

# HANDS ON



BOOTCAMP GRANTS & GROW



Financiado por  
la Unión Europea  
NextGenerationEU



GOBIERNO  
DE ESPAÑA

MINISTERIO  
DE TRABAJO  
Y ECONOMÍA SOCIAL



Plan de Recuperación,  
Transformación  
y Resiliencia

# Our Objectives

Understand how to effectively:

- Write a winning budget in full compliance with the donor
- Set up the basis for effective budget management
- Manage and monitor a budget with more foresight
- Report financials for all to understand
- Equip yourself with practical tips



# FUNDAMENTALS OF BUDGETING

# Introduction to Budgeting

The budget (financial proposal) is the 2nd key component of every proposal.

*A detailed financial plan outlining how your organization plans to make use of the funds made available for a specific project.*

- Provide a clear, organized presentation of the financial needs of the project.
- Justify the request for funding to donors.
- Establish a financial framework for project implementation and management

Income	Expense	Time	Contingency

# Introduction to Budgeting

## Why are budgets important?

**Planning:** Helps plan the financial aspects of project activities and allocate resources effectively.

**Control:** Provides a benchmark for monitoring financial performance and ensuring accountability.

**Decision Making:** Facilitates informed decision-making by providing detailed financial data.

**Communication:** Communicates the financial needs and plan of the project to donors and stakeholders.

## Who are they important to?

- Donors and Funders
- Project Managers
- Financial Officers
- Organizational Leadership
- Beneficiaries

# Introduction to Budgeting

What do we look for in a budget?

reality

accuracy

compliance

comprehensive

flexible

cost effective

# Types of Budgets

## Operational budgets

A detailed projection of all estimated income and expenses related to the day-to-day running of an organization over a specific period

## Capital budgets

For large investments, usually bought once and used for several years. For example, constructing a building, installing solar panels or water tanks.

# Types of Budgets

A	B	C	D	E	F	G	H	I
Asset	Year Planned	Estimated Cost (€)	Funding Source	Useful Life	Notes			
Land acquisition	2025	100000	Capital grant + donation	N/A	Once-off purchase			
Construction (facility)	2025-2026	300000	Capital campaign	30 years	Clinic building			
Medical equipment	2026	50000	In-kind + restricted fund	10 years	Includes diagnostic tools			
IT & networking systems	2026	20000	Donor funding	5 years	Computers, software, networking			
Furniture & fixtures	2026	15000	Organization funds	7 years	Chairs, desks, storage			
Vehicle for outreach	2027	25000	Fundraiser + grant	8 years	Van for field visits			
Contingency reserve (10%)	Various	51000		—	For unplanned cost overruns			
<b>TOTAL</b>		<b>561000</b>						

**Organization Name**

123 Organization Address Drive  
 Fourth Floor, Suite 412  
 Organization City, NY 11101  
 555-555-5555  
 email address

YOUR LOGO

	CURRENT FISCAL YEAR		PREVIOUS FISCAL YEAR	
REVENUE	CURRENT YEAR BUDGET	YEAR TO DATE ACTUALS	PREVIOUS YEAR BUDGET	PREVIOUS YEAR ACTUALS
Grants and contracts	\$ -	\$ -	\$ -	\$ -
Foundations	\$ -	\$ -	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -	\$ -
Gifts	\$ -	\$ -	\$ -	\$ -
Fundraising	\$ -	\$ -	\$ -	\$ -
Membership	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
<b>TOTAL YEARLY REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
EXPENSES	CURRENT YEAR BUDGET	YEAR TO DATE ACTUALS	PREVIOUS YEAR BUDGET	PREVIOUS YEAR ACTUALS
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -
Utilities 1	\$ -	\$ -	\$ -	\$ -
Utilities 2	\$ -	\$ -	\$ -	\$ -
Utilities 3	\$ -	\$ -	\$ -	\$ -
Utilities 4	\$ -	\$ -	\$ -	\$ -
Utilities 5	\$ -	\$ -	\$ -	\$ -
Utilities 6	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -
<b>TOTAL YEARLY EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

	CURRENT YEAR BUDGET	CURRENT YEAR ACTUAL
<b>TOTAL YEARLY REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL YEARLY EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL YEARLY OPERATING OVERAGE/SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>

# Types of Budgets

## Project-based budgets

A financial plan that estimates the costs associated with a specific project or initiative, often with a defined timeline and scope.

### **Income:**

Funding from grants specifically allocated for the project.

