

# Budgeting Basics

You can't manage what you don't measure.



Budgeting made easy:  
A step-by-step guide

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# Why Budget?

## Why Budget?

Budgets are critical to the success of an organization

The budget provides a framework for organizational decision-making. Developing a budget helps your board make choices between projects. Using it helps to maintain focus on what's most important to your group.

Once upon a time there was a volunteer-run non-profit organization called Happy Campers that needed to raise funds to provide the services their members counted on. So they decided to hold two fundraisers.

- 1 In the fall they sold cookie dough. They brought in \$7,000 and had expenses of \$3,800. They showed a net gain of \$3,200.
- 2 In the spring they had a dessert auction. They brought in \$1,250 and had expenses of \$100 and showed a net gain of \$1,150.



Which event was more successful? How do you know? Is the event that brings in the most money always the most successful? Would it surprise you to learn that the Cookie Dough fundraiser was a huge

"The budget provides a framework for organizational decision-making."



# Why Budget?

disappointment and the Dessert Auction a huge success?

You see, in the prior year the Cookie Dough fundraiser had brought in \$10,000 and had costs of \$4,800. The Happy Campers had made \$5,200 and were counting on that again this year. So the \$3,200, while welcome, fell well short of expectations.

On the other hand the Dessert Auction rocked! They had never run one before. Threw it together at the last minute. Hoped to raise a couple of hundred dollars. And were absolutely thrilled with the \$1,150.

How do we know when the things we do are successful? Success is based on expectation. If we do better than we expected we consider ourselves successful, if worse, then we are disappointed.

Budgets are tools that set expectations for an organization. They tell us what we expect to achieve and give us something to measure against.

Without a budget, the Happy Campers might have been happy with the \$3,200. But they had expected more based on what they had achieved in the past. So the disappointing result gave them the impetus to look at what they could improve. Who knew that changing the date this year would make it the same 2 weeks as the Girl Guide cookie sales?



"Budgets are tools that set expectations for an organization."

# Why Budget?

Change it back! Maybe reward the top sellers with gift certificates. Is there a different cookie dough vendor that offers better margins? Or is it time to switch to pizza?

Likewise the better than expected results for the Dessert Auction meant that they could think about dropping other small fundraisers that were much more trouble and not as much fun.

A budget gives us a totally different perspective on our results. It is a critical tool for any organization. Effectively devising a budget and carefully scrutinizing the results can make the difference between the success and failure of an organization.

## When do you start?

A budget is most effective and easiest to work with when it corresponds to your financial year. Note that if it doesn't you will find it much more difficult to track actual spending against budget!

There are two schools of thought on budget preparation / timing. One school advises the preparation of the budget by the outgoing board two or three months before the end of the financial year. Outgoing



"A budget is most effective and easiest to work with when it corresponds to your financial year."

