

## Budget Guidelines for Service Bodies

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### Introduction

These guidelines are designed to help service bodies (Intergroups, Service Boards, Regions) develop an annual process for creating, monitoring and administering a budget. This enables service bodies to adhere to Tradition Seven: “Every OA group ought to be fully self-supporting, declining outside contributions.”

### Purpose of a Budget

A service body’s budget provides a means to plan for the fundraising and expenditures necessary to perform the Twelve Step work of carrying the message within and outside the Fellowship of Overeaters Anonymous. A budget can facilitate planning by allocating projected income against anticipated expenses for the upcoming year.

As the service body develops consensus on group priorities, the budget provides a framework to accomplish the following goals:

- Strengthen the service body and/or member’s sense of ownership and involvement
- Give the board, committees, and representatives of the service bodies clear direction on the suggested activities for the year
- Help the service body operate without fear of financial insecurity

According to Concept Twelve, section (b), “Sufficient operating funds, plus an ample reserve, shall be OA’s prudent financial principle.” To continue providing services, Overeaters Anonymous service bodies need to have budgets based on past experience, as well as on current and projected income. A prudent reserve is an emergency fund or savings that allow OA service bodies to carry the message of recovery, even if projected income is not met. The amount may be determined by figuring operational expenses for a given period of time—for example, one to six months. Expenses include such things as rent, telephone, postage, printing, utilities,

and salaries, if applicable. The fund should be periodically reviewed to make sure it meets the present and projected needs of the group or service body.

### Creating the Budget

Organizations use budgets to agree on how to spend resources in a given fiscal year. It is important to understand the differences between fixed and variable spending, in case of a catastrophic financial event. The service body may ask the treasurer or a budget committee to draft the proposal. The process involves estimating future income and expenses.

### Estimating Yearly Income

Yearly income can come from Seventh-Tradition contributions, fundraising activities, and proceeds from retreats, workshops, marathons, etc. In addition, money may be available from OA regions or WSO to fund special requests; for example, delegate travel to the World Service Business Conference or trustee travel to speak at workshops, professional exhibits, etc. (See [oa.org](http://oa.org) or individual region websites for more information.)

### Estimating Expenses

Expenses can be divided into two categories: fixed and variable.

Fixed expenses may include the following items:

- costs for copies
- office rent
- room rent
- post office box
- telephone

Variable expenses may include the following items:

- postage
- professional outreach or public information projects
- Twelfth-Step-Within activities
- special events
- delegate and region representative travel (and region chair or trustee travel, if applicable)
- newsletter, literature, media library
- ad hoc committees, such as bylaws, budget, etc.
- website development and maintenance
- contributions to other levels of service: service body or WSO

A service body can determine its budget for an upcoming year by reviewing the past year’s budget and considering the need to increase income or decrease expenses. The service body can also ask OA members or committees to submit proposals on how much money they need for certain duties or obligations.

Exhibit 1 below is an example of a proposal to the budget committee for travel to a region assembly.

## Budget Format

Budgets can be legibly handwritten, typed, or entered into a software program. The advantage of using computer software—whether a spreadsheet or financial program—is the ease of entering, updating, and disseminating data to members. (See Exhibit 2 on p. 3 for a sample budget.)

### How do we reach consensus on the budget?

- The service body’s treasurer reviews the requests and checks for accuracy, and then enters the figures into the budget document.
- The treasurer (or budget committee chair) convenes a meeting where interested members agree to the funding allocation among committees.
- If available funds will not cover all the requests, the service body has two options to align with the service body’s agreed priorities:
  1. To evenly reduce discretionary expenses
  2. To have committee members reduce or eliminate funding for specific work

### What is the budget approval process?

The service body’s bylaws may stipulate the approval process. Listed below is one example of the levels of approval:

- budget committee
- executive board
- service body representatives

## Determining a Prudent Reserve

A prudent reserve is an amount of money set aside so the service body can function if its income falls below expectations. Voluntary contributions are unpredictable, so service bodies must balance the need to be prudent and ensure stability with the need to carry the message. Many service bodies determine

the size of a prudent reserve by establishing a certain percentage of operating expenses. One suggestion is to set aside a minimum of one to six months’ total operating expenses. By examining its financial records for the past one to three years, a service body can estimate its operating expenses and determine a prudent reserve. (For more information about determining a prudent reserve see the *Fundraising and Prudent Reserve Guidelines for Groups and Service Bodies* at [http://oa.org/pdfs/fundraising\\_guidelines.pdf](http://oa.org/pdfs/fundraising_guidelines.pdf).)

## Budget Review

The power of a budget lies in reviewing and adjusting it. It is wise to conduct regular budget reviews and report variances to the service body. In addition, treasurers should quickly review the budget before each expenditure and review it more formally each quarter.

## Revenue Review

If revenues are substantially down, the following actions are helpful:

- Report the decline immediately to the service body, using exact numbers.
- Discuss the necessary corrective steps, which can include formally reducing budgets, if necessary, and consider fundraising events or campaigns to increase contributions.
- Consider doing a formal group inventory. Look for *Group Inventory* or *Strong Meeting Checklist* on oa.org on the Group Support page.

If revenues are substantially up, the following actions are helpful:

- Celebrate the success through service body announcements.
- Consider adding budget money to areas that would help carry the message.
- Let area groups know how the extra money will be spent.

