

# MISSION, PURPOSE, AND BUDGETING

*By Mike Batts, CPA*

NONPROFIT ONPOINT™



Batts Morrison  
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS®

## Mission, Purpose, and Budgeting

By Mike Batts, CPA

Addressing nonprofit budgets starts with understanding the broader context of a nonprofit's mission and purpose. If a budget represents the financial blueprint for carrying out a nonprofit's strategic plan for a particular period of time, then logic would dictate that such a blueprint and its related strategic plan should be a function—a derivative—of the nonprofit's mission and purpose. Many times, however, nonprofits engage in elaborate budget development processes without first evaluating whether their activities are in alignment with their mission and purpose. In some cases, nonprofits operate without a well-defined expression of their mission and purpose.

*Ensuring that the nonprofit's budget is a function of its mission and purpose will help nonprofit leaders avoid putting the cart before the horse, or for that matter, having the cart detached from the horse.*

### No, Your Mission and Purpose Are Not Obvious

It may be tempting to assume that the mission and purpose of a nonprofit with a particular area of focus (e.g., a K-12 school) are obvious. An assumption like that can cause an organization's leaders to reason that there is little value for their organization to take the time to clearly express its mission and purpose. Such an assumption would be misguided, however, since each nonprofit is as unique as the individuals who comprise it—the mere fact that a nonprofit happens to have a particular area of focus does not make its mission and purpose obvious.

Let's consider an example of a nonprofit K-12 school. What is the specific calling of the school? Is it to prepare students for admission to rigorous, selective-admission colleges? Is it to provide students with a path for vocational training? Is it to offer an array of athletic and non-athletic

extracurricular activities? Does the school plan to have specific admissions standards? What are they? Why? Is the school called to educate students in matters of faith? To what degree? Are families whose children enroll in the school expected to adhere to a particular faith? If so, why? What degree of quality does the school envision employing in its classroom and extracurricular activities? Are faculty members expected to have advanced degrees? Does the school envision attaining certain observable targets for the academic success of its students? What are those standards? What is the governance model for the school? Are parents involved in electing the governing body? Why or why not? From this limited list of questions alone, it should be clear that school leaders cannot reasonably take the position that their school's mission and purpose are obvious based simply on the fact that the organization is a school. To take such a position is to have no clear sense of specific direction and no underpinning rubric for developing a budget or a financial plan.

*In addressing and expressing its own mission and purpose, a nonprofit must evaluate its own identity—its own calling.*

Nonprofit leaders should ask the following questions:

For what *specific* purposes does our nonprofit exist?

What are the *specific* objectives our nonprofit is called to accomplish or carry out?

### Are We on Mission?

*Once a nonprofit has identified and clearly articulated its mission and purpose, it must identify the specific programs, activities, and initiatives that it intends to employ in order to accomplish its mission and purpose.*

In performing this step, the nonprofit should evaluate all of its *existing* programs, activities, and initiatives to determine whether they *significantly* assist the nonprofit in effectively accomplishing its mission and purpose. This step of the introspection

process presents a great opportunity for nonprofits to critically evaluate the effectiveness of each of their programs, activities, and initiatives. The nonprofit is also able to make wise stewardship decisions by eliminating programs, activities, and initiatives that are not on mission or do not significantly carry out the nonprofit's mission and purpose.

---

*This article is an excerpt from the author's book **Nonprofit Finance: The Field Guide for Financial Operations of Ministries, Schools, and Other Public Charities**. This book provides you with the information and resources to successfully lead your nonprofit's financial operations in keeping with your nonprofit's unique mission and purpose.*

---

This publication is for general informational and educational purposes only, and does not constitute legal, accounting, tax, financial, or other professional advice. It is not a substitute for professional advice. For permission to reprint, please contact us.