#### All arts organizations develop an annual budget, but a three-year financial plan allows you to be much more strategic in your planning for financial model changes. Here’s a step-by-step process outlining the basics:

#### Step 1: PEDICT YOUR ANNUAL EXPENESE FOR THE NEXT THREE YEARS

#### Will they be about the same, somewhat larger, significantly larger?

* About the same
* Somewhat larger
* Significantly larger

#### Step 2: IDENTIFY FACTORS

#### In the box, identify the factors that drive the predictions, as well as the expense areas affected.

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#### Step 3: IDENTIFY CURRENT REVENUE SITUATION

#### On page 2, list the components of your current situation: largest revenue components and the infrastructure needed to generate the revenue.

#### Step 4: IDENTIFY CHANGES

#### On page 2, decide if a change is needed in any component of your financial model to accomplish your goals in three years, determining how the anticipated changes will affect your largest income components and their required infrastructure three years into the future.

#### Step 5: MAP OUT CHANGES FOR THE NEXT THREE YEARS

On page 2, describe what is needed to accomplish those changes in the next three years. You will use this to set goals.

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| --- | --- | --- | --- |
| current situation | Is change needed? | Three years inthe future | What’s needed to realize this? |
| **Largest income components:** |  | **Largest income components:** |  |
| **Infrastructure in place related to generating revenue:** |  | **Infrastructure in place related to generating revenue:** |  |