



BUDGETING AND BOOKKEEPING FOR ROLLER DERBY

Rollercon 2008



July 31, 2008
w/ Hambone



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AGENDA

- Audience Survey – why interested?
- Introduction – Budget and Books
- Division of Labor
- Tools
- Budgeting
- Bookkeeping
- Accounts
- Postings
- Reports
- Review / Revise



BUDGET AND BOOKS

Revenue:

Merch sales
Ticket sales
Sponsorship
Dues



Expenses:

Merch costs
Venue costs
Advertising
Insurance



GOALS of the league's finance process:

- **Transparency** – assuming an 'open' LLC or NFP
- Committee **accountability** (and independence!)
- League **planning** – can we afford X, Y, Z ?
- Tax readiness



BUDGET VS BOOKS

- Budget: what we **plan** to spend / earn

16	INCOME					
17			JAN	FEB	MAR	APR
18	BOUT PRODUCTION					
19		Ticket Sales				\$ 1,000
20		SUBTOTAL	\$ -	\$ -	\$ -	\$ 1,000
21						
22	MERCH					
23		Merch Sales	\$ 503	\$ 515	\$ 1,508	\$ 1,500
24		SUBTOTAL	\$ 503	\$ 515	\$ 1,508	\$ 1,500
25						
26	COACHING					
27		Revenue			\$ 200	
28		SUBTOTAL	\$ -	\$ -	\$ 200	\$ -
29						

- Books: what we **did** spend / earn

Gotham Girls Roller Derby NFP, Inc. Transaction List by Date July 1-6, 2008

Date	Type	Num	Name	Memo/Description	Account	Split	Amount
07/01/2008	Check	219	Hunter College Athletics	Hunter College fee for selling concessions at June 28 bout	Checking - Commerce Bank	Concessions - Expenses	-500.00
07/01/2008	Bill		Heraty Law		Accounts Payable	Legal & Professional Fees:Lawyer	16.50
07/01/2008	Sales Receipt	1522	GoGo BaiBai	contribution - July 2008	Paypal	-SPLIT-	48.25
07/01/2008	Sales Receipt	1523	Marlene Speedtrich	contribution - July 2008	Paypal	-SPLIT-	48.25



DIVISION OF LABOR

- Goal: **Transparency**
 - “Two sets of eyes” principle – at minimum
 - Example -- GGRD’s Finance Committee:
 - “Treasurer”
 - Writes checks. Handles cash. Collects expense receipts. Harasses skaters for dues. Responsible for cash flow management.
 - “Bookkeeper”
 - Maintains books and records. Never touches cash or checks. Works with the outside accountant. Generates reports.
 - Responsible for what *was* spent or earned.
 - “Budget Czarina”
 - Executive level (league VP)
 - Determines committee budgets and holds chairs to them. Responsible for what *will be* spent. Approves larger expenses.
 - Uses reports generated by Bookkeeper to aid decision-making.
- Plus, part of the team...
- “Tax Accountant”
 - Outside consultant. Paid tax preparer, reviews books quarterly.
 - Also a league sponsor (DON’T FORGET: Every vendor is a potential sponsor!)



TOOLS

- MS Excel



- Develop and maintain department budgets
- Maintain cash flow projections
- Ad-hoc reporting; manipulate QuickBooks reports

- Quicken QuickBooks



- Quicken “SimpleStart” on-line edition
- Online = 3 logins + a ‘pro accountant’ account
- Online edition = \$269/yr, free initial trial
- Online edition not Mac-compatible (yet)

- MS Money for Small Business

- Is anyone using ? Basic concepts should be similar.



BUDGET VS BOOKS

- **Budget**

- Organized by department
- Line-items defined to be useful to the league
 - e.g. “Coaching”, “Videographer”
- Not updated as an ongoing chore
- Does not reflect balances, debts, profits, losses

- **Books**

- Organized in a “Chart of Accounts”
- Most account names you create to be useful to you
 - e.g. “General Admission Tickets” vs “VIP Tickets”
- Some accounts are mandated by accounting convention
 - e.g. “Undeposited funds”, “Petty cash”, “Depreciation”
- Updated with a **posting** for every transaction
- Drive **reports** on balances, debts, profits + losses



