



The Nonprofit Financial Forecasting Checklist



A good forecast keeps your nonprofit funded, focused, and accountable to the people you serve. A bad one, or no forecast at all, leaves you reacting to surprises instead of planning through them.

This checklist gives you a clear, repeatable process for building a financial forecast your board can act on and your team can trust. Work through the six phases in order, check off each step, and walk into your next board meeting with numbers you're confident in.

Whether you're running an annual budget cycle, a mid-year reset, or a quarterly check-in, this is the same playbook.

Phase 1: Prepare Your Data

Your forecast is only as reliable as the numbers behind it.

Before you project anything forward, get your financial house in order — clean books, reconciled accounts, and a clear picture of where restricted funds stand.



Pull Year-to-Date Actuals: Export or pull year-to-date (YTD) actuals for all revenue and expense accounts



Gather Historical Data: Pull 3–5 years of historical revenue and expense data to identify trends and patterns



Compile Current Financial Statements: Gather current income statement, balance sheet, and cash flow statement



Pull Year-to-Date Actuals: Export or pull year-to-date (YTD) actuals for all revenue and expense accounts



Reconcile Bank & Credit Card Accounts: Reconcile bank and credit card accounts through the most recent month



Verify Restricted Fund Balances: Verify restricted fund balances and ensure all grant transactions are properly coded



Account for In-Kind Donations: Account for in-kind donations and their current valuation



Gather the Approved Annual Budget: Gather the original approved annual budget for side-by-side comparison



Aplos Tip: Aplos pulls YTD actuals and budget comparisons automatically — no exports needed.

Phase 2: Analyze Variances

Numbers tell you what happened. Variances tell you why.

This phase is where you find the gaps between your plan and your reality — and figure out which ones matter enough to change the forecast.

Run Budget vs. Actual Report: Run a Budget vs. Actual report for YTD (total organization level)

Run Budget vs. Actual by Fund: Run a Budget vs. Actual by Fund report to check restricted fund performance

Compare Year-Over-Year Actuals: Compare current year actuals to prior year actuals to spot emerging trends

Benchmark Key Financial Ratios: Benchmark key ratios (overhead %, revenue diversity) against similar-sized nonprofits

Flag Significant Variances: Flag all line items with variances exceeding your threshold (e.g., 10% or \$5,000+)

Document Variance Drivers: Document the reason for each significant variance (one-time event, timing, trend shift, etc.)

Identify Revenue Shortfalls: Identify any revenue shortfalls that require immediate action

Aplos tip: Budget vs. Actual and Budget by Fund reports are built into Aplos — run them in one click, by fund.

Account Number	Account Name	Actual	YTD Budget	Difference	Annual Budget
Income					
4000	Contributions	\$85,000.00	\$77,083.00	\$7,917.00	\$1,020,000.00
4010	Program Fees	\$22,500.00	\$20,833.00	\$1,667.00	\$280,000.00
Total Income		\$107,500.00	\$97,916.00	\$9,584.00	\$1,300,000.00
Expense					
5000	Salaries & Wages	\$58,000.00	\$53,750.00	\$(4,250.00)	\$700,000.00
5020	Program Expenses	\$12,200.00	\$10,833.00	\$(1,367.00)	\$144,000.00
5031	Facilities & Utilities	\$9,600.00	\$8,791.00	\$(809.00)	\$115,000.00
Total Expense		\$79,800.00	\$73,374.00	\$(6,426.00)	\$959,000.00
Total		\$27,700.00	\$24,542.00	\$3,158.00	\$341,000.00

Phase 3: Update Revenue Projections

Hope is not a revenue strategy.

This phase forces you to pressure-test every income line against real data — grant timelines, donor behavior, giving trends — so your projections reflect what's actually likely, not what you wish would happen.



Review Grant Pipeline: Review grant pipeline: confirm awarded amounts, flag pending renewals, note deadlines



Revise Event & Program Fee Revenue: Revise event and program fee revenue based on current registrations or participation data



Map Grant Cycle Timelines: Map grant cycle deadlines, award announcement dates, and fund disbursement schedules



Factor in External Conditions: Factor in external conditions: economic indicators, policy changes, and sector giving trends



Update Gift Projections: Update individual and major gift projections based on YTD giving trends



Model Revenue Scenarios: Model best-case, moderate, and worst-case revenue scenarios for the forecast period



Analyze Donor Retention Trends: Analyze donor retention rate and average gift size trends vs. prior years



Classify Restricted vs. Unrestricted Revenue: Classify projected revenue as restricted vs. unrestricted



Reassess Recurring Donation Revenue: Reassess recurring donation revenue (monthly donor count × average gift × remaining months in forecast period)

Phase 4: Update Expense Projections

Revenue gets all the attention, but expenses are where forecasts quietly fall apart.

Contracts renew, vendors raise prices, and planned hires shift timelines. This phase catches all of it before it catches you.

