**BUDGET DEVELOPMENT PROCESS**

**What is a Budget?**

- A financial plan that identifies the financial resources required to achieve program objectives.
- This plan assists the staff, volunteers and board in managing programs and finances during the year.

**Why is a Budget Important?**

- Ensures that resources are available for the organization to attain its mission and vision
- Provides a framework for organizational decision making
- Tool for monitoring financial activity
- Help identify gaps between planned spending and actual expenses

**Budget Development Steps**

1) Plan the Process and identify a budget committee
   a) Suggested Members: President, President-elect, Treasurer, Treasurer-elect, NPD Chair
2) Communicate responsibilities, expectations and deadlines
3) Determine program goals and objectives
4) Determine and document assumptions
5) Get board agreement on goals and assumptions Construct budget details
   a) General & Administrative
   b) Personnel
   c) Programs
   d) Allocations
   e) Capital needs
6) Committee Review and Input
7) Final Board Approval
8) Implement and Manage
9) Compare actual results to budget (monthly and YTD)
10) Analyze major variances to budget
11) Organize By natural account, By program, cost center or department
12) Forecast remaining months

**How Do You Use a Budget?**

- On a monthly basis review actual income and expenses compared to the budget
- Explain significant variances between budget and actual
- Use actual results to develop year-end projected results
- Update and revise the projected results as changes occur during the year
- Communicate variances and projections to staff and to the board.