



### Creating an Annual Budget

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Budgeting for your chapter is one of the most important responsibilities the board has. Chapters must be run like a business, with members being your "shareholders." Developing a realistic budget and sticking to it means that you are operating strategically and making the most of your member and sponsor dollars for the benefit of the chapter. It is essential for making sure your chapter thrives and maintains a good foundation for the future.

Here are some tips for establishing and maintaining your chapter's budget. More can be found on a financial planning PowerPoint at <http://arma.org/Leadership/Finances/Budgeting.aspx>.

*Who is responsible for the budget?*

Development of a budget cannot be done alone; the entire board should have input and formal approval should be based on voting rules as outlined in your chapter bylaws. That being said, the treasurer is responsible for the development and maintenance of the budget and therefore should take the lead on development.

*What should the budget look like?*

Most chapters divide their budget into income and expenses, and then divide these further into categories (marketing, meetings, seminars, administrative, etc.). There are examples of balance sheets and reports at <http://arma.org/Leadership/Finances/Forms.aspx> or you can ask your region advisor.

Every chapter has its own method of collaborating and reporting that works best for it; choose an organization and presentation that work best for your board and don't be afraid to leverage what has already been done. The most important things are that the budget include all expected income and expenditures and that it be easy to understand.

*When should budgeting happen?*

Chapter budgeting should be done at least annually. Development should be performed as far in advance as possible before each chapter year begins so that activities planning has financial parameters. Often this is done as part of a chapter year planning meeting – at the beginning – so that the budget can be kept in mind when developing the goals for the year.



## Chapter Connection

As elected representatives, the board will need to make choices and prioritize spending on behalf of the membership.

To facilitate discussion of spending priorities, the chapter treasurer should prepare summary budget information to present to the board during the chapter year or budget planning meeting. Some essential items to prepare are:

- The chapter net worth
- Bottom line gain/loss information from previous chapter years (at least two)
- A table with the itemized (category level) budget from last year and the suggested budget for the upcoming year

Once the annual budget is prepared, the chapter has a baseline to work from, but that does not mean the budget is set in stone. The treasurer's report, including chapter performance against the budget, should be delivered and reviewed regularly during the chapter year. The board must evaluate expected income and expenditures against actual events to make sure the chapter is still financially healthy in light of the unexpected. Boards should not be afraid to change budgets to accommodate changing circumstances, such as lower than expected sponsor income. The entire board is responsible for making sure the budget, as well as actual income and expenses, are supporting the chapter.

*How do you get started with development a budget?*

A great place to start development of your annual budget is to take a look at last year's itemized budget. Focus on particular items like:

- What was the bottom line at the beginning of last year vs. the end of the chapter year? Was there an overall gain or loss?
- If there wasn't a loss, is the chapter still in good position to meet its goals for the upcoming year?
- If there was a loss, examine where there were overruns or misaligned budgeting, and prepare recommendations to the board for scaling back and improving the overall treasury.

Often your previous treasurer or other officers can help if you haven't done a chapter budget before. If not, reach out to your regional team or ARMA international for advice. Our ARMA chapters have a lot of experienced current and former board members who are happy to share information and help out, so remember your network – that's why we are all here!