

Not-for Profit Budget Checklist

The following checklist can be used by an organization to see if the organization's budgeting process is sufficient or whether certain aspects of the process need to be improved. The answer to each of the following processes should be yes.

Relationships to the Organization's Goals

- Are the organization's program goals and objectives defined?
- Is the budget in harmony with the organization's short-term and long-term program goals and objectives?
- Has the organization brainstormed alternative ways to achieve its objectives?
- Has the organization used established criteria to select the best alternative?
- Have priorities been identified? Will they achieve the organization's goals?
- Have all costs associated with each priority been identified in specific terms?

Budget Preparation

- Does the organization know how much money it will have or expects to have?
- Have those individuals most knowledgeable about the program/activities assisted in the preparation of the budget?
- Is the budget preparation being done with the cooperation of all executives within the entity?
- Are the budgets prepared in a timely manner (i.e., before the commencement of the budget period)?
- Are all projected costs included? Are they valid and realistic?
- Is the budget either in written or typed form?
- Does the organization have a bookkeeping system to record actual revenue and expenses?
- Are all revenue and expense categories in the budget clearly defined and in agreement with the organization's chart of accounts to follow for later comparison?
- Are computations accurate?
- Does the budget address debt service and capital outlay items?
- Does the budget cover all of the organization's operations and activities?

Budget Approval

- Has the board carefully reviewed and critiqued the budget?
- Does the board understand the budget?
- Does the board ask questions that indicate an understanding of the problems related to revenues and expenses?
- Has the board formally approved the budget?

Evaluating Results

- Are reports of expenses and revenue presented to the board regularly?
- Do these reports compare actual revenue and expenses to budgeted revenues and expenses?
- Are adjustments made to the budget during the year based on actual or anticipated changes in revenue or expenses?
- Does the board approve all adjustments or revisions to the budget?
- Does the board review any deviations from the budgeted amounts? If so, does the board take corrective action?
- Are the budgets used as benchmarks against which the actual performance of executives and managers is measured and reported?
- Can the current budget information be used as a basis for future budgeting?