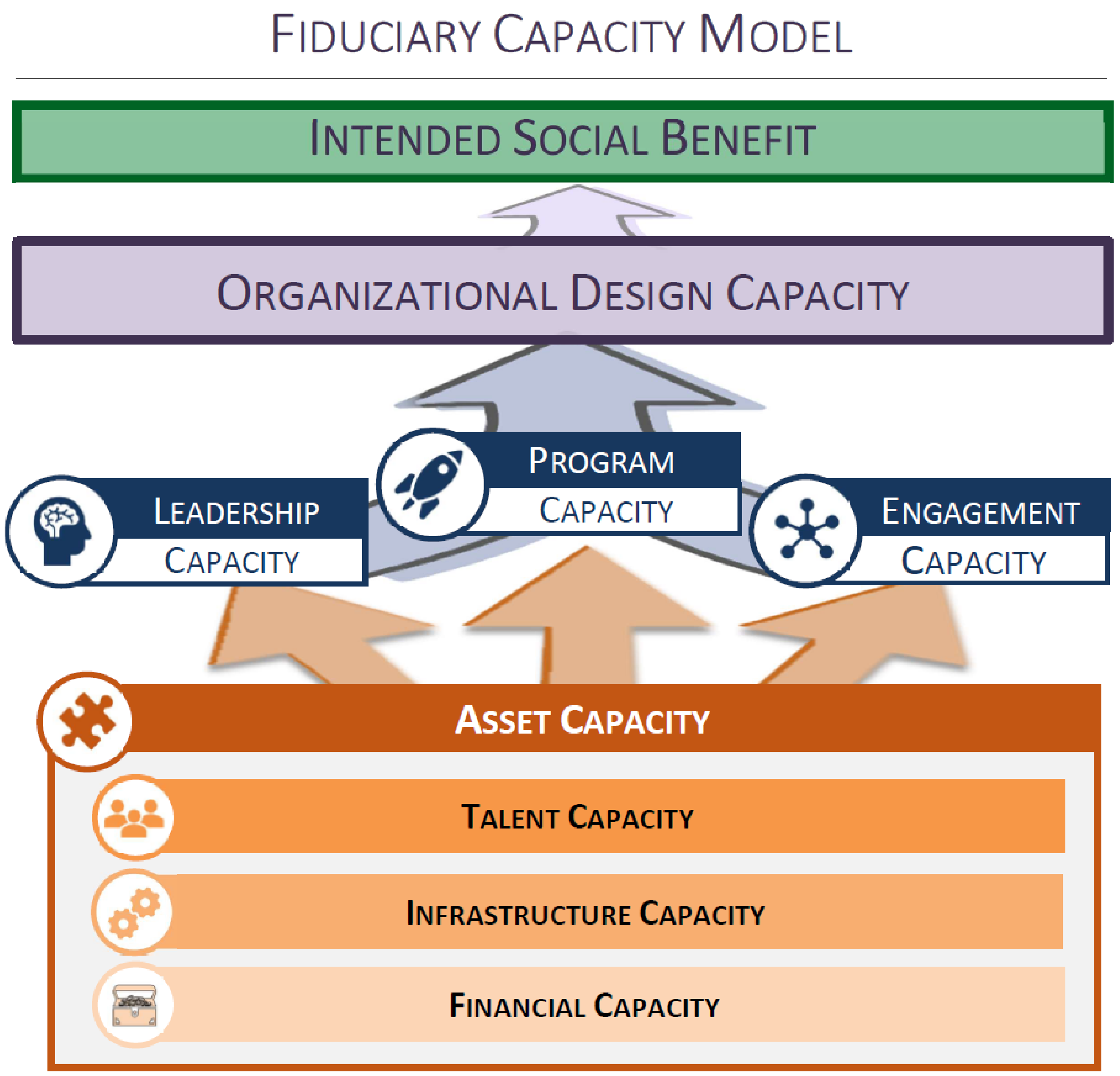
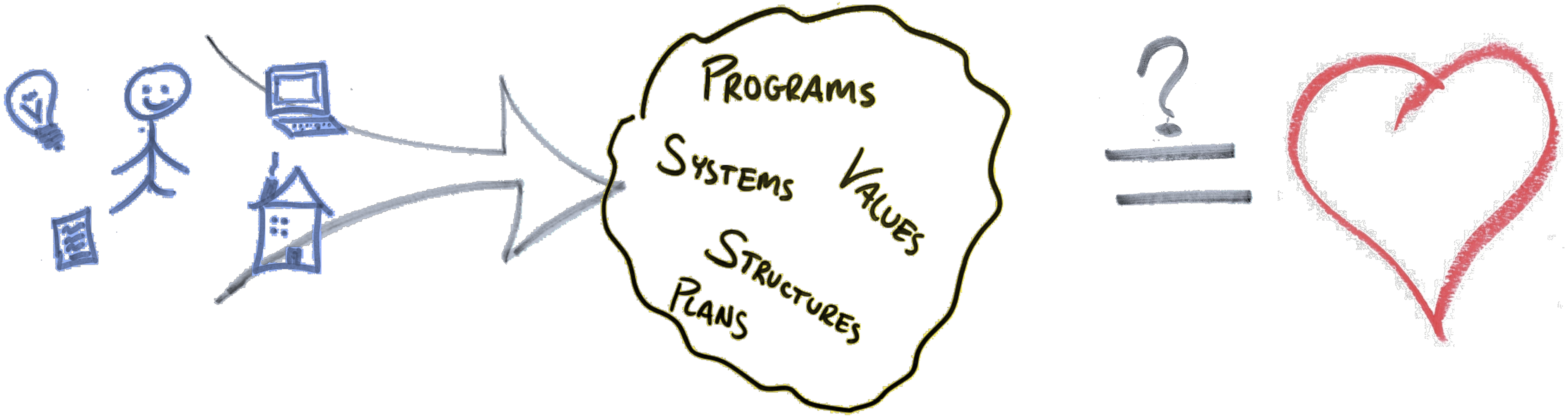
Preparing & Completing Grant Budgets

What is a Nonprofit Management Budget?

