

2024/2025 Budget Proposal

Profit and Loss Budget

Account Category	Annual Budget (\$)
Grants	900,000
Donations	260,000
Rent	105,000
Interest on Term Deposit	20,000
Miscellaneous Income	10,000
Total Income	1,295,000
Administration	47,000
Insurance	35,000
Repairs and Maintenance	40,000
Staff	890,000
Staff Leave	70,000
Depreciation	33,000
Miscellaneous	15,000
Total Expenses	1,130,000
Net Surplus	165,000

Scenario for Budget Planning

As the treasurer, you're preparing the 2025/2026 budget when two significant challenges arise:

1. Insurance Expense Increase: Insurance premiums are projected to increase by 50%, raising the expected annual insurance expense from \$35,000 to \$52,500 due to anticipated regulatory changes and market conditions. This increase is unavoidable and must be factored into the upcoming budget.

2. New Strategic Program: The organization is launching a new program that directly supports a critical strategic goal. The program will receive dedicated funding for only the first six months of the 2025/2026 financial year. After that, the organization must cover its costs internally to sustain progress toward this strategic goal.

Your Task:

1. How would you adjust the 2025/2026 budget to accommodate both the insurance premium increase and the new program's ongoing costs?
2. Which areas could be reduced, deferred, or reallocated to cover these additional expenses?
3. Would you consider increasing income targets, utilizing reserves, or seeking additional grant funding?

Develop a revised budget strategy that balances these financial pressures while maintaining a small surplus and supporting the organization's strategic objectives.