



Budgeting & Cash Flow Management

BEARMANCPA^{PLLC}
ACCOUNTING SERVICES FOR NONPROFITS

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Goals

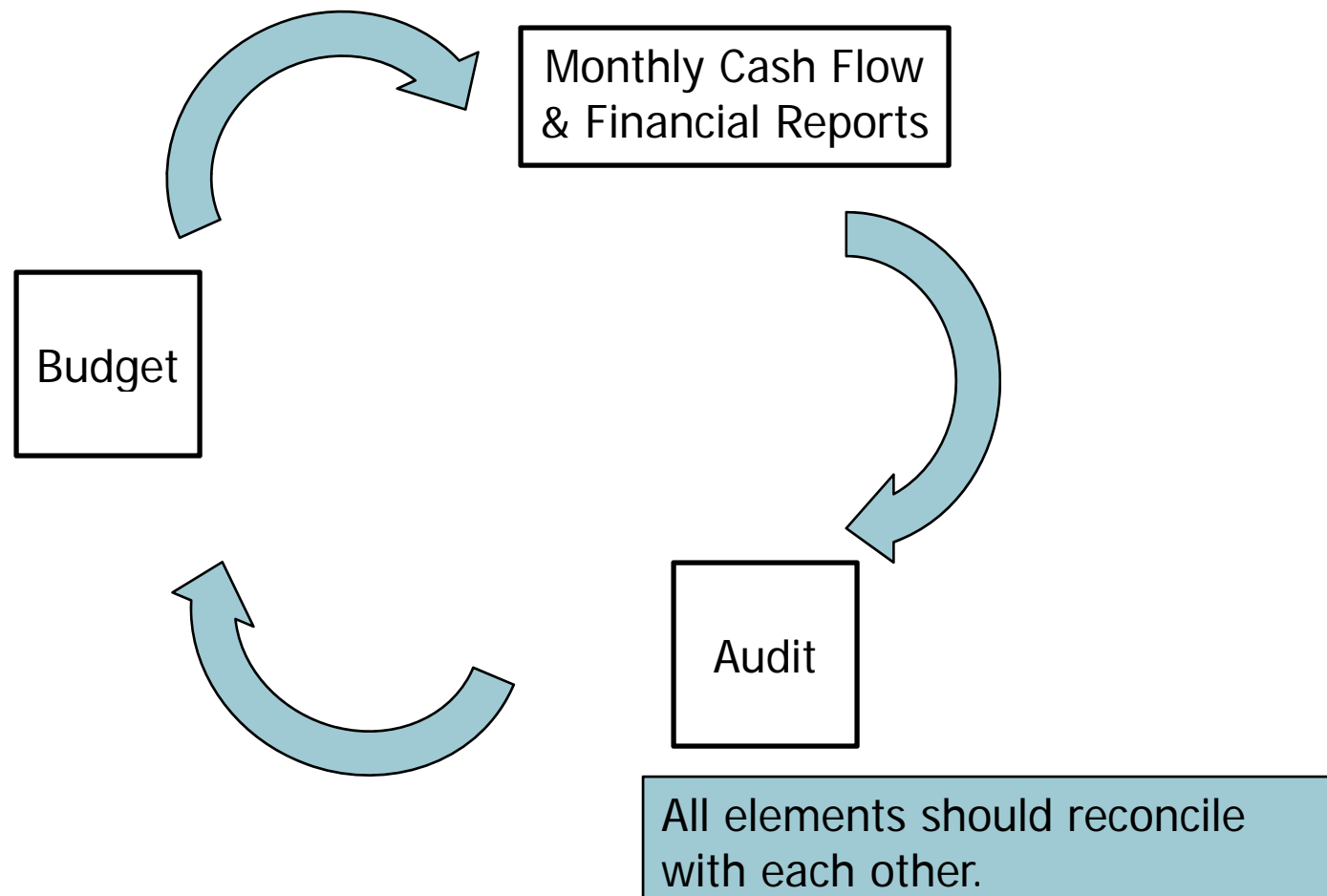
- Make your budget document a working tool to be used throughout the year
- Predict cash highs and lows ahead of time
- Use narrative to give depth to monthly financial statement analysis



Principles

- Evaluate your staff's ability to produce the information you need.
- Keep track of non-cash items separately
- Distinguish between restricted and unrestricted funds
- Be able to reconcile all your information
 - Budget – monthly reports to board – audit
- Keep your board members in mind
 - non-accountants, big picture
- Strong narrative is as important as good spreadsheets.

Annual Cycle of Financial Information





The Budget Process

- Typically developed months in advance
- Spreadsheet format
- Race to pull information together in time for board meeting
- Board passes it, after some questions
- Sigh of relief.



The Budget Document

- Get Your Control of Your Chart of Accounts
 - Think about your major revenue and expense groupings
 - Use narrative to explain the rationale for the numbers
 - Use accounts & subaccounts to track summary and detailed information in Quickbooks.
 - Use “Other Income” type in Quickbooks to keep non-cash items and restricted items out of the way
 - Use classes to track grant-specific information
- See Examples 1-4



Rolling Budget

- Updates original budget using actual results as the year progresses
- Keep original budget intact
- Allows you to adapt to changing circumstances
- Manage cash flow highs and lows before they happen
- See examples 5 and 6



Reconcile Year-End Results

- Request your auditor provide a reconciliation that explains how the bottom line you showed to the board turned into the bottom line in the audit.
- See Example 7, 8



Use Finalized Results

- Use finalized information to inform budget building for the new cycle.



Questions, Comments, Suggestions



Please contact me with any follow-up inquiries at
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