

Budgeting Tips for Not-for-Profits

A Practical Guide



A hands-on guide to budgeting using Calxa.
Focused on the needs of a Not-for-Profit organisation.

Mick Devine - Calxa

Table Of Contents

Introduction	2
End of Spreadsheets	3
Budgets in Calxa	4
Editing Tips	5
The Budget Factory	6
Excel and Calxa	7
Share the Load	8
Key Budget Reports	9

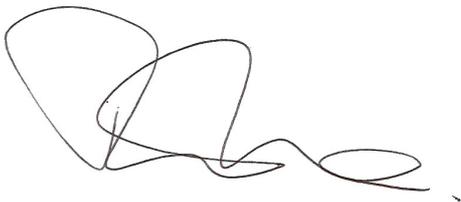
Introduction

For those of you approaching the end of financial year, it's time to start thinking about budgets for next year (and some would argue that it's never too early to start planning for next year's budget).

I have worked with Not-for-Profit organisation for over 20 years and our reporting software is geared towards solving some of the complex budgeting, acquittal and board reporting challenges experienced in this sector. So, I hope you will enjoy these tips using Calxa.

Follow these budget tips for a pain-free budget season.

Happy Budgeting

A handwritten signature in black ink, appearing to read 'Mick Devine', with a small dot at the end of the line.

Mick Devine

CEO

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End of Spreadsheets

Anyone who started a finance or accounting career at any time since 1980 would be familiar with budgeting in spreadsheets. Spreadsheets were a great advance on the manual, paper systems that preceded them and saved many hours in both the preparation and maintenance of budgets.

However, spreadsheets aren't the perfect tool for budgeting. The downside of their great flexibility is that they give you unlimited scope to make mistakes. And the best of us make mistakes from time to time – mistakes that can be very hard to identify and track down in a spreadsheet.

There are [best-practice guides on implementing and managing spreadsheets](#) but you have to be dedicated to follow them and there's always the temptation to take shortcuts when you're in a hurry. And at some point in the budgeting process, there will be deadlines and time pressures and you'll take shortcuts. And inevitably, those shortcuts come back to bite you later.

Budgets are inherently complex and go through several revisions. While spreadsheets can be fantastic for simple operations, the more complex they become the greater the risk of something going wrong. The smart way to do budgets in the 2020s is with an application like Calxa that connects to your accounting system.

Budgets in Calxa

One of the strengths of a budgeting application such as Calxa is that it provides structure. Starting from the list of accounts from your accounting system (whether that's Xero, MYOB or QuickBooks), you can be confident from the start that when you come to compare actuals to budgets, everything will line up perfectly.

While Calxa doesn't give you the wild 'you can do anything' flexibility of a spreadsheet, there are some ways in which it is even more flexible. One key example there is in managing multiple versions of a budget. With Calxa it's easy to keep track of your original, approved budget, your current forecast and various drafts and alternate scenarios. On the report filters you can easily select which one to report against so that you can distribute copies. Once you've settled on the final, approved version, it's a simple click to set one of them as your main budget to work on for the rest of the year – and you can lock the Approved Budget once it's been signed off by the board.

Editing Tips

When editing your budgets, take advantage of the options and filters to control what you see on the screen and focus just on those accounts you need.

Options let you choose:

- Show account numbers: Turn off if you work with account names rather than numbers.
- Show empty rows: Turn off to hide rows with no data in the date range displayed. If you need to zero a row (the quickest way to do this is to put a 0 in the total column), turn this option back on to show the empty rows so you can enter new values.
- Display numbers as: Set to Thousands or Millions if you deal in large numbers. This is useful not just for big organisations but also for those who deal in currencies such as the Indonesian Rupiah.

 Filter 112/184  OPTIONS

Filters let you restrict the view to specific account types (contract the header accounts and select the ones you want. Or filter for just one account. If you want to update Wages across multiple business units, search for your Wages account(s) in the filter, make your changes and then move from one business unit to the next. While you're working within the same organisation, your filters will be remembered.

