) is for accounting and tracking.
    - Budget *planning* in Quickbooks is not a great idea.
    - Think about how you write out your application narrative in MS Word before you drop it into an online application.
  - If you are carefully tracking your budget, you will easily spot it when things are going off track and quickly make decisions on how to proceed.
    - Be flexible and open to options.
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# TIPS FOR NAVIGATING GRANT BUDGETS

- Align your Chart of Accounts with the Cultural Data Project Chart of Accounts if applicable
- Be familiar with your Chart of Accounts and be comfortable coordinating your line items with grant budgets – they are all different.
- Make notes (comments in your Excel sheets, charts showing work, etc.) while developing Grant Budget line items – you may need to explain your line of reasoning.



# TIPS FOR NAVIGATING GRANT BUDGETS

- Make sure to tell the *whole* story of a project.
  - There is a way to incorporate overhead expenses into a project budget.
  - What percentage of your organization's time is being spent on this project?
  - Calculate an equivalent percentage of overhead and enter it onto the appropriate line in the chart of accounts.



QUESTIONS?  
YOU'VE GOT THIS.



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