

Figure 35. Financial Planning Assessment

Category	Red	Yellow	Green	Comments	Action Plan
Budget Process	We have no annual budget	The annual budget is not a true reflection of our work plan for the year.	The annual budget is our planning and monitoring tool.	None	N/A
Participation	The finance manager and/or executive director creates the budget.	The finance manager and/or executive director creates the budget with some input from other managers.	The budgeting process is inclusive and demands that all activity managers engage in meaningful planning for the year to come.	Some of the management staff are still learning how to forecast income and expenses, so I tend to help them.	Work towards a model where each member of the team has the skills and interest to create and manage his/her own budget.
Expense Forecasting	We estimate costs based solely on our known grants and contracts.	We estimate our costs based on both what's known in our grants and what it would cost to do the best work possible.	We start by estimating what it would cost to do the best work possible, regardless of who funds it.	Given our reliance on government contracts for the shelter, it's pretty hard to build our budget from scratch.	Work toward a true activity-centered budgeting model.
Income Projection	We do no historical analysis and regularly overestimate income for the year.	Based on historical analysis, we generally come close to accurately forecasting income.	Using historical analysis and current data gathering, we forecast income realistically.	Although we try very hard, we find it quite difficult to accurately predict foundation grants.	Develop new analysis tools.
Striking the Balance	Leadership thinks a good budget is a balanced budget.	Leadership strives for a balanced or slight surplus budget.	Leadership considers available resources and current opportunities in deciding whether to build a deficit, balanced, or surplus budget.	None	N/A
Revision	We "true up" our budget throughout the year to correct for inaccurate planning.	At midyear we consider revising our budget if there are material inaccuracies in the expenses and/or income targets.	While we sometimes have to revise the budget, we use contingency budgeting to prepare board and staff for likely scenarios.	None	N/A