

Program Based-Budget Builder: Frequently Asked Questions

This document provides answers to user questions we have often received since the launch of the [Program-Based Budget Builder](#) in 2013. Questions about the basic functionality of the tool and budgeting concepts are also discussed in the [accompanying video demonstration](#).

If you have additional questions, please email John Summers at jsummers@fmaonline.net

Q. I have seasonal staff who work for only part of the year (e.g. during a summer program). How do I list them in the personnel portion of the budget template?

A. Generally, seasonal staff are considered *part-time* for purposes of benefits—in other words, your organization pays payroll taxes and other mandatory personnel costs but does not provide them with other company fringe benefits (health insurance, retirement, etc.). If this is the case, enter seasonal staff as a line in the “Part Time” section of the template (section following line 64). You can enter each staff member individually or have one or more lines for seasonal staff as a group. In the “% of full time” column (column B), calculate the total number of **hours** the staff member(s) work over the course of their employment during the year, divided by the total number of hours that make up a full-time position in your organization (this number is typically around 2,000—for example, a 40-hour work week for 52 weeks is 2,080 total hours).

For example, if you have a summer program that employs 4 seasonal staff for 8 weeks at 35 hours per week, their total percentage of a full-time equivalent would be 53.8%. (4 staff times 8 weeks times 35 hours, divided by 2,080 total hours in the year.) Note that if that same program had 8 seasonal staff for the period, the full-time equivalent percentage would be 107.7%—the total amount of time worked by these staff is slightly more than a full-time equivalent. (That’s fine, the template will calculate this appropriately.)

Once you enter in the percentage full-time equivalent on the appropriate line in column B, enter the **total** salary paid to the staff member(s) included on this line in column C. In the first example above, if each of the 4 seasonal employees is paid \$4,000, enter \$16,000 on that line in column C. Then, assign a percentage to the program or programs in which the seasonal staff member(s) are working—totaling to 100% across one or more programs/functions in which they are working.

Here is an example of how this may look in the template:

	Position or Expense Category	% of full time	Base Salary or Line Budget	Summer Camp	Program 2	Program 3	M&G	Fundraising	Total
5									
64	Part Time								
65	Camp counselors (4)	54%	\$ 16,000	100%	0%	0%	0%	0%	100%
66	Counselor supervisor	13%	\$ 7,000	100%	0%	0%	0%	0%	100%

Q. How can I enter the value of volunteer labor into the budget template?

A. The budget template is meant to parallel the presentation of nonprofit financial statements according to U.S. generally accepted accounting principles (GAAP). In most cases, volunteer services are not

recorded as revenue and/or expense, **unless** those services are provided to the organization by someone with specialized skills (such as an attorney, accountant, IT professional, architect, etc.) in their area of specialty, and would typically have to be purchased otherwise. In such cases, the “fair market” value of the services (based on hourly rates or market rates for similar services) should be budgeted and reported as an expense and a corresponding (in-kind) revenue.

But most standard volunteer work within an organization’s programs or administration—such as individuals serving food at a soup kitchen, staffing a crisis hotline, stuffing envelopes for a mailing or helping to set up for a fundraising event—is not recorded or reported in nonprofit financial statements, so it generally is not included in budgets either.

Nonetheless, volunteer support may be a significant part of a nonprofit’s business model. If that is the case for your organization, you may want to consider estimating the financial impact of volunteering on your organization apart from what is formally reported in financial statements, perhaps in an annual report or notes to financial reports. Estimates of the value of volunteer hours are calculated annually by Independent Sector (see <https://www.independentsector.org/resource/the-value-of-volunteer-time/>).

The following article provides additional detail on the benefits of tracking and reporting on volunteer time and ideas for doing it within financial reporting practices:

<http://www.blueavocado.org/content/tracking-volunteer-time-boost-your-bottom-line-complete-accounting->

Q. How should I incorporate funding that is restricted to future years into the revenue portion of the template?

A. The template is designed to allow a comparison of budgeted revenues and expenses by program/function, so the most meaningful approach would be to only include funds which will be *unrestricted* as of the end of the budget year in the revenue calculations. The “bottom line” in the budget (specifically row 82 in the “Revenue and Summary” tab) would therefore be the budgeted *change in unrestricted net assets* for your organization, and would reflect each program and function’s impact on that amount. Including revenue that is restricted to future years could give an unrealistic estimate of the financial impact of particular programs in the current year, as well as making it difficult to see the result of the current year’s planned activities on the organization’s unrestricted net asset position.

Funding restricted to future years could simply be noted in the template or budgeted in a separate spreadsheet.

Q. Should funds that are not earned by or restricted to a specific program (e.g. general operating support) be budgeted to the “Administration” or to the “Fundraising” column of the “Revenue and Summary” tab?

A. There is no GAAP requirement for allocating revenue (as opposed to expenses) to programmatic and functional areas, so either option is fine. Some organizations choose to budget general operating income to Fundraising since it is the result of fundraising efforts, and this allows them to see the bottom-line

impact of the fundraising function. Others choose to budget this type of income to Administration, since administrative costs are typically covered by general operating support. Either of these approaches is appropriate, as would be a hybrid approach (e.g. assigning some revenue, such as income from a special event or annual appeal, to Fundraising, and other revenue, such as investment income, to Administration). Users of the template should simply determine the approach most meaningful and appropriate for their budget process and apply it consistently.