Budgeting in QuickBooks

Using a budget to plan the expenditure of wing funds helps the wing identify needs along with the ability to analyze the resources necessary to meet those needs. As with any plan, a budget will only be useful as long as you compare the results against the plan frequently. If actual expenditures are not compared to the plan, then the plan is useless. QuickBooks offers a budgeting tool that will allow wings to easily print reports to compare their plan to their actual expenses.

In order to ensure the wing has the resources to supplement planned expenditures, it is imperative that expected wing income be budgeted as well. Budgeted income must equal budgeted expenses.

The wing finance committee should monitor the comparison of budget to actual results for both income and expenses. If income is not coming in as projected, the spending plan must be reduced to compensate for this lack of income.

To enter a budget in QuickBooks, go to Company, Planning and Budgeting, Set Up Budgets. If a budget has been previously entered, the last budget will open. To create a new one, click on “Create New Budget.”
To begin the budget, you will select the budget year. The type of budget you will use is “Profit and Loss.”
There are three budgeting options from which to choose. In QuickBooks a budget may be based upon classes, jobs or the chart of accounts. Your wing finance committee should decide how they would like the wing budget to be detailed. Some will choose to use the chart of accounts so they have an easier report to review. In this case, choose “no additional criteria.” Others will choose to track wing activity under a Job. As an example, a state funding budget could be tracked as a Job. To use this option, choose “Customer: Job.” Some wings will choose to track their budget based upon classes so that individual activities, or classes, may have their own budget. To use this option, choose “class.”
Next, you will choose to either create the budget from scratch, meaning you input the numbers the finance committee has already evaluated, or you will use the previous year’s actual data, which QuickBooks will enter for you. This choice may give you a starting point for your budget, but you will be changing a lot of entries if you use this option.
Budget Choice: Chart of Accounts

If you choose to format your budget based upon the chart of accounts, you will see the screen below. While entering your budget, keep in mind QuickBooks requires the budget to be entered monthly rather than annually. If you can identify the time period that you would normally receive income or have expenditures in an area, you can enter it in that time period. For example, your wing conference is held in March. You can enter the budgeted income and expenses for the conference in March, or even allocate some to February. If you cannot identify the period of your expenditures, you should allocate the amount evenly across the 12 months. For example, if you plan to spend $600 in supplies for the year, budget $50 per month. Instead of physically entering the amount in each month, you can enter the monthly amount in the first month, and use the “Copy Across” button in the bottom left corner. Note that the annual column will automatically total as you enter data in each monthly column.
If you would like to adjust the amount of the budget item already entered, you can select “Adjust Row Amounts” in the bottom corner. A box will pop up allowing you the option to increase or decrease this row amount by __ %. You will be able to select the amount you would like to increase or decrease the row.

If you cannot finish the budget in one sitting, you may “save” it and return later to finish the entries.

Once you are finished, select OK.
**Budget Choice: Customer: Job**

If you choose to track your budget by Customer: Job, you will be able to track more than one budget in the fiscal year. You can use a Job for state funding, wing funding, or other funding you would like to track. Note that you will have to enter a separate budget for each funding source you would like to track. Once you start your budget by selecting “Customer: Job” under additional budget criteria, you will notice a box labeled “Current Customer: Job.” Select the Customer you would like to enter. For example, you can choose State Funding as your job and enter your state funding budget.

**Note:** In order for this to work correctly, all of your actual income and expenditures must be coded to this Customer: Job; otherwise the actual data will not appear in the comparative report.

When you are done, you can save the budget as listed above.
Budget Choice: Class

If you choose to track your budget by class, you will be able to track more than one budget in the fiscal year. Any class may have its own budget. You may also enter budgets for the wing’s units using the class budget. Note that you will have to enter a separate budget for each class you would like to track. Once you start your budget by selecting “Class” under additional budget criteria, you will notice a box labeled “Current Class.” Select the class you would like to enter. For example, you can choose Aerospace Education as your class and enter that budget.

Note: In order for this to work correctly, all of your actual income and expenditures must be coded to this Class; otherwise the actual data will not appear in the comparative report.

When you are done, you may save the budget as listed above.
Running Reports

As stated before, the most important aspect of budgeting is to monitor your budget over time. Periodically, the finance committee should review actual spending compared to the wing’s budget to make sure you are on track. If actual income is lower than projected, you may need to adjust your spending as well.

To run budget reports, go to Reports, Budgets, then choose Budget vs. Actual.
Choose the budget you would like to print.
For this particular report, I chose to enter a budget by class. You can choose to look at the report by Month, Class or Class by Month.

I would suggest looking at the report by Class. This will give you a year to date summary on the budget rather than a look at each month.
The report will initially have a column for each class in QuickBooks. In order to separate out the classes you would like to see, choose Modify Report at the top left corner. Choose the Filters tab. Under Choose Filter, select Class, then choose the class you would like to view in the drop down box for Class.
The report that is generated will list the amount of actual expenditures in the first column, the budgeted amount in the second column, followed by a dollar and percentage calculation of the difference between the actual and budget line items. These difference columns will help you as you are monitoring expenses throughout the year.

If you need to make changes to your budget, go back to the budgeting entry instructions. Instead of creating a new budget, you will select the budget that you already entered. Once the budget appears, you may change the numbers as needed for the new budget.