An Entity Designed & Organized to Advance Community Outcomes



The Fiduciary Responsibility



Assets

Ensuring assets

Organizational Design & Execution

effectively & efficiently get us

Outcomes

benefits in the community

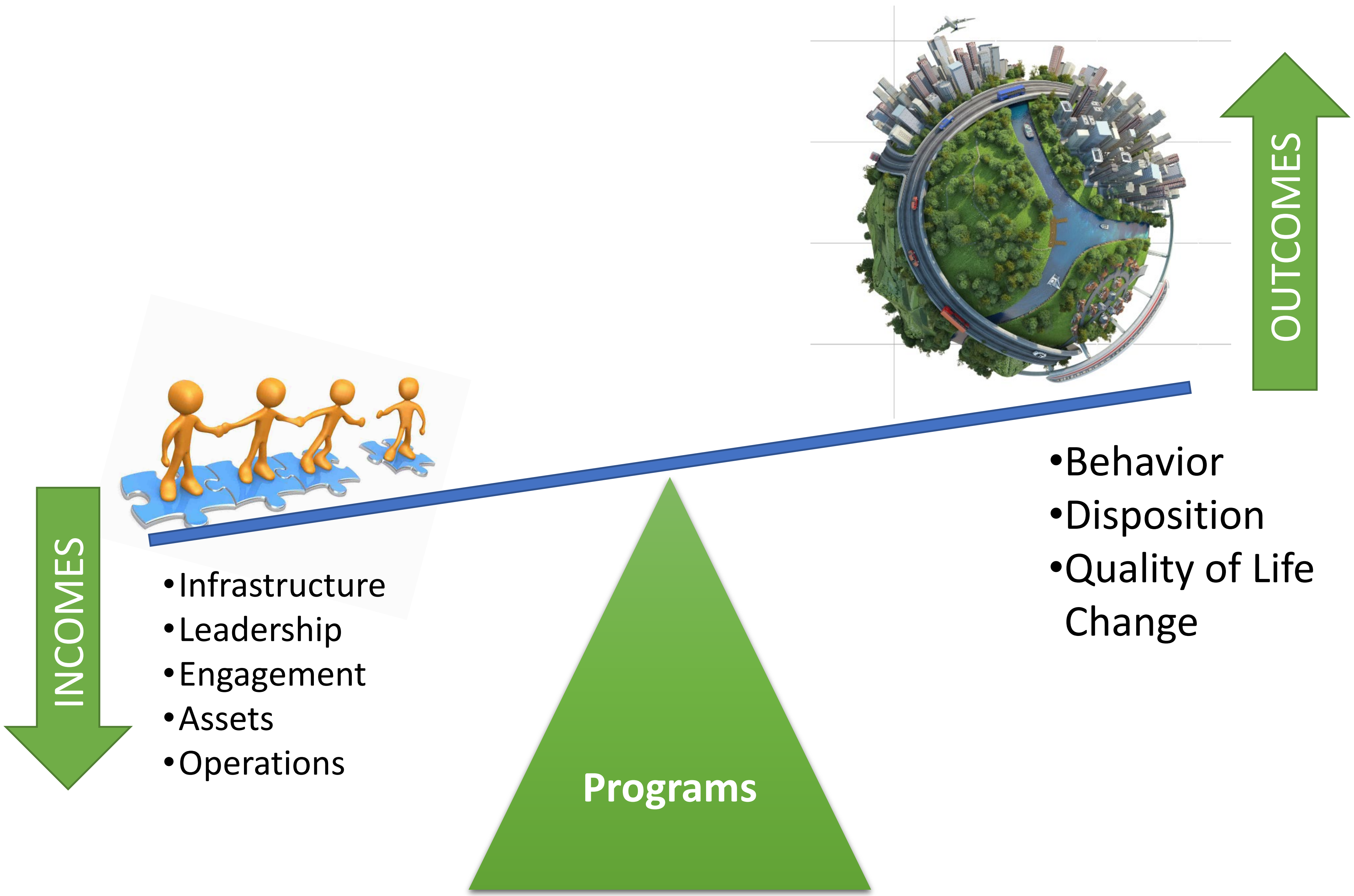
While *Missions* are important…

Outcomes are what really matter

Are We Advancing What Matters

For each effort we engage in …

1. To what degree do we **EXPECT** it to advance each outcome
2. To what degree **DOES** it advance each outcome
3. What **INVESTMEMT** do we make in this effort


INCOMES
•Infrastructure
•Leadership
•Engagement
•Assets
•Operations
Programs
OUTCOMES
•Behavior
•Disposition
•Quality of Life Change

Rosetta Stone Budgeting

Impact / Outcomes

Strategy
(Program Models and Mix)

Values

Program/Operating Activity

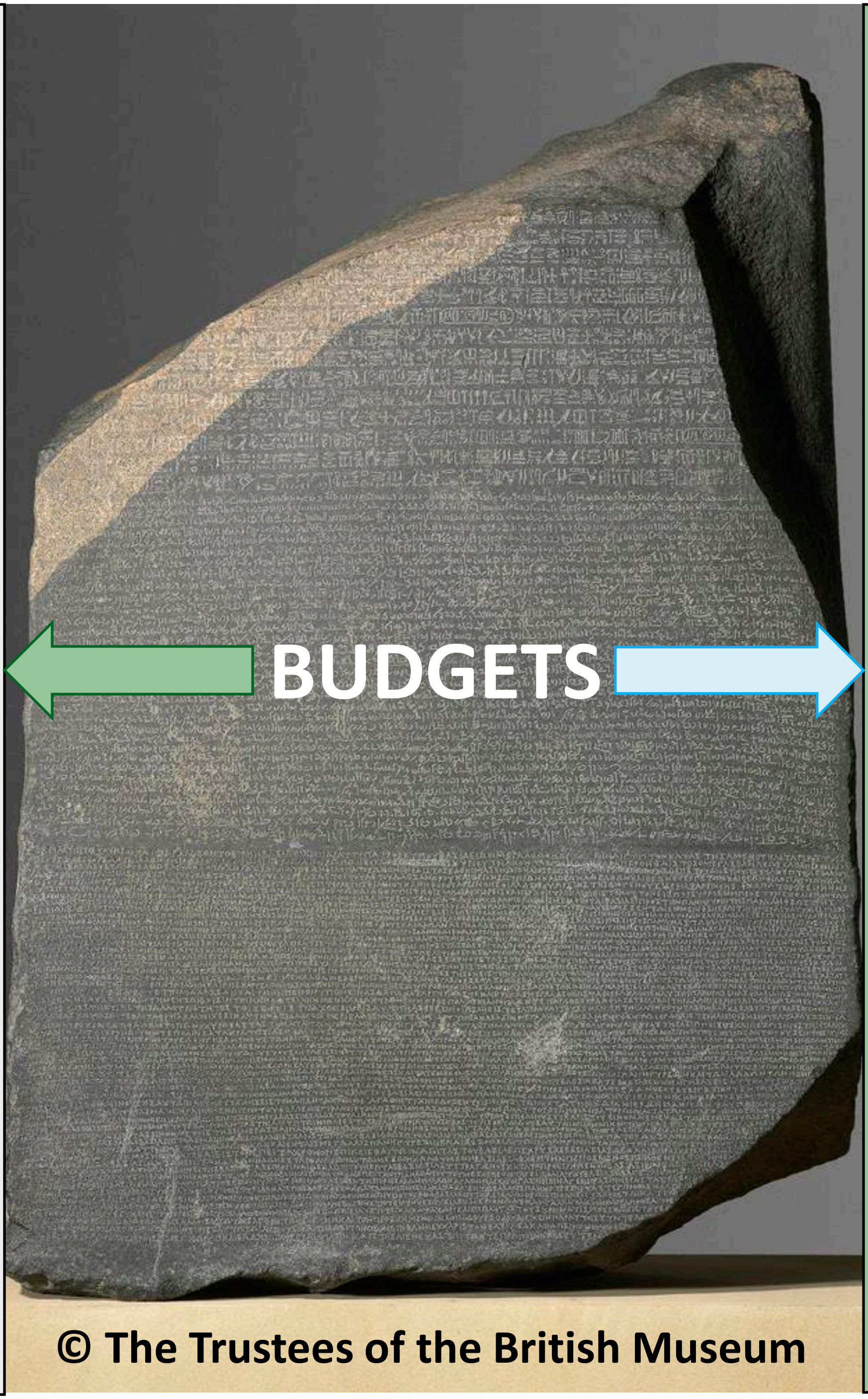
Revenue Activity
- Fees
- Fundraising
- Grants / Contracts

