



Budgets

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The budget is a financial representation of the activities and operations an association expects to conduct during a specified time period. The **master** budget of an association should consist of a number of **different** budgets from various committees and activities. Remember that budgeting is the practice of anticipating in advance, as accurately as possible, the income and expenses of the association for a specific period.

If required, it is the responsibility of the association manager to prepare and present the master budget to the board for approval. The finance committee has the responsibility of monitoring and reviewing the budget, if applicable. The master budget should coincide with the association's fiscal year and be retained for a minimum of three years. For guidelines on proper record retention, reference the "Record Retention Guide," on the Association page of BOWL.com under Forms and Manuals.

Preparation of a Budget

The board may direct that preparing a budget is the responsibility of the association manager.

The best way for the association manager to get an accurate account of the income and expenses of the association is to start by asking each committee chair to prepare an annual budget for his/her committee, along with each project or activity they will undertake. Once prepared, the association manager collects the individual budgets, and with the finance committee, reviews the requests to determine the practicality of each. Prior to this review process, the association manager and finance committee should consult with the board to determine what the priorities are for the association in the upcoming year. For example, knowledge that the board wishes to set aside a significant amount of revenue for purchase of lane certification equipment will have an impact on how the remaining budget will be allocated.

After the association manager has compiled all of the individual budgets into one master budget, which includes salaries, payroll taxes, insurance, utilities, rent, etc., it must be approved by the board. Once approved, copies should be prepared for the entire board and finance committee, and made available to any member of the association upon request.

Reserves

Building reserves also is an important part of the association's financial responsibility. Reserves are funds set aside for a predetermined purpose (such as major repairs and replacements). They usually are kept in some type of savings (such as a CD or money market account) depending on the association's needs.

Reserves should be built into the association's operating budget, if relevant. Within the budget, there are two types of reserve funds – general and special. The general reserve fund would be used to cover unforeseen emergencies. Ideally, it should be one year's operating expenses.



Special reserves usually are set up to deal with a specific need. For instance, if an association wants to buy a new computer or prepare for a bid to host a state tournament, money can be put into a special reserve fund over a period of several years. Special reserve funds are only established if there is a need for an item or project.

Management of the Budget

The association manager manages the approved budget, as applicable, by ensuring the actual income and expenditures stay “in-line” with the approved budget. In addition, the finance committee monitors the budget throughout the year.

In monitoring the budget, the finance committee could recommend to the board that funds be reallocated during the season in the event a certain area has excess funds or a special need arises. Any reallocation in the budget while it is in use must be approved by the board.

Sample Association Budget

As stated earlier, a budget is based upon an estimate of income and expenses. This being the case, it should be supported by the appropriate documentation. The following illustrates a sample association budget.



ASSOCIATION BUDGET

	APPROVED BUDGET CURRENT YEAR	ACTUAL CURRENT YEAR	PROPOSED BUDGET NEXT YEAR
INCOME			
Current Year's dues	\$36,000	\$35,000	\$34,000
Next Year's dues	1,000	1,000	1,000
Interest	450	500	450
Scholarships	900	1,000	1,000
Special Projects	4,000	5,000	4,500
Sponsors	500	1,000	700
Tournaments	8,000	7,000	7,500
Lane Inspections	200	200	200
TOTAL INCOME	\$51,050	\$50,700	\$49,350
EXPENSES			
National & State Dues	\$22,000	\$21,000	\$20,000
Salaries	1,900	1,900	1,900
Payroll Taxes	350	350	400
USBC Delegate expenses	1,000	1,000	1,100
Utilities	500	550	600
Insurance	275	300	350
Scholarships	1,500	1,500	2,000
Printing	75	100	100
Promotions	1,000	1,100	1,500
Awards	1,050	1,200	1,300
Tournaments	7,500	8,000	8,000
Web Site	100	100	200
Annual Meeting	100	25	100
Lane Inspectors	175	175	200
Office Supplies	200	225	250
BVL	2,000	2,000	3,000
Bowl for the Cure	2,000	2,000	3,000
TOTAL EXPENSE	\$37,525	37,300	37,750
NET INCOME (LOSS)	\$13,525	13,400	11,600