

BUDGETING

What is a Budget?

- A planning tool
- Translates need into action plans
- Estimates future operations i.e. revenues vs. expenditures
- Covers a fixed period of time
- Controls future operations

Why Budget?

- **Financial control:** it will allow you to ensure resources are available to carry out your plans and achieve objectives within a specified timeframe.
- **Prioritize planning:** allows you to plan according to the most urgent needs of the community.
- **Estimate costs:** provides a vehicle for translating activity needs into dollar needs.
- **Monthly review:** you are able to see how the actual monthly balance relates to the year's budget.
- **Communication tool:** tells others what you are trying to accomplish. It can also be used as a sound basis for fundraising.
- **Evaluation tool:** can be used to evaluate whether you have realistically predicted or met your needs.
- **Continuity of administration:** provides a future plan even if the people in power change.

Types of Budget

1. Annual budget
2. Program budget
3. Operating budget

Who Should be Charged with Preparing a Budget?

A committee should be struck from those members that are directly involved in a specific budget area. A program budget would require a member who is involved in the programming of the centre; an operating budget would involve those who are directly responsible for the day to day operation of the centre i.e. president, manager, building and grounds. An annual budget

would normally be prepared by the executive of the Board. The treasurer is normally involved in all budget preparations.

Long Range/Short Range Budgets

A program budget would normally be a short range budget, while the construction of a facility would be part of a long range budget.

Three Phases of the Budgeting Process

1. Planning
2. Recording
3. Reporting

All of these phases are interrelated.