

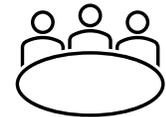
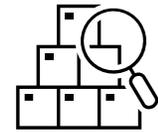
Financial Budgets: Part 3 Budget Review



I would like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would like to pay my respects to Elders past and present.

What we will cover today:

1. Introduction & House Keeping
2. Recap
 - Part 1 - What is a budget
 - Part 2 – Actual v Budget
3. Budget Example
4. Actual v Budget Example
5. The Review Process
6. How to Adjust the Budget
7. Presenting to the Committee
8. Conclusion and Q&A



House Keeping

If you would like to ask a question, please use the Q&A box.
I will check this throughout the webinar.



This webinar is being recorded and will be available on the members portal along with the slides.

Any questions after the webinar can be directed to myself
naomi.jackett@qmow.org

2. Recap

Part 1 covered the fundamentals of a budget and provided information on how to create a budget for the 2024-25 financial year.

Part 2 covered the actual v budget process

- What, Why and When
- What is a variance and possible causes
- How to present the A v B to the committee
- Worked examples

3. Budget Example

Example DRAFT FY25 Budget

	FY2025	July	August	September
Operating Revenue				
Meals - Subsidised	\$ 126,500	\$ 10,542	\$ 10,542	\$ 10,542
Meals - HCP	\$ 11,000	\$ 917	\$ 917	\$ 917
Meals - NDIS	\$ 7,000	\$ 583	\$ 583	\$ 583
Meals - Full Fee	\$ 3,000	\$ 250	\$ 250	\$ 250
Donations & Fundraising	\$ 2,000	\$ 167	\$ 167	\$ 167
Other Income	\$ -	\$ -	\$ -	\$ -
	\$ 149,500	\$ 12,458	\$ 12,458	\$ 12,458
Cost of Goods Sold				
Provisions	\$ 160,000	\$ 13,333	\$ 13,333	\$ 13,333
Packaging	\$ 5,400	\$ 450	\$ 450	\$ 450
Freight	\$ 2,600	\$ 217	\$ 217	\$ 217
	\$ 168,000	\$ 14,000	\$ 14,000	\$ 14,000
GROSS MARGIN	-\$ 18,500	-\$ 1,542	-\$ 1,542	-\$ 1,542

Operating Expenses				
Consumables (Assets < \$1000)	\$ 2,000	\$ 167	\$ 167	\$ 167
Bad and Doubtful Debts Expense	\$ 1,200	\$ 100	\$ 100	\$ 100
Bank Charges	\$ 100	\$ 8	\$ 8	\$ 8
Gifts & Donations inc. Hardship	\$ 1,250	\$ 104	\$ 104	\$ 104
Information Technology	\$ 2,420	\$ 202	\$ 202	\$ 202
Professional fees (Audits etc)	\$ 3,500	\$ 292	\$ 292	\$ 292
Depreciation	\$ 1,320	\$ 110	\$ 110	\$ 110
Insurance - General	\$ 2,200	\$ 183	\$ 183	\$ 183
Admin Expenses (Printing & Stationery etc)	\$ 300	\$ 25	\$ 25	\$ 25
Repairs & Maintenance	\$ 500	\$ 42	\$ 42	\$ 42
Subscriptions & Memberships	\$ 5,000	\$ 417	\$ 417	\$ 417
Sundry	\$ 1,200	\$ 100	\$ 100	\$ 100
Volunteer	\$ 4,920	\$ 410	\$ 410	\$ 410
	\$ 25,910	\$ 2,159	\$ 2,159	\$ 2,159

Employee Expenses				
	\$ 70,150	\$ 5,846	\$ 5,846	\$ 5,846

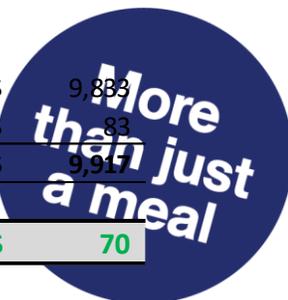
Utilities				
Utilities (Gas/Electricity/Water)	\$ 3,000	\$ 250	\$ 250	\$ 250
Communication / Telephone	\$ 600	\$ 50	\$ 50	\$ 50
	\$ 3,600	\$ 300	\$ 300	\$ 300

TOTAL EXPENSE	\$ 99,660	\$ 8,305	\$ 8,305	\$ 8,305
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OPERATING SURPLUS / (DEFICIT)	-\$ 118,160	-\$ 9,847	-\$ 9,847	-\$ 9,847
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External Funding Sources				
Commonwealth Grants (CHSP)	\$ 118,000	\$ 9,833	\$ 9,833	\$ 9,833
State Grants	\$ 1,000	\$ 83	\$ 83	\$ 83
	\$ 119,000	\$ 9,917	\$ 9,917	\$ 9,917

