



## BUDGETS

Budgeting is the practice of anticipating in advance, as accurately as possible, the income and expenses of the association for a specific period. A budget is a tool for estimating expected income and expenses. You can use it to help you plan how you intend for your finances to change over a period of time, and to examine how your actual financial transactions for the period compare to your planned transactions.

If required, it is the responsibility of the association manager to prepare and present the budget to the board for approval. The Finance Committee has the responsibility of monitoring and reviewing the budget. The 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 Resource Center \(ARC\)](#) page of BOWL.com, under Association Managers.

### **Preparation of a Budget**

The board may direct that preparing a budget is the responsibility of the association manager or the Finance Committee. Either way, the association manager should be involved in the process as they are most directly involved with the day to day finances of the association and would have valuable input to the budgeting process.

The best way 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 feasibility 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 the purchase of items for a new awards program, or for a new computer for the association will have an impact on how the remaining budget will be allocated.

After the association manager has compiled all 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 an unrestricted fund balance set aside to stabilize an associations finances by providing a "rainy day savings account" for unexpected cash flow shortages, expenses, or losses. The amount of reserves should be set by the board based on its regular cash flow and expenses.

They usually are kept in some type of savings (such as a CD or money market account) depending on the association's needs.

In addition to regular reserves, an association can create a special reserve fund which are 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 is tasked with managing 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.

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## Example USBC Association Budget

<b>Income</b>			Approved Budget	Actual YTD	Proposed Next Year
Membership Fees	\$ 25.00	1400	\$ 35,000.00	\$33,750.00	\$32,500.00
Tournament Entries	\$ 30.00	450	\$ 13,500.00	\$12,750.00	\$12,000.00
Association Sponsorships			\$ 1,500.00	\$1,600.00	\$1,500.00
Savings Interest			\$ 75.00	\$72.00	\$75.00
Scholarships			\$ 750.00	\$800.00	\$750.00
Fundraising			\$ 2,000.00	\$2,500.00	\$2,500.00
			<b>\$ 52,825.00</b>	<b>\$ 51,472.00</b>	<b>\$ 49,325.00</b>
<b>Expenses</b>					
State Dues	\$ 2.00	1400	\$ 2,800.00	\$2,700.00	\$2,600.00
National Dues	\$ 13.00	1400	\$ 18,200.00	\$17,550.00	\$16,900.00
Association Manager Salary	\$ 400.00	12	\$ 4,800.00	\$4,800.00	\$4,800.00
Tournament Prize Fund	\$ 15.00	450	\$ 6,750.00	\$6,375.00	\$6,000.00
Tournament Lineage	\$ 10.00	450	\$ 4,500.00	\$4,250.00	\$4,000.00
Tournament Manager Salary	\$ 2.00	450	\$ 900.00	\$850.00	\$800.00
Payroll Taxes	\$5,700.00	20%	\$ 1,140.00	\$1,130.00	\$1,120.00
Youth Scholarships			\$ 1,000.00	\$1,000.00	\$1,250.00
USBC Convention Delegate Expense	\$500.00	3	\$ 1,500.00	\$1,500.00	\$1,800.00
State Delegate Expense	\$200.00	6	\$ 1,200.00	\$1,000.00	\$1,200.00
Telephone / Internet	\$70.00	12	\$ 840.00	\$864.00	\$900.00
Insurance			\$ 400.00	\$375.00	\$400.00
Average Book Printing			\$ 250.00	\$260.00	\$300.00
Website			\$ 350.00	\$300.00	\$350.00
Annual Meeting			\$ 500.00	\$600.00	\$600.00
Postage			\$ 200.00	\$180.00	\$200.00
Fundraiser Items			\$ 300.00	\$350.00	\$400.00
Printing			\$ 500.00	\$240.00	\$300.00
BVL Donation			\$ 500.00	\$500.00	\$500.00
Office Supplies			\$ 450.00	\$300.00	\$400.00
Awards			\$ 2,000.00	\$2,200.00	\$2,500.00
Special Project: Advertising			\$ 1,500.00	\$1,500.00	\$0.00
Rent			\$ 2,000.00	\$2,000.00	\$2,400.00
			<b>\$ 52,580.00</b>	<b>\$ 50,824.00</b>	<b>\$ 49,720.00</b>
<b>Net Profit /(Loss)</b>			<b>\$ 245.00</b>	<b>\$ 648.00</b>	<b>\$ (395.00)</b>