

Preparing a Budget

Overview

Student organizations should budget their operations annually. The proper management of funds is important, especially when dealing with limited financial resources. Also, the more complex the organization's objectives, such as managing multiple programs with different activities and funding sources, the more important the budget process becomes.

Setting Targets and Measuring Results

Student organizations should become familiar with preparation of financial plans, budgets, and the benefits of using a budget as a management tool. There are three primary purposes for developing a budget:

- To put the organization's plans into monetary terms
- To provide a means of allocating limited resources among the student organization's activities
- To aid in tracking the student organization's actual semester/annual revenues and expenditures against its goals

Developing a Budget

If your organization has been in operation for a fair amount of time, the easiest way to prepare a budget is to start by recording your last two or three years of actual financial data by year. A schedule thus prepared will allow you to compare trends and identify major expense centers. It will also point out areas where your group is growing or declining and indicate areas where reductions and cost savings might be possible. This historical information can then be used as a basis for preparing a current year/semester budget forecast.

The budget forecast is adjusted and modified from the historical data for projected major changes in revenues, programs, or expenditures. Obtain historical data from your student organization's records to assist you in this process. If your organization does not have these records, begin creating a system now that can be used in the future.

Budget Summary

While preparing a budget may seem excessive and cumbersome, any student organization that operates without a formal budgeting process cannot effectively manage or plan its operations. A properly prepared budget allows even small student organizations to identify potential problems and to take corrective action before they become major issues.

Adapted from: The University of North Carolina at Chapel Hill's Student Organization Handbook (2003). http://carolinaunion.unc.edu/activities_orgs/handbook/funding.html