Contributions from partners

Any revenue generated by the project

### **Expenses:**

Personnel Costs

Direct Costs

Indirect Costs

Contractual Costs

Miscellaneous Costs

- Goal Alignment
- Cost Management
- Funding Justification
- Performance Evaluation



# Key Components of a Budget

## Expenses

Total anticipated costs associated with the project  
Provides a detailed account of how the funds will be utilized

### Personnel costs

Salaries, wages, and benefits for all staff involved in the project  
Shows the human resource investment and capacity building within the project

### Direct costs

Expenses directly tied to the execution of the project  
Shows the specific financial needs for key activities and outputs

### Indirect costs

Overhead costs that are not directly attributable to any specific project activity but are necessary for overall operations  
Demonstrates the underlying support systems that enable project execution.

### Capital expenditures

Costs related to acquiring or upgrading physical assets  
Illustrates long-term investments critical to the project's success

### Contingency funds

Allocations for unexpected expenses or emergencies  
Shows the foresight and risk management planning

# Poll 1

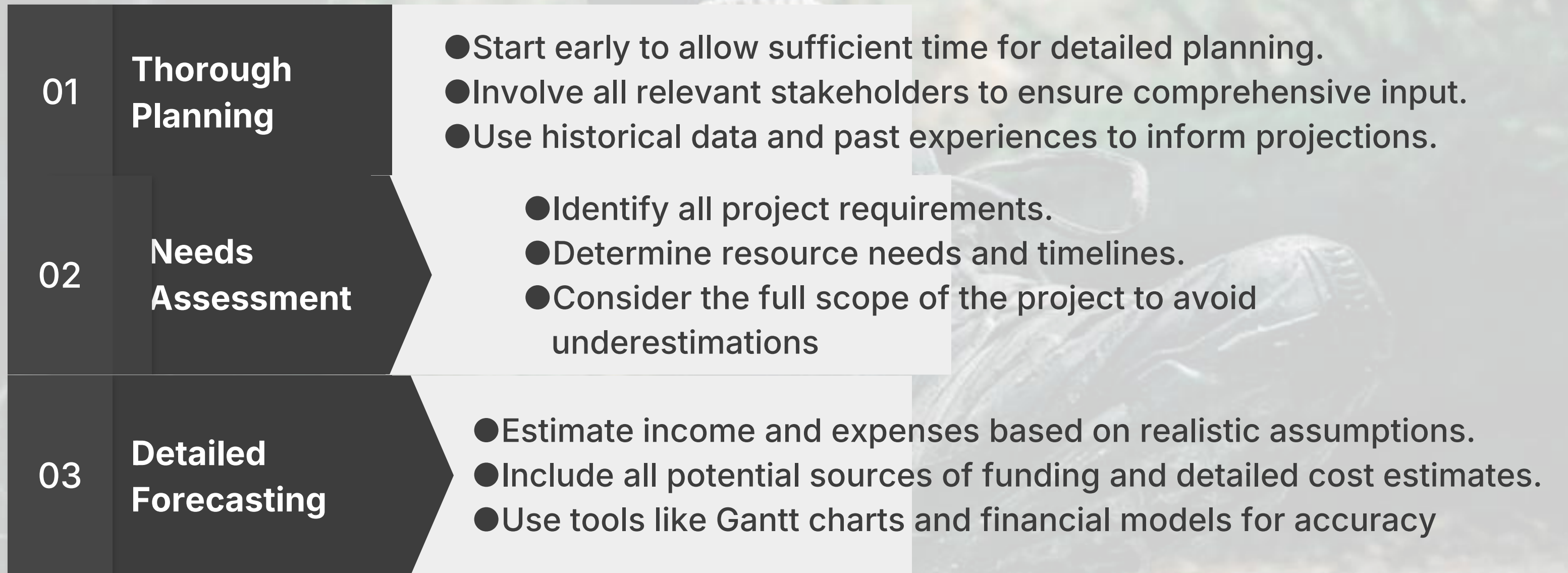
What best describes your experience with project budgets?

Which part of a project budget do you find most confusing or challenging?

Who do you think uses the project budget the most?

# BUDGETING PRINCIPLES AND BEST PRACTICES

# Budget Planning and Forecasting



# Budget Planning and Forecasting

## Scenario Analysis

Develop multiple scenarios (best case, worst case, most likely case).

Assess the impact of each scenario on the budget.

Prepare contingency plans for different outcomes.

## Sensitivity Analysis

Identify key budget variables how changes in these variables impact the budget.

Focus on high-impact areas like funding levels, cost estimates, and timelines.

Adjust plans accordingly to mitigate risks.

# Aligning Budgets with Goals

Aligning budgets with project goals is crucial for ensuring that financial resources are utilized effectively and that project objectives are met. The primary importance of this alignment lies in its ability to facilitate the achievement of project goals.

Each budget item must contribute directly to the objectives of the project. Prioritizing expenditures that support key activities and outputs ensures that funds are directed toward the most impactful areas, thereby enhancing the likelihood of project success.



For donor-funded projects, this alignment is also essential for maintaining donor confidence.

Donors need assurance that their funds are being used effectively and as intended.

