
Money Management

Is this true for your group:

- Our group starts each year without any money in the bank for projects and operating expenses.
- At the end of the year, we are not sure where our group's money has gone.
- We rarely have any money left in the spring to leave for next year's group.
- Our Spring Quarter projects are limited to our small budget.

If one or more of the above is true for your organization then it is time to consider new ways of managing money. A good first step is the preparation of a budget.

What is a Budget?

A budget is a written outline of income and expenses for a given time period for an organization or program. It is a prediction of how much money your group will collect and spend in the future.

Preparing a Budget

There are many different ways to prepare a budget. Here are some tips that may prove helpful.

- Select a time frame. A budget usually covers a "fiscal year" which can be from the beginning of fall quarter to the end of the summer quarter.
- Begin early. You should start your budget preparation at least one month before the beginning of the time you have selected.
- Estimate income. List all regular sources of income. Make conservative estimates of anticipated income from fundraising activities for the new budget period. Finally, include any surplus (or debt) from the current year. Total the amounts.
- Estimate expenses. List any regular expenses that must be paid (e.g. rent, national dues). List, in priority order, the projects and events your group will sponsor and the expenses associated with each one. Include a line for unexpected expenditures. Finally, estimate the amount of money you would like to have left over at the end of the new budget period.
- A budget cannot exist without a plan that lists priorities. If expenses exceed income, you will need to plan more fundraisers, eliminate projects or increase dues. You will have a surplus if income exceeds expenses (anticipated surplus), you should plan how the money will be saved. You should always have a balanced budget.

Managing a Budget

- Present the budget to your group for a vote. Your members may wish to offer suggestions and make changes.
- One person should be responsible for implementing the budget. This person formulates procedures for collecting and spending money, approves expenses from items in the budget, and records actual income and expenses. Reports on the budget should be given on a regular basis to the membership. This person should be only one to give spending authority to members of the group. Always keep receipts.

Student Life and Leadership

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Managing a Budget (cont'd)

- The budget should only be changed for special circumstances. If you have money in your budget for an event that you decide to cancel, your group may vote to use the money in a different way. If monies for an event fall short, avoid moving funds from another "line item" to pay for the event. Usually it is the best to reduce the project's expenses.
- Preparing and using a budget is not the only way to improve the fiscal stability of your organization. You can also choose your projects wisely, control expenses, and sponsor effective fundraisers.

SAMPLE BUDGET

ABC Student Association
Budget
July 1, 2006-June 30, 2007

Income

| | |
|--------------------------|-------------|
| Dues (20 members x \$10) | 200 |
| BBQ Sales | 60 |
| Car Wash (3 x \$75) | 225 |
| Bake Sales | 175 |
| Cultural Night | <u>800</u> |
| Subtotal | 1460 |
| Surplus from 2005-2006 | <u>223</u> |
| TOTAL INCOME | 1683 |

Expenses

| | |
|--------------------------|-------------|
| National Dues (20 x \$5) | 100 |
| Supplies for BBQ Sales | 25 |
| Refreshments | 56 |
| Cultural Night | |
| Theatre | 750 |
| Ticket Printing | 50 |
| Publicity | 100 |
| Decorations | 75 |
| Security | 30 |
| Miscellaneous Expenses | <u>70</u> |
| Subtotal | 1256 |
| Anticipated Surplus | <u>427</u> |
| TOTAL EXPENSES | 1683 |