**How to Prepare the Budget**

**Layout**

In designing the budget framework, you need to look at how you bring money into the centre and what things you spend your money on. List all the ways you bring money into the centre on the income side (e.g. registration fees, sponsorship, fundraising, canteen etc.) and all the things that you spend your money on, on the expenditure side (e.g. registration fees, ground hire, trophies, canteen stock, equipment etc.). Referring to the prior season’s accounts, will assist with this process.

**Estimating**

Once you have drawn up a list of the items of expected income and expenditure, you need to estimate what the figures will be in each category. In making this estimate, you need to draw on all the information available.

The most common and basic way to work out the estimates for a budget, is to refer to the previous year’s accounts and then compare and adjust the figures. When reviewing the prior year’s figures, be sure to note any areas that were not typical, unique to a particular year or event, likely to change etc. Adjustments then need to be made for expected changes in quantities, costs, activities, programs etc. It is most important that you factor in any changes in the pattern of activities from the previous year and estimate the effect of any likely changes in income sources or expenditure demands for the coming year. This is where it is important to gather information from other committee members for potential costs relating to their portfolio area (e.g. the equipment officer will be readily able to identify increased equipment needs or replacement equipment required).

Sometimes it is possible to calculate costs more accurately, by obtaining quotes for major purchases. At some point however, you will always have to make the best guess possible. A sound rule is to be conservative about estimating income and expansive about estimating expenditure. There will often be unexpected items of expenditure and a budget that applies the above rule is more likely to be able to offset these costs.

If you are registered for GST (submit BAS returns to the ATO), do not include GST amounts in your budget, as the overall effect on your income and expenditure is zero. Deduct the GST component of both income and expenditure before entering the item into your budget. (i.e. use GST exclusive figures). If you are not registered for GST, you will need to use full purchase costs, including GST, for your predicted expenditure items. (i.e. use GST inclusive figures).

**Balancing**

Once you have allocated estimate amounts to each item and are sure you have included all areas of income and expenditure, you need to add up all the income items to determine a total income and add up all the expenditure items to determine a total expenditure. By subtracting the total expenditure from the total income, you will be able to determine the preliminary surplus/deficit.

The amount of income does not always have to equal the amount of expenditure. You can decide to run a surplus or a deficit, as long as you have a longer term plan to make up for any deficit or expend any accumulated surplus.

If you come out behind, with a deficit you cannot afford, you need to re-check all of your estimates and determine if there is any scope for increased income. If you do not believe that you can realistically increase any area of income, then you need to review expenditure estimates and determine if there is any scope for cutting costs or reducing programs. If you are unable to realistically reduce enough expenditure to eliminate the deficit, or bring it to an affordable level, then you will need to consider such things as increasing your registration fees or conducting additional fundraising activities.

If you come out ahead, with a surplus you do not need or want, re-check your mathematics and estimates on both income and expenditure. If you’re still ahead, then you can consider some additional projects, programs or purchases. You may be able to fund the attendance of some volunteers at courses or purchase additional equipment etc.

**Approving the Budget**

Once you have completed preparation of your budget, you need to present it to a committee meeting for discussion and endorsement. Minute the discussion and have it moved and seconded that the budget be accepted. Once it has been seconded, the committee will vote to accept the budget.

**Monitoring the Budget**

Once the committee has approved the budget, the treasurer is responsible for keeping track of how closely the actual figures match budget expectations. The committee also needs to periodically monitor the budget. It should be remembered that a budget is only a guide to the direction a committee wants to take financially and can be adjusted accordingly. Any changes to the budget, should also be moved, seconded and endorsed.

**Further Advice and Assistance**

Should your centre have any questions or concerns regarding the budget process, or if you require any advice or assistance, please contact the Little Athletics NSW office staff on ***admin@lansw.com.au***