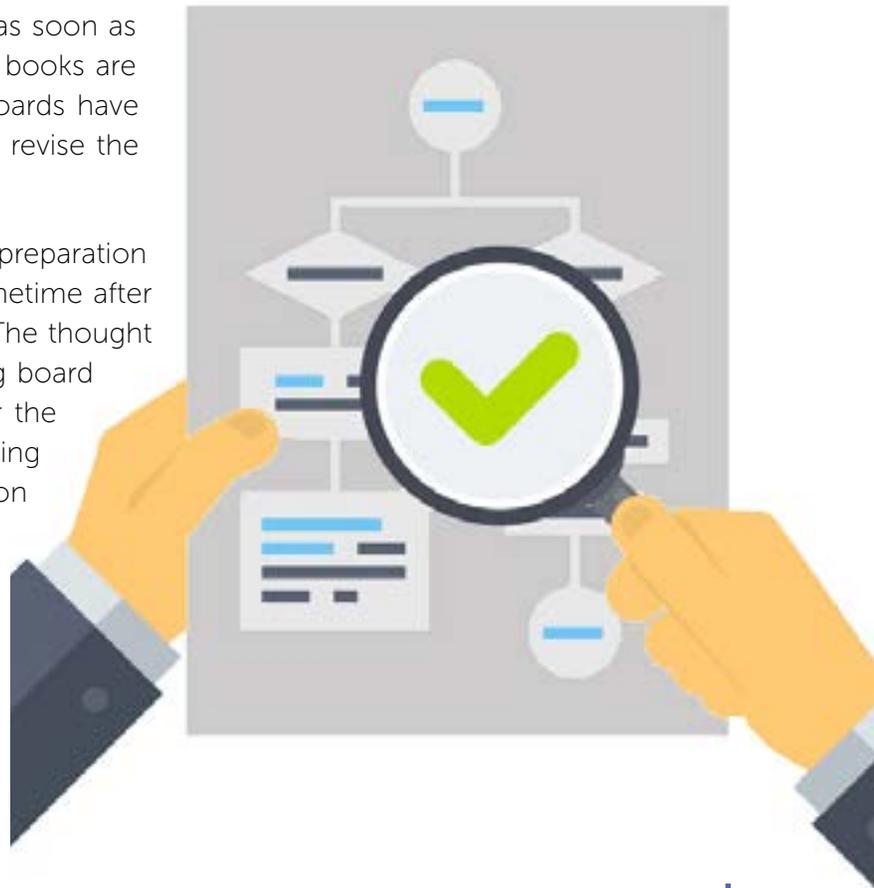


# Why Budget?

board members have the advantage of a year's experience. They have seen what works and what doesn't and can reflect that in plans for the following year. In this case the budget is normally submitted to the membership for approval shortly before the beginning of the new financial year.

An audit or financial review is performed as soon as possible after the old year is closed. The books are then handed over. This way incoming boards have funds in place to start operating, and can revise the budget if need be without pressure.

The other school of thought advocates preparation of the budget by the incoming board sometime after the beginning of the new financial year. The thought here is that it is inappropriate for outgoing board members who will not be responsible for the new budget to impose decisions on incoming board members who will be. In this situation the budget is prepared and brought to the membership as soon as possible after the beginning of the new financial year. After membership approval of the budget and completion of the audit or financial review, the books are handed over. In some organizations standing rules prohibit the new board from spending any money at all until the new



*"An audit or financial review is performed as soon as possible after the old year is closed."*



# Why Budget?

budget is approved. This can put a lot of pressure on the incoming board to produce a document quickly.

There are advantages and disadvantages to both scenarios. Sometimes a governing body sets the standard. Sometimes it is just a matter of habit.

Who's on the team?

Let's pretend it's a perfect world. In a perfect world you would have a budget committee made up of 5 to 7 people. You would all get together for the Vision. Then the projects and services group would break off to set Service Goals. And the fundraising group would get together to plan their Fundraising strategy. Then all back together again for the balancing act.

But we're volunteers and a lot of the time the world is not all that perfect. It may just be the Treasurer and the President. Again. In this case the process won't be as much fun. And you will have to do more work. But at least you won't have to share the brownies.



"In a perfect world you would have a budget committee made up of 5 to 7 people."



# First, the vision.



## First, the vision.

Get buy-in from your team to ensure success

When board members and committee chairpersons participate in the budgeting process that affects the areas for which they will later be responsible, they are much more likely to take ownership and try to make things work. The budgeting process is a great way to unite your organization and collectively focus on your vision and goals.

Is your Budget a “re-do”? Does your organization simply take last year’s budget numbers and put this year’s date at the top?

If so you are missing a great opportunity. The way you spend your money reflects your values, whether you spend with conscious intention or not.

Before you even start trying to put numbers to paper, you will want to make sure that your Board agrees on common goals. There is no point in trying to figure out how much to spend on Movie Night if half your Board thinks all your money should be going for education, not entertainment.

Have those hard conversations first. This is the time to schedule a retreat with

“The budgeting process is a great way to unite your organization and collectively focus on your vision and goals.”



## First, the vision.

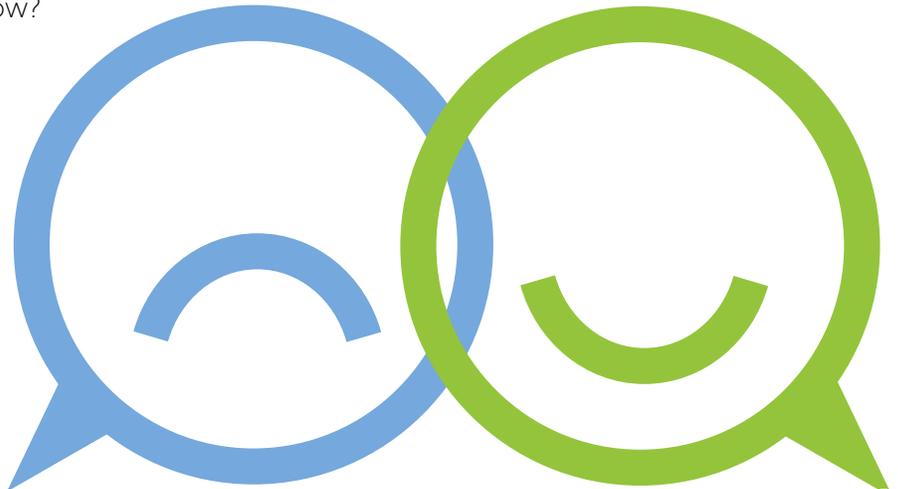
your board members, whether that means a weekend at a beachside resort or Saturday morning in the school library. Be prepared to deal with big issues.

