



The Community Foundation
FOR GREATER ATLANTA

How to create a cash flow forecast for your organization

The cash flow forecast is a companion report to your annual budget. Its purpose is to take the income and expense items from your annual budget and realistically plug them into a monthly worksheet. This exercise provides a forward-looking perspective of the timing of the cash inflows and outflows.

Please use these instructions for completing the Excel formatted Cash Flow Forecast Worksheet.

Preliminary Information

1. Download the Excel spreadsheet to your computer and save it to a file. Name the file CashFlowForecastTemplate.xls and leave this saved file UNUSED so you have a clean template in case you need it for future use.
2. To save the file as a template: File>Save As>CashFlowForecastTemplate.xls
3. While the file is open (after saving it), save another version that you will use and send along with your other grant documents. To save the file for use in your grant package: File>Save As> *Name of organization*_CashFlowForecast_2012.xls (Example: ABC Services would be saved as: abcservices_CashFlowForecast_2012.xls)
4. It is important to note that there are multiple formulas already entered in the spreadsheet to assist you with basic math and copy functions. These cells are 'locked' to ensure you do not accidentally write over a formula. You can still insert rows, change the text to customize the cash inflows and disbursements to match your budget (i.e.: you may not have Gate Receipts but want to rename this to something else that matches your cash receipt name). The cells are all formatted for you so there is no need to worry about dollar signs, decimal points or commas. Just enter your data in each cell. We will provide you with examples later in this document.
5. If you are completing this to submit to The Community Foundation as part of a grant application, you are required to submit a *minimum* of 6 (six) months and *maximum* of 15 (fifteen) months of cash flow numbers, depending on your fiscal year end date and the grant deadline. This may be a combination of current fiscal year and next fiscal year numbers depending on your fiscal year-end and when you are submitting your application. The Cash Flow Forecast Worksheet allows you to indicate what your fiscal year-end is and which year you are forecasting. Please check the application and guidelines for the individual program to which you are applying.

6. The Cash Flow Forecast Worksheet should be closely aligned with your budget. Please be sure to adequately label all Cash Sources (all income) and all Cash Disbursements (all expenses) so the reviewer can compare your Cash Flow Forecast to your budget.
7. Which month should start the cash flow forecast? If you are using the Cash Flow Forecast for the next Fiscal Year, Month 1 should be the first month of your fiscal year. (e.g.: You are completing the Cash Flow Forecast in June 2012. Your Fiscal Year End is June 30. You are submitting a Cash Flow Forecast for the following Fiscal Year- 2012/2013. Therefore, Month 1 will be July 2012).
8. If you completing a Cash Flow Forecast for your current Fiscal Year, Month 1 should be the next month. (e.g.: You are completing the Cash Flow Forecast on June 1. Your Fiscal Year End is December 31. Month 1 will be July 2012.)

Completing the Cash Flow Forecast Worksheet

The numbered items below correspond with the example of the Cash Flow Forecast Worksheet at the end of this document.

1. **Name and Date.** Enter your organization's name and the date you are completing the worksheet
2. **Fiscal Year End.** Enter your fiscal year end. (this cell is already formatted for you)
3. **Month and Year.** In the columns marked 1 through 12, please type in the month and year of the month you are forecasting. (You can type over the word 'Month' and type over the word 'Year') i.e.: You are completing the worksheet on June 1st and your fiscal year end is June 30th. You have entered June 30 in the Fiscal Year End cell and you choose July 2012 as your first month of the forecast. You enter July 2012 in the Month/Year in Column 1. You would then enter August 2012 in Column 2, etc.
4. **Beginning Cash Balance.** Enter your beginning cash balance. If you are beginning with the current month, you can get this number from your checking account balance in your general ledger or use your best judgment to project the number. If you are forecasting the beginning cash balance, you can look at your beginning balance for the last 4 months and take an average of that number, or simply use your best prediction of what your starting cash amount will be based on your history and experience. This is the only time you will enter your beginning cash balance. The remaining cells have been formatted to pull your ending cash balance from the previous month up to the 'Beginning Cash Balance' cell.
5. **Cash Sources.** You will be entering all cash sources in this area. You can customize the text in the first column (Gray area) to match the language you use for grants, contracts, fees, and any other receipts your organization counts as income. This is a cash flow worksheet so you should not enter anything in this area that is not considered a cash payment. *In-Kind income should not be* on your cash flow forecast. Once you have

identified and named all sources of income and the total annual amount you have forecasted in your budget, please identify the month(s) you expect to receive these funds. You can divide the amounts across the months and if it makes sense, you can wait until you complete the Cash Disbursement section if your contracts are on a reimbursement schedule.