NET SURPLUS / (DEFICIT)	\$ 840	\$ 70	\$ 70	\$ 70
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4. Actual v Budget Example

December Actual v Budget									
	Selected Period	Budget	Variance	% Variance	YTD	Budget	Variance	% Variance	Notes
Operating Revenue									
Meals - Subsidised	\$ 10,652	\$ 10,542	\$110	1%	\$ 65,125	\$ 63,250	\$1,875	3%	increase in CHSP clients
Meals - HCP	\$ 967	\$ 917	\$50	5%	\$ 5,800	\$ 5,500	\$300	5%	increase in HCP clients
Meals - NDIS	\$ 520	\$ 583	(\$63)	-11%	\$ 3,000	\$ 3,500	(\$500)	-14%	Not meeting expectations
Meals - Full Fee	\$ 150	\$ 250	(\$100)	-40%	\$ 1,000	\$ 1,500	(\$500)	-33%	Not meeting expectations
Donations & Fundraising	\$ 125	\$ 167	(\$42)	-25%	\$ 1,200	\$ 1,000	\$200	20%	
Other Income	\$ -	\$ -	\$0	0%	\$ -	\$ -	\$0	0%	
	\$ 12,414	\$ 12,458	-\$ 44		\$ 76,125	\$ 74,750	\$ 1,375		
Cost of Goods Sold									
Provisions	\$ 13,587	\$ 13,333	(\$254)	-2%	\$ 82,487	\$ 80,000	(\$2,487)	-3%	
Packaging	\$ 487	\$ 450	(\$37)	-8%	\$ 2,900	\$ 2,700	(\$200)	-7%	
Freight	\$ 220	\$ 217	(\$3)	-2%	\$ 1,350	\$ 1,300	(\$50)	-4%	
	\$ 14,294	\$ 14,000	-\$ 294		\$ 86,737	\$ 84,000	-\$ 2,737		
GROSS MARGIN	(\$1,880)	(\$1,542)	\$250		(\$10,612)	(\$9,250)	\$4,112		

December Actual v Budget

	Selected Period	Budget	Variance	% Variance	YTD	Budget	Variance	% Variance	Notes
Operating Expenses									
Consumables (Assets < \$1000)	\$ -	\$ 167	\$167	100%	\$ 200	\$ 1,000	\$800	80%	
Bad and Doubtful Debts Expense	\$ -	\$ 100	\$100	100%	\$ 120	\$ 600	\$480	80%	
Bank Charges	\$ 8	\$ 8	\$0	0%	\$ 48	\$ 50	\$2	4%	
Client Gifts & Donations inc. Hardship	\$ -	\$ 104	\$104	100%	\$ 200	\$ 625	\$425	68%	
Information Technology	\$ 250	\$ 202	(\$48)	-24%	\$ 1,500	\$ 1,210	(\$290)	-24%	Window's upgrade & cyber protection
Professional fees (Audits etc)	\$ 50	\$ 292	\$242	83%	\$ 1,550	\$ 1,750	\$200	11%	
Depreciation	\$ 162	\$ 110	(\$52)	-47%	\$ 810	\$ 660	(\$150)	-23%	new laptops, depreciation is extra each month
Insurance - General	\$ 183	\$ 183	\$0	0%	\$ 1,100	\$ 1,100	\$0	0%	
Admin Expenses (Printing & Stationery etc)	\$ 40	\$ 25	(\$15)	-60%	\$ 160	\$ 150	(\$10)	-7%	
Repairs & Maintenance	\$ 60	\$ 42	(\$18)	-44%	\$ 1,800	\$ 250	(\$1,550)	-620%	electrical fault & plumbing issue
Subscriptions & Memberships	\$ 417	\$ 417	\$0	0%	\$ 2,500	\$ 2,500	\$0	0%	
Sundry	\$ -	\$ 100	\$100	100%	\$ 400	\$ 600	\$200	33%	
Volunteer	\$ 380	\$ 410	\$30	7%	\$ 2,145	\$ 2,460	\$315	13%	
	\$ 1,550	\$ 2,159	\$ 609		\$ 12,533	\$ 12,955	\$ 422		
Employee Expenses	\$ 6,240	\$ 5,846	-\$ 394	-7%	\$ 50,875	\$ 35,076	-\$ 15,799	-45%	Chef was on extended personal leave, casual staff req'd. Chef left and entitlements paid. New Chef on a higher rate and new PT Admin staff
Utilities	\$ 50	\$ 300	\$ 250		\$ 1,500	\$ 1,800	\$ 300		
TOTAL EXPENSE	\$ 7,840	\$ 8,305	\$ 465		\$ 64,908	\$ 49,831	-\$ 15,077		
OPERATING SURPLUS / (DEFICIT)	(\$9,720)	(\$9,847)	(\$215)		(\$75,520)	(\$59,081)	\$19,189		



