

Financial Plan, Budget & Forecast

Financial planning, budgeting and forecasting are complimentary financial tools used by organization leaders to map out and execute their short-term and long-term goals. A **plan** provides the framework, a **budget** provides accountability and allocation of cash, and a **forecast** projects the financial future of the organization.

Financial Plan

- The financial component of the organization’s business plan
 - A high level and less detailed guide that focuses on the end rather than the means
 - Created top-down to allow for different scenarios; remains unchanged
- Challenge: difficult to predict and define the business in the long term

Budget

- Details how the business plan will be executed by month
 - Focus is on cash position, includes expected revenues and detailed expenses by line item
 - Follows the accounting framework of the organization, but may also include a cash flow
 - Approved and set prior to the start of the fiscal year, unchangeable
 - Reviewed monthly to provide accountability for departments and leaders
- Challenge: large time involvement to create a detailed budget, static

Forecast

- The forecast builds on the budget and includes updates for organization information and market conditions (e.g. pandemic, bank failures, change in economic outlook)
 - Adjusted as new information becomes available, outlook may go beyond current year
- Challenge: greatest value comes from staying on top of the forecast and updating frequently

	Plan	Budget	Forecast
Purpose	Link between operational and financial goals	Track performance against target, cash allocation	Updates for actual data and current market conditions
Timeframe	3-5 years	1 year	1-3 years
Changeable	Static	Static	Update

CBM’s Accounting Advisory group works with organization leaders to help plan and execute their business goals through financial plans, budgets, and forecasts...

Accounting Advisory Our goal is to make running the back end of your business look easy, so that you can focus on what matters most. Our experts in business strategy, markets, audit and tax will partner with you to set and exceed your organization's goals.

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