Start by reviewing the year that is ending. Take a look at the objectives you set forth at the first of the year. Did you achieve them? If so, acknowledge your achievements. If not, are the goals still desirable? Or even relevant? What would need to happen this year to make them a reality? If not, what new goals should take their place?

Some groups survey their members beforehand and take this time to review the surveys and make broad decisions based on this input.

What to put on the survey? Prepare a list of the services you provided last year and how much each cost. Then ask things like:

- Are our dues too high? Too low? Just right?
- Would you be willing to pay higher dues if we provided more services?
- What are the 3 most important services we provide?
- What are 3 things we can eliminate that you wouldn't even miss?



"Make sure that everyone's voice is heard."



## First, the vision.

- What new things do we need to add?
- Would you be willing to volunteer your time to make these happen?

Find an impartial facilitator. Have an agenda. Make sure that everyone's voice is heard. Set overall goals (e.g. our PTA spends money on Curriculum Enrichment, Student Services and School Support). What percentage of our budget should be spent on each? Structuring your thinking this way can be very helpful. It means that you'll spend more time talking about what percentage of the budget should go toward Curriculum Learning rather than arguing the merit of one science assembly vs. another. This is big picture time. Find common ground. Come prepared to both share your ideas and to compromise.

Once you have established these broad guidelines you will be ready to deal with specifics.



## Then the goals

That was big picture. Now we get down to the details. Find a comfortable room with wall space, a white board or an easel/easel pads, and some markers.

*"It is generally pretty straightforward to determine your overhead budget. Establish that first."*

## Then the goals

Get the easy stuff out of the way first. It is generally pretty straightforward to determine your overhead budget (office supplies / printing costs / treasurer software / insurance etc.). Establish that first. Look at the last year or two for guidance. Add it all up and get a total - this is your Administration or Overhead Expense. It's the cost of doing business. Note that many groups will include leadership training here as well. Put that all on one sheet, write the total on it and hang this sheet up on a wall.

Then start working on the services you want to provide. What if you were able to raise all the money you needed? This is the time to take these broad guidelines you've established and do some brainstorming.

Resist the urge at this point to try to figure out where the money is coming from. Figure out income after establishing outgo.

Here's something you probably already know. There are lots of things that your organization does that bring in money. That doesn't necessarily make them fundraisers. If you produce a yearbook that brings in \$7,000 and it costs you \$7,000 to print, then you make \$0 for your efforts. What's the point? But wait, you're not doing it for the money, right? That Yearbook is a service you are providing. Make sure



"It's hard to brainstorm with just a couple of people."

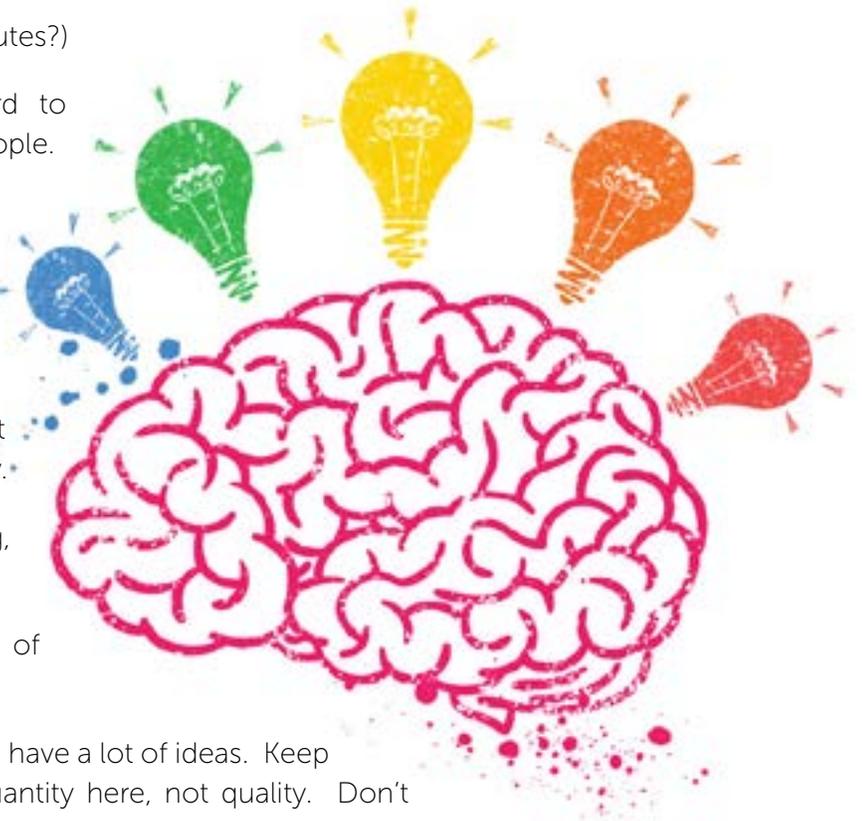


## Then the goals

that these self-funding services are included in your list.