In-Kind Assets

Infrastructure

Risk

Future ideas…

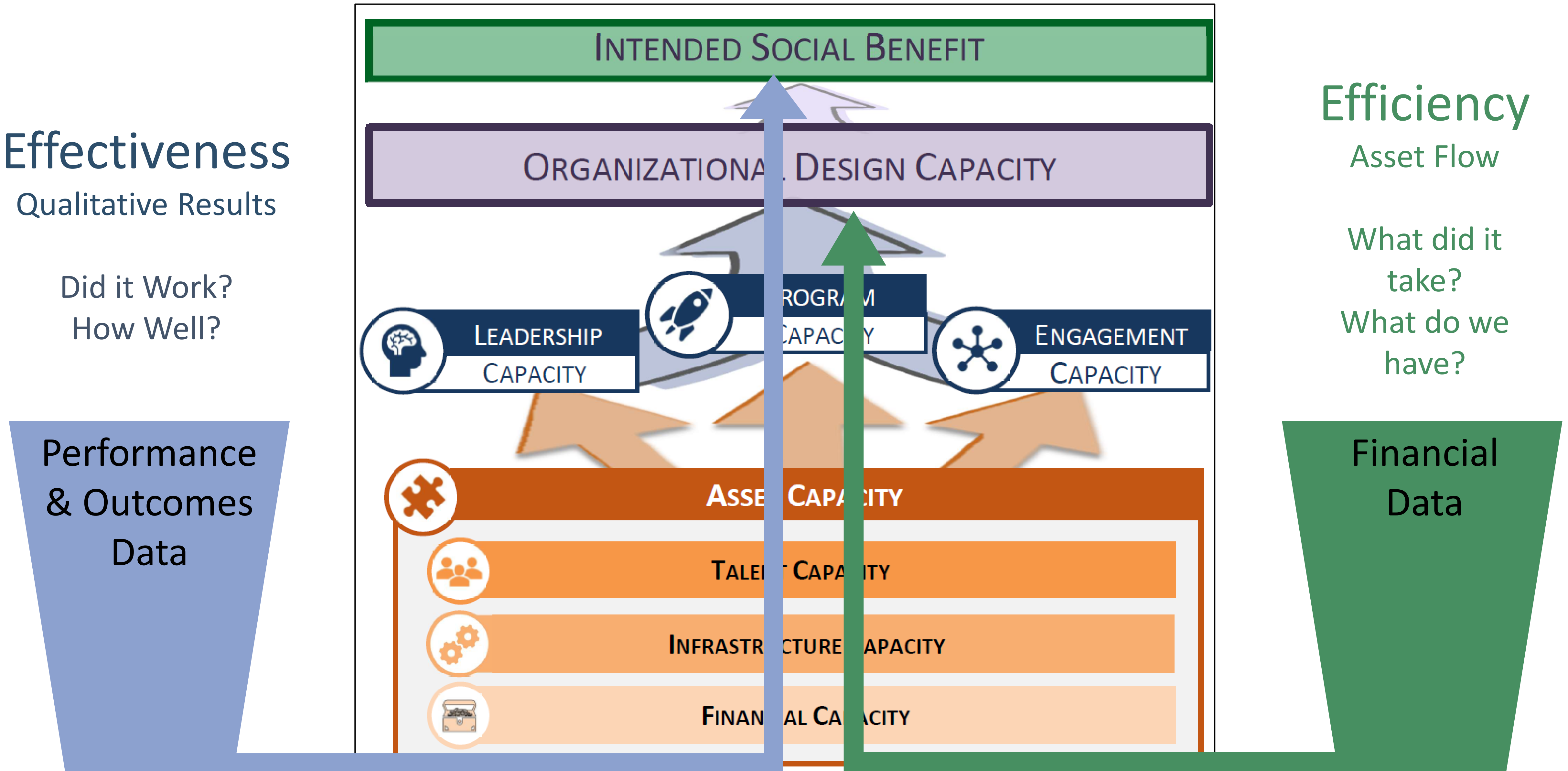


Cash Flow

Capital
- Net Assets
  - Restrictions
  - Obligations (debt)
  - Liquidity
- Fixed Assets

Fluid Assets
- Staff
- Volunteers
- Systems / Processes

How Outcomes & Money Are Connected

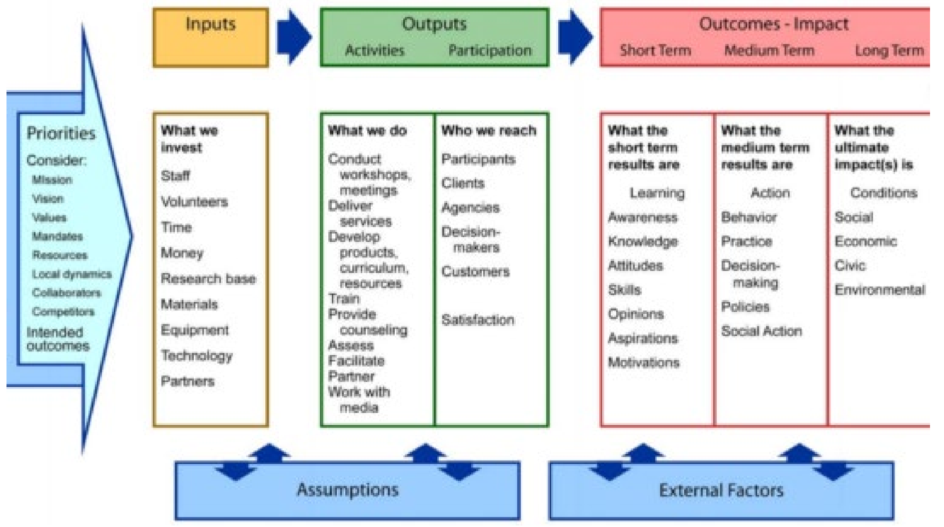


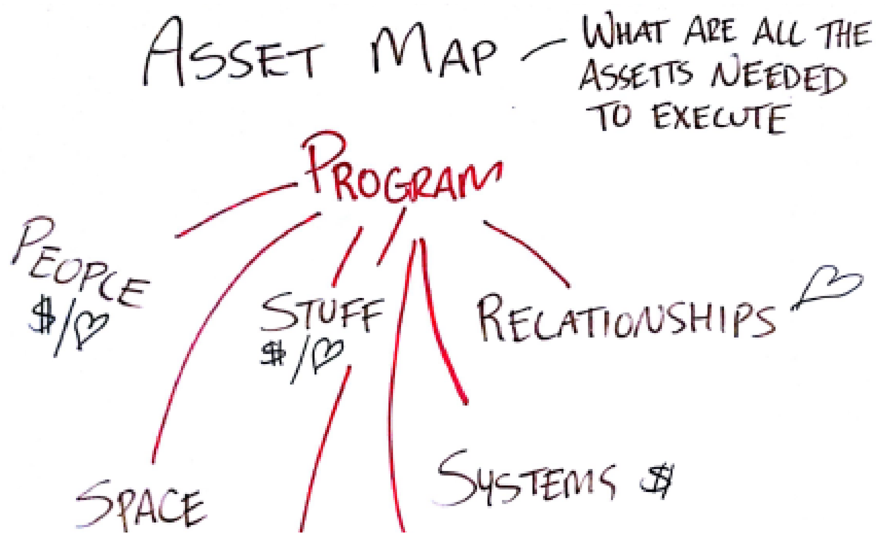
Understanding the Assets/Resources

- **What** are they? (financial vs non-financial)
- **How** are they acquired and allocated?

