

# Financial Section



# **What Do Funders Look For?**

- IRS determination**
- Match to their Funding criteria**
- Mission alignment in verbiage and financials**
- Healthy bottom line**
- Need for funding based on liquidity**
- Appropriate admin/program percentage (25% / 75%)**

- **Your budget tells the story of your mission and strategic plan, and how you will execute your vision.**
- **It gives you a roadmap to follow. which will keep you from going off course.**
- **The financial plan demonstrates fiscal responsibility to funders. It shows how you will use money to drive mission success.**

# **PCHF is looking for the following:**

- Complete budget with Revenue & Expenses, showing Admin vs Program**
- Balanced budget, with less than 10% profit / loss**
- If using reserves, show that in the Revenue. Identify clearly , such as “Released from Reserves”. Describe how future shortfall will be covered**

Sample  
Budget  
Format

<b>REVENUE</b>			
<b>Donations</b>			
Corporate	15,000		
Individual	10,000		
Fundraising	20,000		
<b>Grants:</b>			
Foundation #1	200,000	Secured	
Foundation #2	125,000		
County Grant #1	50,000		
State Grant #1	75,000	Secured	
State Grant #2	75,000		
Federal Grant #1	200,000		
<b>Other:</b>			
Interest Income	5,000		
Misc.	-		
In-Kind	25,000		
<b>Total Income</b>	<b>800,000</b>		
	<b>Annual 2021/2022</b>	<b>Administration / Fundraising</b>	<b>Direct Services</b>
<b>EXPENSE</b>			
<b>Payroll</b>			
Salary and Taxes	410,000	100,000	310,000
Benefits	86,875	24,015	62,860
Equipment Expense	15,000		15,000
Insurance	8,000	3,000	5,000
Postage	300	50	250
Printing	7,500	2,500	5,000
Professional Fees	25,000	25,000	-
Computer Lab	54,000	-	54,000
Software- Computer	15,000	15,000	-
	-		-
Supplies	54,777	13,500	41,277
Rent	48,000	10,000	38,000
Utilities	3,600	1,000	2,600
In Kind	25,000		25,000
Events	7,500	7,500	-
<b>Total Operating</b>	<b>760,552</b>	<b>201,565</b>	<b>558,987</b>
<b>Net Income</b>	<b>39,448</b>		

## **Year-to-Date Budget vs Actual**

- **Constant review of budget to actual**
- **Review YTD and full year budget**
- **Account for discrepancies, especially if they are greater than 10%**
- **If YTD is off course, devise a plan to adjust your Revenue, or spending, so it balances at year end (scenario planning)**

Sample  
Budget  
vs Actual

	Annual Budget 2021-2022	YTD Budget 4/30/22	YTD Actual	YTD Variance
<b>REVENUE</b>				
<b>Donations</b>				
Corporate	15,000	12,500	15,000	2,500
Individual	10,000	8,333	6,000	(2,333)
Fundraising	20,000	10,000	8,000	(2,000)
<b>Grants:</b>				-
Foundation #1	200,000	200,000	200,000	-
Foundation #2	125,000	125,000	125,000	-
County Grant #1	50,000	-	-	-
State Grant #1	75,000	75,000	75,000	-
State Grant #2	75,000	75,000	75,000	-
Federal Grant #1	200,000	200,000	200,000	-
<b>Other:</b>				-
Interest Income	5,000	4,167	3,472	(694)
Misc.	-	-	-	-
In-Kind	25,000	20,833	17,361	(3,472)
<b>Total Income</b>	<b>800,000</b>	<b>730,833</b>	<b>724,833</b>	<b>(6,000)</b>
<b>EXPENSE</b>				
<b>Payroll</b>				
Salary and Taxes	410,000	341,667	341,667	-
Benefits	86,875	72,396	72,396	-
Equipment Expense	15,000	12,500	12,500	-
Insurance	8,000	8,000	9,000	(1,000)
Postage	300	250	150	100
Printing	7,500	6,250	7,000	(750)
Professional Fees	25,000	20,833	23,600	(2,767)
Computer Lab	54,000	45,000	49,000	(4,000)
Software-Computer	15,000	12,500	12,500	-
Supplies	54,777	45,648	42,000	3,648
Rent	48,000	40,000	40,000	-
Utilities	3,600	3,000	2,685	315
In Kind	25,000	20,833	17,361	3,472
Events	7,500	6,250	5,800	450
<b>Total Operating</b>	<b>760,552</b>	<b>635,127</b>	<b>635,659</b>	<b>(532)</b>
<b>Net Income</b>	<b>39,448</b>	<b>95,707</b>	<b>89,175</b>	<b>(6,532)</b>

Premium Increase  
Decision to do additional printing  
Legal consultation  
Equipment replacement

Explain variance with a 10% difference

## **Balance Sheet**

- **Shows assets, liabilities, and equity. It is your Cash Position.**
- **It does not zero out and shows your current financial picture.**
- **It gives insight into sustainability.**
- **Your Board should always have a clear picture of your assets & liabilities.**

# Sample Balance Sheet

<b>Assets</b>	
<b>Current Assets</b>	
Cash	65,235
Accounts Receivable	4,700
CD Phoenixville Federal	5,000
Investments	15,315
Prepaid Insurance	5,100
Supplies	250
<b>Total Current Assets</b>	<b>95,600</b>
<b>Non-Current Assets</b>	
Furniture	5,400
<b>Total Assets</b>	<b>101,000</b>
<b>Liabilities and Equity</b>	
<b>Liabilities</b>	
Notes Payable	8,000
Accounts Payable	1,600
Salaries Payable	2,000
Unearned Revenue	4,400
<b>Total Liabilities</b>	<b>16,000</b>
<b>Equity</b>	<b>85,000</b>
<b>Total for Liabilities and Equity</b>	<b>101,000</b>

# Cash Reserves

- Readily available funds that can be used if needed (Liquid Assets)
- PCHF considers the ability to fund 6-12 months of expenses to be healthy

<b>Current Assets</b>	
Cash	65,235
Accounts Receivable	4,700
CD Phoenixville Federal	5,000
Investments	15,315
Prepaid Building Rent	1,500
Prepaid Insurance	3,600
Supplies	250
<b>Total Current Assets</b>	<b>95,600</b>
<b>Non-Current Assets</b>	
Furniture	5,400
<b>Total Assets</b>	<b>101,000</b>

# Restricted Funds:

- For a specific purpose or project as designated by funder, donor, or ask
- Obligated to use the funds as agreed
- **Straying from that scope can trigger demands to return the money**
- **Must keep detailed records. Must have a clear tracking of funds given, left and spent. Return unused funds.**

- **Carry the restricted funds received separately, and clearly, from other monies on your books. It should be booked as an Asset.**
- **As money is spent on the purpose specified, release restricted funds for the same amount as the incurred expense, in accordance with the agreement.**

## **Before Applying**

- **You must meet funding criteria**
- **Organizations, with more than 12 months reserves, will not qualify**
- **Align budget to mission**
- **Show reasonableness**
- **Explain anything questionable**
- **Call with questions**



## **BEFORE YOU SUBMIT...**

- **Be sure all documents are what was requested**
- **Verify that everything totals properly**
- **Check all formulas**
- **Clarity & proper formatting**
- **Explain significant variances (10%)**
- **Detail how a deficit will be covered**
- **Admin expense not greater than 25%**
- **Ask funder questions- Don't assume**

# **If Denied a Grant**

- **Reach out and ask why, so you can learn from the experience.**
- **Listen to the answer and aim to make grant proposals and budgets stronger and clearer in the future.**

# • Q&A

