

10 Step Annual Budget Checklist



A budget is a planning tool that reflects an organization's programs, mission, and strategic plan. Typically the budgeting process should begin at least three months before the end of the fiscal year to ensure that the budget is approved by the board of directors before the start of the new year.

1. Determine timeline

- Set target date for board approval
- Allow time for each step and for review and discussion
- Approve before beginning of fiscal year

2. Agree on goals

- Prioritize program delivery goals
- Set organizational financial goals
- Clarify annual goals from strategic plan

3. Understand current financial status

- Review current year income and expense compared to budget
- Forecast to the end of the year
- Analyze and understand any variances

4. Agree on budget approach

- Assign roles and responsibilities
- Agree on authority to make decisions
- Agree on how much uncertainty can be included (how many unknowns)

5. Develop draft expense budget

- Determine costs (expenses) to reach program goals
- Determine costs to reach organizational and strategic goals

6. Develop draft income budget

- Project income based on current fundraising and revenue activities
- Project new income based on new activities

7. Review draft budget

- Verify that the draft meets program and organizational goals
- Review and discuss all assumptions
- Make adjustments, based on goals and capacity, to match income and expenses
- Review final draft for all goals and objectives

8. Approve budget

- Present to any committees as needed
- Present to the board for approval

9. Document budget decisions

- Create a consolidated budget spreadsheet and file
- Write down all assumptions

10. Implement budget

- Assign management responsibilities
- Incorporate into accounting system
- Monitor and respond to changes as needed

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