Budget

### Purpose of Budget

\* Provides a tool for estimating Chapter income and expense.

\* Provides a responsible plan for using the Chapter income.

\* Establishes the priorities of the Chapter

\* Provides specific authorization for payment of most bills by the Treasurer or Secretary-Treasurer

\* Corrects errors of budget estimates made in the previous years.

### Budget Committee

This is a special committee which meets only for the purpose of determining the budget. The members are appointed by the President and approved by the Board of Directors. It is a small committee, usually no more than three members, with one term expiring at the end of each year. The Treasurer or Secretary-Treasurer is the Chair of the Committee.

### Budget Year

The period of one year for which the budget is planned. It may be:

\* Calendar Year (January 1-December 31)

\* The Administration Year--From installation of officers until next installation

\* Fiscal Year--period for which accounts are recorded and audited

\* Dues year--period in which a member remains in good standing upon payment of dues

### Preparation of the Budget

**Step One: Estimate the income for the budget year.**

\* Identify all sources of income and project the amount

\* Determine the total amount (revenue) which will be available for the year

**Step Two: Estimate expenses for the year.**

\* Have each committee and officer submit budget requests. They should provide information to show why funds are needed.

\* Review these requests and estimate expenses for the year.

**Step Three:** **Prepare a budget showing the projected income and the projected expenses.**

**Step Four:** **Balance the budget using:**

\* Chapter Association Plan of Action Priorities

\* Income and expense records from the previous year or years

\* Income and expense budget estimates or new budget

\* Chapter Association Policies (For example: the chapter may have a policy which requires 5% of the income each year to be held in a reserve fund.)

**Step Five:** **If it is impossible to balance the budget, the Chapter must have a plan for making up the deficit.**

**Step Six: Prepare the proposed balanced budget and present it to the Chapter Board of Directors.**

\* Establish accounts and lines for budget income, examples: membership dues, Fund-raiser #1, Fund-raiser #2

\* Establish accounts and lines for budget expenses, examples: Speaker Expense, Officers Expense, Chapter Leadership Conference, SNA-NC Annual Meeting, SNA Annual Meeting

\* Each Chapter should decide for itself whether it will permit transfer of funds from line-to line or from account to account. For example, if money was not used to attend the SNA-NC Annual Meeting, the Chapter needs to decide if that money can be transferred to another expense category.

\* Approval of the Executive Committee or Board of Directors is usually required to transfer funds from one account to another.

### Summary

Good budget drafting requires that the expenses be broken down into enough detail so that the members can understand where the money is supposed to go. This will also show excessive costs.