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## Introduction

Hi, my name is Kristine Alvarez in this video I'll provide a brief walkthrough of completing the budget template. This video is intended to provide a starting point for those who are new to budgeting or starting a budget from scratch for the first time, or in the early stages of their own financial management journey.

This segment is the second part of a three-part series.

### **[0:22](#) Start the Budget Process In Advance**

In our last segment I described the value of starting the budget process at least three months before a new fiscal year begins, so that you have enough time and space to do the thinking, planning, and the research for your upcoming year, instead of having to play catch-up.

We're picking the conversation up on the “how”, how to begin the process of creating the budget template from scratch. For this process to happen holistically, it's helpful to enter the process having already thought about specific goals for the next fiscal year, which we touched on in our last segment. In this example this organization ends its fiscal year on December 31<sup>st</sup>. The budget template process would ideally start no later than October the 1<sup>st</sup> and if possible, even earlier. And that's the time to put numbers to goals and begin creating projections and estimates for both revenue and expenses in the budget template. You would have already had time also to review and make revisions and then get board approval before the next fiscal year begins.



### **1:31 No Numbers Yet: The Budget Template**

So, let's focus in on the budget template process. The budget includes two main sections, revenue and expense. You can start with either side. I personally like to start with expenses because I like to lead with my program goals in mind first, and the projects that I want to deliver, and then plan the revenue that's needed to support those activities. Even before you get to the point of thinking about numbers you would have already planned out programs, goals, activities. And now you want to work backwards from your planned activities and goals and think expansively about what are all of the things you will need to accomplish your goals.

For this first step, the key word is “what” not “how much.” Most people think that creating the budget template starts with numbers but actually it starts with a list of items first. And so, if you're looking for a starting point in creating your budget template, it can be helpful to start with making a list.

### **2:26 Budget Template: Similar to Your Packing List**

I find that the act of creating the budget template to be very similar to creating a packing list. When you're getting ready for a trip or preparing for a journey you typically start with a list of the things that you will need. The budget template starts in a really similar way. If you're like me you may have had the experience of having to pack in a mad rush, or a hurry, or at the last minute for a trip that you're taking. And ultimately, looking back I managed to get through, but I remember very specifically the experiences feeling stressful or frantic. And inevitably I found that I had either forgotten something key or at least one item when I was already en route to my destination, or that I'd forgotten something when I was already there. When I compare those stressful moments with other times that I felt more prepared and confident, the real difference was creating a list of things that I would need ahead of time and leaving myself time and space to do this.

The first step was making a really broad list of all of the items I would need for the trip and taking into consideration things like what the local weather would be like, what kind of activities would I be involved in, what kind of potential emergencies might I need to be prepared for, such as allergies in my case. It's the same thing with starting the budget template. It may sound overly simplistic, but it truly starts with making a broad list that includes everything you need or everything that you think you will need, based on what you expect, and what your goals are for the journey. Start by making a list of everything that comes to mind and don't worry about making this first version perfect.

Now, when I take a moment to organize my broad list with light categories, it makes for a more organized and less stressful packing process. I start to put like items in like categories and this helps me for a few reasons. It helps me process



and identify additional items I might have missed. And more importantly for me I avoid running all over the house and my home unnecessarily backtracking several times; which is exactly what would happen if I didn't have a list to begin with.

#### **4:54 Start Your Budget Template: Make a List**

And so, this process is really similar to creating your budget template. Make a list. Start with a broad list of everything that you plan will go on in your organization, the programs, the ways that money comes to your organization, all of the people that are needed to carry out your work. It can help to mentally go through the 12 months of the fiscal year, to brainstorm and capture all the things that you plan in the upcoming year. Many of you may be still finishing out 2022 and so your next budget would be for 2023.

#### **5:35 Start Your Budget Template: Add the Details**

After you make the broad list, start to add details, as many details as you can think of, and invite others on your team to weigh in so that you don't miss anything. And now, notice that some of the items are similar. For example, I've called out in purple arrows the items that involve the people that are needed to carry out activities and programs. Some of these are people who work full time on payroll. Others are independent contractors.

#### **10:02 Organize the List by Similar Categories**

The next step is about organizing the list so that you put similar items together. It's just like the packing list. When I first make the list, I don't make the list in any particular order but I start with brainstorming the things that I'll need. Now I want to take an extra step of organizing the list by similar categories. If I don't do this, I'm more likely to have to backtrack throughout the house and I may miss something that I meant to pack. If I take the time to organize by similar categories, I can get through the house without too much backtracking. I might even find that organizing the list prompts me to remember and recall things that I didn't think of before. This is a very similar concept in the budget template. And just one note, thankfully there are a lot of templates for budgets that are out there and any particular template may not be a perfect fit for your organization, but they can provide a really good starting point or a good inspiration that you can refine and modify, much like the packing list template that I showed earlier.



### **7:16 A Sample Budget Template is Available at [nff.org](http://nff.org)**

If you're in search of a pre-existing budget template, we invite you to access a sample budget template available on NFF's website, along with additional resources on budgeting, such as recorded webinars and blog series on budgeting.

### **7:31 Estimate Revenue & Expense**

And so, whether you create your template from scratch or modify a ready-made template, the result is one that everyone in your organization can use and it's one that you should use every year budget time, with ongoing refinement.

And so now that you have your budget template, your list of budget items ready, now you are finally ready to bring money into the picture and start estimating costs and revenue. Remember, only once the template is ready, this organized list of similar categories of revenue expense, then and only then, should you think about money and start inserting estimates for every line item. Get people involved from your team in the process. Spread the work of budgeting out with team members who are most familiar with your organization, and your programs and services. This will help you get better information, feedback, ideas, and buy-in. Whatever template you decide on, give everyone a copy of the master template and assign each person or each department something to work on, and have them fill in the template. Even if people don't fill in every line, you can easily collate information, because everyone is working on the same master template. So, for each line whether it's revenue or expense, enter the amount that you think you will receive or spend in the fiscal year. And don't forget to write down and capture the notes about your assumptions. These will become really valuable as you move through the budget process and when it comes time, to developing next year's budget.

### **9:09 Review of Key Budget Template Steps**

And so, to recap, here are the key steps that we walked through in this section. Focus on the budget template. First, ahead of thinking about money, identify what your goals are first. What do you want to achieve next year? What programs and services, projects, operational plans, do you expect? Second, make a list. Working backwards from your goals, make a list of everything that will go on in your organization, what you will need, and then sort and organize your list into common categories. Third, only after a template is created, can you start estimating costs and revenue that is attached to the items in your budget template. In preparation for the next segment, we invite you to create your budget template modeled by the process I discussed here. In our next segment, we will discuss in further detail the process of estimating costs and revenue. Thank you very much for tuning in and we look forward to reconnecting with you next time.