BUDGET & BOOKS WORK TOGETHER

- Creation / Reporting / Review cycles
 - Create: budget per department
 - Collect data from previous years
 - Talk to previous department chairs
 - Separate Income from Expenses
 - Get 'wish lists' from each department
 - Report: budgeted vs. actual
 - Requires meticulous tracking and entry of postings
 - Review:
 - Keep an eye on cash flow and cash balances
 - Adjust budget plans as required with department heads



BUDGET CREATION

- Separate Income from Expenses
 - Must do to meaningfully map against the books
- Separate by Month or by Bout
 - Should inspire regular financial reviews
- Collaborate with committee heads
 - make sure they know they are going to be responsible for their numbers
- Do not let skaters 'just pay for things themselves'
 - Organization needs to understand true costs of operations



BUDGETING INCOME

- Quiz previous department heads
- Gather department 'wish lists'
- Consider all sources of income:
 - Ticket Sales
 - Dues
 - Merch
 - Events and Parties
 - Sponsorship
 - Travel team visitation reimbursements



BUDGETING EXPENSES

- Consider all sources of expense:
 - Venue rental
 - Paramedics
 - DJs / Announcers
 - Referees
 - Tournament Entry Fees
 - Travel
 - Insurance
 - Merch Re-stocking
 - (kind of a special case of expense)



SAMPLE BUDGET

- Sample League Budget:
THE HYPOTHETICAL ROLLERS



Microsoft Excel
Worksheet

- Design features of this budget:
 - Cash flow projection tool
 - Decision making tool
 - Do we need to raise dues?
 - How many tickets must we sell?
 - Can we afford another bout?
 - Skater education tool – pie charts highlight various responsibilities
 - Use variables to drive key numbers
 - Tie to IRS form line-items (form 1023)

THE BUDGET SERVES THE GOALS:

Transparency, Accountability, and Planning



BUDGETING VS BOOKKEEPING

- Bookkeeping – only involves the recording of economic events.
- Strictly backward-looking.
No forecasting.
- Only events which can be expressed in terms of \$
- Bookkeeping usually done in QuickBooks / MS Money
- Can be done in Excel (if careful!)



ACCOUNTS

- Assets and Liabilities
 - Asset Accounts – things you own
 - Owned resources (sport court, p.a. systems)
 - Inventory (t-shirts, stickers, calendars)
 - Deposits
 - Cash / checking
 - Liability Accounts – things you owe
 - Accounts payable to vendors
 - Credit card balances
- Fundamental Accounting Equation
Assets = Liabilities + Equity



ACCOUNTS

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

There are other kinds of accounts, including:

- *Income* Accounts: things that *increase* equity
 - Ticket sales
 - Merch sales
 - Sponsorship dollars
 - Skater dues
- *Expense* Accounts: things that *lower* equity
 - Rink rental
 - USARS fees



CHART OF ACCOUNTS

- Sample chart of accounts:



Microsoft Excel
Worksheet



ACCOUNTS VS BUDGETS

- **Income and Expense accounts** correlate to budget line items
- Income and Expenses
 - ... drive *Profit / Loss* reports

- **Asset and Liability accounts** not directly reflected in budget line items
 - Note this in sample budget
- **Assets, Liabilities, and Equity accounts**
 - ... drive *the Balance Sheet reports*
 - a.k.a. the financial health of the organization



POSTINGS

- “Double Entry Accounting” maintains the balance:
Assets = Liabilities + Equity
- Balance maintained via *debits* and *credits*
- For every transaction, make a ‘post’:
 - One account is debited
 - One account is credited
- Debits & Credits – big hurdle to understanding QuickBooks



DEBITS AND CREDITS

- Simple example:
Sell 100 tickets for \$10 each

	Assets =	Liabilities +	Equity
Opening Balance	\$15,000	\$7,000	\$8,000
Ticket sales	+\$1,000		
Ending Balance	??	??	??

- But wait... one account should be *credited*, and the other *debited*. ???



