

How to Create a Budget

Making a budget is an effective tool for planning and controlling your financial resources. It acts as a guideline for your financial plans within the next year. Your budget does not have to be complex, use the guidelines below in order to properly prepare your finances for the upcoming year.

What does a budget accomplish?

- helps define goals
- enforces members to use finances responsibly
- it aides in decision making
- serves has a tool for the future when planning new budgets

Pre-budget Considerations

It is important to understand your residence's objectives and goals when planning a budget. Consider the following questions when designing a budget.

- What is the time period you are working in (term based or year based)?
- What does your residence wish to accomplish? How will this budget help them?
- What/Who are your funding sources?
- What is left over from the previous year?

Preparing your budget

- Prepare an outline of potential events for the term/year
- Determine and record available funds (carryover from previous year).
- Estimate and record expected income when it become available (grants, donations, etc).
- Consider in-kind contributions (donations that people may make that will help you).
- Define and record needed expenses (posters, hall rentals, etc).
- Review, revise, and then assemble budget

*When making your budget make sure it's flexible as unexpected conditions can occur throughout the year or certain aspects may have been overlooked when creating the budget.

Managing the Budget

Once the budget has been created it must be closely managed:

- Set and maintain a minimum balance
- Set rules (ex. Only allow pre-approved expenses).
- Keep all receipts
- Keep a written log of **all** financial transactions

As the budget is coming to an end spend time and review your estimated expenses with your actual expenditures. Review the budget and use this to establish your goals and priorities for the next budget period.

If you have any questions about your budget or creating a budget please contact:

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