Narrative Budgets

UAFS | CENTER FOR NONPROFITS

A narrative budget is a powerful tool that combines financial data with storytelling to show how an organization's resources support it's mission. It's especially useful for nonprofits when communicating with donors, board members, and the public.

If you follow the steps in this workbook, you'll have created your own Narrative Budget. We've included an example as well.

1. Understand the Purpose

- A narrative budget translates line-item budgets into mission-focused language. Instead of showing expenses like 'salaries' or 'office supplies,' it shows how those expenses contribute to programs and impact.

2. Gather Financial Data

- Start with your traditional line-item budget. You'll need:
  - Total income and expenses
  - Breakdown by department or program
  - Administrative and fundraising costs
- If you're organization doesn't have a standardized budget - now is a good time to create one.

3. Define Key Mission/Program Areas

- Identify the core areas of your work - usually your programs or services. For example:
  - Community and Outreach/Advocacy
  - Education or Awareness Efforts
  - Programs (housing, addiction services, food pantry)
  - Capacity Building
- List the core areas of your organization here:

_____

_____

_____

4. Allocate Expenses to the Mission Areas

- This is the HEART of the Narrative Budget. Reallocate line-item expenses to the core program areas. For example:
  - Staff salaries - split across programs based on time spent
  - Rent or utilities - proportionally assigned to program use
  - Supplies - assigned to relevant activities
- Think of every dollar spent, and decide which of your Core Areas that expense serves.
- You can use % or $ amounts.

Core Area #1 and Expenses _____

_____

Core Area #2 and Expenses _____

_____

Core Area #3 and Expenses _____

_____

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5. Add the Narrative

- For each program/core area, write a short paragraph that explains:
  - What the program does
  - Why it matters
  - Who is serves
  - How the budget supports it
  - Where the program takes place
  - When the program occurs
- **Example:**
  - Core Area #1: Community Outreach ($120,000)
  - Expenses include: Salary, printing materials, gas/mileage, stuff to set up a table like brochures or flyers, % of utilities or technology fees.
  - Narrative: Our outreach team connects with over 500 local nonprofits annually, providing guidance, resources and referrals. This budget supports two full-time staff, travel and materials needed to build strong nonprofit networks.

6. Include Visuals

- Charts, graphs and infographics help make the budget more engaging. Consider including:
  - Pie chart showing budget distribution
  - Impact metrics
    - # of people served
    - # of backpacks given out
    - # of awareness/community events attended
  - Stories or testimonials

7. Tailor for your Audience

8. Consider multiple Budget Narratives for different audiences. Some could be simple, a typed page on letterhead, others could be more elaborate, such as a folded brochure or handout.

- Donors with a focus on impact and outcomes
  - include personal testimonials
- Board Members - include strategic goals
- Public audience with accessible language and easy-to-understand visuals.
- Partners such as churches or businesses. Consider including it with a sponsor packet or with a Thank-You card.

9. Tips:

- Use an AI tool to create your narrative.
- Use % as they tend to remain similar over time periods, as opposed to real $$ amounts.
- The Center for Nonprofits can help create branded materials for printing or help with any step in the process.