When it comes to brainstorming, consider these guidelines:

- Set a time limit (5 minutes? 10 minutes?)
- The more the merrier - it's hard to brainstorm with just a couple of people.
- Encourage everyone to participate.
- Keep the energy level high and enthusiastic.
- Neither criticize nor compliment ideas as they are presented. Just write them on that sheet. This is key.
- Encourage creative thinking, including out of the box ideas.
- Build and expand on the ideas of others.
- The best way to get good ideas is to have a lot of ideas. Keep them coming. We're going for quantity here, not quality. Don't stop until you run out of time.



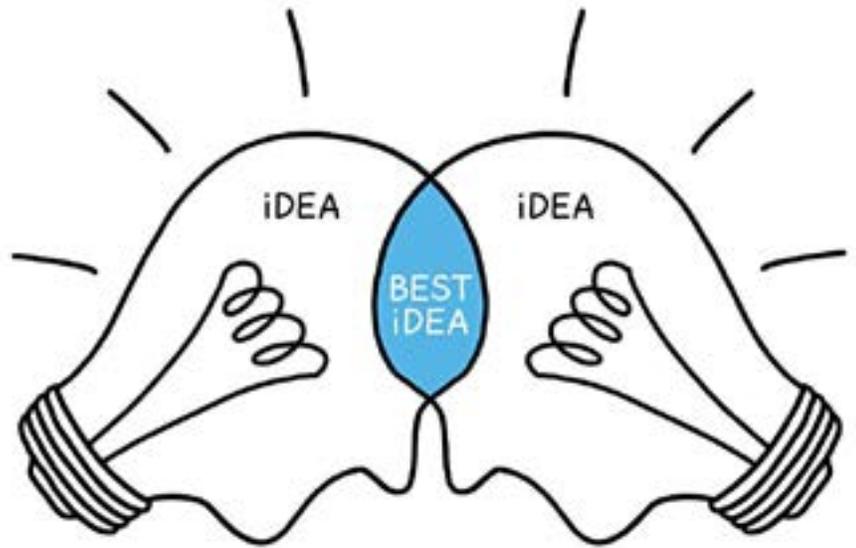
"Encourage creative thinking,  
including out of the box ideas."

## Then the goals

Times up! Take a breather. Stop. Stretch. Refill the coffee mugs. Walk around a little. Play musical chairs (OK not really musical chairs, but sit in a different seat next to someone new – see how it shifts your perspective to sit next to someone that you think you will disagree with).

While the group members get a brownie fix and make new friends, the facilitator posts fresh sheets on the wall. Each has the title of one of the objectives from your vision (say Curriculum Enrichment, Student Services and School Support). One sheet per objective. Go through your brainstorm list and assign each idea to the appropriate sheet. Have an extra sheet for Even More Ideas if something doesn't seem to fit. Don't deal with why or how of these right now.

Now you will have a sheet for each of your objectives filled with ideas on how to fulfill them. Time to resist another temptation – don't cross off things that won't work. Instead, one objective at a time, invite the group to find the ideas that really shine. If we were only able to do one thing, which would it be? What would do the most good? How many people would this impact? Where can we get the most bang for the buck? And the big one: How many volunteer hours will it take? Find



"It is a rare organization that starts from \$0 and spends all it makes during that year, leaving nothing in the bank account for those who follow."

# Then the goals

consensus. Agree on the top 2, 3 or 6 or whatever is appropriate. Do this for each sheet. And the Even More Ideas? If something really shines here, after you have worked through your Objectives, then deal with it now.

At this point you will have a list of your objectives and your top goals for each. Now you need to know how much all this will cost. Put numbers to each activity and get totals. How do the totals for each objective relate? If your vision states that Curriculum Enhancement is your number one priority, then it should get the majority of the funding. Right? This will ensure that the process hasn't been hijacked.

Adjust as necessary. Yes, we know this isn't as easy as it sounds. But that's why they pay you the big money!

