**Budgeting Policy**

**1. Policy Statement**

This Budgeting Policy ("Policy") outlines the framework and procedures to ensure sound financial planning, control, and accountability through the budgeting process of [Nonprofit Name] (the "Organization").

**2. Purpose**

The purpose of this Policy is to establish standardized budget preparation, approval, monitoring, and reporting processes for the Organization, ensuring alignment with its strategic objectives and mission.

**3. Principles**

**3.1 Comprehensive Planning**

Budgeting will encompass all the Organization's activities, ensuring an integrated approach to financial planning.

**3.2 Conservatism**

Forecasts and estimates shall be realistic, with a conservative approach to revenue projections and an adequate consideration of potential expenses.

**3.3 Accountability**

All department heads are responsible for managing their respective budgets, ensuring alignment with strategic goals, and reporting any variances promptly.

**4. Annual Budget Preparation**

**4.1 Timeline**

A budget calendar will be established annually, detailing the key dates for budget preparation, review, approval, and reporting.

**4.2 Roles and Responsibilities**

* **Department Heads**: Prepare initial budget drafts for their respective areas.
* **Finance Committee**: Reviews and consolidates departmental budgets.
* **Board of Directors**: Reviews and provides final approval for the entire Organization's budget.

**4.3 Forecasting**

Budget preparation will consider historical financial data, strategic objectives, anticipated funding changes, and other relevant factors.

**5. Budget Approval**

**5.1 Submission**

The consolidated budget, as prepared by the Finance Committee, will be submitted to the Board of Directors for review and approval.

**5.2 Adjustments**

Any significant changes or adjustments to the proposed budget must be documented with justifications and resubmitted for approval.

**6. Monitoring and Reporting**

**6.1 Frequency**

Budget performance will be monitored monthly, with variances analyzed and reported.

**6.2 Corrective Action**

Significant deviations from the budget will require corrective action, including potential adjustments to activities or financial strategies.

**6.3 Quarterly Review**

A comprehensive budget review will occur quarterly, comparing actual revenues and expenditures to budgeted figures, and necessary adjustments will be made.

**7. Budget Modifications**

**7.1 Procedure**

Budget modifications exceeding a pre-defined threshold (e.g., 10% of a department's total budget) require approval from the Board of Directors.

**7.2 Documentation**

All requests for budget modifications must be accompanied by written justifications and impact assessments.

**8. Transparency and Communication**

**8.1 Internal Communication**

Budget information will be made accessible to all staff to promote understanding and ownership of the Organization's financial direction.

**8.2 External Reporting**

An annual budget summary will be published for stakeholders, showcasing the Organization's financial plans in alignment with its mission and objectives.

**9. Policy Review**

This Policy will be reviewed biennially to ensure it remains relevant and in line with best practices in nonprofit financial management.

Approved by the Board of Directors of [Nonprofit Name] on [Date].