Assets – What it takes to accomplish outcomes

- **Fiduciaries Know…**
  - What assets we rely on
  - What the assumptions are about how assets are used
  - In what ways assets are dependent on each other
  - Where the assets come from and what it takes to get them



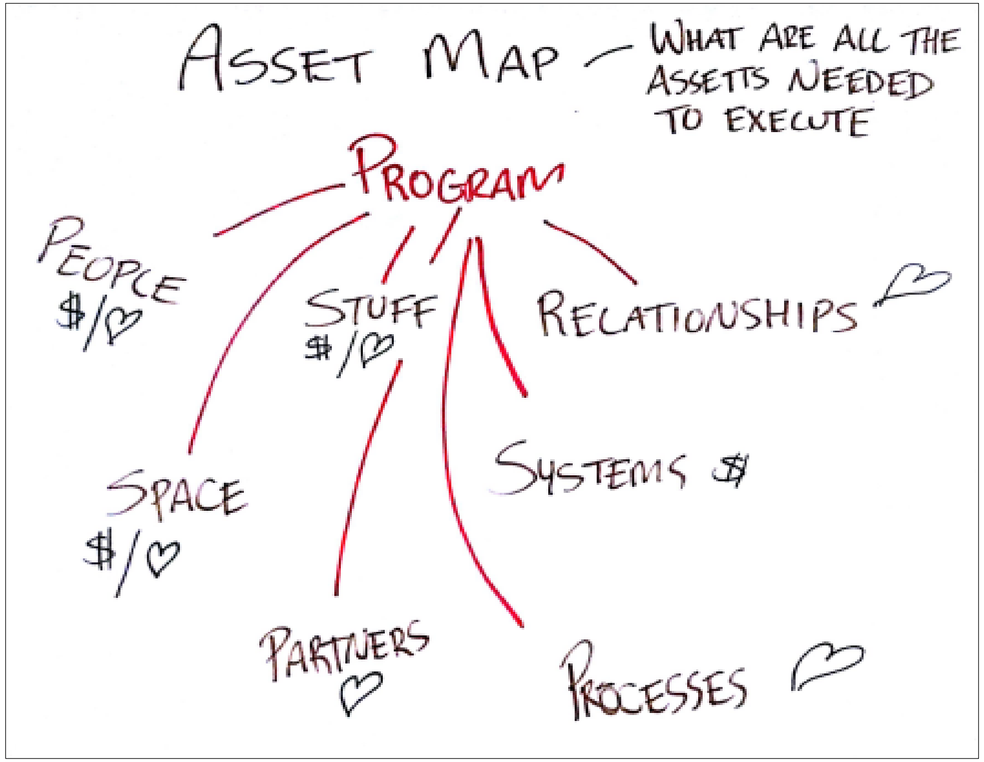


Asset Modeling Tools

Asset Modeling

What assets are required to execute this program?

Assets are not money, they are the things, people, systems, relationships, etc. that are needed to get the work done*



What assets we rely on (financial & non-financial)?

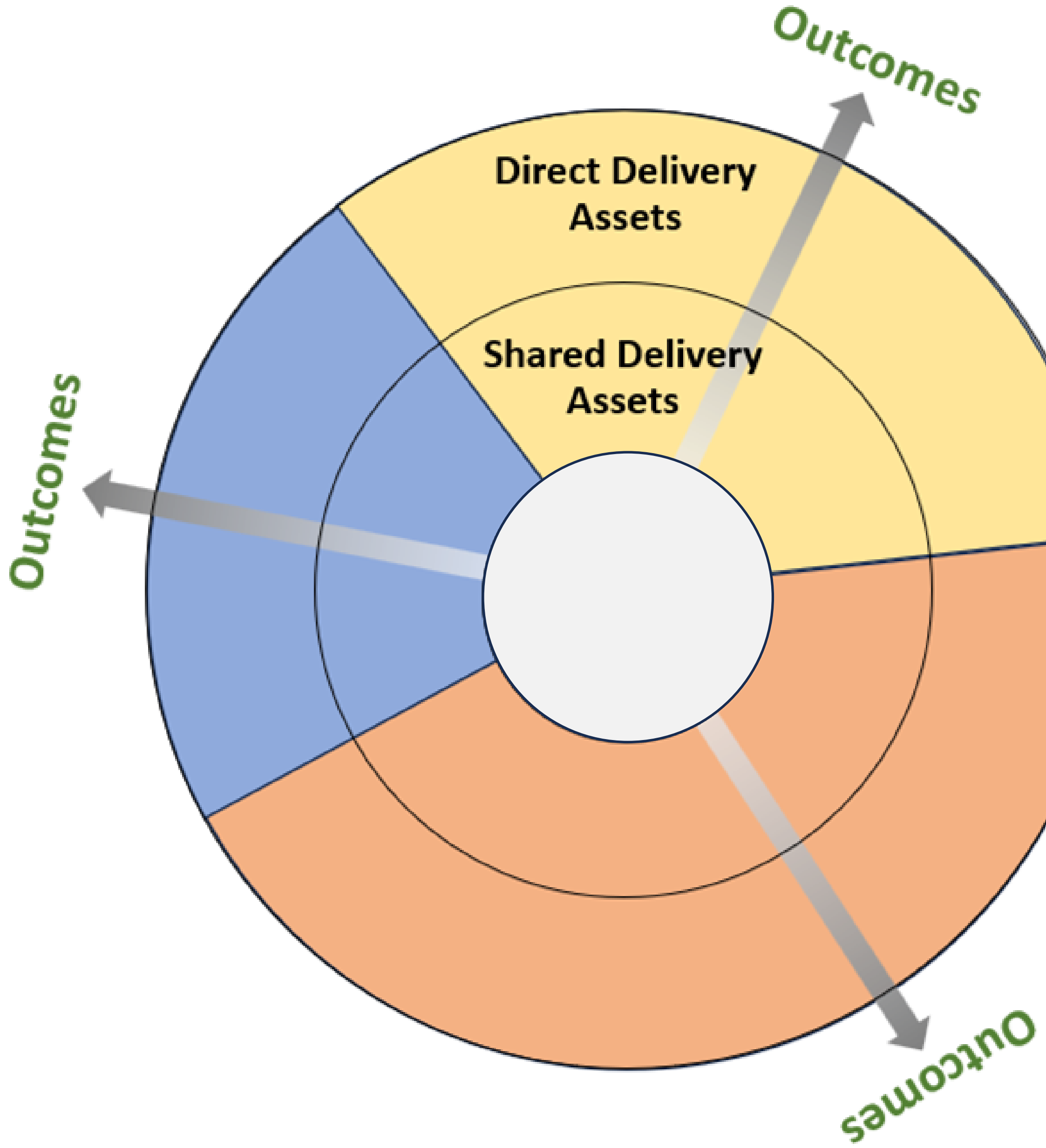
In what ways assets are dependent on each other?

Where do these assets live in the community?
(who has them and do we need to purchase 💰 or will it be given ❤)

Where do the assets come from and what does it take to get them?

