

Financial Planning Tips and Tricks

A financial plan will help you manage your club's finances and help you achieve objectives that have a financial implication. It will ensure your members are informed of your club's financial position and will help with grant applications and auditing requirements. Use an excel spreadsheet and ask your treasurer to add formulas for ease of use.

There is no specific structure to a financial plan, but it should include a budget and forecast, year to date percentages and a comparison table from last financial year. Your club's financial plan will lay the foundation on which your income and expenditure transactions will build a thorough picture of your club's financial position.

Purpose:

A financial plan:

- Helps to keep the members informed of the results of its activities and safeguards funds.
- Ensures the club is financially sustainable and allows transparent reporting to members who can then make informed decisions about the club's activities, programs, and overall development.
- Helps the club deliver its strategic goals in a financially responsible way.

Tips to remember when creating a financial plan:

- Determine where you want your club to be and in what timeframe. Set long-term end goals so that you know what direction to take your plan.
- Build your plan in increments. You won't know immediately what plan works best; trial and error are a necessity.
- Set monthly goals. Give your plan some wiggle room. Determine what goals you want met each month and do what you need to in order to meet them.
- Assess the impact. Before making any large changes, assess what those changes will do to your budget, forecast, and plan.
- Cover the difference. If you must take money from one expenditure, find a way to make it up somewhere else.
- Adjust your plan. When something comes up, adjust your plan. It takes time to create a successful financial plan, so don't be afraid to make changes along the way.
- Is the income higher than the expenses? It is important to pay attention to how much money you have coming in versus how much you have going out. If you don't have enough, then you will have to make the appropriate adjustments.
- What other funding options do I have? There are many other funding options available to sports clubs – government funding, sponsors, donations, fundraising opportunities. Try new things and don't hesitate to look for the money you need in the unlikeliest of places.

Budget

All clubs – big or small – require a budget. When developing your budget, start with the expenses that are necessary, and try to cut out anything your club and your members can do without. This will free up money for new ideas and keep your club from overspending where it isn't needed.

Short-term budgeting is usually anything that refers to less than a year, and long-term budgeting is anything over that. Short-term expenditures are anything that you will have to pay money on now and that won't be used again and again. This might be uniforms, food and drinks, gas money, insurance payments, etc. Whereas long-term might refer to large training equipment or vehicles, things that will become your club's assets. Setting a short-term budget first will show you how much money is left in the budget for long-term investments. Ideally your club can set aside money for both.

A few tips for budget preparation:

- When are membership fees, fundraising, and donations coming in? Even though there will be a set day for when payments are due, they may be late. It may take time for the money to be gathered and delivered, so allow for this flexibility in your budget.
- Are the expenses set to a realistic level? Use previous years' reports to determine if the amount of money going out makes sense. Update your quotes for your big-ticket items regularly so you are aware of rising costs.
- What are your fixed versus your variable income and expenditure? Your projected variable income should correlate with your variable expenses – for example your player registrations will align with your seasonal hire fee.
- Set aside money for your big projects or wish lists, contingencies/emergency funding and renewals

Forecast

A large part of successfully managing your club's finances is planning for expenses while considering your expected income. When you create a forecast, you form one for projected income and one for expected expenses.

The combined income and expenditure forecast gives you a cash flow forecast. This will show you exactly how much money you need to have coming in to account for all of your expenses. It will identify any gaps in your funds that you will need to fill from other sources. This will help when applying for grants or seeking sponsors.

Reporting

Financial reporting requirements will vary from code to code. Your club's executive needs to be on top of reporting responsibilities to ensure that the club complies with those requirements. Financial reporting and auditing are about safeguarding members' financial interests and to ensure the committee is fully compliant.