

# **ACOFS - The Australian Council of Film Societies**

## **Film Society Handbook**

### **Chapter 9: FINANCE and THE BUDGET**

[Jan 2010]

The budget for your film society should aim at a modest surplus remaining at the end of the financial year. Some of this can be held in cash or a current account to meet the initial expenses of the next year's activities and some or all of the remainder can be set aside in a reserve fund. A reserve fund to cover future equipment purchases/replacement is often called an "Equipment fund" or a "depreciation fund". In both the short and long term, the society's funds can only be used to further the aims set out in the Constitution. Being a non-profit organisation, no surpluses or profits can be distributed to members.

Membership fees should be fixed to cover all estimated expenses as well as an allowance for emergencies. Setting the fee is a difficult task: too low a subscription may result in a crippling loss, too high will keep potential members away. The most important thing is to make it realistic, i.e. a not-too-optimistic estimate of the probable total membership for the season. A rule of thumb is that most film societies charge approximately three times the current admission charges to a commercial cinema for a season of ten films. If you want to increase the number of films screened, increase the number of members, not the membership fee.

To provide a detailed example of a typical film society budget is impossible, as the circumstances surrounding the activities of each society differ considerably from the points of view of financial resources, location, number of screenings, number of members, character of films shown, availability of hall, projection equipment and projectionists etc. Listed below are the main items of expenditure that you are likely to come across. Use this as a check list when planning a budget.

The major expenditure items would be film hire, DVD purchases and rights, venue hire and insurance.

Generally your only income will be from membership fees, but occasionally you might receive grants or subsidies. Providers of grants will usually require that your organisation have an ABN and be registered as a non-profit organisation. They may also require that you be incorporated.

The likely expenditures are as follows:

- Venue. Often subsidised by your local council.
- Film hire and freight or DVD purchase/hire and rights payments.
- Printing. Newsletters, tickets, notices etc.
- Advertising material. Annual programmes, fliers etc.
- Postage. Newsletters, booking requests, bills etc.

- Phone.
- Public Liability Insurance. Many venues insist that you have at least \$10Million public liability insurance. Speak to your Federation about this.
- Film Loss and Damage Insurance. Membership with a state Federation provides free film loss and damage insurance.
- Membership with your state Federation.
- Supper. Some societies charge members for supper.
- Equipment. It is always a good idea to put aside a little each year to allow for equipment maintenance or replacement – a depreciation fund.

Typical budgets of a range of different film societies:  
(These are indicative only. You should use your own researched figures).

	Medium society screening 16mm	Medium society screening DVD	Home society screening DVD
Screenings per year	10	20	10
Source of films/DVDs	16mm from NTLC	Purchase DVDs	Privately owned DVDs
<b>EXPENDITURE</b>			
Films/DVDs	\$275	\$500	\$0
Rights	\$0	\$1100	\$0
Shorts	\$0	\$50	\$0
Freight	\$200	\$0	\$0
Venue	\$1000	\$2000	\$0
Fed membership	\$123	\$123	\$40
Newsletter	\$30	\$30	\$10
PL Insurance	\$450	\$450	\$0
Equip fund	\$200	\$200	\$0
Misc	\$100	\$100	\$50
<b>TOTAL EXPEND</b>	\$2378	\$4553	\$140
<b>INCOME</b>			
Membership, each	\$30	\$50	\$20
Members	80	91	7
<b>TOTAL INCOME</b>	\$2400	\$4550	\$140

### A Reserve Fund

What if something goes wrong? It's nice to have something "in the kitty" to cover this possibility. A new society can provide an initial working capital and operating reserve by asking foundation members to each contribute a reasonable sum (\$10 to \$50) as a loan to the society, to be repaid as soon as the society has generated enough surplus to establish and maintain its own reserve fund. In practice you will find that each year the income from membership fees arrives before most expenses, which are typically invoiced after each screening. That means that if the budget is balanced a society should be able to manage each year with a very small reserve.

An established society should aim to have at least 33% of a year's operating expenses in reserve before committing itself to spending the surplus on other items such as

projectors, etc. Unless the society is incorporated under State law all members are individually liable for debts incurred by the society. The reserve fund is a buffer against personal payment of liabilities and avoids the embarrassment of being unable to pay debts when they occur.

There is a lot of debate over what constitutes a modest surplus and an acceptable reserve fund. Apart from the “equipment fund”, which may need to be large if a major equipment purchase is being considered, the reserve should be sufficient to cover all anticipated expenses over a couple of years if the income for some reason, is unexpectedly reduced. Anything from 33% to 100% of the annual cash flow is often recommended. Whatever the amount, it should be invested wisely such that it can be withdrawn easily when needed and it should earn a good interest while invested. This earned interest is invaluable in minimising the revenue that must be earned from membership fees each year.

### **Suggested Book Keeping package**

Bookkeeping for your society need not be complicated. A straight forward method would be to use an old fashioned lined accounting book for recording expenses and income used as the basis of monthly reports to the committee. Monthly statements can be prepared simply using MS Excel which can be combined at the end of the year to produce the annual financial report. But don't forget to back up your computer regularly. Your state Federation can give you detailed advice if necessary.