
Budgeting & Accounting Handbook

**A Guide to Responsible Money
Management for Services, Clubs,
Societies, and Other Student Groups**



Vice-President, Administration & Finance 2001 – 2002

Introduction

A Message from the Vice-President, Administration & Finance

As a student leader, you have a challenging and exciting year ahead of you. While finance might not be one of the things you enjoy doing most, it is a crucial part of every student organization whether, it be a club, society or orientation committee.

Familiarizing yourself with the basics of money management (budgeting, financial recording, etc.), and discovering the resources available to you will make your job incredibly easier from the beginning. The topics contained in this guide range from budgeting and record keeping to applicable Federation of Students policies and the financial review process.

If you desire more information beyond the scope of what is contained within this reference tool, you may wish to purchase an accounting manual available from most bookstores. In addition, the Federation of Students Accounting Department is always willing to address any questions or concerns that may arise with respect to your account.

I hope that you will find the information within this handbook straightforward and useful. Please do not hesitate to contact me if you should have any questions. I look forward to working with you and best of luck in the year to come!

Sincerely,

Dawn Phillips
Vice-President, Administration & Finance
Federation of Students
888-4567 x3880

Contact List

The following people and departments are your primary source of information and clarification. You can contact them at the Federation of Students office with your questions and/or concerns.

Dawn Phillips

VP Administration & Finance
fedvpad@feds.uwaterloo.ca

Suzanne Futyer

General Manager
sfutyer@feds.uwaterloo.ca

Steve Lambert

Senior Accounting Clerk
slambert@feds.uwaterloo.ca

Patricia Barlow

Accounts Payable (Cheque Requests)
pbarlow@feds.uwaterloo.ca

Karl Kliewer

Accounts Receivable (Deposits)
kkliewer@feds.uwaterloo.ca

Federation of Students

SLC 1102

University of Waterloo

Waterloo, Ontario.

N2L 3G1

Tel: (519) 888-4042

Fax: (519) 725-0992

www.feds.ca

4 Points to Budgeting

As you begin the task of planning for the upcoming year, you may wish to consider the following points to help you out.

1. Be Prepared:

- Gather information on projected revenues (your constraint). In general, you will use membership fees as your guide. Stay close to the previous year's numbers unless you have a guaranteed reason otherwise. Do not assume any additional revenues (i.e. sponsorship, donations) until they are realized.
- Brainstorm projected expenses and distinguish the following categories:
 - a. Fixed Expenses – items that do not fluctuate with increased membership/sales. These are usually easy to predict and include such things as rent, insurance and depreciation.
 - b. Variable Expenses – items that fluctuate with membership/sales. These are generally more difficult to predict and include such things as salaries, advertising and supplies.

2. Be Resourceful:

- When creating your budget consult with the previous year's treasurer
- Request past budgets and account reports (available from the FedS Accounting Department)
- Ask lots of questions - use the people around you for information. The more informed you are, the more successful you will be!

3. Be Consistent:

- Once the budget is set, use these lines as your guide
- Ensure that the budget is maintained throughout the year

4. Be Conservative:

- You should set-aside 10% of your total budget for emergency purposes. You will never be able to forecast everything, so save something for that "rainy day"!

Remember that the budgeting process is an on-going activity. A budget is a working document that can be flexible at times. Your budget might change if revenues/expenses are different than predicted, or if the direction of your organization changes.

