

Good Practices

- **Budget Wisely.** Your budget is a reflection of what your organization believes is important enough to spend its limited resources on. Grounding decisions in your purpose or values is always a sound practice and can sometimes mitigate negative discussion.
- **Keep Spenders Accountable.** If possible, have checks double-signed by both the treasurer and another officer or advisor. This minimizes opportunities for abuse and provides checks-and-balances. Do not have a check card for your account—there is little transparency with this, especially if the card is passed around to multiple spenders.
- **Reimburse with Documentation.** There should be a process by which members can be reimbursed for purchases. Requiring a receipt is a good way to make sure you are paying the correct amount and are spending funds on legitimate items.
- **Be Transparent through Reports.** Monthly reports to the general membership about the expenses, revenues, and overall budget provide confidence to members in who is spending their money.
- **Use Campus Financial Resources.** There are funding opportunities available through Student Assembly, such as Activity & Event Funding and Conference Funding. Visit <http://www.wm.edu/offices/studentleadershipdevelopment/funding/index.php> for more information.

Additional Resources

<http://ctb.ku.edu/en/table-of-contents/finances/managing-finances/annual-budget/main>

- Community Tool Kit offers a guide to budgeting for non-profit and community organizations.

<http://www.snpo.org/samples/V150446.pdf>

- The Society for Non-Profit Organizations has a resource on budgeting for non-profit organizations and also has a section on controlling your budget.

BUDGETING

In This Brochure

Steps to create a useful and meaningful budget for your organization

Budgeting is one of the most important actions an organization can do, yet it is often given the least amount of attention. There are two main reasons for budgeting:

- **Resource management.** You want to appropriately manage your money so you have enough to accomplish your goals without overspending.
- **Accountability.** Budgeting is one of the most telling ways to communicate your group's priorities. By creating a budget, you can hold your organization and your members accountable to achieving your goals.

The more time you spend on the front end by creating a budget, the less time have to worry about issues regarding money later.



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Engage

ELEVATE

Explore

Step 1: Decide What You Want to Do

As an organization, you should be thinking about what you want to do or accomplish in the coming term or year. This discussion should involve officers, regular members, and advisors. Have this discussion without thinking about how much money you have (or don't have)! When you have narrowed the list of goals down to a manageable size, put that aside and proceed to the next step.

Step 2: Determine Your Resources

The person overseeing your finances should create a report with hard numbers and soft numbers. Hard numbers are numbers you can confirm, like the amount of money in the account. Soft numbers are numbers based on predictions, like the amount of new member dues if you take on ten new members.

Example Numbers

Hard Numbers:

- Amount of money currently in your account
- Income from dues or fees from a firm number of members
- Money given to you by other organizations

Soft Numbers:

- New income from dues or fees based on a predicted number
- Income from fines or donations

Step 3: Determine Your Current Obligations

Think of what bills you have to pay or things that must be purchased without much negotiation. Examples include: dues to an umbrella organization, banking fees, or supplies that are necessary for the day-to-day operation of the organization. If your organization has a "rainy day fund," or "emergency fund," consider how much to put in these funds. You should budget these first because these funds are not optional and non-negotiable.

Step 4: Calculate Your Starting Number

Take your amount of resources from Step 2 and subtract the current obligations you determined in Step 3. Congratulations! The amount left is what you have to work with to accomplish your goals from Step 1.

Step 5: Divide and Allocate

This step can be the longest and most difficult part of budgeting. There are infinitely many ways to divide funds between officers or programs/initiatives. Oftentimes the amount for this area can be small in comparison to the overall budget. You may have officers jockeying for more money and decision-making may get heated.

One way to budget is to start by funding at the minimum level possible and grow from there. Ask officers or committees to submit two lists of items they want to purchase: one of "must-haves" and one "wish list." Then your organization can fund each program, event, or initiative at a minimum level and add to them if

you have the means.

If you can't fund each event or program at the minimum level, you will need to cut back on the requests. There are many ways to do this and making cuts can cause some controversy in an organization. You could cut equally across the board to be fair, but not all events or programs are equal. One option is to allocate a specific amount and have the officer or committee find a way to make it work by either cutting their own budget where they see best or soliciting outside funding. It's usually best to have all of the officers involved in this decision.

Step 6: Review, Adopt, and Revisit

Once the decisions have been made, your finance person should create a final document that has the comprehensive budget in its final form. The group should then dedicate time at a meeting to go over the budget and formally adopt it. This ensures all members have a similar understanding of the budget.

However, budgeting doesn't stop here. You should revisit your budget often. The finance officer should provide updates on the budget at least once a month. A synopsis of how much has been taken in, whether there is a shortfall, if additional cuts need to be made, etc. should be communicated to the group and any changes to your budget allocations should be adopted as prescribed by your constitution.