

Budgets for organizations

By Marlene Werry

A budget is a game plan to help an organization achieve its goals. Goals to be considered are those of a committee, or short term intermediate and long term goals of your organization as a whole.

Steps in Preparing a Budget

1. Prepare a list of the goals of the group, i.e. bus trips, special speakers, shows, banquet, purchase of resource material.

2. Estimate the cost of each goal. This may be done on a committee level. Existing financial records may be helpful as a starting point.

3. Estimate the expected revenue or income of the organization i.e. membership fees, grants, book sales. Once again, existing financial records will be a good starting point.

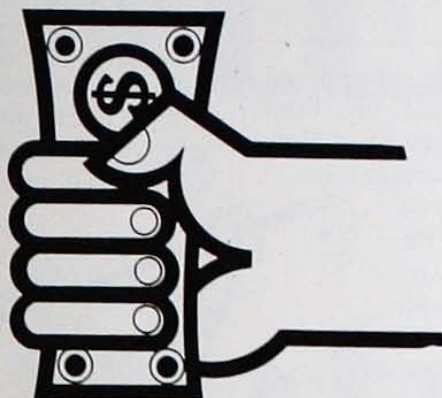
4. Compare the total expected revenue with the total estimated costs of each goal or project.

5. Build a realistic safety margin into the budget—at least 10 to 15 per cent. Budgets may be done by each committee or person in charge of a particular event or program and then submitted to the budget chairman. Or alternatively, a committee may be given a budget within which they must operate.

6. The budget must be approved by the board of directors. Once approved, no additional capital expenditures should be permitted without prior approval.

7. Monitor and analyze the budget monthly. Compare the budgeted amounts to the actual income and expenses. Remain flexible. Factors change which may alter the assumptions upon which the budget was drawn.

8. It is important to analyze the cash flow. If an organization has a major expenditure coming up, will the income be sufficient to cover the costs or is extra fundraising or bridge financing required. Alternately, if there is a considerable sum of money not being used for several months, it could be invested at a higher interest until it is needed. It is good financial management to be able to predict



deficits or surpluses in an organization's cash flow.

Preparing a budget for your organization is time well spent. A balanced budget and cash flow projection will allow your organization to run more smoothly. Accurate budgets come with practice.

Each time you do a budget you will experience the challenge of having the actual amount of the income and expenses come closer to your projected amounts.

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Leadership factsheets available

The Ontario Ministry of Agriculture and Food has a series of factsheets on leadership topics which may be helpful to readers as individuals or in their organizations. The factsheets may be ordered through the Consumer Information Centre, Main Floor, 801 Bay Street, Toronto, M7A 1A3. Please quote the order number and title when ordering. (Factsheets marked with an asterisk are available in French.)

- 88-010 A Guide to Bookkeeping for Non-Profit Organizations
- 88-023 Conducting Elections
- 88-016 Coping with Problem Behaviour
- 88-025 Effective Committees*
- 87-011 Effective Meetings*
- 88-011 Fundraising for your Organization*
- 88-027 How to be an Effective Leader*
- 88-026 Newsletters - Design and Production*
- 88-057 On Being a Delegate
- 87-031 Preparing and Presenting a Brief*
- 89-095 Procedures for Meetings
- 88-030 Program Planning for Organizations
- 87-010 Promoting Your Organization's Activities*
- 87-002 Roles and Responsibilities of Organization Directors*
- 87-009 So You've Been Asked to Speak*
- 88-017 Starting an Organization*
- 87-012 Working with Volunteers*
- 89-012 Being a Club Treasurer - The Basics
- 89-127 Organizations Assessing Their Needs
- 89-128 Minutes Don't Just Happen
- 88-005 Recruiting and Interviewing Farm Employees*
- 89-178 Motivation and Leadership
- 89-073 Strategic Planning
- 89-176 Recruiting Volunteers
- 89-170 Paying Wages to Farm Employees and Family Members