



Budgets

Creating budgets can be overwhelming, creating program budgets which fit into an organizational budget can be a challenge. Budgets for nonprofits, whether for the organization or a program, must be balanced, this means the projected revenue must balance to the projected expenses.

Budgets can be broken into three categories, revenue, the cost of products/services/programming, and expenses. Below is a breakdown of to work through each section.

How to Create a Budget

Step 1 Calculating the Cost of Goods Sold

This step must be completed for each item you plan to sell.

1. How many units do you want to make?
2. What is the cost of each ingredient for X many items?
3. Total the costs for each ingredient
4. Divide the Total Cost by the number being made to calculate the Cost per Item

Step 2 Calculating the Expenses

1. Make a list of all items you will spend money for the year
2. Do not forget to plan how many events you will attend
3. Total the Expenses List

Step 3 Determine the price per item

This step must be done for each item you plan to sell.

1. What is the cost per item?
2. What is the fair market price of the item?
3. Can you sell the item for this price, and make a minimum of a 10% to 15% profit?

Step 4 Determining your projected revenue

1. How many items do you plan to make?
2. How many items did you sell last year?
3. Do you think you can realistically sell the number of items you plan?
4. Calculate your total projected revenue by multiplying the number you plan to sell by the price. This step must be done for each item you plan to sell.
5. Total all projected revenues for the total projected revenue

Step 5 Complete your budget

1. List the projected revenue by item
2. Total the project revenue



3. List the cost per good for each item
4. Total the cost per good
5. List all expenses
6. Total all expenses
7. Add the total cost per good with the total expenses
8. Is this total, step 7, more than your total projected revenue? It should be less.
9. Calculate the Profit by subtracting the total revenue from the total (cost of goods sold + expenses)
10. Calculate the percentage (%) of profit



Budget Example

Projected Revenue

Goo-----	\$100.00
Sparkle Goo-----	\$150.00
Total-----	\$250.00

Cost of Goods Sold

Goo-----	\$45.00
Sparkle Goo-----	\$50.00
Total-----	\$95.00

Projected Expenses

Facebook Ads-----	\$30.00
Fee for Events-----	\$100.00
Total-----	\$130.00

Total Projected Expenses

Cost of Goods Sold-----	\$95.00
Projected Overhead-----	\$130.00
Total-----	\$225.00

Profit Amount and Percentage Calculation

Total Projected Revenue-----	\$250.00
Profit for Year-----	\$25.00
% of Profit-----	10%