When budgets are clearly linked to project goals, it demonstrates to donors that the project is well-planned and managed, building trust and increasing the likelihood of future funding.

# Common Pitfalls in Budgeting

- Underestimating costs
- Overestimating income
- Poor documentation
- Inadequate contingency planning
- Lack of stakeholder involvement

**WHAT  
ELSE  
?**

# DIFFERENT TYPES OF DONOR BUDGETS

## Poll 2

When creating a budget, what do you typically do first?

What do you think is the biggest mistake NGOs make when creating budgets for donors?

# Budgets with different templates

For internal budgeting purposes, many organizations prefer to have their own formats.

However, we all end up using donor templates when submitting budgets for donors - that is when the donor has a specific template.

Examples of  
different  
donor templates

giz



# EU Budget Example

1. Budget for the Action1  Costs	All Years				Year 12		
	Unit 13	# of units	Unit value (in EUR)	Total Cost (in EUR)3	Unit	# of units	Unit value (in EUR)
<b>1. Human Resources</b>							
1.1 Salaries (gross salaries including social security charges and other related							
1.1.1 Technical	Per month				Per month		
1.1.2 Administrative/ support staff	Per month				Per month		
1.2 Salaries (gross salaries including social security	Per month				Per month		
1.3 Per diems for missions/travel5							
1.3.1 Abroad (staff assigned to the Action)	Per diem				Per diem		
1.3.2 Local (staff assigned to the Action)	Per diem				Per diem		
1.3.3 Seminar/conference participants	Per diem				Per diem		
<b>Subtotal Human Resources</b>							
<b>2. Travel6</b>							
2.1. International travel	Per flight				Per flight		
2.2 Local transportation	Per month				Per month		
<b>Subtotal Travel</b>							
<b>3. Equipment and supplies7</b>							
3.1 Purchase or rent of vehicles	Per vehicle				Per vehicle		
3.1.1 Rental of 3 mini buses for local transport							
3.2 Furniture, computer equipment							
3.3 Machines, tools...							
3.4 Spare parts/equipment for machines, tools							
3.5 Other (please specify)							
<b>Subtotal Equipment and supplies</b>							
<b>4. Project office14</b>							
4.1 Vehicle costs	Per month				Per month		
4.2 Office rent	Per month				Per month		
4.3 Consumables - office supplies	Per month				Per month		
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month				Per month		
<b>Subtotal Project office</b>							
<b>5. Other costs, services8</b>							
5.1 Publications9							
5.2 Studies, research9							
5.3 Expenditure verification/Audit							
5.4 Evaluation costs							
5.5 Translation, interpreters							
5.6 Financial services (bank guarantee costs etc.)							
5.7 Costs of conferences/seminars9							
5.8. Visibility actions10							
<b>Subtotal Other costs, services</b>							
<b>6. Other</b>							
<b>Subtotal Other</b>							
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>							
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)							
<b>9. Total eligible costs of the Action, excluding reserve and volunteers' work (7+ 8)</b>							

Sort by 1. Budget for the Action descending order

Sort by 1. Budget for the Action descending order



# Different Types of Budgeting - Line Budgets

## Key Features:

**Simplicity:** Easy to create and understand, making it ideal for smaller projects or organizations with straightforward financial needs.

**Transparency:** Provides clear visibility into specific costs, helping stakeholders see exactly where funds are allocated.

**Control:** Facilitates tight control over individual expense items, making it easier to monitor and manage costs.

Smaller Donors and Foundations  
Government Grants  
Community Organizations

# Different Types of Budgeting - Activity based

## Key Features

**Focus on Activities:** Emphasizes the costs associated with each project activity, ensuring that resources are allocated based on actual needs.

**Detailed Insight:** Provides a granular view of how funds are used to achieve project goals, making it easier to identify cost drivers.

**Efficiency:** Helps identify opportunities for cost savings by examining the efficiency of activities.

Large international donors  
CSR Programs  
Multilateral agencies

# Different Types of Budgeting - Work Package Based

## Key Features

**Structured Approach:** Breaks down the project into distinct components, making it easier to manage and track costs.

**Accountability:** Assigns specific budgets to work packages, improving accountability and oversight.

**Flexibility:** Allows for detailed monitoring and adjustment of budgets for individual work packages as needed.

Some EU agencies  
Project management institutes  
Research grants

# FINANCIAL REPORTING

# Intro to Financial Reporting

## Importance of Financial Reporting

**Transparency:** Demonstrates how funds are used.

**Accountability:** Holds program managers responsible.

**Decision Making:** Informs strategic planning and budgeting.

**Compliance:** Meets donor and regulatory requirements.

**Trust:** Builds confidence with donors and stakeholders.

## Types of Financial Reports

**Income Statement:** Shows revenue and expenses.

**Balance Sheet:** Displays assets, liabilities, and equity.

**Cash Flow Statement:** Tracks cash inflows and outflows.

**Budget vs. Actual:** Compares planned and actual financial performance.

**Donor Reports:** Specific reports tailored to donor requirements.

# Intro to Financial Reporting

## Key Elements of a Financial Report

- Executive Summary
- Financial Statements
- Context and insights
- Compliance
- Projection