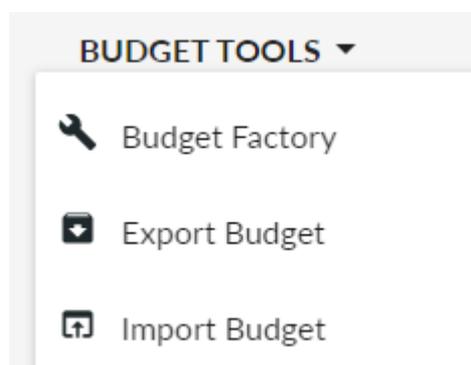
One more tip on filtering your budgets: remember that you have flexibility over date ranges. The default is the financial year from your accounting system, but you're not limited to that. Use the pre-set options to the Calendar Year, Current Quarter or Next 6 months. You can also just select a start and end date, and this works well for a project budget that runs across financial years.

The Budget Factory

No set of budget tips would be complete without mentioning the Budget Factory. It's the tool you need for the big changes such as setting up next year's budget or copying the approved budget to the current forecast. You'll find it under Budgets & Actuals, click the hamburger menu to the top left and then Budget Tools, Budget Factory.

Use the Budget Factory to create next year's budget based on Actuals for the current financial year (it is clever enough to use your Main Budget for the remainder of the year), adjusting income, cost of sales and expense accounts for inflation or planned growth. As an alternative, if you set the Cost of Sales method to a Percentage of Income (rather than increase on the previous year), you can then edit the Net Profit figure and it will calculate the revenue you need to bring in to make that profit. This can be a good exercise for any organisation and raises interesting questions to get you thinking about your plans for the year ahead.

The other main use for the Budget Factory is to copy one budget to another. This could be copying your Approved Budget to the Current Forecast or copying your read-only accounting system budget into an editable Calxa budget. In this case you wouldn't normally make any changes to the numbers on the way through.



Excel and Calxa

When you have complex calculations to do, sometimes a spreadsheet is the best place to do them. You do have control and flexibility in the layout of your data and can do some quite complex calculations. Minimise the risk of your spreadsheet calculations by combining them with the structure of Calxa.

Start by exporting a budget template from Calxa and pare that down to just the accounts and months you are focussed on. Don't remove the first few columns that identify the business units and accounts but you can delete any rows you aren't planning to update and also delete previous months (so, for example, if you're doing an update in January you might delete the June to December monthly columns and just update January to June).

When preparing your spreadsheet, you can put formulas in the import area. Just put your workings either on another sheet or below the import rows. The import stops at the first blank row (or column).

Share the Load

Budgeting shouldn't be a lonely process! If you have a standard Calxa Premier subscription, it includes 5 users by default. Invite your colleagues and give them permission on the business units they need to edit (so you can control who does what).

It's easy to add extra users to your subscription and you can do that for a limited period of time. While some of our customers give department managers access all year round so they can run reports any time they want, some add them at the beginning of the budget setting period, give them access for 2-3 months and then remove them (and Finance reverts to distributing reports for the rest of the year). Choose the option that works best for your organisation culture – or experiment!

The screenshot shows the user management interface for Melbourne. At the top, it says "Melbourne (Melbourne)" and "Partial Access" with a dropdown arrow. Below this, there are three main categories with dropdown menus: "Edit & Report" for Melbourne, "Edit & Report" for Department, and "Partial Access" for Branch. A "SELECT ALL" button is next to the Branch dropdown. A list of users follows, each with a gear icon, a bar chart icon, and a name. The users are: Assertiveness Local, Assertiveness QLD, Self-Defence Cwealth, Self-Defence Local, Self-Defence QLD, Support Local, Support QLD, Unassigned, test 5 (Inactive), and test 51.

Access Level	Unit	User	Status
Edit & Report	Melbourne	Melbourne	
Edit & Report	Department	Department	
Partial Access	Branch	SELECT ALL	
Partial Access	Assertiveness Local	Assertiveness Local	
Partial Access	Assertiveness QLD	Assertiveness QLD	
Partial Access	Self-Defence Cwealth	Self-Defence Cwealth	
Partial Access	Self-Defence Local	Self-Defence Local	
Partial Access	Self-Defence QLD	Self-Defence QLD	
Partial Access	Support Local	Support Local	
Partial Access	Support QLD	Support QLD	
Partial Access	Unassigned	Unassigned	
Partial Access	test 5	test 5	Inactive
Partial Access	test 51	test 51	

Key Budget Reports

Print your Budget

The best way to print a budget is to use the **P&L with Projected Total (12 Months)** report. Set the starting period to FY Start 1 and make sure you don't have a tick in Using Actuals Up To (as you only want to see budgets). Filter for the business units you want to include and you're ready to roll.