Budget Builder®			
Budget Name:	Sunset Lane Elementary School		
Budget Start Date:	07/1/2014		
Notes:			
<b>Fundraising</b>	<b>Budget In</b>	<b>Budget Out</b>	<b>Net</b>
Jump-a-Thon	\$ 18,000.00	\$ 750.00	\$ 17,250.00
Popcorn	\$ 3,000.00	\$ 1,500.00	\$ 1,500.00
Restaurant Fundraisers	\$ 300.00	\$ 0.00	\$ 300.00
Sock Tops	\$ 200.00	\$ 0.00	\$ 200.00
<b>Total</b>	<b>\$ 21,500.00</b>	<b>\$ 2,250.00</b>	<b>\$ 19,250.00</b>
<b>Curriculum Development</b>	<b>Budget In</b>	<b>Budget Out</b>	<b>Net</b>
Classroom Enrichment	\$ 0.00	\$ 8,000.00	\$ -8,000.00
Field Trips	\$ 0.00	\$ 2,500.00	\$ -2,500.00
Teacher Grants	\$ 0.00	\$ 3,500.00	\$ -3,500.00
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 14,000.00</b>	<b>\$ -14,000.00</b>
<b>School Projects</b>	<b>Budget In</b>	<b>Budget Out</b>	<b>Net</b>
Family Nights	\$ 0.00	\$ 1,000.00	\$ -1,000.00
Carnival	\$ 0.00	\$ 750.00	\$ -750.00
Yearbook	\$ 0.00	\$ 3,000.00	\$ -3,000.00
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 4,750.00</b>	<b>\$ -4,750.00</b>
<b>Administration</b>	<b>Budget In</b>	<b>Budget Out</b>	<b>Net</b>
Postage	\$ 0.00	\$ 150.00	\$ -150.00
Office Supplies	\$ 0.00	\$ 50.00	\$ -50.00
Insurance	\$ 0.00	\$ 300.00	\$ -300.00
<b>Total</b>	<b>\$ 0.00</b>	<b>\$ 500.00</b>	<b>\$ -500.00</b>
<b>Grand Total</b>	<b>\$ 21,300.00</b>	<b>\$ 21,300.00</b>	<b>\$ 0.00</b>

## Last Year/Next Year (and why they matter THIS year)

It is a rare organization that starts from \$0 and spends all it makes during that year, leaving nothing in the bank account for those who follow. Chances are your group has or will have some money carried forward from the prior year's activities. Good news – less money that you will need to raise to achieve your objectives.

"Don't confuse 'money carried forward from last year' with 'income!'"

## Last Year/Next Year

Having said that, it would put the incoming board in a very difficult position to start the year with \$0.00. Some groups have bylaws or standing rules that require a minimum dollar amount to be available for startup costs for the next year. It is important that you know how much this is required to be. Based on your own experience, you may decide to leave even more. Bad news – more money that you will need to raise to achieve your objectives.

Don't confuse "money carried forward from last year" with "income". It is important both that you recognize this as funds available to you and also that it had nothing to do with your efforts. Your income is what you earn during the current financial year.



The Happy Campers normally raise \$20,000 each year. Through some stroke of luck they have \$15,000 left over from last year, and so have \$35,000 available to spend. They will be able to provide a lot of services! If they only leave \$2,000 for the board that follows, it needs to be clear to the incoming board that they will need to raise \$33,000, not \$20,000, to match the level of services.

*"You cannot foresee every possible eventuality."*

## Last Year/Next Year

Similarly, don't confuse "money carried forward to next year" with "expenses". Expenses have to do with money that leaves your organization. Money that is still in your bank account at the end of the year can't be considered an expense. Make it clear on your budget how much is being set aside for next year.

We hear a lot about \$0 budgets - we spend what we bring in. On the surface this is an admirable goal. Essentially if there was anything left in the kitty at the end of last year, it will be carried forward to next year. If the carry forward amount is reasonable for your group, then that is a valid approach. But we have seen groups where the carry forward exceeds their annual budget, sometimes by ten thousand dollars or more. That is difficult to justify. If you are sitting on a pile of money that has not been previously allocated to a specific purpose (see Restricted Funds) then yes, it really is OK to spend more money than you bring in.

## Wiggle Room

You cannot foresee every possible eventuality. Budget in a line item called Unanticipated Costs or Wiggle Room. Make it 5 to 10% of your Operating Budget. That way if the Directory comes in over budget or the Donations come in under, you will have a source to draw from.

Some groups add the following wording to the heading of the budget that they present to their membership for approval: "With permission to the Board to re-allocate as necessary" . That way if you



"Your membership may vote to make some funds 'restricted!'"



# Wiggle Room

exceed your Unanticipated Cost line item, or didn't have one, the Board can decide that it will reduce the number of movie nights to free up extra money for a reading program, without having to go to the membership for approval to revise the budget. Sometimes a dollar limit is specified, (e.g. up to \$500).