DEBITS AND CREDITS

- “Debits” and “Credits” are direction indicators – not ‘good’ or ‘bad’
- Debits *increase* asset accounts and *decrease* liability accounts
- Credits *decrease* asset accounts and *increase* liability accounts



DEBITS AND CREDITS

- Revisiting simple example:

	Assets =	Liabilities +	Equity
Opening Balance	\$15,000 DEBIT	\$7,000 CREDIT	\$8,000 CREDIT
Ticket sales	+\$1,000 DEBIT	-	+\$1,000 CREDIT
Ending Balance	\$16,000 DEBIT	\$7,000 CREDIT	\$9,000 CREDIT



DEBITS AND CREDITS

- Skater spends \$500 to rent a truck for the league
 - CREDIT the 'skater reimbursements' liability account by \$500
 - DEBIT a 'truck rental' expense account by \$500
- How does this impact
Assets = Liabilities + Equity ? (Balance Sheet)
- **How does this impact P&L? (Expense / Income)**
- Skater gets paid back via check a week later
 - DEBIT the 'skater reimbursements' liability account by \$500
 - CREDIT the 'checking' asset account by \$500
- How does this impact
Assets = Liabilities + Equity ?
- **How does this impact P&L? (Expense / Income)**



DEBITS AND CREDITS

- League spends \$1,000 on t-shirts to sell at bouts
 - DEBIT \$1000 a 'merchandise inventory' asset account
 - CREDIT \$1000 the 'checking' asset account
- How does this impact
Assets = Liabilities + Equity ? (Balance Sheet)
- **How does this impact P&L? (Expense / Income)**



DEBITS AND CREDITS

- League sells the t-shirts for \$2,000 at a home bout
 - CREDIT \$1000 the 'merchandise inventory' asset account
 - DEBIT \$1000 the 'merchandise cost of goods' expense account
 - DEBIT \$2000 the 'checking' asset account
 - CREDIT \$2000 the 'merchandise sales' income account

... minus 8% sales tax:

- CREDIT \$160 the 'sales tax payable' liability account
 - DEBIT \$160 the 'merchandise sales: home bouts' income account
- How do these transactions impact **Assets = Liabilities + Equity ? (Balance Sheet)**
 - **How do they impact P&L? (Expense / Income)**



INTER-DEPARTMENTAL TRANSFERS

Example:

- Marketing department spends \$300 to print team posters to publicize future bouts
- Sponsorship department finds a local bar to pay \$300
 - DEBIT \$300 the 'marketing' expense account
 - CREDIT \$300 the 'sponsorship' income account
- Tracking expenses and income in this way:
 - helps departments understand their true value to the league
 - helps league to understand true costs of activities
 - helps league to budget around true costs for the future



SO WHAT?

- To create meaningful reports, you must track the credit/debit impact of each financial transaction
- Separating actual income/expenses (P&L) from asset/liability transfers (balance sheet) gives you real tools for analysis



SAMPLE REPORTS

- Balance Sheet
 - See sample [Chart of Accounts](#)

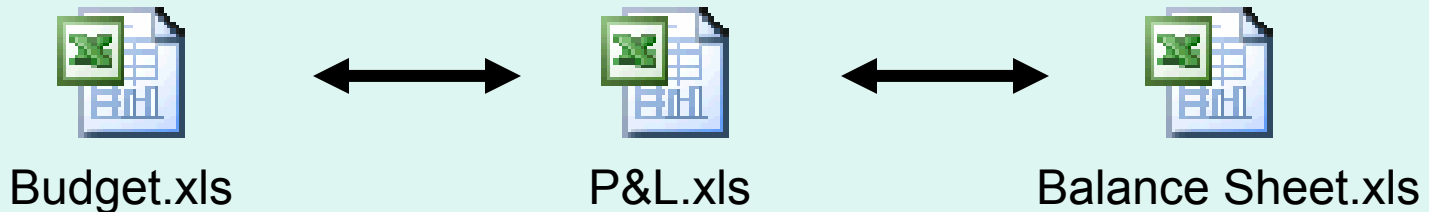
- Profit / Loss
 - Organized monthly
 - Compare directly to Budget



Microsoft Excel
Worksheet



REVIEW / REVISE



- Budget sets departmental goals
- Balance Sheet reports on the overall financial health
- Generate P&L reports to track performance of each department
- Compare Balance Sheet to organizational goals
- Compare P&L reports to budget
- Use all three to manage month-to-month cash flow
- Revise budget as league grows



CONCLUSION

- Separation of powers
- Make a budget the league believes in
- Invest in the right tools
- Track each transaction
- Use reports
- Compare P&L to budget
- Keep asking: does the finance process increase
Transparency, Accountability, and Planning capabilities?

- Questions / Discussion