P&L Forecast — Melbourne													
JUL 2019 - JUN 2020													
	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Projected Total
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Income													
Grants	148,744	122,400	101,103	139,973	177,462	164,340	193,080	244,900	244,451	223,169	222,986	221,003	2,203,609
Fundraising - Gifts	0	490	245	0	0	0	0	0	0	0	0	0	735
Fundraising - Contributions	7,061	13,524	85,580	90,603	161,545	157,851	154,431	157,751	86,695	86,639	89,639	86,862	1,178,185
Trading/Operating Activities	3,341	3,122	14,199	13,341	13,341	13,341	21,841	21,674	11,674	28,574	11,674	13,898	170,021
Total Income	159,146	139,536	201,127	243,917	352,348	335,532	369,353	424,326	342,821	336,382	324,299	321,763	3,552,551
Cost of Sales													
Total Cost of Sales	66,791	67,913	66,791	66,791	66,791	66,791	66,791	67,060	61,791	61,791	63,186	68,466	790,954
Total Cost of Sales	66,791	67,913	66,791	66,791	66,791	66,791	66,791	67,060	61,791	61,791	63,186	68,466	790,954
Gross Profit	92,354	71,623	134,336	177,126	285,557	268,741	302,562	357,266	281,030	276,591	261,113	253,297	2,761,597
Expense													
Marketing	2,000	2,000	2,000	3,558	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	25,558
Other Staff	9,837	10,327	10,370	9,387	10,637	10,607	10,901	12,301	10,600	11,695	11,669	11,901	130,233
Operations	8,689	8,912	9,038	8,938	9,238	9,338	9,655	10,461	9,638	9,738	10,071	10,435	114,151
Administration	1,263	2,291	3,344	2,297	5,084	1,263	5,276	5,604	4,984	5,294	5,379	3,417	45,496
Occupancy	100,168	129	129	529	329	329	329	329	329	329	627	329	103,886
Total Expense	113,957	123,659	124,781	127,742	136,206	130,225	138,115	145,980	138,638	138,737	141,087	144,172	1,584,320
Operating Profit	(76,757)	(53,044)	7,277	52,239	102,409	88,022	115,241	132,223	53,360	34,203	20,465	(15,794)	459,044
Net Profit	(76,757)	(53,044)	7,277	52,239	102,409	88,022	115,241	132,223	53,360	34,203	20,465	(15,794)	459,044

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P&L Forecast — Melbourne													
JUL 2019 - JUN 2020													
	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Projected Total
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Staff costs	47,154	101,009	102,177	100,178	155,861	157,182	159,160	194,348	200,119	213,332	210,901	241,009	1,882,429
Total Expense	159,111	124,667	127,059	124,887	183,149	180,715	187,321	225,043	227,670	242,388	240,648	269,091	2,381,753
Operating Profit	(76,757)	(53,044)	7,277	52,239	102,409	88,022	115,241	132,223	53,360	34,203	20,465	(15,794)	459,044
Net Profit	(76,757)	(53,044)	7,277	52,239	102,409	88,022	115,241	132,223	53,360	34,203	20,465	(15,794)	459,044

Powered by Calxa 29/01/2020 08:04 Page 2 of 2

Unspent Budget

Search Unspent in the Report Builder and you'll see the standard **Unspent Budget** report. Use the dropdown to pick the variant that shows the current month, Year to Date and the comparison to the full year budget.

Unspent Program Detail — Not-for-Profit Inc.