**PERMISSION TO THE BOARD TO REALLOCATE**

With the recent economic crunch we have also heard from groups that now precede their budget with this statement: "With permission to the Board to re-allocate as necessary and / or to limit discretionary spending in case of shortfall".

Stuff happens. Get real. Be prepared.

"Stuff happens. Get real. Be prepared."



# Restricted Funds

## Restricted Funds

Sometimes a group will allocate funds for a project that will not be completed within the year that the money was allocated. Your membership may vote to make these funds "restricted". That means that the money you raise or allocate for this project cannot be used for any other purpose.

Sunset PTA wants to build a new playground for the students in their elementary school. They have estimates of \$40,000 for this project. The PTA leaders know that it will take at least 3 years, perhaps 4, to raise these extra funds. In some cases their children will be long gone before the playground is built. They don't have a problem with this. But they do want to make sure that the money they are raising, the benefit of which is essentially being withheld from their children, will be used for the purpose that was intended. Not new chairs for the library or ping-pong tables for the teacher's lounge or a board retreat to a nearby casino and spa.



In this case, when the budget is voted on, the amount allocated for the Playground fund is designated as "restricted". This means that these funds are set aside and can only be used for a playground. So funds set aside in 2012 as Playground – Restricted remain restricted until they are

"Restricted funds are set aside for specific activities and are to be spent only on that agreed upon activity."

## Restricted Funds

used for that purpose or until the current membership votes to change the designation and un-restrict the funds. For example when the playground project is complete, if \$40,000 was raised and only \$38,000 spent, the membership would need to vote to approve that the restriction be lifted on the final \$2,000.

How is this different than non-restricted funds? You may budget \$250 for Office Supplies each year. If you spend just \$100 in 2010, chances are you will budget \$250 again in 2011 or even less. Not \$400 (\$150 not spent plus \$250 for the new year) - right? What's not used goes back into the kitty. Restricted funds don't go back into the kitty.

If you are a new treasurer coming into an organization with Restricted Funds, you need to take special care to ensure that you maintain enough money to cover these Reserves. Make sure that you have a line item in your budget for 2012 Playground Restricted with \$10,000 budgeted out. It can be helpful to have a separate line item for each year that funds were added to this project, so:



"Restricted funds don't go back into the kitty."

# Restricted Funds

- 2010 Playground Restricted - \$11,000
- 2011 Playground Restricted - \$8,500
- 2012 Playground Restricted - \$10,000

You may decide to keep these funds in a separate bank account. Just remember that placing them in a separate Playground bank account isn't what keeps them Restricted. It's the vote that counts.

Last thought on Restricted Funds. We will share the experience of a high school we know that does fundraising for graduating class parties. Students start the fundraising process as early as their freshman year so there are at least 4 Restricted Class Party Funds going on at all times. Through some inaccurate bookkeeping they found themselves ending the year with less money in the bank than they needed to cover the 4 Class Party Funds. Oops. On discovering this, they planned extra general

Bank Account Overview		
		Funds Available At Start Of Year: <b>\$27,697.65</b>
Account	Last reconciled	Balance
Checking Account	N/A	\$3,045.65
Playground Fund	N/A	\$24,652.00
Total		<b>\$27,697.65</b>

fundraisers to cover the shortfall and implemented better controls and reporting to ensure this didn't happen again. Don't let this happen to you. You don't want to have \$29,500 in Restricted Funds and only \$20,000 in the bank.

"Placing restricted funds in a separate bank account does not keep them restricted. It's the vote that counts."

# I need to raise how much?!

## I need to raise how much?!

Now you have an idea of how much the services you want to provide will cost. You have taken into account the money that is available from the prior year and added in the amount that you will leave in the kitty for next year. Add in Wiggle Room and Restricted Funds if any. The total is how much you need to raise to fund the services you want to provide.

\$ Cost of Proposed Services
– \$ Carry Forward From Last Year
+ \$ Carry Forward to Next Year
+ \$ Wiggle Room
+ \$ Restricted Funds from Prior Years
<hr/>
<b>\$ Total Funds Required</b>

"The best way to stick to your budget is to start one."



# I need to raise how much?!

Now we are at the point where we need to start talking fundraisers. These are things that you do only because you need to raise money. This is not the directory or the yearbook or the carnival or book fair that you would do whether you made money on them or not (services, remember?). This is focused money making. Why else would we send our kids out door-to-door to sell magazines to our neighbors? Or more likely, bring the forms into the office so that our co-workers will feel obligated to order them because they owe us for all that gift wrap we bought for their fund drive.

