



# Society Strategies

**Federation of Genealogical Societies**

**P.O. Box 200940 Austin TX 78720-0940**

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Series Set IV Number 1

Rev. September 2003

## Set IV Strategies for Treasurers

### Preparing a Budget

by David Rencher

# Supplemental Page

This strategy paper, written some years ago, is an FGS *Classic* that contains ideas and strategies still relevant today in society management.

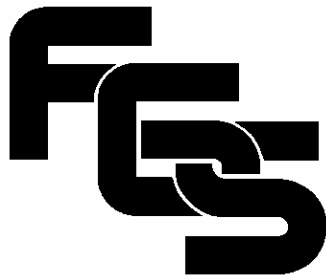
This paper covers the elements of creating a society's annual budget. These guidelines will assist the treasurer in formulating a clear, understandable, and true budget to present to the membership for approval.

The information on page 4 which directs the interested person on how to obtain copies of this paper is incorrect.

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## Set IV Strategies for Treasurers Preparing a Budget by David Rencher

### INTRODUCTION

In most organizations, the treasurer will be asked to prepare an annual budget. Since no two genealogical, historical or family societies or organizations are exactly alike, a budget for any one organization will have its own peculiarities. However, there are some standard guidelines which, when adhered to, will assist the treasurer submit a successful budget for the president and board to approve. Before you begin, gather some important information by answering these four questions:

1. What is the purpose of our organization?
  - Genealogical?
  - Historical?
  - Family Association?
  - Other?
2. What are our financial needs?
  - Do we publish?
  - A Quarterly, A Newsletter
  - Other publications
  - Do we maintain a library facility?
  - Do we sponsor conferences and/or seminars?
  - Are there travel expenses?
  - Are there advertising expenses?

- Is there paid staff with the associated employee benefits?

### 3. What are our financial resources?

- Membership Dues?
- Subscriptions for publications?
- Interest/Investment Income?
- Donations? Gifts?

### 4. How do we balance our financial needs with our financial resources?

- Increasing membership dues?
- Decreasing services?
- Fund raising?

### PURPOSE OF ORGANIZATION

The purpose of your organization directs the efforts of board and members. A well defined mission statement helps you know why your particular organization exists. Your strategy for promoting your organization or society should be based upon this goal. As treasurer, it is your responsibility to advise the board if the financial expenditures are straying from the stated purpose of the organization.



## Preparing a Budget

### ASSESSING NEEDS

As you evaluate the financial needs of your society or organization for the coming year, consider the following items:

#### Operating Expenses

Organizations which differ in purpose will have different levels of operating expenses. For example, genealogical and historical organizations may operate a headquarters and/or library facility, whereas a family association may not. The headquarters may move annually as the president is changed. Factors such as these will have to be tailored to your organization. First, let us examine “normal” operating expenses. Expenses related to operating a facility will be handled secondly. Consider the following items when preparing your budget:

- Telephone
- Letterhead stationery
- Envelopes
- Mailing/Postage
- Computer disks/CDs
- Photocopy paper
- Rubber stamps/pads
- Equipment maintenance
- Post office box
- Miscellaneous office supplies

The treasurer should request assistance from other board members to itemize expenses they anticipate. Or, if operating a small organization, the treasurer may decide to compile all of the information personally and submit the budget for review and additions. Whichever method is used, it is helpful to work from the previous year's budget. The treasurer should supply copies of the budget to other board members as needed.

If your organization operates a permanent facility, the following items would all be budgeted under this category:

- Rent/Lease/Purchase
- Furnishing/Equipment

- Utilities
- Cleaning/Maintenance
- Miscellaneous

Equipment maintenance contracts are available from most office supply firms. When equipment such as computers, fax machines or photocopy equipment is purchased, the firm may try to contract for maintenance. This is usually a good idea, especially for photocopy equipment.

If your organization also operates a library, these items should be considered:

- Acquisition of new material
- Repair/Binding
- Replacement costs
- Cataloging
- Dues to other organizations
- Miscellaneous

#### Miscellaneous

Always include a miscellaneous fund in your budget. This item should not exceed five percent of the overall budget. If it does, anticipated expenses should be better estimated or more detailed in the future.