## Ensuring Transparency

**Regular Reporting:** Frequent updates on financial status.

**Open Access:** Make reports available to stakeholders.

**Detailed Documentation:** Thorough explanations and notes.

**External Audits:** Independent verification of financials.

**Clear Policies:** Established guidelines for financial management.

# Effective Communication of Financial Information

## Presenting to Non-Financial Stakeholders

- **Simplify Complex Data:** Use plain language and avoid jargon.
- **Visual Aids:** Utilize charts, graphs, and infographics.
- **Contextualize Information:** Relate financial data to program goals and outcomes.
- **Highlight Key Points:** Focus on the most critical information.
- **Interactive Presentations:** Encourage questions and discussions.

# Effective Communication of Financial Information

## Improve Financial Literacy within the Organization

- **Training Programs:** Regular workshops and training sessions.
- **Resource Materials:** Provide easy-to-understand guides and reference materials.
- **Mentorship:** Pair financial experts with non-financial staff.
- **Regular Updates:** Frequent briefings on financial status and changes.
- **Encourage Questions:** Create an open environment for financial discussions.

# Effective Communication of Financial Information

## Challenges

**Complex Terminology:** Financial jargon can be confusing.

**Varied Audiences:** Different levels of financial understanding.

**Information Overload:** Too much data can overwhelm stakeholders.

**Misinterpretation:** Risk of misunderstanding financial data.

**Resistance to Change:** Difficulty in changing existing perceptions and practices

## Tips & Tricks

**Know Your Audience:** Tailor your message to the audience's level of understanding.

**Be Concise:** Focus on essential information and avoid unnecessary details.

**Use Stories:** Relate financial data to real-life scenarios and outcomes.

**Feedback Mechanisms:** Implement ways to gather and respond to audience feedback.

**Reinforce Key Messages:** Repeat important points to ensure retention.

# BUDGET MONITORING AND CONTROL

# Budget Monitoring and Control - Tracking

## Key Steps of Budget Tracking

- Establish Baselines
- Regular Monitoring
- Documentation

## Benefits of Tracking the Budget

- Ensures financial accountability and transparency.
- Helps in maintaining donor confidence and trust.
- Provides insights for future budgeting improvements.

Category	Budgeted (\$)	Realized (\$)	Variance (\$)
Personnel	50,000	52,000	-2,000
Office Supplies	5,000	4,500	+500
Travel	10,000	9,000	+1,000
Training Workshops	15,000	16,000	-1,000
Equipment	20,000	22,000	-2,000
Miscellaneous	2,000	1,800	+200
<b>Total</b>	<b>102,000</b>	<b>105,300</b>	<b>-3,300</b>

# Budget Monitoring and Control - Variance analysis

## Types of Variances:

- Positive Variance
- Negative Variance

## Steps in Variance Analysis:

- Identify Variances
- Analyze Causes
- Take Action

## Benefits:

- Identifies areas where the project is overspending or underspending.
- Helps in re-allocating resources effectively.
- Enhances financial control and project management.

Category	Budgeted (\$)	Actual (\$)	Variance (\$)	Variance (%)	Explanation
Personnel	50,000	52,000	-2,000	-4%	Higher overtime due to project delays
Office Supplies	5,000	4,500	+500	+10%	Bulk purchase discount
Travel	10,000	9,000	+1,000	+10%	Fewer trips than anticipated
Training Workshops	15,000	16,000	-1,000	-6.7%	Additional session added
Equipment	20,000	22,000	-2,000	-10%	Costlier equipment than planned
Miscellaneous	2,000	1,800	+200	+10%	Lower incidental expenses

# Budget Monitoring and Control - Adjustments

## Why Adjustments Are Necessary:

- To respond to unforeseen changes in project scope or costs.
- To align with updated project goals or donor requirements.
- To correct inaccuracies in the initial budget assumptions.

## Process for Making Adjustments:

- Update Budget Documents
- Communicate with Donors
- Review and Approval

## Benefits:

- Keeps the project on track despite changes.
- Ensures optimal use of funds.
- Maintains donor confidence through proactive financial management.

# Budget Monitoring and Control - Tips & Tricks

## Popular Tools and Software:

- Excel - Google sheets
- QuickBooks
- Microsoft Project
- SAP Concur
- Zoho Projects

## General Tips and Tricks:

- Automate Where Possible
- Set Up Alerts and Notifications
- Regular Updates and Reviews
- Detailed Reporting
- Training and Support

**Thank you  
Questions?**