Basically there are four ways to bring in money:

1. People give you money and get nothing in return besides a sincere thank you letter (donations / pledge drives / corporate matching funds / grants / no-bake sales). Be specific when you are asking for donations. "Please support our school" isn't anywhere near as effective as "Our third graders are learning about the life cycles of vegetables. We want to build raised beds in the sunny area behind the school where they can plant seeds, tend the plants, and harvest and eat the results. Would you be willing to donate \$2 (or more!) for lumber, soil, tools and seeds?"
2. People give you money for a "membership" that may give them voting rights or special prices or maybe just a good feeling. With memberships, give options. \$10 per individual / \$18 per family / \$35 for patrons.



"Fundraisers are the things you do only because you need to raise money."

# I need to raise how much?!

3. People give you money and you give them an experience (talent show / motivational speaker / art show and cake auction). Experiences are our favorite kinds of fundraisers. They get people involved. They build community. People remember the talent show where the 2nd graders did Tai Chi long after the magazines are gone.
4. People give you money and you give them goods of some kind (cookie dough / gift wrap / popcorn / bulbs). Selling stuff is still the way most groups raise funds. If revenues were off last year, try a different product or a different time of year. We like to share the secret of one very successful Girl Scout mom who countered objections of "we're cutting back on sugary foods" with an offer to donate the cookies to the local food bank on the purchaser's behalf. Just give her the money. She takes care of the rest. You never even lay eyes on the cookies. Now that's smart.

## Tips from professionals:

- Mix it up. Make it easy for people to give you money. Give them lots of options.
- See what worked last year. Build on your successes.
- Look at the net, not the gross. The auction may bring in \$20,000 but it will cost you \$12,000 to run it. The jog-a-thon brings in \$10,000 and costs just \$1,000 to run. It's what you get to keep that counts.
- Always, always, always take into account the amount of volunteer effort required.

Write down your best ideas.

Add it all up. Are you in the ballpark?

# Behold the balancing act

## Behold the balancing act

Look at the two lists: income and expenses. If your expenses outweigh your income, you probably know the two alternatives: cut back on your expenses or increase your income. Which will better serve your membership? Can you:

- apply for a grant?
- increase dues?
- add another fundraiser?
- find a fundraiser with better margins?
- eliminate or reduce the scope of a particular activity?
- make some activities contingent on adequate resources? (i.e. if we net more than \$12,000 in the magazine drive, then use the extra money for an assembly)
- ask participants to contribute toward an activity?



"Always, always, always take into account the amount of volunteer effort required."

## Behold the balancing act

- request more volunteer time or effort?
- leave less money in the kitty for next year?

If your income outweighs your expenses, you also have decisions to make. Do you cut back on fundraising and give your volunteers a break? Or do you raise the bar and provide more services this year? Note that the third option, run the fundraisers anyway and put the extra money in the bank, is not one we would recommend unless you have a high-ticket long-term project in the works.

Our final advice here is: keep your vision in mind. Make decisions that are in line with the values of your group.



"If your income outweighs your expenses,  
you have decisions to make."

# Sticking to it

## Sticking to it

Congratulations! You made it. If you are lucky and have been diligent you will have in front of you a budget that is workable and has buy in from your team. You can use it as a road map to help you achieve your goals this year.

Now the bad news. That budget is just a bunch of numbers on a piece of paper. This is where the real work starts. Your budget is like a set of dumb bells – it doesn't do you any good just sitting on the shelf.

Make sure that you monitor your actual results against your budget on a regular basis – at least monthly. Note what is working, what isn't, and what needs your immediate attention. Make this part of your regular routine as you prepare for your board meeting and make sure to interpret the results for those members who aren't as comfortable with numbers as you are. For example: "Yes I know that we spent less on the pizza dough fundraiser than we planned but we also brought in a lot less than we hoped to. So overall we are \$500 short of our goal. If we don't find a way to make that up we will have to drop one of the assemblies we have planned for the spring."



It's just a bunch of numbers until you give them meaning.

"It's just a bunch of numbers until you give them meaning."



# Good practices to start & things to avoid

## Good practices to start & things to avoid

Consider doing this:

- Keep notes for next year's treasurer. At the beginning of the year set up your notebook with one piece of paper for each activity on your budget. Write notes as the year goes by about what worked and what didn't. It doesn't need to be fancy. Your thoughts at the time jotted down on a piece of paper that is easily found will be worth much more than a carefully worded summary you write at the end of the year. Just think how helpful it would have been if you had had notes like this as you were preparing your budget.
- For activities that have both income and expenses, for example just about every fundraiser, be sure to come up with a budget for both income and expenses. For example we hope to bring in \$4,000 with the pizza dough fundraiser and we expect to spend \$2,100, therefore



"keep notes for next year's treasurer."

