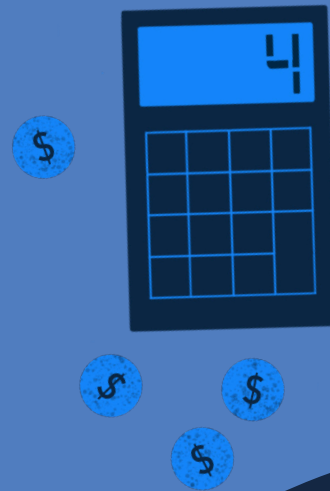


Budgeting and Accounting 101

This document outlines how to effectively write a grant based on SAF's Budgeting and Accounting 101 Workshop.



SUSTAINABILITY
ACTION FUND

Contents

1 Map Your Project

2 Plan the Budget

3 Reporting and Accounting

4 Tools for your Project



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Map Your Project

Idea

- What is your main idea?
- What is your ultimate goal?

Resources

- What resources will your project need?
- Financial, material (equipment needs, printing), human resources (team members), intellectual resources (expert fees)
- Plan for hidden costs (ex. taxes)
- Imagine all possibilities and create contingency plans (budget for a surplus!

Timeline

- What are the stages of your project?
- Does it have a long time frame? If so it may need a multiphase budget
- How will needs change after the first year, make sure the budget reflects these changes!

Prioritize!

- Identify most pressing needs for the phase of project and make sure that is reflected in the budget!
- Are resources being used efficiently?



Map Your Project

Short-Term Forecasting

- Projections for a year, 6 months, a month (depending on project length)
- Identify short term metrics and how they will be measured
- Is your short term planning in line with long term goals?



Long-Term Forecasting

Zoom In

- Market trends
- Technology/social changes
 - Long-term goals
- Ideal growth and impact
- Projected changes in the next 10 years



Stay up to date and plan, plan, plan!



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Plan The Budget

displays current and future expenses, costs and expected revenue or sales

is a living, breathing document that will change based on the evolving needs of your project

is a financial plan for a fixed period of time.



A budget...

is important for your project in anticipating needs and costs so no expense is a surprise

is a main frames of reference to the project manager for the status of the project

will ensure that you have the a plan to get the resources your project needs to fulfill its objectives



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Plan The Budget

Network

- Find projects with a similar scope or objective and ask about costs, potential collaboration to minimize costs, in-kind donations and mutual support

Building

- Identify needs vs wants
- Bottom-up price estimating (work backwards from task identification to how you would execute each task and the financial resources needed to do so)
- upkeep financial transparency between team members
 - make a contingency plan
- have the budget timeline reflect when revenues are expected

Research

- Use google and personal connections to know projected costs of items and the rates of any professional you may need to hire
- what methods maximize each budget line? (ex. Facebook advertising or printing posters)
- Visit the funding bodies website or talk to an employer to find out what can and cannot be funded or if there are funding limits

Apply for Funding!



Common Mistakes

- Lack of flexibility
 - Change is natural
 - Try to recognize when change is necessary (ex. budget timeline)
 - Make sure to notify funders and stakeholders of changes
 - Re-visit, re-view, re-forecast
 - Budgets vs. actuals, tracking cost variances
- Forgetting the small stuff
- Delayed tracking of expenses
- Lack of centralization of purchasing/spending
 - Makes it hard to keep track of
- “Guesstimating”
- Forgetting to expense the human labour
- Misunderstanding of Funder’s requirements and eligibility criteria
- Vagueness
- Discrepancy allowances



Accounting

Levels of Accountability

1. Audit



Audited financial statements undergo a reasonable number of tests to make sure the assets and debts reported are accurate. The accountant preparing them also gives an opinion on the quality of the statement and lets the reader know the statement “fairly represents” the company’s financial status.

By an Independent certified public accountant (CPA) to issue what is referred to as an opinion on how fairly the agency’s financial statements represent its financial position and whether they comply with generally accepted accounting principles.

You may not be required to conduct an audit every year. However, you still may consider conducting one on a regular basis to gain all of the advantages that accompany these evaluations.



Accounting

Levels of Accountability

2. Financial Review



Accountant-reviewed financial statements undergo fewer tests, focusing only on whether the statement is “plausible”—that is, likely to be accurate. The accountant preparing these statements does not give an opinion on their quality or accuracy.

3. Notice to Reader



Notice-to-reader statements are simply compilations of information provided by the company. The information undergoes no tests and the accountant preparing them offers no opinion or assurance. Accordingly, they simply put the readers “on notice.”



Accounting

All documents within financial accounting needs to have these characteristics:

Understandable

Reliable

Comparable

Prudent

Neutral



Reporting

Taxes

- T4 R1
- T4(a)

Learn how to distribute and be aware of 100\$ late fees.

Employment documents to CRA and Revenue Quebec

- Remittances
- Year End Reports

Registration of business NEQ

Annual declaration

- Board of directors
- President titles, etc.

Check out Non-GAAP (General Accepted Accounting Practices) measures for more information on financial reporting. Non-GAAP reporting is most relevant for small start ups, fee-levy organizations and small non profits.



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Your Project

Internal Actions

- Confidential Record Keeping
- Reconciliation monthly
- Statistical analysis of changes
- Annual budget review with board
- Have established internal controls!

- Public annual reports

Internal Controls for your Project

- Oversight of a finance committee comprised of fellow team members relevant to the size of your project
- Create internal methods of transparency
- Consensus approval for new purchases
- Who has access, who has voting decision on financials
- Keep internal records
- Accountability
- Track teammates hours and tasks on-line



Tools

Excel

Pros

- Free to use and can create the formulas you need

Cons

- Harder to track expenses for ongoing work and more prone to human error

Quickbooks or Sage

Pros

- Links with bank accounts
- Tracks expenses and creates reports

Cons

- Monthly running costs
- May have to spend time learning a new system