MONTH: JUL 2017

	Jul 2017			Jul 2017			Budget Annual Total	Unspent / Unearned Budget	Spent (%)
	Actuals	Budgets	Variance	(YTD)Actuals	(YTD)Budgets	Variance			
200L - Support Local									
Expense									
Bank Charges	37	37	0	37	37	0	499	461	8%
Motor Vehicle Expenses	138	138	0	138	138	0	1,842	1,704	8%
Fuel & Oil	138	138	0	138	138	0	1,842	1,704	8%
Postage, Freight & Courier	46	46	0	46	46	0	437	391	11%
Repairs & Maintenance	150	149	0	150	149	0	1,995	1,845	8%
Wages & Salaries	4,604	4,597	(7)	4,604	4,597	(7)	61,388	56,784	8%
Superannuation	414	414	(1)	414	414	(1)	5,525	5,111	8%
Telephone & Fax Charges	173	172	0	173	172	0	2,302	2,129	8%
Travel & Accommodation	242	241	0	242	241	0	3,223	2,981	8%
Utilities	92	91	0	92	91	0	1,221	1,129	8%
Total Expense	5,896	5,886	(9)	5,896	5,886	(9)	78,432	72,536	8%
Operating Profit	451	1,116	(665)	451	1,116	(665)	15,079	14,628	3%



Reforecast

Searching for Unspent or Reforecast will reveal the **P&L Reforecast Unspent to meet Budget** report. This shows Actuals for past period and recalculates the remainder of the year to show what needs to be done to meet the annual budget.

P&L Reforecast Unspent — Not for Profit Inc

JUL 2017 - JUN 2018

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Total
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Reforecast	Reforecast	Reforecast	Reforecast	Reforecast	
200L - Support Local													
Expense													
Wages Expenses	5,019	4,779	4,904	4,589	4,446	4,661	5,021	5,528	5,512	5,301	11,437	5,717	66,913
Wages & Salaries	4,604	4,385	4,499	4,210	4,079	4,276	4,607	5,071	5,057	4,863	10,492	5,245	61,388
Superannuation	414	395	405	379	367	385	415	456	455	438	944	472	5,525
Admin	37	36	1,555	34	33	35	37	(209)	(209)	(201)	(433)	(217)	499
Audit Fees	0	0	1,518	0	0	0	0	(304)	(304)	(304)	(304)	(304)	0
Bank Charges	37	36	37	34	33	35	37	41	41	40	85	43	499
Everything Else	0	4,106	0	0	0	0	0	(821)	(821)	(821)	(821)	(821)	0
Insurance - General	0	4,106	0	0	0	0	0	(821)	(821)	(821)	(821)	(821)	0
Operations	690	657	674	631	1,279	641	691	650	648	582	1,255	627	9,025
Motor Vehicle Expenses	138	132	135	126	790	128	138	42	42	40	87	43	1,842
Postage, Freight & Courier	46	44	45	42	41	43	46	65	65	0	0	0	437
Telephone & Fax Charges	173	164	169	158	153	160	173	190	190	182	393	197	2,302
Travel & Accommodation	242	230	236	221	214	225	242	266	265	255	551	275	3,223
Utilities	92	87	89	84	81	85	92	101	101	97	209	104	1,221
Property	150	143	146	137	133	139	150	165	164	158	341	170	1,995
Repairs & Maintenance	150	143	146	137	133	139	150	165	164	158	341	170	1,995
Total Expense	5,896	9,720	7,279	5,391	5,890	5,476	5,899	5,455	5,439	5,190	11,198	5,598	78,432
Operating Profit	451	(3,676)	(1,078)	412	(268)	419	451	2,950	2,942	2,945	6,355	3,177	15,079

Using Actual figures up to Jan 2018



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Page 1 of 1

2-Budget Reports

Sometimes you want to compare your Actuals to your Approved Budget and to your Current Forecast. Try either the **YTD vs Current and Approved Budget Versions** or the **Actual vs Current Budget (2 Annual Budgets)**.

YTD vs Current and Approved — Melbourne

MONTH: DEC 2019

	Jul 2019 - Dec 2019		Approved Budget		Jul 2019 - Dec 2019		Forecast Budget		Full Year Budget	
	(YTD) Actuals	(YTD) Approved	Variance (\$)	Variance (%)	(YTD)Forecast	Variance (\$)	Variance (%)	Approved	Forecast	
Expense										
Marketing	4,037	3,905	(132)	(3%)	13,558	9,521	70%	6,778	25,558	
Other STuff	25,559	24,703	(856)	(3%)	61,165	35,607	58%	55,016	130,233	
Operations	16,627	16,886	259	2%	54,153	37,526	69%	38,866	114,151	
Administration	18,798	11,718	(7,079)	(60%)	15,542	(3,255)	(21%)	35,600	45,496	
Occupancy	2,712	2,415	(298)	(12%)	101,613	98,901	97%	5,845	103,886	
Staff costs	418,738	417,369	(1,370)	0%	663,560	244,821	37%	793,525	1,882,429	
Total Expense	486,471	476,995	(9,476)	(2%)	909,592	423,121	47%	935,632	2,301,753	
Operating Profit	26,477	19,848	6,629	33%	120,146	(93,670)	(78%)	60,218	459,844	