## Good practices to start & things to avoid

netting \$1,900. If all you do is budget \$1,900 net income, then all of these situations would seem to be OK:

Actual income \$4,000. Expenses \$2,100. Net \$1,900.

Actual income \$5,000. Expenses \$3,100. Net \$1,900.

Actual income \$2,400. Expenses \$500. Net \$1,900.

In reality these are vastly different results and worth careful examination. But you would only know that if you had both income and expense budgets to compare against.

Consider not doing this:

- Those of us who are destined to be treasurers sometimes feel a need to be perfect. Now a little bit of that can work to our advantage – obviously we want all the money to be accounted for and allocated to the appropriate activity. But in our opinion this perfectionism needs to stop at amending your budget to match your actual results. Really? What possible good can this do? You're not trying to prove your psychic ability here. Those who follow you will get much more out of knowing that you had budgeted \$2,000 in donations and only received \$500. Was the appeal badly handled? Was the economy to blame? Was it the wrong time of year? If you blithely amend that budget to \$500 they have no information, no clues that something didn't go as planned and perhaps needs scrutiny for next year.



"If you amend a budget to match your actuals you have no idea that things didn't go as planned."

# You need insurance. Period.

## You Need Insurance. Period.

These days, no one should agree to sit on a nonprofit board that doesn't have adequate insurance coverage. Not much more to say here.

If you are on a board that has insurance coverage, make sure payments are up-to-date and that it provides adequate coverage as discussed below:

### Choosing Insurance Coverage

We believe that insurance is a top priority for nonprofit organizations and should never be an afterthought in the planning process.

Here are the 5 most common types of insurance coverages you'll want to consider:

**General Liability Insurance** policies address claims alleging bodily injury or property damage. Slips, trips and falls are the most common claims covered by these policies.

**Bonding Insurance** (also known as Fidelity Insurance) protects against the financial risks of fraud and embezzlement by an insider.



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**Accident Medical Insurance** helps to avoid lawsuits and provides insurance coverage for out-of-pocket medical expenses resulting from an accident at a sponsored activity or covered event.

**Directors and Officers (D&O)** policies are purchased in order to protect both the organization and its directors and officers. They address claims alleging wrongful management decisions by the volunteer and staff leaders of a nonprofit.

**Property Insurance** protects the physical assets your nonprofit owns – such as computer and office equipment, computers, popcorn machines, etc. Note: If you require Property Insurance at your volunteer-run nonprofit, consider donating your property to the overarching entity you might be serving. For instance, if you're a PTA and own a popcorn machine, consider gifting it to the school district with the caveat that it's to stay at the location of your choice. Put it in writing so you are not responsible for future claims that may occur. Putting it in writing as directed above will also ensure that the popcorn machine stays on your campus.



If your board does not currently have insurance coverage, make it your first priority!

If your board declines to get insurance coverage (common excuses: don't need, too expensive, too much trouble), resign. Right now. Before something happens that you may find yourself financially responsible for.

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## Sample Budget

Budget Name: Sample Budget

Budget Start Date: July 1, 2019

	Budgeted In (Income)	Budgeted Out (Expenses)	Net (Difference)
Fundraising			
Fall Fundraiser	\$ 6,000	\$ 3,000	\$ 3,000
Auction	\$ 12,000	\$ 2,000	\$ 10,000
Spring Fundraiser	\$ 4,000	\$ 2,000	\$ 2,000
<b>Total</b>	<b>\$ 22,000</b>	<b>\$ 7,000</b>	<b>\$ 15,000</b>
Curriculum			
Assemblies, Programs	\$ 0	\$ 1,000	- \$ 1000
Math/Science Olympiad	\$ 0	\$ 600	- \$ 600
<b>Total</b>	<b>\$ 0</b>	<b>\$ 1,600</b>	<b>- \$ 1,600</b>
Administration			
Postage	\$ 0	\$ 250	- \$ 250
PO Box Rental	\$ 0	\$ 55	- \$ 55
Photocopying	\$ 0	\$ 120	- \$ 120
Insurance	\$ 0	\$ 350	- \$ 350
Treasurer Software	\$ 0	\$ 160	- \$ 160
<b>Total</b>	<b>\$ 0</b>	<b>\$ 935</b>	<b>- \$ 935</b>
<b>Grand Total</b>	<b>\$ 22,000</b>	<b>\$ 9,535</b>	<b>\$ 12,465</b>



## How is MoneyMinder different?

For a small non-profit, QuickBooks can be overkill. But spreadsheets can contain hidden formula errors too easy to overlook. One is too big, one is too risky. Then there's MoneyMinder, accurate but not cumbersome, it's just right.

## Put your organization on the right path

Check out our suite of products:

[www.MoneyMinder.com](http://www.MoneyMinder.com)

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