The adjustments mentioned above should go through the appropriate approval process.

### **Exhibit 1: Budget Proposal**

Item	Estimate	Source
Registration Fee	\$40	Region Assembly Registration Form
Mileage	\$28	200 miles (per mapquest.com) x 0.14 cents per mile
Hotel	\$150	Hotel Rate of \$69 per night plus tax
Meals	\$60	\$30/day x 2 days
<b>Total Request</b>	<b>\$278</b>	

(NOTE: This example is from the United States. Transportation reimbursement policies and rates will vary by country.)

## Expense Review

Analyze each expense category to see what is on budget, over budget, under budget, or nearing budget limits.

If expenses are on budget, report this success to the service body.

If expenses are over the budgeted amount, the following actions are helpful:

- Report the increase to the service body and explain the reasons for it.
  - Decide how to increase the budget or freeze spending for the remainder of the year.
- If expenses are under budget, the following actions are helpful:
- Report the decrease to the service body.
  - Determine whether the excess funds can be used elsewhere or held in reserve.

### **Exhibit 2: Sample Budget**

<b>INCOME</b>	<b>Budget</b>
CDs and Electronic Media	\$
Convention—Local	\$
Convention—State	\$
Fundraising	\$
Retreat	\$
Seventh-Tradition Contributions—Group	\$
Seventh-Tradition Contributions—Individual	\$
Workshops	\$
<b>TOTAL INCOME</b>	<b>\$</b>
<b>EXPENSES</b>	
Banking Fees/Adjustments	\$
Chair's Expenses	\$
Convention—State	\$
Delegate Expenses	\$
Newsletter	\$
P.O. Box Rental	\$
Phone Service	\$
Professional Outreach/Public Information	\$
Secretary—Corresponding	\$
Secretary—Recording	\$
Seventh-Tradition Contributions to Region	\$
Seventh-Tradition Contributions to WSO	\$
Twelfth-Step Within	\$
Ways and Means	\$
We Care List	\$
Website (for the year)	\$
<b>TOTAL EXPENSES</b>	<b>\$</b>
<b>INCOME MINUS EXPENSES</b>	<b>\$</b>

The items in this sample budget are listed alphabetically. In practice, a service body usually lists budget items in order of priority. Fixed expenses are deducted first, and the remaining balance is divided among variable expenses as determined by member proposals and group conscience. Some service bodies have agreed on policies that prescribe how to prioritize variable expenses.

- Determine why the item is under budget and take corrective action.
    1. Is the budgeted item no longer important or necessary? Consider moving the budget allocation to another area.
    2. Is the budgeted item important or necessary but not being carried out? Take immediate corrective action.
- Keep in mind that any adjustments to the budget should go through the approval process.
- If expenses are nearing the end of their budgeted amounts, the following actions are helpful:
- Alert the appropriate person within the service body so he or she can make adjustments accordingly.
  - Review the budget amount for appropriateness.

### **Additional Budgeting Tips**

- Make the budgeting process as simple as possible.
- Involve as many members as you can in financial planning and budgeting. This will take the mystery out of finances.
- Explain to all service body members what the money is being spent on.
- Talk about finances at all levels, emphasizing that every member can contribute to the service body's financial health.
- Put excess revenues back into services that help carry the message. If revenues are substantially up, it may be appropriate to increase spending above budgeted amounts, or to increase Seventh-Tradition contributions to the region or WSO.
- Even if revenues are up, the service body should approve spending above budgeted amounts prior to committing to the expenditure.
- Treasurers should check budgets before reimbursing anyone, and the service body should approve any reimbursement amounts not in the budget.
- Financially stable service bodies and strong recovery in an area usually go hand in hand.
  1. Seventh-Tradition contributions usually follow recovery.
  2. If revenues are down, focus on recovery.
  3. If revenues are up, celebrate recovery and carry the message even more.
- Service bodies that participate in the service structure above intergroup level tend to become stronger financially. If revenues are down, resist the temptation to stop sending representatives to region, national/language service board, and world service events. Participation in these events brings fresh ideas that help carry the message, thus strengthening service bodies financially.
- Contribute year-end cash surpluses to the wider Fellowship according to the group conscience in your area. Groups frequently choose to send 60 percent of excess funds to their intergroup or service body, 10 percent to their region and 30 percent to WSO. Groups may also choose to contribute all excess funds to their intergroup or service body, and allow those service bodies to contribute to the region and WSO.
- Always put money above the prudent reserve back into recovery-related services, or contribute year-end cash surpluses to the wider Fellowship according to the group conscience in your area.
- Relate the service body's total costs to the number of groups supported by that service body. One region that had a financial crisis used this approach: First, the region divided its expenses by the number of groups in that region, thus coming up with an average per group. The region used this average to arrive at a range of suggested contributions from each group. The region then sent a letter or email to each group, explaining the status of the region's finances and asking all groups to consider contributing within the suggested range. This proved to be an effective communication: The region's income increased by 66 percent in the first year after the letter was sent, and by 48 percent in the following year. This approach was successful because the request was clear and simple and the suggested contribution was manageable. It provided a goal for less-affluent groups and allowed more-affluent groups to perceive they were assisting the other groups.

OA Board-approved

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