

## **A good narrative gets you noticed; a good budget gets you funding**

You submitted a personalized, thoughtful proposal — why didn't you get funding? Too often, the answer is that grantseekers underestimate the importance of a well-crafted budget. Your narrative and budget should complement each other, and *both* must be tailored to each funder. To best create a budget that speaks to funders, fund development and finance staff must work collaboratively. The tips below can help guide your work.

**Customize your budget through segmentation:** Foundations may prefer to fund a discrete component of your work, rather than your organization as a whole. Let's say your nonprofit is a summer camp. If a grantmaker's focus is funding basketball programs, you can appeal to them more specifically by teasing out the costs relating to your camp's basketball activities, only. (Caveat: The less restricted your request and budget are, the more flexibility your organization has.)

**Identify gaps and fundable programs:** As you conduct funding research, you may start to notice trends. Perhaps you see a lot of potential funding for your art programs, but no grantmaker seems eager to fund gardening education. If one program or element of your work seems less attractive to funding prospects than another, you may choose to allocate more of your unrestricted revenue there, and concentrate fund development outreach on programs with a higher potential for restricted support.

**Budget relief comes first:** When planning your budget, clarify what represents expansion and what represents maintenance of current service levels. As a general rule, it's best to cover your current expenses first, of course! If a prospective funder is only interested in something that represents a planned expansion of your work, can you apply to them for sufficient funding to successfully launch the new work? If not, do you have the bandwidth to meet your current budget *and* raise additional expansion funds this year? It's important to ask yourself these questions before proceeding!

**Fully load your budget:** Unless a funder specifically indicates you may not do so, use a fully loaded budget when applying for program funding. This type of program budget includes allocation of your related administration/overhead costs. Ideally, you will be able to allocate 100 percent of your overhead costs among your program budgets. Be careful, though, to avoid unduly inflated administrative costs. For example, if you're a small nonprofit and your executive director spends half her time overseeing your main service program, then half her time should be allocated to direct service, rather than to administration.

**Plan for success in your budget:** What will you do if you get more funding than expected? Be optimistic, and plan for success ahead of time! We recommend creating a column in your budget for must-have items, and a separate column for nice-to-have items. For fundraising purposes, your board may approve the total budget, with the second column approved only contingent upon funding availability. If you do not exceed your



must-have goal, your financials will still be in the black, as you won't have implemented any of the nice-to-have line items.

*To learn how Thurlow/Associates can help your organization create an effective and actionable budget, contact us for a no-cost consultation. You can reach us at (310) 675-6497 or at [hello@thurlowassociates.com](mailto:hello@thurlowassociates.com).*