- a. Please note that Grants/Contracts should be divided into the two categories listed of "Confirmed" and "Expected". Confirmed grants/contracts are those which have written and executed confirmations from the donor.
 - b. Expected grants/contracts are those which are either pending or have a high probability of being awarded based on past history or recent communications.
6. **'Total' rows and 'Total' columns.** There is no need for you to sum total your Cash Sources. The cells are formatted to total your entries for you for each month. There is also a total at the end of the columns that gives you a Grand Total to help you gauge these numbers against your annual budget. You can quickly see if you have properly forecasted all your cash sources of income.
7. **Cash Disbursements.** As with the Cash Sources section, you can customize the categories of disbursements (expenses) to match more closely with your budget categories. Again, since this is a cash flow forecast, this section should contain only budgeted amounts that are actual cash disbursements. You should not enter In-Kind expenses or non cash expenses such as depreciation to this section. Be as specific as possible so the reviewer can align these disbursements to your budgeted figures. You can bundle expenses into one category (i.e. all payroll expenses including taxes, insurance, or other benefits can be entered into one category of Payroll). Realistically forecast your monthly, quarterly, and annual expenses in the month(s) you expect the disbursement(s) to take place.
 - a. If you have delayed placing forecasted cash sources in your income section until you have adequately forecasted reimbursable expenses, please go back to the cash source section at this time and enter the reimbursable amounts in the months you would expect to receive the reimbursements.
8. **'Total' rows and 'Total' columns.** As with the Cash Sources section, the Cash Disbursement section also totals your monthly numbers.
9. **Cash Surplus/(Deficit) and Ending Cash Balance.** These cells reflect a 'total' that shows the *cash surplus or deficit amount* based on the information you have placed in the Initial Beginning Cash Balance, Cash Disbursements and Cash Sources section. The formulas are all built in the cells for you. In addition, you will see an Ending Cash Balance that is automatically computed for you. This Ending Cash Balance becomes your Beginning Cash Balance for the next month and is automatically carried forward for you.

10. Be sure to **SAVE** your worksheet! You are now ready to include this document in your grant package. If you are providing cash projections for two separate fiscal years, and it is for more than 12 months, it is recommended that you save two working copies of the Cash Flow Forecast Worksheet and indicate which Fiscal Year is being represented for each. If you send two Cash Flow Forecast Worksheets (for instance, you include twelve months on one and three months on the other) then please name your files according to the protocol listed in number one of the Preliminary Information section of this document but add a "1" and a "2" to the name and change the year. e.g.: ABC Services would be saved as: abcservices_CashFlowForecast1_2012.xls and abcservices_CashFlowForecast2_2013.xls
11. You can insert as many rows as needed to adequately list your Cash Sources and Cash Disbursements. Please note the following and request help from someone in your organization who is familiar with Excel if you need assistance:
 - a. When inserting rows, be sure you do not insert a row immediately above or below at 'Total' cell. This will protect the integrity of the SUM Total formulas in the appropriate cells.
 - b. It is recommended that you DO NOT insert Columns. If you are submitting more than twelve (12) months of data, please create a secondary Cash Flow Worksheet and follow the steps listed in #10 above.
 - c. In order to copy and paste formulas into newly inserted rows, you will need to go to the command '*Review>Unprotect Sheet*'. Once you have completed copying the formulas into the new rows, it is recommended you re-Protect the sheet so that you do not inadvertently type over formulas. This can be achieved by going to the command '*Review/Protect Sheet*' and then select 'OK' when the Protect Sheet box appears.

Some final notes

Congratulations! You have completed the Cash Flow Forecast Worksheet! You can now look at the row titled Cash Surplus/(Deficit) to see if there are any months that show a negative number. This means that your current forecast of cash sources is not sufficient to meet your monthly disbursements. You may want to double check to be sure you have included all sources of income in the expected months. Check your disbursements to be sure you haven't double-counted anything. If the deficits are accurate and you have budgeted for them in your annual budget, then you may want to include a brief description of how your organization intends to cover the cash deficit. The deficit could be rectified by using a cash reserve account or a planned loan from a reliable source.

This Cash Flow Forecast Worksheet not only provides the reviewer at The Community Foundation for Greater Atlanta a tool to assess your organization's finances, it is also a tool for you to keep and use in conjunction with your annual budget. Using the Cash Flow Forecast will help you address cash shortages before the shortage becomes a crisis.

