**BUDGETING**

**WHAT IS A BUDGET?**

A budget is a tool used for planning and controlling financial resources and provides a guideline for future plans of action, expressed in financial terms, within a set period of time.

The first step to building a healthy financial structure is to develop and maintain a budget. While this may sound daunting at first, it is very similar to the budget that most student pharmacists use to manage their personal finances.

**PURPOSE OF A BUDGET**

* Clarify financial goals.
* Encourage chapter members to use funds effectively and efficiently.
* Assist in decision-making.
* Provide accurate information to analyze, adjust, and evaluate programs and activities.
* Provide a historical reference to be used for future planning.

**COMPONENTS OF A BUDGET**

* **Income**: May include fundraising revenue, membership dues, grants, institutional funds, donations, and any other planned revenue sources.
* **Expenses**: Includes any funds the chapter plans to spend throughout the course of the year. These may be obvious things like supplies for patient care projects or food at meetings, but they may also include printing, equipment, postage, travel, national or state membership dues, speaker or entertainment fees, rental fees, security costs, publicity, promotional materials, AV/media, event space, and sales tax. When estimating expenses, include all planned events, no matter how small, and think about all potential areas for cost.

**STEPS TO CREATING A BUDGET**

**Step 1: Pre-Budget Considerations**

When preparing your budget, it helps to know the chapter’s priorities, objectives, and goals. As you begin, ask yourself the following questions:

* What is the time period with which you are working (semester, entire year, etc.)?
* What does your chapter want to accomplish?
* How will you accomplish this?
* How much will it cost?
* Where will you get the money to pay for this?

**Step 2: Budget Preparation**

* Review previous year’s activities and expenditures for insight.
* Seek input from other chapter officers to estimate projected expenses and get ideas for potential sources of revenue.
* Prepare an outline of the chapter’s planned activities.
* Determine and record available funds (previous balance, allocated funds, etc.).
* Estimate and record expected income and when it will be available (dues, sales, fundraisers, etc.).
* Define and record expenses (supplies, printing, advertising, etc.).
* Plan to maintain a minimum balance that can cover chapter operating costs.
* Review, revise, and prepare the final budget.
* Have Executive Committee members and/or APhA-ASP Chapter Advisor approve the final budget.

**Step Three: Managing the Budget**

* Set and maintain a minimum balance.
* Establish a process for approving expenditures (allow only approved expenditures, etc.).
* Keep accurate written records of all financial transactions including income and expenditures.
* Periodically compare the budget to actual expenditures.
* Regularly report the financial status to the APhA-ASP Chapter Advisor and APhA-ASP Chapter Officers.

**Further Considerations for Budgeting**

1. **Be both realistic and accurate**. In some cases, income or expenses may be difficult to estimate or predict, so it is best to budget conservatively. As a general rule, subtract 10% from estimated revenue in case a funding source backs out or a fundraiser does poorly, and anticipate a 5 to 10% increase in chapter operating costs compared to the year prior.
2. **All APhA-ASP Chapter Officers share the responsibility for budget management**. While managing the budget is the primary responsibility of the Finance Vice President, it is important that all APhA-ASP Chapter Officers have a basic understanding of the financial standing of the chapter. If chapter leaders do not understand their spending constraints, they will be not be able to work within them, so keep in regular contact with them to make sure they understand the chapter’s financial operations for events and initiatives.
3. **Conduct a periodic review of the budget**. Despite the best research and planning, it is not uncommon for budgets to change and shift throughout the year, so set points in the year to review the budget and the chapter finances. If unanticipated expenses arise, adjust your spending or identify additional funding sources. Be sure to include your APhA-ASP Chapter Advisor(s) in this process.

**Examples of APhA-ASP Events to Budget for:**

* Chapter meeting costs.
* Patient care projects.
* Meeting travel: MRM, APhA Annual Meeting and Exposition, APhA-ASP Summer Leadership Institute, APhA Institute on Alcoholism and Drug Dependencies.
* National Patient Counseling Competition.
* APhA-ASP Chapter Officer retreats.

**APhA Chapter Payments and Reimbursements**

While having a budget is a very important tool for the chapter’s financial planning, this system will only reflect a net amount gain for the year. However, to continue to operate throughout the year, the chapter must maintain a positive balance. Because one of the significant sources of revenue for APhA-ASP Chapters is membership dues, consult the schedule of payments that APhA will make to chapters to disburse those membership dues. APhA will distribute membership dues owed to chapters on the schedule below.

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| --- | --- |
| Membership Activity | Funds distributed to Chapters |
| June – September Enrollments | End of October |
| October Enrollments | End of November |
| November Enrollments | End of December |
| December Enrollments | End of January |
| Membership Rebates | End of February |
| January – May Enrollments | End of June |

Note that under this disbursement schedule, chapter membership dues from the Fall Membership Drive, frequently the largest disbursement, will be dispersed at the end of October and November primarily. Chapters must maintain sufficient operating funds to maintain chapter operations until that point.

Additionally, chapters may qualify for membership rebates. For each member registered prior to the date listed below, the chapter will be reimbursed as follows:

* October 15: $3 rebate per chapter member
* Nov 8: $1 rebate per chapter member

Chapter reimbursement reports are available at any time on pharmacist.com via the administrative login for chapter. Please consult your APhA-ASP Chapter Advisor for access to this report.