

Info on budgeting:

<https://youtu.be/j1Vwth0B8I8?feature=shared>

[\(L029\) Basic Budgeting Concepts - Leadership and Management \(youtube.com\)](#)

## Budgeting for Unions

Managing a budget for a union office is similar to planning a personal budget, except that there are generally more sources of income and more categories of expenses. In both cases, a sound budget is important for financial sustainability and provides a guide for financial health and security.

A budget isn't a wish list, a forecast, or a proposed target. A nonprofit budget is a financial document that provides an overview of how the organization plans to spend its money. The two parts of a budget are — expenses and revenue. It's important that the budget be centered around the primary goals and objectives of the organization.

A Nonprofit budget should be considered a semi flexible document. Each year your team comes together to formulate the next year's budget based on the needs of your union members. Many unexpected things can happen that greatly impact the budget. Revenue may not stream in as expected, unexpected expenses can creep up. With proper budget planning, nonprofits can easily reap the benefits of good budgeting. Planning ahead and designing a solid budget is an important tool for responsible budgeting for nonprofits.

## Why should a union or nonprofit budget?

Good budgeting demonstrates accountability and transparency, which are important issues that dues paying members look for before offering funds. Members want to know where their money will be going. Good budgets assure members that the nonprofit is actively overseeing the budget process. Having a good budget aids union leadership throughout the year and guides your executive board on most spending authorities.

Maintaining a proper budget gives boards proper control. The budget paints a clear picture of how cash is coming in and how much is going out. Budgets form the basis for boards to make better decisions and to avoid making mistakes. Budgeting allows boards to put limits on certain expenses as necessary and work to increase membership dues early when it looks like there may be a shortfall. Monitoring the budget also provides an opportunity for board directors to adjust to allocate it efficiently as their cash flow changes.

Most importantly, nonprofit budgets should be constructed around the organization's programs and activities, which will help them stay focused on their goals.

## Things to consider when formulating a budget:

The two primary components of a budget are revenue and expenses, and many subcategories fall under the umbrella of each.

It typically requires getting income/revenue from multiple sources for nonprofits to thrive. The budget lists all of those sources and provides an indication of the amounts the executive board can expect to come in from each source. Funds raised may come from ticket sales, membership fees, sales of goods or services, and interest from savings accounts.

Under the heading of expenses, your unions leadership need to focus expenditures on their programs, activities, training and representation. Without a well-educated staff, there would be no well represented members. Expenses include direct costs such as ordering supplies, providing brochures or other publications, and office administration. Capital expenditures are expenses needed to acquire or maintain fixed assets, such as equipment, computer hardware and software. Indirect costs, which are also called overhead, include things like utility bills, internet fees and postage. One of the most important parts of a budget is the office professional fees. Representation is a key part of running a successful business.

Lastly, it's rare that nonprofits have unlimited funds, so they need to be realistic and thoughtful about setting restrictions on what they can spend money on. Once the line item has been exhausted, you may hear a union official state that the item is "sold out for the year".

Your union budget will be on display today in the hall of heroes 12/13/23 for approval for vote for year 2024. After today, your union budget will be made available to any dues paying member during normal office hours in room M11-244.

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