#### Undocumented Expenses

Well meaning board members may donate a number of items during the year to “help the organization.” If undocumented, the treasurer does not have a true picture of expenses. When that board member is replaced, expenses “unexplainably” go up. If board members do this and insist on not being reimbursed, impress upon them the importance of documenting the expenses to provide a better idea of the actual operating costs needed to operate the organization.

#### Employee Benefits

If your organization is paying employee benefits or anticipates paying them in the future, these may be as high as twenty-eight percent of your employee payroll expenses.

## Preparing a Budget

### ASSESSING RESOURCES

Numerous options are open to every society or organization to meet operating expenses. Major sources of the income are from 1) membership dues, 2) subscriptions and publications, and 3) donations. Some organizations have interest income on investments and/or savings.

#### Membership Dues

Membership dues must be evaluated to ascertain if they are meeting the expenses of the society. If you increase membership dues to cover operating expenses, consider the impact of the increased membership on all aspects of your organization. Many organizations produce publications which are included in the price of the membership dues. At some point, it may be necessary for an organization to reevaluate and completely understand their operating and publication costs.

#### Subscriptions for Publications

Numerous publications cover the spectrum of the genealogical and historical community. The quality of publications ranges from poor to excellent in both content and materials. It is a good idea to secure bids for producing and/or printing your publication at least every two years. The printing industry is very competitive and there are always some “hungry printers” out there. When calculating the costs for your publications consider the following:

- Production
- Printing
- Mailing preparation
- Labels
- Postage

A non-profit organization may consider obtaining a bulk rate permit from the postal service.

#### Interest/Investment/Income

Your organization may have the luxury of having a surplus of funds. The treasurer is usually asked

to investigate methods to maximize interest income. If account balances are considerably higher than expected expenses, you may want to recommend to the board that funds from the general account be placed in a Certificate of Deposit or Money Market account. Also, some financial institutions are willing to give free checking services. If your organization has several accounts and some money should be placed in higher interest bearing accounts, stagger the terms of the accounts so all organization funds are not tied to the same time table.

#### Donations/Gifts



Many individuals want to donate to organizations. Those societies operating a library are likely to receive gifts. We have been taught not to “look a gift horse in the mouth”, but your organization must do this at times. For example, your library should have a collection development policy for the materials to be acquired. If someone wants to donate a considerable collection of material, does it meet the criteria? If not, you are devoting space, materials and resources to a “gift” your organization really didn't need or want. This is very costly. Thus, evaluate all donations before accepting them. One exception may be cash. However, this too must be evaluated if there are “strings attached.”

### BALANCING NEEDS/RESOURCES

When projected financial outlays do not match your potential financial resources, you should consider doing one or more of the following:

- 1) Increase membership dues
- 2) Decrease services
- 3) Fund raising

(Note: Fund raising will be treated in a separate Society Strategy Paper).

## Preparing a Budget

Sample – 20XX Provisional Budget

Category	20XX Actual	20XX Actual	20XX Provisional
<b>Revenues</b>			
Membership Dues	1,740.00	1,980.00	2,225.00
Advertising	300.00	580.00	860.00
Seminars/Conferences	200.00	377.00	600.00
Publications	450.00	675.00	1,000.00
Donations/Gifts	150.00	237.00	350.00
Interest Income	27.40	75.92	125.00
Total Revenues	2,867.40	3,924.92	5,160.00
<b>Expenditures</b>			
Conferences/Seminars	\$000.00	\$130.00	\$200.00
Publications			
Editor	200.00	250.00	300.00
Telephone	21.50	24.00	35.00
Photocopies	87.00	63.00	90.00
Postage	215.00	245.00	275.00
Supplies	45.88	55.24	60.00
Mailing Labels	000.00	123.00	145.00
Office Support	000.00	535.00	800.00
Photocopies	33.00	54.00	67.00
Postage/UPS	193.00	215.00	255.00
Printing	556.00	685.00	895.00
Refunds	25.00	35.00	50.00
Rent/Utilities	269.24	294.56	325.00
Returned Checks	000.00	25.00	50.00
Supplies	276.74	480.04	600.00
Telephone	98.52	106.77	125.00
Total Expenditures	2,020.88	3,320.61	4,272.00
<b>Net Income</b>	\$846.52	\$604.31	\$888.00

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