Aligning Assets with Real Work

- If **Programs** create **Outcomes**, and
- **Assets** make the Programs happen,
- Assets must be **aligned** with programs to link them to outcomes



Modification of Nonprofit Finance Fund Financial Model

System Structure – Aligning to Efforts

PROGRAMS / PROJECTS → Fanfare, Prosper, Thrive, and Flourish

<table>
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<tr><th></th><th>Fanfare</th><th>Prosper</th><th>Thrive</th><th>Flourish</th></tr>
<tr><td>Direct Assets</td><td>-----

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<tr><td rowspan="2">Shared Assets</td><td colspan="2">-----</td><td colspan="2"></td></tr>
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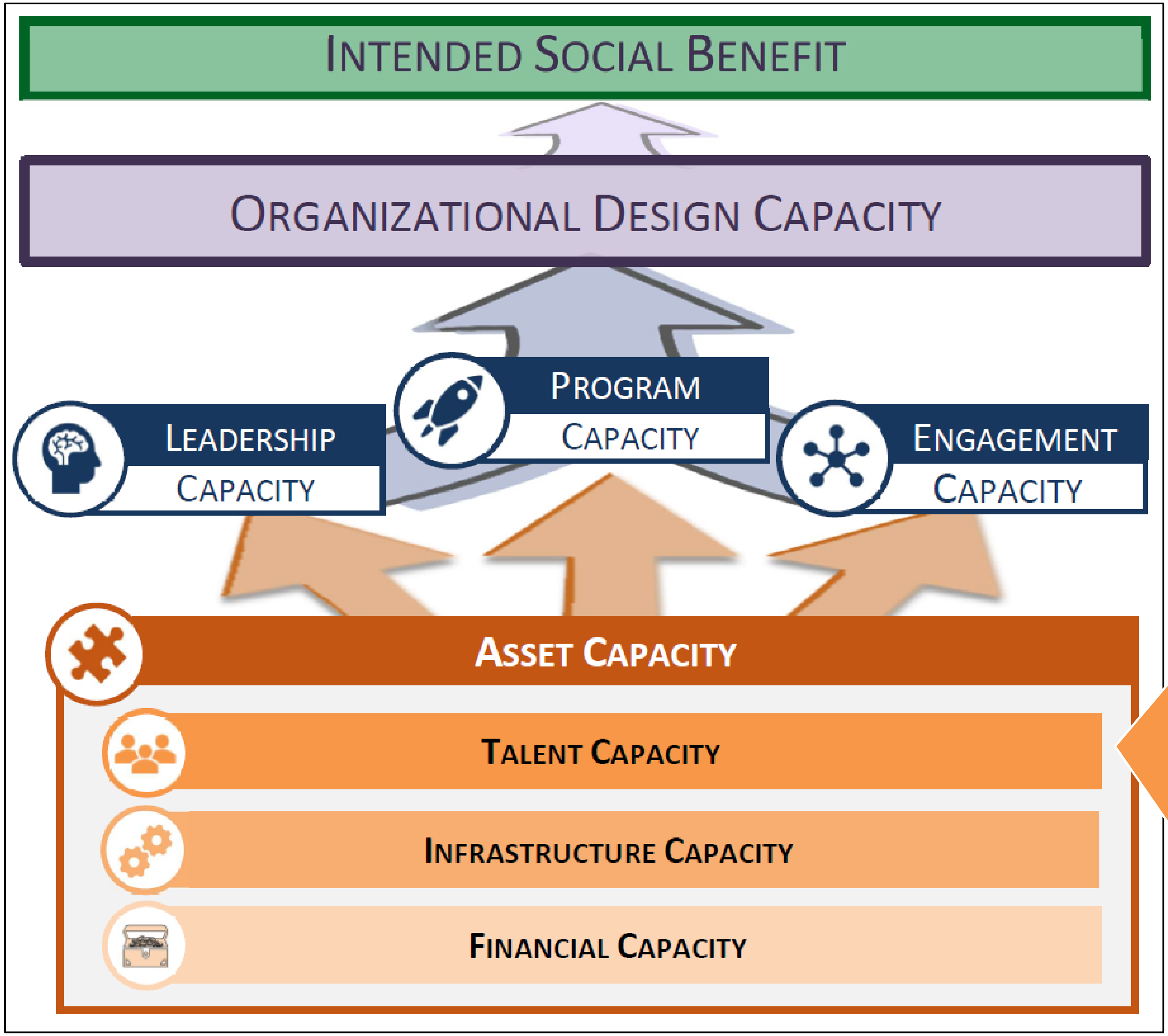
Talent – Largest Asset

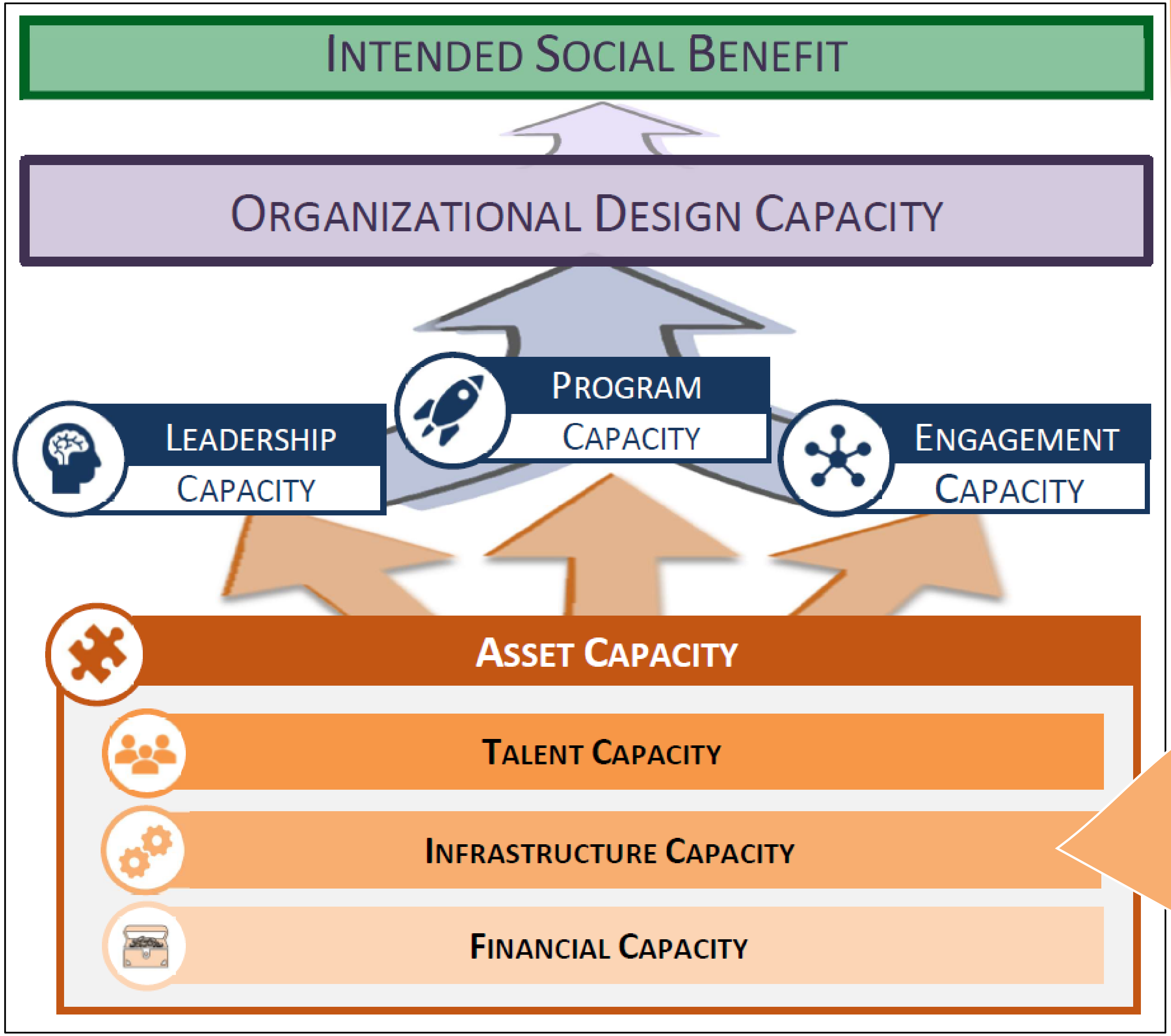


People = 65% to 85% of nonprofit resources

build a committed, balanced staffing plan

- Identify where people are deployed and what they are doing
- Develop staffing strategies & policies

