



Monthly Budgeting

Creating a monthly budget is a key component of managing your business finances, ensuring what you care about most in your program is possible. This guide includes four simple steps to build a monthly budget, plus easy-to-use templates to track spending.

Introduction

An annual budget is a critical tool for managing your child care business. It helps you plan for what you will spend and monitor your actual revenue and expenses to keep you on track. However, a year-long budget may seem out of reach now, given ever-shifting costs and variable revenue. Starting your budgeting process with a monthly time frame can provide a foundation to build on and help manage any necessary adjustments as you move forward.

This workbook takes you step-by-step through the process of creating and tracking a monthly budget, providing a budget tool that will help assist during times of uncertainty.

Once you get the hang of this exercise, you will likely want to make it one of your monthly business habits and be a starting point for longer-term budgets in the future.

Building a Monthly Budget in 4 Easy Steps

Step 1: Gather Documentation

Pull 2–3 months of documents that show your income and expenses. Below is a list of documents that can give you the information you need.

Documents Showing Income & Expenses

- Bank statements
- Credit card statements
- Venmo transactions
- Utility bills
- Any other records of ways that you receive or spend money

Try to use actual amounts of your income and your costs when possible, for greater accuracy. If you don't have actual amounts for everything, it's okay to use an average. For example, you might need to use your average electric bill because you don't know exactly how much electricity you'll use over the month. It may be a good idea to find that average, then round up, as budget items typically do not get cheaper, and it adds a tiny bit of "cushion" into your budget.

Step 2: List Income

To determine an accurate monthly income, you will first need to calculate the money you will bring in based on the number of children at different rates. Complete [Table 1](#) at the bottom of this tool to

find the total revenue from fees based on the different rates you might offer. You can also use our online fillable template, [here](#).

Income Categories

- Subsidy
- Fees (Including, for example, parent tuition, late payment fees, registration fees, supply fees, etc.)
- Grants
- PPP
- Other (Food program/CACFP if applicable)

Now that you've determined the money that comes in from fees each month, enter it in the "Fees" boxes in [Table 2](#) at the bottom of this tool, or [click here](#) to download your own template.

Then categorize the other money that comes in each month. Be sure to always include an "Other" category.

Step 3: List Expenses

Categorize money that goes out each month using [Table 2](#). Again, be sure to list an "Other" category.

Calculating Expenses Based on Time-Space Percentage

When you offer your child care business in your home, you can determine what percentage of your home is being used for your business and base your expenses such as property tax, utilities, home repairs, and homeowner's insurance on this amount. This helps you understand what part of your home's expenses should be covered by your business.

This percentage is determined by calculating your Time Percent and then multiplying it by your Space Percent.

Simply, your Time Percent is calculated by adding up the number of hours you are using your home for business purposes and dividing this number by the total number of hours in the year. There are 8,760 hours in a year. Your Space Percent is calculated by dividing the number of square feet your home is used regularly for business by the total number of square feet in your home. Don't forget to consider the time-space calculation in your costs.

Example:

Let's say you offer care for 40 hours a week for 50 weeks during the year. Your time percent is 23%.

$$\text{Time \%} = (40 \text{ hours} \times 50 \text{ weeks}) \div 8,760 = 23\%$$

Let's also say you use your basement for your child care program space. Your basement is 1,000 square feet and your house is 2,000 square feet in total. Your space percent is 50%.

$$\text{Space \%} = 1,000 \text{ sq ft} \div 2,000 \text{ sq feet} = 50\%$$

$$\text{Time \%} \times \text{Space \%} = \text{Time-Space Percentage } 23\% \times 50\% = 11.5\%$$

Therefore, your Time-Space Percentage is 11.5%.

Step 4: Track Actuals & Build the Next Month

Now you have your monthly budget in the "planned" column. Before you start for the month, find your planned profit by taking all your revenue and subtracting your expenses. If it is positive, that's

the money you are estimating you will have at the end of the month. If it is negative, you are going to run at a loss this month, so you will need extra money to get by.

Now you need to track what you are really getting and spending in the month in the actual column. As you know expenses or revenue, write them in. At the end of the month, if you subtract your actual revenue from your actual expenses, you will know how much money you made (or needed to make up to stay open).

You can aim to build your budget over time: monthly, quarterly, 6 months, and eventually annually if it is helpful, particularly if you are new to budgeting. In the third week of the month, prepare your budget for the next month (for example, in the third week of January, make your February budget). Use the actual revenue and expenses from the current month to guide you. For example, if you see a cost increase that you didn't expect, make sure you increase it on your budget. This way, you can use your actual numbers to adjust as needed.

DEVELOPED AND DESIGNED BY CIVITAS STRATEGIES

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Supporting materials

Table 1: Calculate Monthly Revenue from Fees*

RATE TYPE	MONTHLY RATE AMOUNT	X	NUMBER OF CHILDREN	=	MONTHLY REVENUE FROM FEES
Example: Infants	\$800	x	2	=	\$1,600
Infants		x		=	
Infants with Subsidy		x		=	
Toddlers		x		=	
Toddlers with Subsidy		x		=	
Preschool Age Children		x		=	
Preschool Age with Subsidy		x		=	
School Age		x		=	
School Age with Tuition Support		x		=	
Other		x		=	
Total Revenue from Fees					
Add all the "Monthly Revenue from Fees" boxes together and write it on the line.					

**If you are paid on a weekly basis, multiply that number by 4.5 times to get your monthly numbers. For example, if you are paid \$100 a week, monthly that would equal \$450.*

Table 2: Monthly Budget

Month:

Revenue

CATEGORIES	PLANNED	ACTUAL
Fees		
Subsidy Payments		
Revenue Total		

Expenses

CATEGORIES	PLANNED	ACTUAL
Advertising		
Vehicle/Travel		
Insurance		
Business Loan Payment		
Supplies (including activities, toys, and office materials)		
PPE & Cleaning Supplies		
Rent of Equipment		
Employee Wages & Payroll Taxes		
Food		
Mortgage Payment or Rent (per time-space %)		
Total Utilities (per time-space %)		
Home Repairs (per time-space %)		
Estimated Taxes (if known) (per time-space %)		
Other		
Total Expenses		

Profit/Loss

	PLANNED	ACTUAL
Total Revenue minus Total Expenses		