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Page 1 of 1

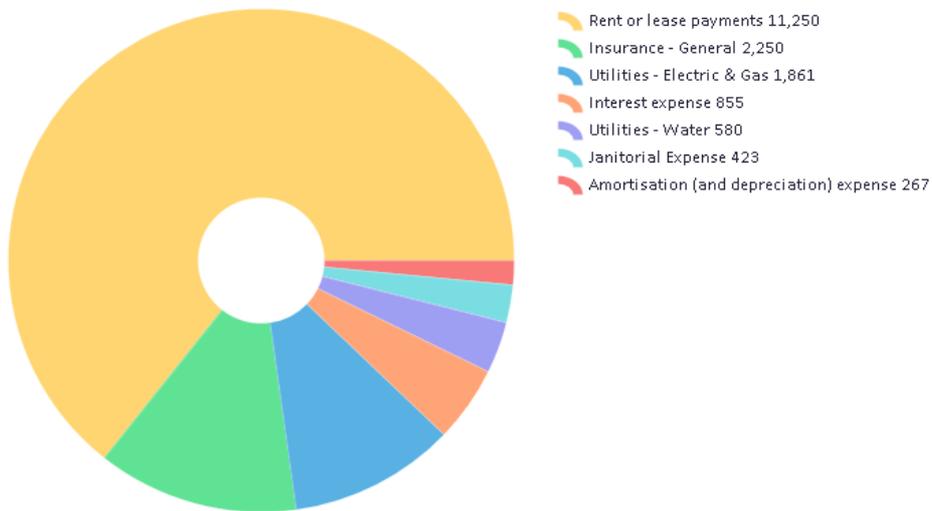
Account Breakdown

To see which projects are consuming your expenses (or contributing to income), try the **Account Breakdown** pie chart. Note that you can use an Account Tree with this chart to get the level of detail you need.

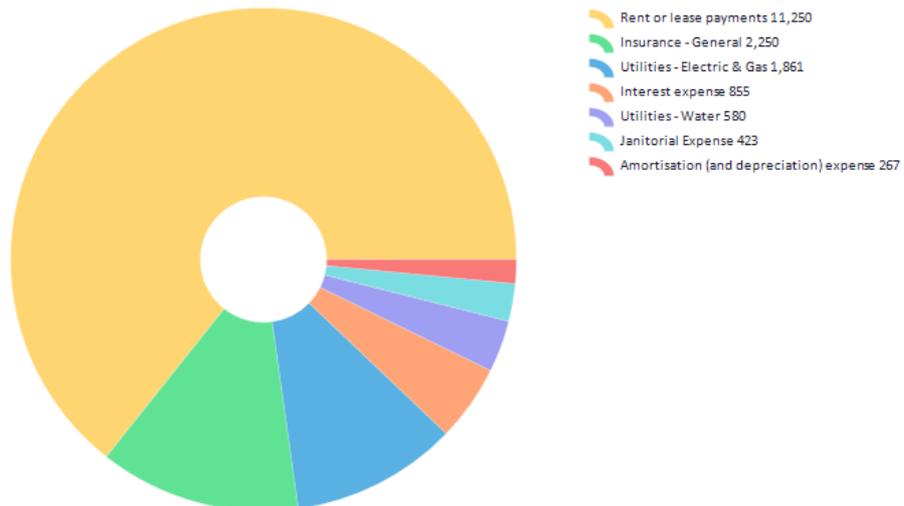
Account Breakdown — Sand Castle Company

JUL 2015 - FEB 2016

Actuals



Budgets



Business Unit(s)	Organisation
Budget Version	Initial Budget Version
Account(s)	Expense