5. The Review Process

Why

- The review process is important to see how you are tracking against your budget (like the A v B) and provides an opportunity to officially adjust your overall budget to reflect any significant changes.
- It provides a clearer picture for management, the committee and any other stakeholders as you have previously set an expectation for your net result.

When

- It is ideal to conduct a full budget review at the 6-month mark for an annual budget and at the half-way point or at key milestones if the budget is related to a project.
- If any significant events occur, then a review should take place to consider this change. E.g. Covid or a major price increase from a supplier
- If you conduct regular actual v budget analysis, the review process will be less laborious and time consuming, and if you made notes along the way of any variances you will not need to sift through all your transactions to find the reason.

5. The Review Process (cont.)

Much like the initial budget process, you need to analyse your items and ask why is it under or over?

- Have you made an error with your original assumptions
- Has an incorrect GL code been used
- Unusual or one-off expenses

The you may need to strategize!

- Look at ways to cut costs;
 - Look at specials, bulk buying, shop around, charitable organisations e.g. Foodbank & always ask for a NFP discount
 - Consider effective use of staff, is this something a Volunteer could do?
 - Is part-time more cost effective than casual
- Do you have a lot of food wastage?
 - Look at moving away from just a package to single meals
- Do you need to increase the client contribution
- Do you need additional funding

Example

	Approved Budget	December	January	February	March	April	May	June	Revised Budget	Increase/ (decrease) in Budget
Operating Expenses										
Consumables (Assets < \$1000)	\$ 2,000	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 2,000	\$ -
Bad and Doubtful Debts Expense	\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200	\$ -
Bank Charges	\$ 100	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 100	\$ -
Gifts & Donations inc. Hardship	\$ 1,250	\$ 104	\$ 104	\$ 104	\$ 104	\$ 104	\$ 104	\$ 104	\$ 1,250	\$ -
Information Technology	\$ 2,420	\$ 202	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 3,610	\$ 1,190
Professional fees (<i>Audits etc</i>)	\$ 3,500	\$ 292	\$ 292	\$ 292	\$ 292	\$ 292	\$ 292	\$ 292	\$ 3,500	\$ -
Depreciation	\$ 1,320	\$ 110	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 1,860	\$ 540
Insurance - General	\$ 2,200	\$ 183	\$ 183	\$ 183	\$ 183	\$ 183	\$ 183	\$ 183	\$ 2,200	\$ -
Admin Expenses (<i>Printing & Stationery etc</i>)	\$ 300	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 300	\$ -
Repairs & Maintenance	\$ 500	\$ 42	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 1,450	\$ 950
Subscriptions & Memberships	\$ 5,000	\$ 417	\$ 417	\$ 417	\$ 417	\$ 417	\$ 417	\$ 417	\$ 5,000	\$ -
Sundry	\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200	\$ -
Volunteer	\$ 4,920	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 4,920	\$ -
	\$ 25,910	\$ 2,159	\$ 2,606	\$ 28,590	\$ 2,680					
Employee Expenses	\$ 70,150	\$ 5,846	\$ 8,100	\$ 83,675	\$ 13,525					
TOTAL EXPENSE	\$ 99,660	\$ 8,305	\$ 11,006	\$ 115,865	\$ 16,205					
NET SURPLUS / (DEFICIT)	\$ 840	\$ 70	-\$ 2,631	\$ 15,365	-\$ 16,205					

7. Presenting to the Committee

- A simplified version of your original budget memo, pending if you revise the whole budget or are just providing a variance memo
- Details of key variance's appropriate to the service should be highlighted with an explanation.
- The amount of detail will depend on your audience; high level or more detailed.

8. Conclusion and Q&A

This webinar was the 3rd and final part to the series for financial budgets and concludes any financial webinars for the 2024 calendar year.

I would love to hear from you about this webinar or the series; and if this

- Was it of benefit to you?
- Have you learnt anything?
- Have you implemented any new budget processes?

I would love to hear other financial areas you would be interested in hearing about.

Contact: naomi.jackett@qmow.org