Sample Financial Statement (Budget)

- Microsoft Excel or a similar spreadsheet program is ideal for creating a budget. It is simple to add/subtract items and update your balances.
- Revenue sources should be listed first, followed by expenses
- It helps if your budget lines have assumptions/notes describing the specifics
- Remember that revenue sources usually implicate an expenditure

ABC Committee
Projected Income Statement
 For year ended April 30, 2001

Revenues

Grant	1,500.00
Orientation Week (note: 100 frosh kits @ \$30 each)	3,000.00
Yearbook (note: 100 yearbooks @ \$10)	1,000.00
Membership Dues (note: 250 people @ \$15 fee)	<u>3,750.00</u>
 Total Revenues	 \$9,250.00

Expenses

Orientation (note: 100 frosh kits @ \$25)	2,500.00
Yearbook (note: estimate based on last years actual costs)	1,200.00
Socials/Pubs (note: reservation expenses estimates based on last year)	500.00
Photocopying (note: 20% increase, due to higher paper costs)	500.00
Telephone (note: based on last year's actual costs)	625.00
Member Shirts (note: 250 @ \$10 each)	2,500.00
Miscellaneous (note: 10% of revenues; contingency for emergencies)	<u>925.00</u>
 Total Expenses	 \$8750.00

Surplus/(Deficit): **\$500.00**

Budget Categories

- Categories should not be too vague, nor too specific. Supplies, Photocopies & Yearbook are good categories, while Pens, Paper & Tape are too specific
- A miscellaneous line is prudent to account for small unforeseen expenses
- If a miscellaneous line is used frequently, you may need to reassess your budget

Bookkeeping

Bookkeeping can be very simple if records are rigorously maintained.

Ledger

- A ledger is a general record of all transactions. It is helpful to use Excel for this task also.

Column 1 - DATE - allows for easy reference and monthly budgeting

Column 2 - DESCRIPTION - the specifics of the transaction

Column 3 - DEBIT - the amount of your EXPENSE

Column 4 - CREDIT - the amount of your REVENUE

Column 5 - BALANCE - updated balance as altered by each transaction

DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE
Sept 1/00	Balance Forward			75
Sept 12/00	Membership Rev – 100 memberships		100	175
Sept 15/00	T-shirts, Varsity Authentics 10 @ \$3	30		145

Recording

- Begin your ledger with an Opening Balance
- **RECORD EVERY TRANSACTION** no matter how small or how insignificant
- Record clear and detailed descriptions
- If you do have more than one account, it is always best to keep separate records (either in a separate ledger or on a different page) from the FedS account.
- Don't forget to record small items like service charges and interest earned

Receipts For Expenditures

- Keep ALL of your receipts. Ensure that they are dated and itemized.
- File them in an organized manner – monthly, expense category
- They're must be a receipt or document supporting every transaction

Bank Reconciliation

A bank reconciliation checks your records with those of the bank. This should be completed every month when you get your bank statement. You should make adjustments to both the bank statement and your records to reflect the true picture of the account as of the given date.

How To Do A Bank Reconciliation

(The following information is from Financial Accounting by R.F. Meigs, W.B. Meigs and W.P. Lam, 1991.)

Each month the Bank and/or the FedS will provide you with a statement of your account. Reconciliation is a schedule explaining any differences between the balance shown in the bank statement and the balance shown in your books. Each month, you should prepare a reconciliation to verify that your records are in complete agreement with those of the bank and/or the FedS. Reconciliation may disclose unauthorized withdrawals, failure to deposit cash, errors in the statement or your records. It also helps to determine the actual amount of cash in the account.

The balance shown in the monthly statement will seldom equal the balance in your books. The bank or the FedS may not have recorded certain transactions recorded by the depositor. The most common examples are:

- *Outstanding Cheques*
- *Deposits in transit*

Or you may have not recorded them:

- *Service Charges*
- *Charges for NSF cheques*
- *Credits for interest earned*
- *Miscellaneous bank charges and credits*

The reconciliation will adjust the balances shown in the statement and your books for any unrecorded transactions. The specific steps to complete a reconciliation are as follows:

1. Compare the deposits listed on the statement with the deposits shown in your books. Any deposits not recorded by the bank are deposits in transit and should be added to the balance shown in the bank statement. Deposits in transit from the previous month should appear in this statement. If they do not, immediate investigation is necessary.
2. Compare each cheque with your books. Any cheques issued but not yet paid by the bank should be listed as outstanding cheques and should be deducted from