

Leadersheet

Budgeting For Your Organization

One of the tasks you face as a financial officer, especially if your organization makes frequent business transactions, is that of preparing a budget. A budget is a tool used for planning and controlling your financial resources. It is a guideline for your plan of action, expressed in financial terms within a set period. A budget does not have to be complex, as the information below will explain.

What a Budget Accomplishes

- It helps refine goals.
- It compels members of the organization to use funds efficiently.
- It provides accurate information to analyze, adjust and evaluate programs and activities.
- It aids in decision-making.
- It provides a historical reference to be used for future planning.

Pre-Budget Considerations

Knowing your organization's priorities, objectives and goals helps as you begin to prepare your budget. As you begin, ask yourself the following questions.

- What is the period with which you are working (e.g., one term, entire school year)?
- What does your group most want to accomplish?
- How will you accomplish this?
- How much will it cost?
- Where is the money coming from?

Once these questions have been answered, you are ready to begin preparing your budget.

Preparing Your Budget

1. Prepare an outline of the organization's planned future activities.
2. Determine and record available funds (e.g., carryover balance from previous year).
3. Estimate and record expected income and when it will be available (dues, t-shirt sales, video games, etc.).
4. Define and record needed expenses (advertising, rentals, printing, supplies, etc.).
5. Review, revise and then assemble into a final budget.
6. Have members vote for budget approval.

THE BUDGET MUST BE FLEXIBLE TO ANTICIPATE CONDITIONS THAT MIGHT HAVE BEEN OVERLOOKED DURING THE PLANNING PROCESS.

Managing the Budget

1. Once prepared and approved, it should be closely managed.
2. Set and maintain a minimum cash balance.
3. Formulate general policies and procedures needed to achieve objectives while providing internal control (e.g., allow only approved expenditures).
4. Keep an accurate written log of financial transactions (income and expenses).
5. Periodically compare the budget to your actual logged expenditures.

A SAMPLE BUDGET

INCOME	
Coke Sales	\$5,000.00
Dues	6,000.00
Fundraisers	4,000.00
Ticket Sales	3,000.00
Other Sales	2,500.00
TOTAL INCOME	\$20,500.00

EXPENSES	
Ads	\$800.00
Entertainment	1,000.00
Miscellaneous	200.00
Publicity	3,500.00
Office Supplies	700.00
Interest	2,500.00
Supplies	1,500.00
Tickets	1,100.00
TOTAL EXPENSES	\$11,300.00

PROJECTED GAIN \$9,200.00

Determine the outcome of each expense and revenue as the budget period is ending. Review and judge actual costs in order to establish priorities for the next budgeted period. Begin preparing for the next budget a month or more prior to the current budgeted period and then begin the process anew.