Annual Budget Preparation

- 1. Why should you prepare an annual budget?
 - a. It gives you the real picture of what you can afford and where your gaps in funding are.
 - b. It allows you to plan your needs beforehand and decide how much you can actually spend during your fiscal year.
 - c. A budget can motivate your membership to be creative and successful in finding ways to fund your treasury.
- 2. Budgets are prepared by Fiscal Year. Fiscal year simply means "financial year," and is the calendar you use to figure your yearly budget.
 - a. Your fiscal year determines when you file tax forms, get audited and close your books. An example would be January 1 to December 31 or June 1 to May 31.
 - A budget committee should be established and include the incoming and outgoing treasurers, as they can advise the committee on receipts and disbursements.
 - c. The committee should prepare a proposed budget covering the clubs fiscal year and present it to the Board of Directors for approval before the fiscal year begins.
 - d. Some clubs adopt the annual budget during their first meeting in the fall, although another meeting may be designated by your bylaws.

3. Estimating Expenses:

- a. Your treasurer should provide the budget committee with a list of recurring expenses like (office supplies, advertising, insurance, taxes, maintenance, utilities, fees, dues to state, etc.)
- b. Hold some money in a "miscellaneous" category, to be prepared for unexpected costs.
- c. When possible, use actual figures from previous expenses. When estimating expenses, guess high. For example, take your highest monthly phone bill and multiply it by 12.
- d. Refer to the GFWC Florida Remittance Form for a list of our partners and GFWC Florida Funding to determine your clubs annual federation contributions.
- e. List other club approved contributions such as school scholarships.
- f. List estimated expenses for things you aren't sure you can afford but would like to do.
- 4. Add up all the expense items you have listed.
- 5. Where are you going to get all that money?
 - a. Use last year's figures as a baseline and estimate conservatively.
 - b. List actual figures or estimates for what you can expect from your known funding sources. Such as grants, rental income, donations from corporations or other private entities.
 - c. Estimate fundraising amounts you'll raise during the year.

- d. If you charge fees or sell services, estimate the income (this could be selling training materials you created that can be sold)
- e. Estimate membership dues retained by the club
- f. Do you sell items like pins, t-shirts, books, etc. that yield a profit?
- g. Do you have any income from investments?
- 6. Add up the income you have listed
- 7. The easiest way to keep track of your budget is by using a spreadsheet.
 - a. Create a grid with income categories running down the left and the proposed income to the right of the line item. Total the income.
 - b. Repeat the process for expenses.
- 8. Compare your total expenses to your total income
 - a. If your projected expenses and income are approximately equal, then your budget is balanced.
 - b. If your projected expenses are significantly less than your projected income, you have a budget surplus.
 - c. If your projected expenses are significantly greater than your projected income, you have a budget deficit.
 - i. If this is the case, you'll either have to find more money or cut expenses in order to run your organization.
- 9. Working with your budget
 - a. Each month, the treasurer should provide their Board with a balance sheet showing how the money was allocated along with budgeted balances so they have a clear picture of the clubs finances.
 - Some clubs use a computer program such as Quicken. It's user friendly and decreases the workload and paperwork of the treasurer. It also gives a very understandable series of reports and bank statement reconciliation.
 - ii. By purchasing an accounting program, it can be passed from one treasurer to another allowing for consistent records.
 - Some clubs have both a treasurer and assistant treasurer. You may want to consider splitting the responsibilities so that there is a checks and balance system.
 - For example: The treasurer might be responsible for bank deposits, disbursements and the balance sheet, while the assistant treasurer would reconcile the check book.
 - ii. The GFWC FL auditor recommends that if only one person is handling the finances, that the club president receive a copy of the monthly bank statement.
 - iii. This does not mean that you lack trust in your treasurer. It's just good business and we all make mistakes.