

Finance

Establishing a Three Year Budget

Budgeting is one of the finance committee's most important responsibilities. A three year budget projection is needed for the clinic's business plan and the IRS 1023 application if a new tax-exempt nonprofit will be created. By the time the finance committee needs to establish your clinic's first year budget, operations committee members will have an understanding of other clinics in the state. Your fellow clinic friends and your ECHO consultant will be valuable resources in determining your startup costs, likely donations, and what costs you need to contemplate in your first fundraising plan.

Essential in developing your first year budget is knowing who you are! The operations committee should have an outline with the scope of clinic services, list of services offered, number of clinic sessions each week, whether the clinic will have paid and unpaid staff, and the nature of the partnerships you will develop in the community. The site committee will know if your facility is going to be donated or if you will need to budget a monthly rental amount. The first year budget may include one-time capital expenditures that will not occur in budget years two and three.

Quickbooks for Nonprofits or similar software is strongly encouraged. When established, the first, second, and third year budgets can be drafted with this software, using Chart of Accounts numbers for easy organizing, tracking, and streamlining of budget work.

Examining each item in your budget for necessity and making every effort to source in-kind donations establishes credibility with the public about your need to raise funds. Clarifying with potential donors that you have been thoughtful in determining the scope of services, population to be served, and how other local individuals and organizations have pledged to support your needs will encourage your donors to consider repeated giving. While obtaining funding will be the primary responsibility of the Board of Directors, the finance committee will be researching and providing input for the Business Plan to identify credible, realistic sources of funding.

Once you have determined total first-year expenses, second and third year budgets can be extrapolated. Consider expansion plans for the clinic. Does the clinic plan to add additional clinic sessions or services – like dental – which can be very expensive? What are the staff plans for year two and three? As you increase the number of patients served each year, the amount of supplies needed increase.

A typical first year budget includes the following expenses:

1) Computers

- Equipment
- Software
- Software Maintenance
- Internet Service

2) Legal/Professional Services

- Liability Insurance-Building
- Liability Insurance-D&O
- Professional Liability Insurance
- License & Permits
- Accounting fees

3) Marketing/Advertising

- Postage
- Web Site Development
- Outreach
- Printing (e.g. materials like the hospital brochure)
- Exhibits

4) Medical Supplies

- Chronic Disease
- Acute Conditions
- OTC Medications

- Prescription Medications

5) Personnel Expenses

- Staff Salaries and Taxes
- Staff Benefits

6) Other Expenses

- Association Dues
- Membership Fees
- Custodial/cleaning service
- Volunteer Recognition
- Furniture
- Misc. Expense
- Rent & Utilities
- P.O. Box Rental
- Telephone
- Web Site Hosting
- Medical Waste
- Office Supplies
- Training
- Volunteer recognition
- Seminars and conference attendance
- Travel/Lodging