

# Budgeting Basics: Step by Step

A budget is a tool, an estimate of income and expenses and should be reviewed and adjusted as needed. Do not be worried that it is perfect. Use it to gauge that your income and expenses are as expected as the year progresses.

1. Review current/previous budgets and cash statements (available in dropbox)
2. Start simple: list out expected recurring expenses seen in previous budgets: utilities, postage, uniform supplies, etc
3. Speak with unit commander about expected activities and fundraising for the next year and make sure they are aware the Fiscal year starts in October, not the calendar year.
  - Are you expecting expenses related to next year's open house?
  - Will your unit be ordering pizza for the cadets periodically?
  - How will the unit's members be paying for training expenses, or will the unit cover them.
  - Are you giving any scholarships or awards to the cadets?
4. Getting clear answers to some of these questions will greatly simplify and make the budget more accurate
5. Create 2 lists and add them up: one for income and one for expected expenses.

<b>Income</b>	
Contributions Unrestricted	500.00
Contributions Restricted	
Fund Raising	1,000.00
Squadron Dues	
Revenue item (Add)	
Revenue item (Add)	
Total Anticipated Income	<u>1,500.00</u>

<b>Expense</b>	
Awards	100.00
Cadet Activities	1,000.00
Cadet Color Guard Supplies	
Cadet Scholarships	
Facility Rent	500.00
Internet	
Office supplies	100.00
Post Office Box Rental	
Recruiting Materials-printing	200.00
Telephone	
Travel	
Total Anticipated Expense	<u>1,900.00</u>

Likely your income and expenses will not match initially.

6. Review the current preliminary budget with the unit commander
  - If you need more income, can additional funds be found, or does an activity/cost need to be cut back for the year?
  - If you have more income than expenses, can you expand on an activity, or save that money for an activity in a future year?
7. If your income matches expenses then your budget is complete. If it still doesn't then you need to add a line item called budget reserves to either income or expense, NOT BOTH. This represents one of the following:

additional income coming from your savings account

“expense” of money going into your savings account, used for excess income

8. After adding budget reserves, your income and expense should now be equal.
9. Review this now complete budget with the finance committee and vote to approve it.
10. Submit the now completed or revised budget to your unit drop box. If this is an update to a previously approved budget please also inform the wing administer and Director of finance so they can update the budget in QuickBooks.