

# The Foresight Companies, LLC Accounting News



What Foresight Accounting Has Been Working On, Doing and Learning This Month

JULY 2014

## Time for Your 6 Month Budget Review

**Dan Isard**  
President

The accounting calendar has many recurring points. The key to June, is that for most of you, it is a time for review. The end of June is 6 months of the year. If you are not sure why you have a budget, well June is why.

Each year we lay out a budget. A budget has several features. A budget's purpose is to help you reach your goal. The budget is much like a road map (electronic or paper) with a time map attached. If you are traveling 100 miles and expect it to take you 2 hours, you should expect to cover about 50 miles at the end of the first hour.

A budget is intended to say if a cost is \$1,000, then at the end of June you should have spent \$500. If you are anticipating Revenue of \$1,000,000 at the end of the year, you should have Revenue of about \$500,000 at the end of June. You can track Revenue and Expenses on a whole scale basis or on a line item basis. The problem is that you have to watch and respect the budget rather than ignore it.

Monthly budgets are one way to express an annual budget. The problem with monthly budgets is that the funeral business is not an

easily predictable business. A 200 call funeral home won't do 16 calls per month. You might do 20 one month and 14 the next. For some items that are less predictable, more time is more accurate, so case count we think is more effective to measure on a quarterly basis.

Budgets are important but watching them is critical. June is a great time to measure and adjust your business. If your case count is down, don't cut costs, change something about your marketing efforts. If the year is producing more revenue than budgeted, this is not the time to spend more money, but you can go into the closet and giggle a bit!

### **P.S.**

We originally got into the accounting business as a means to making sure the data we get for our management consulting practice is accurate and timely. We have the experience to provide all levels of accounting services. This includes book keeping, tax planning, financial statements, bank reconciliation, payroll, sales tax returns, and state and federal tax filings. The Foresight Companies provides Financial Management consulting with our Real Time accounting services. We know your business and can explain the numbers. As a result, with Real Time accounting your 6 month review does not have to wait until the end of summer.