Expense Projections Items

Review Committed Expenses: Review committed expenses (contracts, leases, payroll) for the remainder of the forecast period

Review Vendor & Service Contracts: Review vendor and service provider contracts for upcoming renewals or price increases

Account for Technology Costs: Account for technology platform costs, planned upgrades, or new software fees

Identify Planned Growth Expenses: Identify any planned new hires, program expansions, or capital expenditures

Flag Deferrable or Reducible Expenses: Flag any expenses that can be deferred, reduced, or cut if revenue falls short

Confirm Restricted Fund Expense Alignment: Confirm restricted fund expenses align with grant requirements and timelines

Calculate Burn Rate & Operating Runway: Calculate updated monthly burn rate and operating runway

Phase 5: Build the Revised Forecast

This is where the work comes together.

You're turning updated revenue and expense projections into a single document your leadership team can use to make decisions — with clear metrics, documented assumptions, and a cash flow outlook that shows whether you can make it through the next 6–12 months.



Create the Revised Budget

Document: Create a revised budget document (keep the original budget intact for comparison)



Calculate Key Financial Metrics:

Calculate key metrics: revenue gap/surplus, months of runway, % of budget funded



Update Monthly Projections:

Update projections for all remaining months in the forecast period based on Phase 3 and Phase 4 findings



Document Forecast

Assumptions: Document all assumptions behind the revised projections (donor retention rate, grant probability, etc.)



Run a Cash Flow Projection:

Run a Cash Flow Projection for the next 6–12 months using revised numbers



Consider a Rolling Forecast

Model: Consider adopting a rolling forecast model — update projections for the next 12–18 months on a quarterly basis



Aplos tip: Aplos generates Statement of Cash Flows reports automatically — use them as your baseline when building forward-looking projections.

“Aplos’ fund accounting helped us organize our accounting in compliance with nonprofit standards. Quickbooks forces you to twist and turn their product to fit with nonprofit practices.”

David M. — General Director

Phase 6: Present to Stakeholders & the Board

A forecast that lives in a spreadsheet no one reads is a wasted forecast. This phase gets your numbers in front of the people who need them — with the right framing, the right level of detail, and answers ready for the questions you know are coming.



Gather Cross-Departmental Input

Gather input from program managers and department leads before finalizing projections.



Prepare an Executive Summary

Prepare a 1-page executive summary: where you are vs. where you planned to be.



Include Budget vs. Actual Summary

Include a Budget vs. Actual summary (YTD) and revised projections for the forecast period.



Show Scenario Comparisons

Show scenario comparison (conservative, expected, growth) so stakeholders see the range.



Highlight Risks & Recommended Actions

Highlight key risks and recommended actions (e.g., "Launch emergency appeal if giving doesn't recover").



Include a Cash Flow Summary

Include a cash flow summary so the board understands liquidity, not just revenue.



Prepare Board Q&A Talking Points

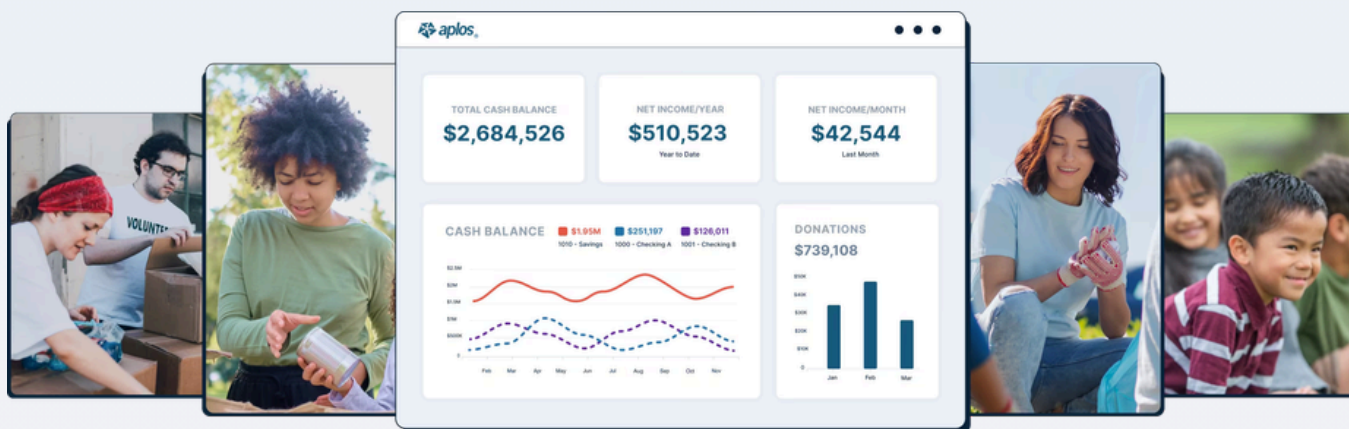
Prepare talking points for likely board questions (restricted fund balances, staffing costs, fundraising ROI).



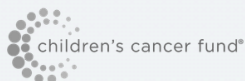
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www.aplos.com

sales@aplos.com

888-274-1316