Infrastructure – Core Operating Needs



Facilities (space)

Office Equipment

Insurance

Licensing / Fees

Technology / Systems

Utilities

Administrative Functions
(HR, Finance, Reception, …)

Staff Development

Office Perks…

Vehicles…

System Structure – Aligning to Efforts

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CORE SUPPORT OPERATIONS → Fundraising, General & Administrative

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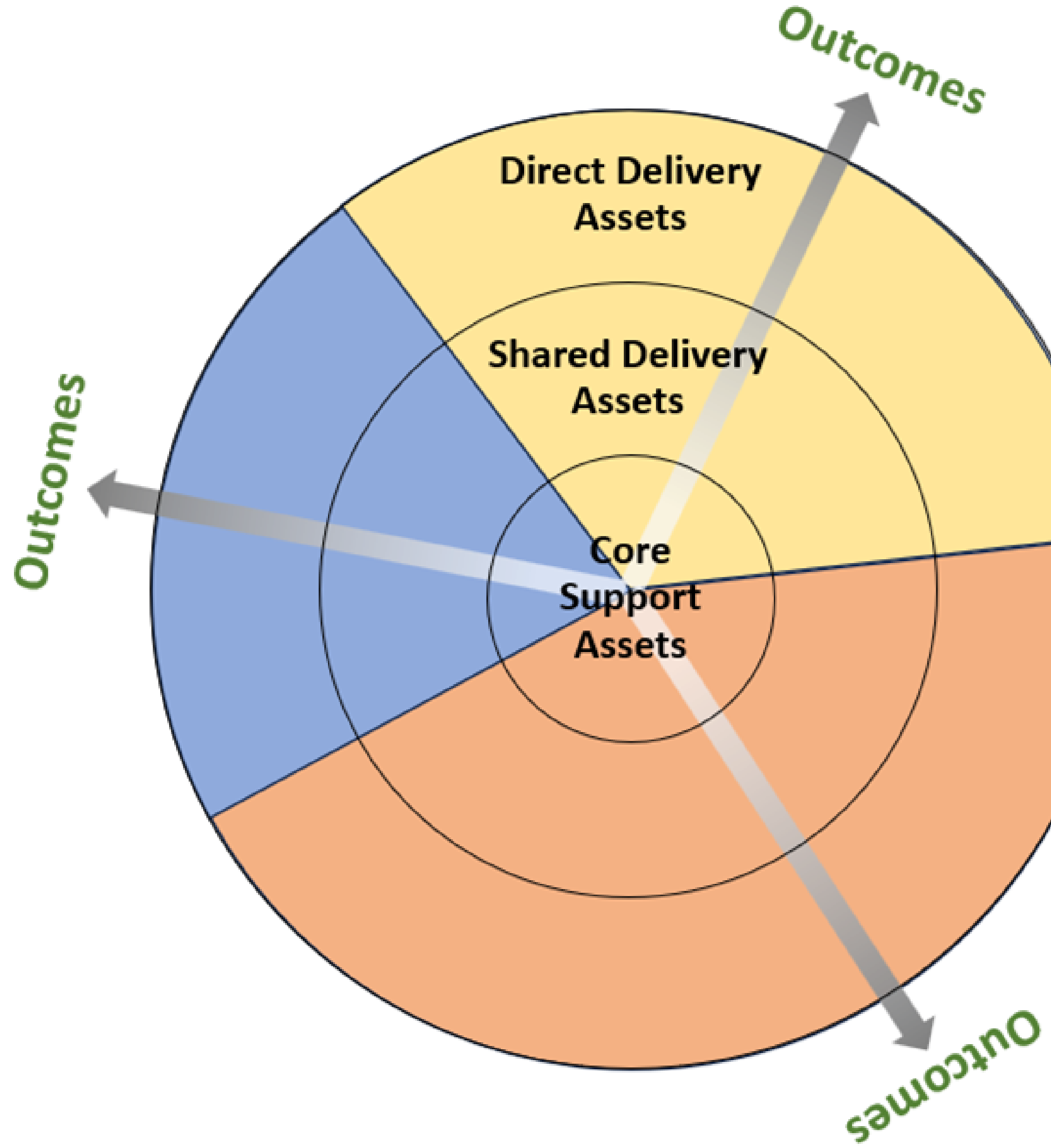

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	Program Areas				**Core Support Operations**	
	Fanfare	**Prosper**	**Thrive**	**Flourish**	**Fundraising**	**Gen & Adm**
Direct Assets	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----
Shared Assets	-----					

Core Support	? %	? %	? %	? %		
Assets	? %	? %	? %	? %		

Identify & Allocate Specific Shared Assets

Common Costs – costs of resources that directly support more than one activity across the organization

Core Operations Costs (~~Overhead~~) – costs of goods, services, and staffing that support the organization entity (often called General & Administrative and Fundraising)

Allocation Basis – How are costs shared across programs and what happens when program portfolio changes

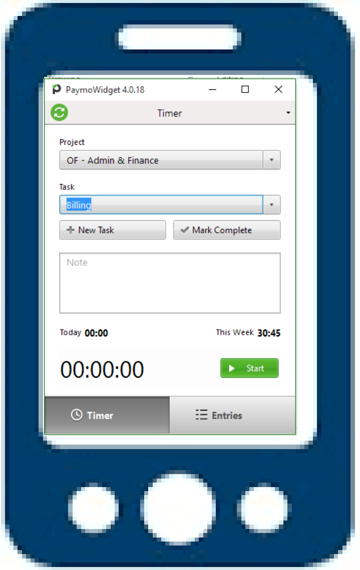
Allocating Shared Costs Across Activities

- **Strategy**: develop and apply a rational allocation policy
  - What costs should we identify as indirect costs?
  - How is a program's share of common costs allocated?
  - What's the impact if we lose a program?
  - How do we address programs that do not cover their allocated share of costs?

Pitfall: people do not understand the rationale behind the allocation – they complain

The Power of Tracking Time

Tracking Labor



Allocation of Effort (Hours)

	Program 1	Program 2	Program Total	G & A	Org Total
Staff Member 1	1000	2300	**2400**	100	**2500**
Staff Member 2	1000	1500	**2500**	580	**3080**
TOTAL HRS	**2000**	**3800**	**5800**	**680**	**6160**
Total FTE	**.96**	**1.8**	**2.76**	**.3**	**3.06**
Allocation based on % of Program Labor	**35%** (.96/2.76)	**65%** (1.8/2.76)			
Allocation based on % of Total Org Labor (Form 990)	**32%** (.96/3.06)	**58%** (1.8/3.06)		**10%** (.3/3.06)	

Management Perspective

Identify Fully Supported Cost of Each Program

Direct Expense: **Unique to Program**

Direct staffing	Program specific admin staffing	Program specific materials, fees, licensing, facilities, etc

Direct Expenses: **Shared by Programs** (allocated Common Costs)

Shared Staffing	Rent, utilities, phone, office supplies, business machines (copier/printer…)	Insurance, licensing, fixed assets (furniture, vehicles…)

