The Benefits of Using a Budget

Welcome to the Two-Minute Treasurer's Tip Podcast. I'm Cyndi Meuchel, and today we're talking about ***the benefits of using a budget***.

So, we sometimes hear from groups that they don't have a budget or don't really want to create a budget, and I get it. Sometimes budgeting can feel really daunting. Or even pointless.

But there are lots of good reasons to consider using one. So let's talk about them and see if I can convince you.

So, let's start with the idea that a well-thought-out budget can actually help you be more efficient with your funds. Because hopefully, you'd have researched the costs and the anticipated income, if there is any, for each of the activities that you're going to do for the year, and that'll give you a better idea of what kind of return you can expect from them.

Secondly, there's better visibility of how you're doing for the year if you use a budget. If you don't have a budget to compare your actuals to you don't necessarily know if they're on track or how they're performing.

Third, a budget is a way of allocating or earmarking money for the projects that are most important to your group to make sure they don't get pushed out or canceled due to lack of funds. So the budget can help keep you on track for doing what's most important.

Fourth, donors want to see where their money is going. They want to give to a worthy cause and if they don't know how much you need to fund a particular project, they may not see the value in donating to you.

Fifth, a budget will tell you if you're likely to run a surplus or if you're likely to have a shortfall. So if you're going to have a surplus, you can then reallocate some of those extra funds. If you're going to have a shortfall, it will give you a heads up on where you might need to tighten your belt.

I'd like to note that we highly recommend budgeting your income as well as your expenses here at MoneyMinder. Otherwise, you don't get the whole picture and you'll not find the budget to be a very useful tool. It's important to know how much your costs will be, but it's just as

important to know how much you need to bring in to cover those costs, and where that revenue is going to come from.

To sum it all up, budgets are great for better understanding ***how*** you are going to reach those lofty goals that you set and how and when the money is going to flow in and out.

If you would like to learn more about budgeting, check out our e-guide called ***Budgeting Made Easy*** under the Resources tab on our website at moneyminder.com.

That's it for today! Thanks for listening! If you have a question you'd like answered just email me at info@moneyminder.com.