

**COMPARING BUDGET V ACTUAL
(aka Variance Report)**

Three Columns:

- the most recent full year's actual income/expense report (P&L Statement)
- that year's approved annual budget
- column of changes by comparison (either in % or \$)

Now what?

- How do your income variances compare to your expense variables?
- Which income categories exceeded your expectations? Which ones fell short? How short?
- Overall, would you consider your approved annual budget to be meeting your goals?

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Budget Friendly

Which of your income streams should be adjusted?
Are there any new income streams that should be considered?

- Grant Funding
- Local Government Funding
- Private Contributions
 - Events
- Annual Sponsorships or Membership *
- Local Civic Organization Donation
- Merchandise/Online Sales
- Community Partnerships
- Special Taxing District

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Small Group Savings

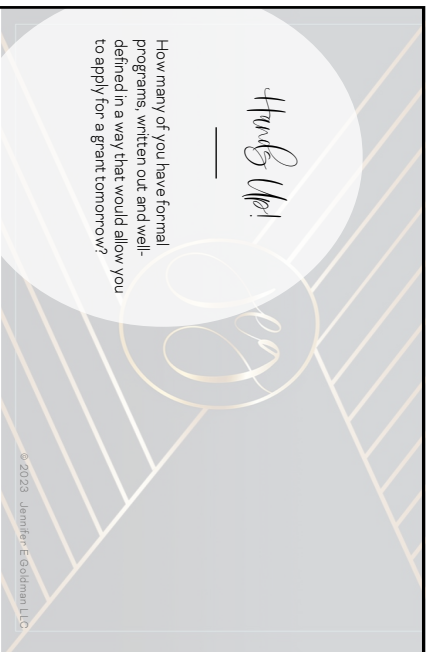
Funding Streams:
Best Practices

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DIRECT & INDIRECT COSTS

Direct Costs: Expenses incurred specifically for the benefit of supporting one particular program, activity or project.

Indirect Costs: Expenses incurred for the benefit of multiple programs or for the overall success of the organization.

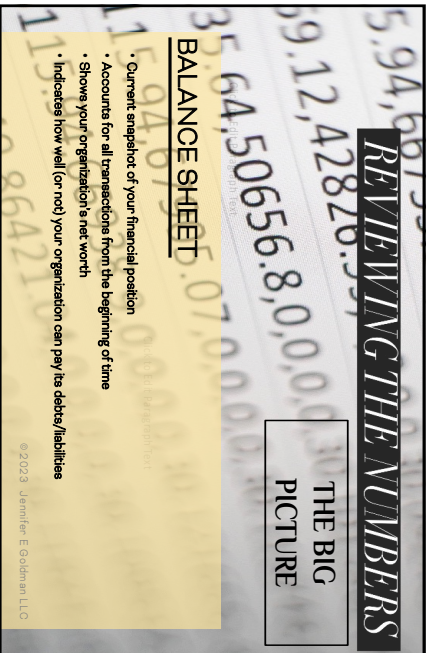
How does this affect your funding plan?

Grants: typically only fund direct program costs; indirect costs (like paying your Executive Director, who will be managing the program but also the entire organization) will need to be funded from another source.

Emannated funds: some donors or partners may require funding they contribute to be used in a defined manner. Knowing which funding streams support which aspects of your organization is essential to ensure you cover it all.

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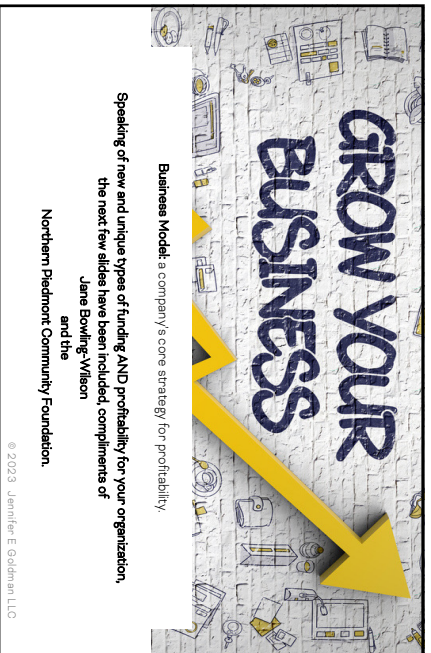
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- What level (%) of reliance is your organization comfortable with?
- What are the risks to each funding stream?
- What risks are there to receiving continued support by your current funders?
- How do the answers to these questions affect your budget and your funding plan?

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Why?

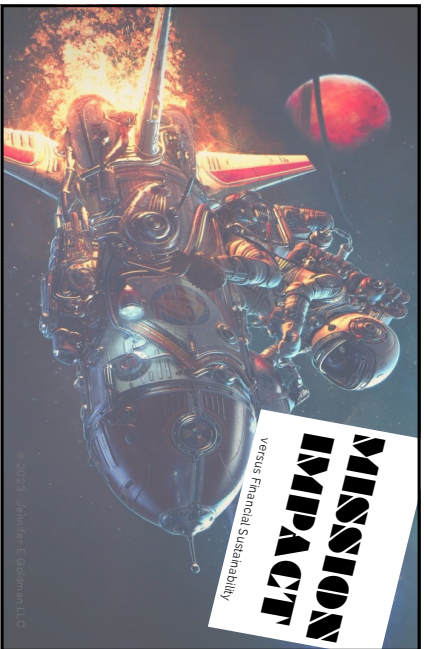
- Share institutional knowledge
- Gain organizational buy-in
- More brains for brainstorming
- More hands for implementation

What?