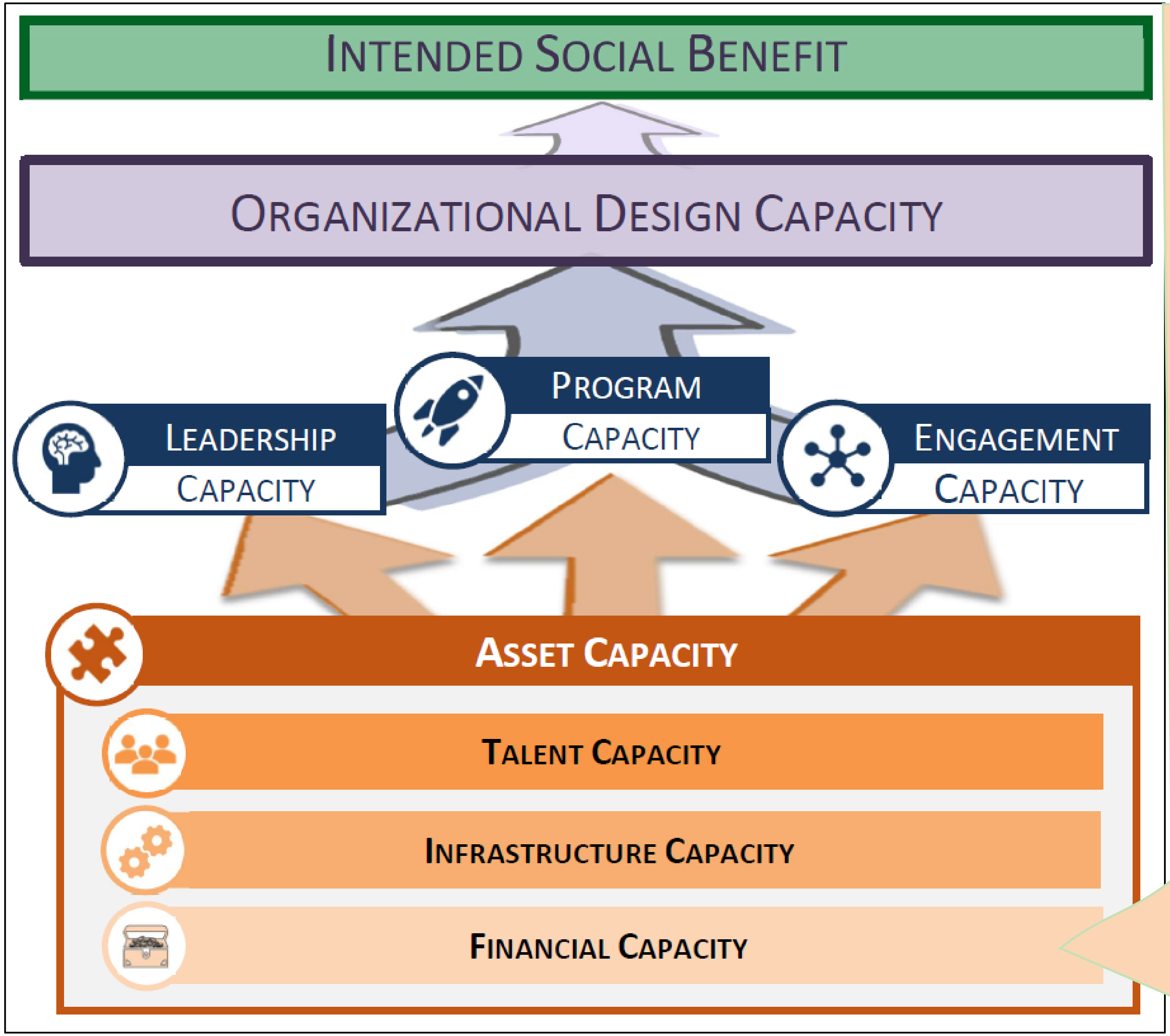
Share of Core Support Functions (allocated Core Operations)

administration staffing (finance, HR, IT, Marketing)	External relations (partnerships, PR, community outreach)	Board support	Fundraising

Build Average 1-Month Asset/Cash Model

Expense	
Compensation	76,134
Consultants & Prof. Services	3,510
Program Investments	1,500
Communication	2,520
Supplies & Eqpt.	1,700
Travel	750
Occupancy	12,394
Insurance/Fees/Business Costs	5,137
Total Expense	103,645
Net Operating Income	(8,645)
Contribution to Reserves	
Net addition to Fund Balance after Reserves	(8,645)
Use of FY 2014 Fund Balances	
FY 2015 Fund Balances	
Share of G&A Expense	(15,303)
Share of FR Expense	(19,361)
Total contribution to fund bala	(43,309)

Asset Engagement / Acquisition



Sources

- Financial
- In-Kind
- Partners

Scale

Timing (Cash Flow)

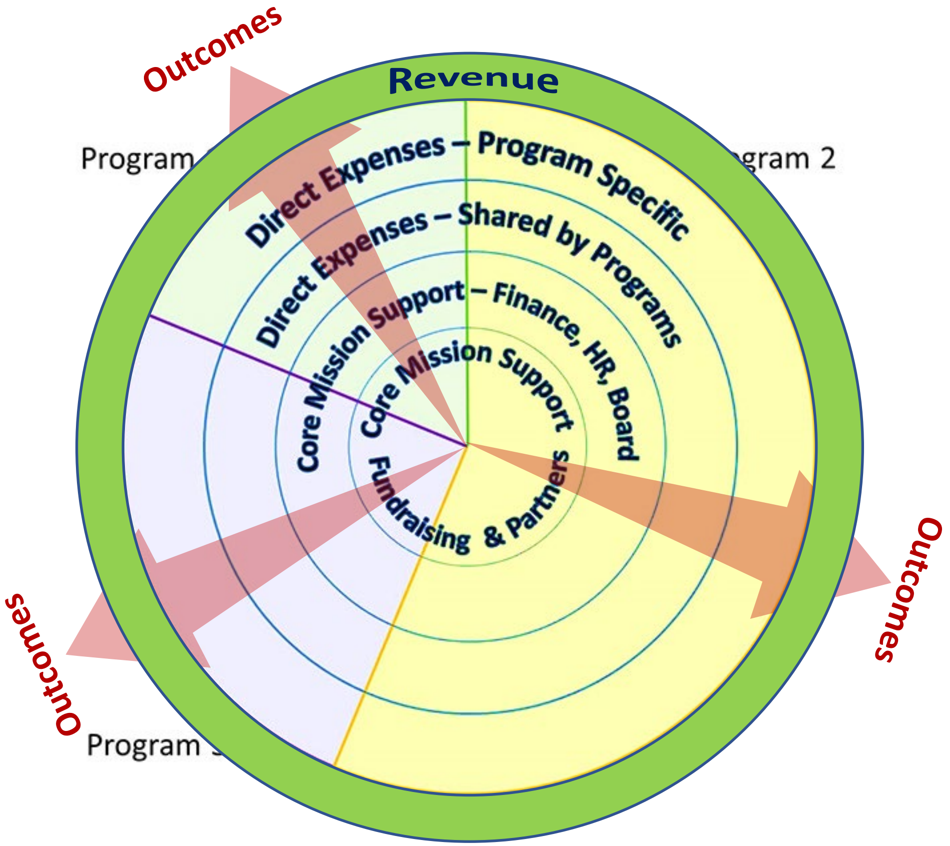
Trends (historical/projected)

- Internal – changes in sources and scale
- External – changes in environment (regulation, economy)

Adding Revenue and In-Kind

A financial model should represent the **sources** and **investments/allocation** of assets required to support the successful execution of a program

This includes an appropriate share of core operational support expenses and revenue



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PROGRAMS / PROJECTS → Fanfare, Prosper, Thrive, and Flourish

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REVENUE & IN-KIND → Earned, Donated, Investment Return

	Program Areas				Core Support Operations	
	Fanfare	**Prosper**	**Thrive**	**Flourish**	**Fundraising**	**Gen & Adm**
Revenue	----- -----	----- -----	----- -----	----- -----	---------- ---------- -----	-----
Direct Assets	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----	----- ----- -----
Shared Assets	-----					

Compiled Annual Management Budget

Revenue

Grants
- Assigned to the activity to which funds are restricted not the development department

Unrestricted revenue
- Assigned to activity or revenue-generating vehicle responsible for generating the funding

OR

- "Unrestricted funds" fund development program.

