**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Quiz: Understanding Budgeting Concerns KEY**

*Directions: Complete the following questions about publication marketing. Each question is worth one point unless otherwise noted. (20 points total)*

|  |  |
| --- | --- |
| **List A** | **List B** |
| **1240 Books****Senior Recognition Ads****Business Ads****Patron Ads****Pie-in-the-Face****Car Wash****Bingo Night** | **1240 Books****Cover Art****Shipping****Candy****Local Contests****Voice recorder****Sales Tax** |

\_\_\_D\_\_\_ 1. Refer to the table above. Which word best describes List A?

1. Budget
2. Expenditures
3. Net Profit
4. Income

\_\_B\_\_\_\_ 2. Refer to the table above. Which word best describes List B?

1. Budget
2. Expenditures
3. Net Profit
4. Income

3. Explain the relationship between List A and List B. (2 points)

List A includes examples of ways that a staff can make money and List B includes examples of ways that a staff spends money. If the total amount of money spent from List B exceeds the total amount of money earned from List A, then the staff has a deficit and needs to find a way to make up the difference.

4. Why are the 1240 books listed in both columns?

The publication is both an expenditure and a source of income because it costs money to create it, but selling it to the audience brings in money.

5. Explain the difference between recognition ads and business ads. (2 points)

Recognition ads are typically sold to seniors or senior parents/guardians and may include photos, messages, quotations, etc. They take up space in the yearbook or newspaper, but provide a good means for audience engagement. Business ads are sold to local businesses as a contract in which the publication offers space so the business can advertise their services to the publication’s audience. Both are good sources of income.

6. Fundraisers can focus on providing a **product, a service,** or **an experience.** Give one example of each. (3 points)

* Product: Answers may include examples such as bake sales, Christmas/Valentine’s cards, candy, etc
* Service: Answers may include examples such as car washes, photography, mowing lawns, etc
* Experience: Answers may include examples such as a school dance, “pie”-ing a student, walk-a-thon, silent auction, etc

7. Describe what you would do in the following scenarios, giving at least TWO specific actions with explanations for why you would do that for each. (4 points each, 8 points total)

* *You spent $7000 more than you earned this year.*

Possible answers may include the following actions:

* Hold a last minute fundraiser that costs very little but generates high interest (e.g. pie-in-the-face contest)
* Carryover the balance into next year, which means the staff will have to generate more income in the coming year
* Ask the school board or other governing body to make up the difference

Explanations for their choice should reflect understanding of budgeting principles, including the necessity to function as a separate business from the school and minimize debt as much as possible.

* *Your staff wants to launch a way to make money based on staff members’ strengths.*

Possible answers may include selling publication-related products (holiday cards, family and senior photos, etc) or asking staff members to contribute part of a fundraiser and sell their contributions (bake sale, silent auction, spaghetti or taco dinner, etc).

8. Why is it important to understand your publication’s budget? Describe at least two reasons. (2 points)

Possible answers include, but are not limited to:

* Minimizing debt
* Balancing expenditures and sources of income
* Functioning as a separate business from the school
* Understanding why the publication must earn new equipment or special printing features (cover art options, full color, etc)