- Financial statements: Balance Sheet, Business Model/Ratios
- Risk assessment chart
- Ideas for improvement
- Confirm risk comfort level, assess risks

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Finishing the Funding Plan

- Review budgets, adjust as needed
- Add/adjust funding streams as needed
- Match funding streams to program/activities
- Look for profit/reserves (funding pie should be larger than program pie)
- Part/graphic, part narrative
- Be specific about
 - How much money from each stream
 - Who is responsible for securing it
 - What time of year it's expected
- Alternative plans
 - How will the funding be applied

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Presented by

Jennifer E. Goldman
The Gold Standard in Nonprofit Consulting

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SAMPLE VARIANCE REPORT

| SAMPLE VARIANCE REPORT | | | | | |
|------------------------|-----------------------|----------------------|----------------------|--------------|--|
| | | | | | |
| INCOME | | BUDGET | ACTUAL | VARIANCE | |
| Gen Revenues | | | | | |
| | Town of Warrenton | \$ 30,000.00 | \$ 30,000.00 | 0% | |
| | Fauquier County | \$ 15,000.00 | \$ 15,000.00 | 0% | |
| Promotional Events | | | | | |
| | Car Show | \$ 5,000.00 | \$ 5,642.39 | 12% | |
| | 4th of July | \$ 1,000.00 | \$ 1,000.00 | 0% | |
| | Christmas | \$ 5,000.00 | \$ 3,259.59 | -35% | |
| Fundraising | | | | | |
| | EUS | \$ 70,000.00 | \$ 54,556.54 | -22% | |
| | Misc Events | \$ 6,000.00 | \$ 7,402.53 | 23% | |
| TOTAL | | \$ 132,000.00 | \$ 116,861.05 | -11% | |
| EXPENSES | | | | | |
| Program | | | | | |
| | Economic Development | \$ 500.00 | \$ 500.00 | 0% | |
| | Design | \$ 500.00 | \$ 500.00 | 0% | |
| | Promotion: | | | | |
| | Car Show | \$ 1,500.00 | \$ 1,692.32 | 13% | |
| | 4th of July | \$ 1,000.00 | \$ 1,000.00 | 0% | |
| | GumDrop Square | \$ 4,000.00 | \$ 4,208.93 | 5% | |
| | Christmas In Old Town | \$ 2,000.00 | \$ 2,000.00 | 0% | |
| | Advertising | \$ 2,500.00 | \$ 2,500.00 | 0% | |
| | Business Directory | \$ 2,000.00 | \$ 2,000.00 | 0% | |
| | Promotional Items | \$ 2,500.00 | \$ 2,439.95 | -2% | |
| | Website | \$ 1,000.00 | \$ 1,000.00 | 0% | |
| | Merchants Committee | \$ 1,000.00 | \$ 1,000.00 | 0% | |
| | Payroll | \$ 20,250.00 | \$ 20,250.00 | 0% | |
| Administration | | | | | |
| | Interest | \$ 120.00 | \$ 118.21 | -1% | |
| | Bookkeeping | \$ 3,500.00 | \$ 3,500.00 | 0% | |
| | Bank Charges | \$ 400.00 | \$ 250.00 | -37% | |
| | Board Meetings | \$ 1,000.00 | \$ 669.00 | -33% | |
| | Computer Repairs | \$ 500.00 | \$ 315.00 | -33% | |
| | Meetings/Workshops | \$ 1,000.00 | \$ 1,000.00 | 0% | |
| | Insurance | \$ 2,000.00 | \$ 2,000.00 | 0% | |
| | Office Rent | \$ 3,600.00 | \$ 3,600.00 | 0% | |
| | Office Supplies | \$ 1,500.00 | \$ 1,884.09 | 26% | |
| | Postage | \$ 1,000.00 | \$ 1,234.52 | 23% | |
| | Printing/Copy | \$ 1,000.00 | \$ 875.50 | -12% | |
| | Telephone | \$ 3,000.00 | \$ 2,406.54 | -20% | |
| | Payroll | \$ 20,250.00 | \$ 20,250.00 | 0% | |
| Fundraising | | | | | |
| | EUS | \$ 17,000.00 | \$ 15,583.49 | -8% | |
| | Misc. Events | \$ 3,000.00 | \$ 2,894.33 | -4% | |
| | Payroll | \$ 20,250.00 | \$ 20,250.00 | 0% | |
| TOTAL | | \$ 117,870.00 | \$ 115,921.88 | 98% | |
| | GROSS | \$ 14,130.00 | \$ 939.17 | -107% | |

DEFINING YOUR BUSINESS MODEL / PROFITABILITY

CURRENT RATIO

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

RELIANCE RATIO

$$\frac{\text{Amount of Largest Income Stream}}{\text{Total Income}}$$

SINGLE RELIANCE RATIO

$$\frac{\text{Single Largest Income Source}}{\text{Total Income}}$$



GAUGING RISKS TO INCOME

| FUNDING SOURCE | SINGLE RELIANCE | RISKS TO SOURCE | BUDGET CHANGES AS A RESULT |
|--------------------|-----------------|---|---|
| PATH Grant | 3% (\$10,000) | Continued Funding once not a new program | Leverage for matching funds in additional grants |
| Fauquier County | 10% (\$30,000) | COVID-19 recovery funding requests by numerous orgs/cos. | None; make stronger case for continued funding – relate to COVID recovery efforts |
| Corporate Sponsors | 12% (\$36,000) | Supply chain shortages and materials costs increases continue | Forecasting 2% decrease in this category |
| Foundation B | 15% (\$45,000) | Funded program is aligned with foundation goals; little risk | Apply for increased funding to cover funded program & cover PATH risk |

IMPACT / SUSTAINABILITY MATRIX