Expenses

Natural Categories
- Supplies
- Salaries
- Rent
- Printing
- Insurance

Functional
- Program Service
- Fundraising Development
- General & Administrative

Core Operating Allocation

Net Surplus/Deficit

Cost Objects (Programs/Efforts)

Summary Page		Fanfare	Prosper	Thrive	Flourish	Fundraising	General & Admin
Income							
Contributed Income							
Individual Donations	145,000	10,000	-	-	-	135,000	-
Corporate Donations	65,000	-	50,000	-	-	15,000	-
Foundation Grants	202,700	60,000	67,700	-	-	75,000	-
Workplace Giving Campaigns	3,500	-	-	-	-	3,500	-
Total Contributed Income	416,200	70,000	117,700	-	-	228,500	-
Earned Income							
Program Income							
County & State Contracts	147,500	-	45,000	95,000	7,500	-	-
Consulting Income	23,000	-	23,000	-	-	-	-
Education Fees	12,500	12,500	-	-	-	-	-
Service Fees	635,675	-	-	-	635,675	-	-
Other Income	1,700	-	-	-	-	-	1,700
Total Earned Income	820,375	12,500	68,000	95,000	643,175	-	1,700
Total Income	1,236,575	82,500	185,700	95,000	643,175	228,500	1,700
Expense							
Compensation	529,000	105,559	121,153	76,134	105,781	71,639	48,756
Consultants & Prof. Services	400,350	7,070	3,270	3,510	345,000	20,500	21,000
Program Investments	35,000	4,300	14,975	1,500	12,000	500	1,725
Communication	35,750	15,750	2,300	2,520	9,700	2,755	2,725
Supplies & Eqpt.	21,775	1,200	8,750	1,700	8,025	900	1,200
Travel	15,000	500	3,500	750	9,250	500	500
Occupancy	97,000	17,244	25,328	12,394	18,861	12,394	10,778
Insurance/Fees/Business Costs	40,200	7,147	4,497	5,137	12,817	6,137	4,467
Total Expense	1,174,075	158,770	183,773	103,645	521,434	115,325	91,151
Net Operating Income	62,500	(76,270)	1,927	(8,645)	121,741	113,175	(89,451)
Contribution to Reserves	50,000						
Net addition to Fund Balance after Reserves	12,500	(76,270)	1,927	(8,645)	121,741	113,175	(89,451)
Use of FY 2014 Fund Balances less projected FY 2015 Fund Balances							
Share of G&A Expense		(21,291)	(31,271)	(15,303)	(23,287)		
Share of FR Expense		(26,937)	(39,564)	(19,361)	(29,463)		
Total contribution to fund balances		(124,498)	(68,907)	(43,309)	68,992		
Programs to analyze		Heart Program... Needs attention	Add income source?	Add income source?	Primary Contributor	New effort... Keep watch on pay off	

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Mapping to Grant Application Budget

CITY OF GAITHERSBURG

Community Service Grant Program Budget Spreadsheet

Organization Nar		Date:	
Program Name:			
Total Organization Revenue from Current Filed 990 (Line 12):			
Proposed # of Clients to Serve:			
City of Gaithersburg Grant Request:			$0.00
Unit Cost per Client:			$0.00
Percentage of Budget from City Funds:			#DIV/0!

Personnel Category -- Name or Title	Total Program Expenses		ity of Gaithersburg Reques		Balance (expenses from other funding sources)
	Hours / Week for Program	Annual Total Salary	Hours / Week for Program	Request Amount for Personnel	
Example: Program Corodinator	*40*	#####	*10*	#######	######
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
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		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
Sub-Total Salaries		$ -		$ -	$ -
Fringe Benefits -- Direct		$ -	$ -		$ -
Sub-Total Personnel		$ -	$ -		$ -
Type of Program Expense	Category: Client, Staff, Marketing,	Annual Total Program Expenses	Request Amount for Line Item	N/A	Balance (expenses from other funding
Example: SmarTrip cards	*Transportation Assistanc*	$3,000.00	$1,000.00		$ 2,000.00
		$ -	$ -		$ -
		$ -	$ -		$ -
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		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
Sub-Total Program Costs		$ -	$ -		$ -
Total Direct Costs (Personnel + Program)		$ -	$ -		$ -
Total Indirect Costs for Program	#DIV/0!	$ -	$ -	#DIV/0!	$ -
Total Budget Amount:		$ -	$ -		$ -

CITY OF GAITHERSBURG

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Example: Program Coordinator	40	#####	10	#######	######
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
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		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
Sub-Total Salaries		$ -		$ -	$ -
Fringe Benefits -- Direct		$ -	$ -		$ -
Sub-Total Personnel		$ -	$ -		$ -

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		$ -	$ -		$ -
		$ -	$ -		$ -
Sub-Total Program Costs		$ -	$ -		$ -
Total Direct Costs (Personnel + Program)		$ -	$ -		$ -
Total Indirect Costs for Program	#DIV/0!	$ -	$ -	#DIV/0!	$ -
Total Budget Amount:		$ -	$ -		$ -

Staffing Plan

Clearly identifies

- the program manager, key personnel, and their required qualifications
- position titles, responsibilities, percentage of time allocated to the program
- reporting structure.

If positions are vacant, the application should describe the recruitment process and anticipated start date. Applicants must also describe how they will ensure adequate staffing levels, quality of service, and program continuity.

CITY OF GAITHERSBURG

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		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
		$ -		$ -	$ -
Sub-Total Salaries		$ -		$ -	$ -
Fringe Benefits -- Direct		$ -	$ -		$ -
Sub-Total Personnel		$ -	$ -		$ -
Type of Program Expense	Category: Client Staff, Marketing,	Annual Total Program Expenses	Request Amount for Line Item	N/A	Balance (expenses from other funding
Example: SmarTrip cards	*Transportation Assistance*	$3,000.00	$1,000.00		$2,000.00
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
		$ -	$ -		$ -
Sub-Total Program Costs		$ -	$ -		$ -
Total Direct Costs (Personnel + Program)		$ -	$ -		$ -
Total Indirect Costs for Program	#DIV/0!	$ -	$ -	#DIV/0!	$ -
Total Budget Amount:		$ -	$ -		$ -

Budget Narrative

(A) Expense Item	Purpose	Calculation
Smart Trip Cards	Used by clients to access service center	Based on average travel distance and travel method of client demographics multiplied by expected number of clients that claim benefit (projection based on past usage and expected need)
(B) In-Kind	Describe significant in-kind/volunteer resources, **if any**	
(C) Revenue Gap	Describe how you plan to cover any revenue gap between the full program costs and City of Gaithersburg request, **if any**	