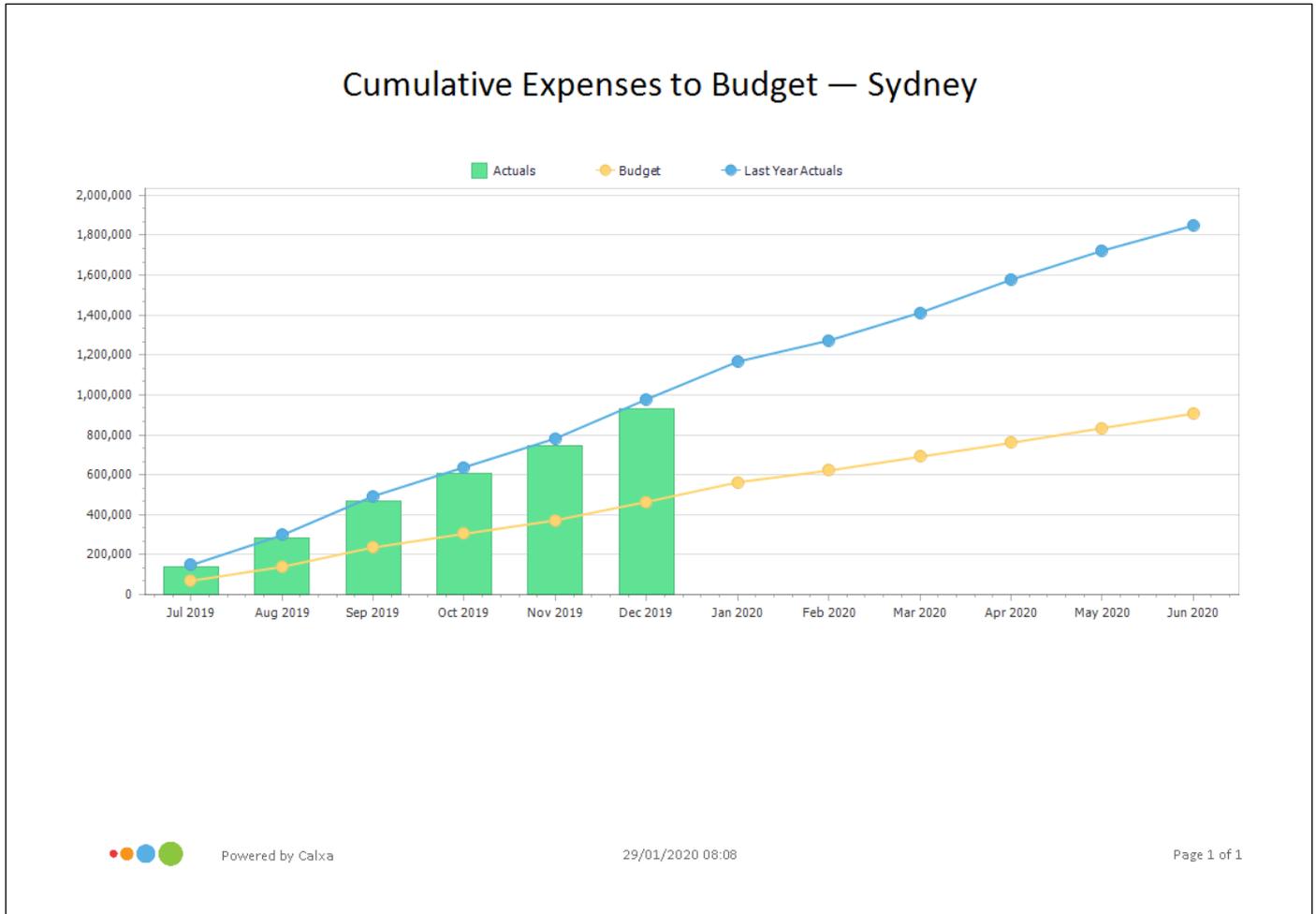
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Page 1 of 1

Cumulative YTD Progress

To measure your Year to Date progress, try the **Cumulative Actual to Budget** chart. The bars show Year to Date actuals, the lines show the current year budget and previous year actuals.



Budgeting Tips for Not-for-Profits

