

How to Manage Money

Tips & Tricks for Financial Success

The fact of the matter is that your project will require money at some point. It is of great importance to make sure that a responsible person is overseeing the money of the organization. This person should be ready to keep all records, input any necessary financial data, and offer up-to-date financial reports.

The key to overall money management success is doing the research. Research how much things are going to actually cost by consulting suppliers and people knowledgeable about the service/product you are researching. Determine the probable income that your project will have each year based on similar projects, and then underestimate even further.

Here are a few tips for managing money:

Review your goals.

Think about what you will need to spend money on to make these goals a reality.

Be Realistic!

Evaluate your expectations—can you accomplish all of your goals if your budget is limited?

List all sources of Income.

Income can be grouped into the following categories: Corporate, Foundation, Government, Individuals, and Other.

List all Expenses.

Expenses can be grouped into categories and subcategories depending on how large your project is. Some categories are Personnel (salaries), Occupancy (rent), and Equipment (phone, internet access, etc.).

Identify Fixed Expenses.

Of your expenses, which ones are recurring and/or necessary? Example: Rent for office space.

Identify any Variable Expenses.

These are the expenses that can be cut back if you don't have enough income. Examples: Postage, supplies, etc.

Underestimate Income and Overestimate Expenses.

Remember this strategy and you'll find it easier to stay within your budget when you actually start receiving and spending money.

Compare Income to Expenses.

Total all sources of income. Total all expenses. $\text{Income} - (\text{minus}) \text{Expenses} = \text{Net Income}$.

Adjust your budget until it balances.

A balanced budget is created when Net Income equals \$0. Do you need to reduce your expenses? Look to reduce the Variable Expenses first.

Aim for a reasonable surplus.

A 1-5% surplus is reasonable. It will give you a bit of breathing room for the next fiscal year and help you meet any unanticipated changes to your expenses or revenue.

Re-evaluate.

Align your budget with your strategic plan. Can you accomplish the year's goals with your newly created budget?

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