Zero-Based Budget Worksheet

Phase 1: Planning Checklist — 2026 Edition

How to use this worksheet

Zero-based budgeting starts every line at $0 and requires justification for every dollar requested. Begin Phase 1 three to four months before your fiscal year. Complete each phase in order, then transfer totals to your Annual Budget Excel template (see givingarc.com for the companion file).

Organization: _____ **Fiscal Year:** _____

STRATEGIC FOUNDATION

- ☐ Mission and current strategic priorities reviewed and aligned
- ☐ Board priorities for the upcoming year identified
- ☐ Economic and sector assumptions documented (inflation, donor trends)
- ☐ Budget development timeline approved (start 3-4 months before FY)

PROGRAMS & SERVICES REVIEW

- ☐ Inventory of every active program and service
- ☐ Outcomes data and impact metrics gathered for each program
- ☐ True cost (direct + allocated) calculated per program
- ☐ Decision documented: continue, modify, or discontinue each program

COMPLIANCE & RESTRICTIONS

- ☐ ASU 2016-14 net asset classification confirmed (with / without restrictions)
- ☐ Active restricted grants and their spend deadlines listed
- ☐ Release-from-restriction schedule mapped to fiscal year
- ☐ Operating reserve target reaffirmed (3-6 months minimum)

Phase 1 Notes:

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Phase 2: Revenue Projection Form

Project each revenue stream conservatively. Apply 70-80% factor to grants under review.

Revenue Source	Restriction	Conservative $	Probable $	Confiden
TOTAL PROJECTED REVENUE				

Conservative budgeting tip

Use the Conservative column for your operating budget. Budget against 70-80% of grants under review and apply confidence weighting (High 100%, Medium 70%, Low 40%) for forecast scenarios.

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Phase 3: Expense Planning Grid

List every expense from $0. Justify each line with mission impact and category allocation.

Expense Line	Category*	Amount	Mission Impact	Justification

TOTAL EXPENSES (PRG + M&G + FR)	

** Category codes: PRG = Program Services, M&G = Management & General, FR = Fundraising*

Move totals into the Annual Budget Excel template

Download the companion Nonprofit Annual Budget Excel template (5 tabs: Revenue, Functional Expenses, Cash Flow, Variance, Ratio Dashboard) to roll these worksheet totals into a live model.

givingarc.com/accounting_resources/nonprofit-budget-template/

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