

How Strong Are Your Association Chapter Reserves?



Maintaining a reasonable level of financial reserves is essential to an association chapter's ability to survive. Reserves provide a necessary cushion for operating shortfalls that come up because of unforeseen events, economic uncertainties, etc.



With all that's happened in the past year and the changes that many chapters have had to make related to operations and programming, how would you categorize your level of reserves? Does your association chapter have enough of a financial reserve to cover three to six months of expenses if you didn't bring in any additional income? Or have you been taking from your reserves to keep your chapter going right now?

Some of our clients have shared their concerns about how much they've had to utilize their reserves in the past year, as many stopped holding events and meetings in March of 2020. Some chapters have started holding events again but for several reasons, their income, and their reserves, don't show that they've started again. Some chapters have begun holding meetings virtually but haven't been asking attendees or sponsors to pay. Others have stopped focusing on events completely, as their board members are still distracted personally and professionally by the pandemic and aren't focused on their finances. Whatever the reason, in 2020, many chapters brought in significantly less income than they had in previous years. And as their income decreased, they began dipping into their reserves to pay for those few things they were doing virtually and to cover their normal operating expenses.



Here are some ideas for increasing your reserves, while also providing your association chapter with income to help cover your operating expenses.

Take Payment from Sponsors

Chapters provide significant value to members outside of meetings. Association member engagement also comes from a variety of online sources, like the blogs, forums and members-only content you share on your association website. There are multiple non-meeting ways to provide value to sponsors (and members). Show sponsors the value your members are still getting from their membership, and those sponsors will be more than willing to pay to sponsor your chapter and some of those online areas.

Continue asking sponsors to advertise. And don't turn down those sponsors that want to advertise or participate in other ways financially because you feel you're not doing things that are worthwhile. You are still sending newsletters to members and prospects; you still have your website and you still send emails. Your chapter is still providing value to its members and sponsors want to take advantage of that, as some of their typical connection channels may no longer be available to them. You may want to consider adjusting your sponsorship levels right now, but don't deny your sponsors the opportunity to give you money.

Charge (Appropriately) for Your Virtual Events

You may not believe your virtual events are worth charging for, but that couldn't be further from the truth. Your members attend your virtual events because they see the value. Virtual events can be effective and engaging events and worth the money you charge to attend.

Engaging members virtually through meetings, educational sessions, conferences, webinars, etc., takes time, effort and money to set up and run. Even charging a small amount can help you better cover your costs and keep you from taking from your reserves to cover the speaker or the cost of using Zoom. You'll want to find ways to recoup the money you spend to hold each virtual event. This could include charging and/or capping the number of people that attend a virtual event, so you're not paying for a larger Zoom than you need.

Holding in-Person and hybrid events (and charge)

Look for inexpensive events to hold, like a hybrid golf event, a (socially distanced) networking event at an outdoor pavilion or your annual awards event at a local drive-in theater. As things being to open



up and your members, and guests, become more comfortable attending events in person, look for exciting, interesting ways to support your industry and charge for your events. Hold the events people want to attend, and they will pay.

Right now, you may just be looking for ways to break even, so you don't need to take money from your reserves unless it's an absolute emergency. Find several things to charge for (don't forget about your webinars and chapter swag, which may interest members more than ever right now), to cover your costs and add to your reserves, to keep your chapter viable for the long-term.

Reserves shouldn't really be used to make up for income shortfalls unless you have a plan to replace them or a way to reduce your expenses. Keeping cash in reserve for a "rainy day" may seem like a luxury but it can actually ensure your organization's long-term financial health.

