

Sample Nonprofit Budget Template
Notes and assumptions
April 2011

A generic template for a nonprofit budget, one that will work for all organizations, doesn't exist. There is simply too wide a disparity between each organization's financial operations requirements. As a result, this (or any) template can be, at best, a sample snapshot of a fictional organization and useful for demonstration purposes only. It will assume certain specific policies and procedures that may or may not be applicable to your organization. This particular template was assembled assuming a small nonprofit, managing three programs.

The chart of accounts represented herein is overly simplistic. The design of a chart of accounts has a significant impact on an organization's ability to properly capture and extract requisite subsets of data, and is a conversation beyond the purview of this template; contact **Arts Finance Resources** with questions regarding how to tailor your chart of accounts to be more effective for your organization.

Also missing from this sample template is a 12 month cash flow version of the sample budget. This is a critical element to any budget development process, and is also a separate conversation all to itself. Contact **Arts Finance Resources** with questions regarding this process.

*NOTE: Budget spreadsheets can be tricky documents to manage, and this is no exception. As you may tailor this template for your organization, be sure to include cross check references to help insure the integrity of your formulas!

Protection is set on the first three sheets, as most information on them is calculated from subordinate sheets to the right. Edits and updates should be made to the detail on those subordinate sheets, allowing the results to propagate to the summary sheets. The subordinate sheets also contain isolated formulas. It's just a good habit to be aware as to how each cell derives its content. *There is no password set on Protection.* It is set for convenience only. To open all cells on the first three sheets for editing, just select "Review" from the Main Menu, and then "Unprotect Sheet".

The Cover Sheet is designed to capture summary information only. At the time the budget is created for the following year, an organization would load (for example) their current fiscal year to date actuals, the current end of year projections and the current fiscal year budget. Column H will then draw summary values for your proposed budget from the detail you'll create on the supportive tabs to the right. A variance column on the far right is used in this model to compare the proposed budget with the projected end of current fiscal year totals. This variance column could as easily be used to compare the proposed budget with the current year budget. *(Note: the specific comparative information appearing on a cover sheet varies widely among organizations).*

The SummaryByProgram tab is in the same structure as the Cover Sheet, although the columns on this tab are dedicated to detail by program. In this model, the columns detail the "Agency" activity (that activity that can't directly be associated with any specific program), as well as the detail related with each program related activity..

Note the explicit Crosscheck fields in column K of SummaryByProgram. These insure that all detail on subordinate sheets is captured onto the summary sheet. Out of balance conditions indicate a formula isn't calculating correctly.

Also note the Expense allocation line, present only at the bottom of the expense section of the SummaryByProgram sheet. Its primary function is to allocate expenses from the Agency column to the Program columns. It will necessarily net to -0-, and so has no impact on the Cover Sheet.

The Allocation tab contains detail to support the allocation method : detail of allocation scheme, along with a list of the expense line items eligible for allocation, and the percentages that result from those calculations. The allocation calculations are dynamic. As compensation allowances are updated on the Agency or Program tabs, these allocation percentages and the distribution across the line item on the SummaryByProgram sheet will update as well.

The Revenue tab captures revenue detail. An alternative would be to list all applicable revenue as detail on the specific program tabs.

Note that Column G on the Revenue tab references the project association for that source of revenue. As to Board giving, note the instruction, “Unrestricted allocate across programs”. This sample organization has a published, internal policy of allocating all Board gifts, *without specific donor restrictions*, equally across the three programs. The formulas in the SummaryByProject line items for Board giving reflect this internal policy. Donor restricted gifts would be listed as related to the appropriate specific program. Contact **Arts Finance Resources** for further information on how to properly handle restricted donations, and their impact on your financial statements.

In Kind giving is detailed on the InKind tab, and (for the purposes of this model) are assumed to be (a) associated with Agency instead of a specific program, and (b) reported as generic expenses at the bottom of the expense section as opposed to being reported on a more appropriate specific expense line item.

The Compensation tab outlines total compensation “As Set”, or “As agreed to, in total”. As noted, the derivation of the hourly totals is detailed on rows 20-22, and summarized on rows 9-11.

The Taxes & Benefits crosscheck on the Compensation tab draws from the Agency tab. On this tab, benefit premiums are listed for the corresponding employees. For the purposes of this model, these benefits are charged 100% to the Agency, and are not allocated across other programs. Organizations with more complex benefit profiles would build this sheet out corresponding to their needs.

Conversely, the compensation is allocated across programs, by method of an FTE (Full Time Equivalent) rating. On the Agency tab, it is detailed that Salary employee #1 spends 25% of his/her time on administrative, general agency tasks. Salary employee #2 spends 15% of his/her time in that administrative capacity. The appropriate portion of each employee’s total salary is therefore allocated appropriately to the Agency.

The comp section on the three Program tabs work the same way. Each records the percent of time spent by each employee on that specific program, and allocates the appropriate percent of their compensation to that program. Columns E & F on the Compensation tab track the amount of time being allocated via the FTE method to insure that all comp is allocated in full. Obviously, not all organizations can apply a structured FTE system such as this. In those cases, the compensation sections for each program (if applicable) would be set up to handle the appropriate distributions.

The balance of the area on the three Program tabs delineates general expense detail that can be directly charged to each. The totals are picked up on the SummaryByProject tab, and are carried up to the Cover Sheet.

Please don’t hesitate to contact me if you have questions regarding the usage or application of this template

And if you find this template helpful, I hope you’ll drop me a note.