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**HOW TO CREATE A BUDGET FOR YOUR ORGANIZATION**

1. Print a Profit & Loss Statement for the previous 12 months
   1. Run the report so you show totals for each month on the year. You will use this to place your projections in the correct month for the budget you are working on.
      1. If you enter totals only, you will not know how you are doing throughout the year when you run your Budget vs. Actual reports. The reports will not paint an accurate picture of whether or not you are on track to meet/exceed your budget.
2. Create a new budget template, based on last year’s actuals, with last year’s chart of accounts
   1. Each accounting software is different, so we have to speak in generalities. Google *How to create a budget in XYZ Software*
3. Begin your budget entries by looking at last year’s revenue, in your different categories, and project realistic income levels for each month, for each of your categories
   1. Increase membership dues: you know you will bring in more members (this should align with your Strategic Plan).
   2. Increase your membership renewals: you know you will do a better job retaining members.
      1. Be realistic on both!
   3. Project realistic sponsor dollars, event ticket sales, etc.
4. Next move down to expenses and enter in realistic expectations for your organization’s needs
   1. Do you need an additional employee? Or are you in a place where you may have to cut costs?
   2. Do you need to buy a piece of equipment or furniture? Take into consideration additional technology and software needs.
   3. Is your insurance going to go up?
   4. Budget for employee raises and bonuses.
   5. Use your previous 12 months of expenses to enter realistic expenses into your budget.
5. Save the template and run a Budget Overview report to see where you ended up
   1. If your budget projects a loss, go back and tighten expenses and increase (realistically) your sponsorship dollars and event revenue.
      1. Sometimes you will have a Deficit Budget. Make sure you have adequate reserves for that.
6. Make sure you are keeping notes in about why you have the totals you do on your budget
   1. Whether your budget is a Deficit Budget, Balanced or Revenue Generating, you will need Board Approval.
      1. Be prepared to answer questions about how arrived at these numbers
7. Take your draft budget to your Finance Committee or Board of Directors (whichever your bylaws or policies and procedures dictate)
8. After approval of your budget, and EXTREMELY IMPORTANT, review your budget with your team
   1. It is important for your team to know their budget expectations, and whether or not buying extra paper clips this year is a big deal.