

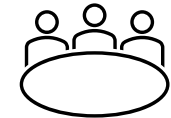
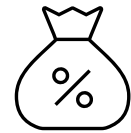
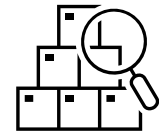
# Financial Budgets: Part 3 Budget Review



*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.*

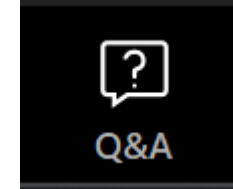
# What we will cover today:

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](mailto: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
<b>Operating Revenue</b>				
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	\$ -	\$ -	\$ -	\$ -
	<b>\$ 149,500</b>	<b>\$ 12,458</b>	<b>\$ 12,458</b>	<b>\$ 12,458</b>
<b>Cost of Goods Sold</b>				
Provisions	\$ 160,000	\$ 13,333	\$ 13,333	\$ 13,333
Packaging	\$ 5,400	\$ 450	\$ 450	\$ 450
Freight	\$ 2,600	\$ 217	\$ 217	\$ 217
	<b>\$ 168,000</b>	<b>\$ 14,000</b>	<b>\$ 14,000</b>	<b>\$ 14,000</b>
<b>GROSS MARGIN</b>	<b>-\$ 18,500</b>	<b>-\$ 1,542</b>	<b>-\$ 1,542</b>	<b>-\$ 1,542</b>

<b>Operating Expenses</b>				
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
	<b>\$ 25,910</b>	<b>\$ 2,159</b>	<b>\$ 2,159</b>	<b>\$ 2,159</b>
<b>Employee Expenses</b>				
	<b>\$ 70,150</b>	<b>\$ 5,846</b>	<b>\$ 5,846</b>	<b>\$ 5,846</b>
<b>Utilities</b>				
Utilities (Gas/Electricity/Water)	\$ 3,000	\$ 250	\$ 250	\$ 250
Communication / Telephone	\$ 600	\$ 50	\$ 50	\$ 50
	<b>\$ 3,600</b>	<b>\$ 300</b>	<b>\$ 300</b>	<b>\$ 300</b>
<b>TOTAL EXPENSE</b>	<b>\$ 99,660</b>	<b>\$ 8,305</b>	<b>\$ 8,305</b>	<b>\$ 8,305</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>-\$ 118,160</b>	<b>-\$ 9,847</b>	<b>-\$ 9,847</b>	<b>-\$ 9,847</b>
<b>External Funding Sources</b>				
Commonwealth Grants (CHSP)	\$ 118,000	\$ 9,833	\$ 9,833	\$ 9,833
State Grants	\$ 1,000	\$ 83	\$ 83	\$ 83
	<b>\$ 119,000</b>	<b>\$ 9,917</b>	<b>\$ 9,917</b>	<b>\$ 9,917</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>\$ 840</b>	<b>\$ 70</b>	<b>\$ 70</b>	<b>\$ 70</b>

# 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				YTD				Notes	
		Budget	Variance	% Variance		Budget	Variance	% Variance			
<b>Operating Expenses</b>											
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				
<b>Employee Expenses</b>	\$ 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	
<b>Utilities</b>	\$ 50	\$ 300	\$ 250		\$ 1,500	\$ 1,800	\$ 300				
<b>TOTAL EXPENSE</b>	\$ 7,840	\$ 8,305	\$ 465		\$ 64,908	\$ 49,831	-\$ 15,077				
<b>OPERATING SURPLUS / (DEFICIT)</b>	(\$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

## 6. How to Adjust the Budget

If you have determined that the budget needs adjusting, you have a few options

1. Create a new budget with the adjusted figures, prior months can remain as they were, just adjust future months. Example on the next slide
2. Keep the budget as it is and provide a variance report/memo with an adjusted budget expectation with your changes.

Approved Surplus / (Deficit): xxx,xxx

## Changes

- Provisions xx
- Freight ( x)

Revised Surplus / (Deficit): xxx,xxx

Meal Type	Original Price (ex. GST)	10% Price Increase (ex. GST)
Main Meal	6.00	6.60
Soup	1.50	1.65
Dessert	<u>2.50</u>	<u>2.75</u>
	8.50	11.00
Freight per delivery	200.00	220.00

## Example

	Approved Budget	December	January	February	March	April	May	June	Revised Budget	Increase/ (decrease) in Budget
<b>Operating Expenses</b>										
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 (Audits etc)	\$ 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 (Printing & Stationery etc)	\$ 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	\$ 2,606	\$ 2,606	\$ 2,606	\$ 2,606	\$ 2,606	\$ 28,590	\$ 2,680
<b>Employee Expenses</b>										
	\$ 70,150	\$ 5,846	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 8,100	\$ 83,675	\$ 13,525
<b>TOTAL EXPENSE</b>										
	\$ 99,660	\$ 8,305	\$ 11,006	\$ 11,006	\$ 11,006	\$ 11,006	\$ 11,006	\$ 11,006	\$ 115,865	\$ 16,205
<b>NET SURPLUS / (DEFICIT)</b>										
	\$ 840	\$ 70	\$ 2,631	\$ 2,631	\$ 2,631	\$ 2,631	\$ 2,631	\$ 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 3<sup>rd</sup> 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](mailto:naomi.jackett@qmow.org)