Chapter Budget Development

Crafting your chapter's budget is one of the most important jobs a finance chair will have each year. You will need to use historical data and input from your fellow board members to create a budget that is empowering, but realistic. To start this process on the right foot, you will want to know where your money is coming from and how much you are getting.

Types of revenue

- **Renewal dues:** This is where you get the bulk of your revenue, and it will come at the beginning of the year. Identifying how many of your members plan on renewing will be a key first step in this process. Forum moderators are a good resource for scouting who's in and who's out.
- **New member dues:** This is similar to renewal dues, but pro-rated monthly. To budget this, you will want to be aware of when your recruitment events take place. For example, if a recruitment event takes place in December, you'll only get half the year's dues for the people who join.
- **Initiation fees:** A one-time-only fee for any new members you bring on. Not every chapter has these, but they can be useful to help offset costs for recruitment events or Forum trainings.
- **PEAK (formerly Rock Star):** Earning PEAK status will earn your chapter extra revenue. There are several checks your board / chapter will need to hit throughout the year, but going for it not only promotes chapter health; it also gets you paid.
- **Strategic alliances:** Getting cash or in-kind contributions from local sponsors (e.g., banks, lawyers, or accountants) is a great way to bolster your revenue stream. You probably already have some deals set up for this year, so be sure to check in with your strategic alliances chair to find out what to expect.
- **Regional funding:** Your regional councils have money available for chapter disbursement every year. These funds are used to subsidize programs or reward overachieving chapters. Reach out to your regional council to learn how your chapter can get money in the following categories:
  - Recruitment: Grants for recruitment events or awards for winning recruitment contests
  - Strategy Summits: Subsidies to offset the cost of putting on a Strategy Summit

    - Forum: Subsidies are given to those Forums wanting to go through Forum workshops
    - Learning: Grants are often sent to those chapters that cooperate in a speaker tour
    - Event revenue: If there is an event that requires a larger financial outlay than your budget affords, you can opt for participants to pick up a portion of the bill (user-pay events). Guest fees and no-show fees fall under this category as well.
    - Be creative: There are other ways to raise money within your chapter, such as selling chapter yearbooks, event calendars or EO swag. You are not limited to what is listed here, but please be mindful that EO is not a business and ultimately this money is to be used for adding member value.

Now that you know how much revenue you will be receiving, you can start to plan out where to spend your money. Here are some of the expenses you may encounter. If you need guidance on how much you should be spending in each category, there are templates on the next page.

Types of expenses

- **Board expenses:** There are four main buckets of expenditures in this category: monthly board meeting expenses; board member travel to GLC; chapter president travel to the Presidents' Meeting; and Strategy Summit costs. You will want to identify the GLC and Presidents' Meeting locations as soon as you can for your estimates.
- **Chapter administration:** Chapter administrators are vital to the smooth operations of most chapters, but they do not work for free. So, you will need to set aside money for their salary and any office supplies they might need in their role.
- **Chapter events:** This is where the bulk of your spending will go, and for good reason. Work closely with your learning chair to find out how many events there will be and the timing of any major financial outlays.
- **Forum:** As you bring on new members and people rotate in and out of moderator positions, you will need to hold Forum trainings. Following are some types of trainings currently being held, as well as the costs associated with them. You'll want to connect with your Forum chair to see what kind of trainings they're planning for the new fiscal year.
- **Forum training:** Typically, for new members, these trainings are free unless you have fewer than six attendees. The cost to the chapter is US$250 for each person under the required six and is called an "empty seat fee" (i.e., the chapter would be charged US$500 for a training with only four members attending).
- **Moderator training:** This training is held to educate some of the most important leaders in your chapter.
- **Spousal / life partner and key executive trainings:** Many chapters hold Forum trainings for spouses and key executives. This costs US$250 per spouse or key executive.

- **Training venue / meeting expenses:** This can vary depending on where and how the training is held.
- **Empower your board:** Adding a good reserve to your chapter’s financial portfolio will empower your board members to go out and have a great year. If you are able to increase cash flows and reserves, you will see your membership flourish, with people fighting to gain access to your board room.
- **Recruitment:** It costs money to make money and recruiting for EO is no different. You can expect some costs for different recruiting luncheons or Forum “test drives” throughout the year.
- **Communications:** Getting the word out to your members will also have costs associated with it. Costs that can come up are website hosting, sending out mailers or distributing a newsletter.
- **Taxes:** Many chapters are tax-exempt because they are incorporated as nonprofit organizations, but this does not apply in all governances. Please consult with your previous finance chair or an accountant for more details regarding your tax obligations.
- **Other expenses:** You should be putting some money aside for bank fees or credit card-processing fees. Any money that EO Global collects for you by credit card is assessed a three (3) percent processing fee. Insurance fees could also be budgeted in this area.

Things to consider

- Did you get 100 percent cooperation / input from the chapter board during the budget process?
- Do you have projections and worst-case scenarios?
- Does your chapter have a reserve account set up? EO Global strives to apply five (5) percent each year to their reserves.
- If you’ve finished building your reserve, consider putting aside five (5) percent of your budget for discretionary funds.

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