



FINANCE TRAINING

BUDGETING

BUDGETING – OVERVIEW

- What is a budget?
- Why do we budget?
- Who creates the budget?
- How do we prepare the budget?
- Who controls the budget?
- Okay – now we have one – what do we do with the budget?

WHAT IS A BUDGET?

- The Budget is a simple financial document. It is one of the most important tools required to effectively and efficiently manage your SSC/Squadron.
- It aids in measuring the progress of the SSC/Squadron on a monthly/annual basis.
- Used properly, it demonstrates financial accountability on the part of the Board to its members (i.e. parents).
- It should be viewed simply as a plan or a guideline. *It is not cast in stone!*

WHY DO WE BUDGET?

- The success of a Squadron Sponsoring Committee hinges on its ability to plan and manage its resources.
- The budget is used to compare and monitor year-to-date financial records with the original plan.

WHO CREATES THE BUDGET?

- The budget is a document that is created by both the SSC and CO (officers)
- The SSC provides the costs for providing items such as rent, insurance and other operational costs
- The CO provides the SSC information on their plans for the training year and “guesstimated” costs for each program. These programs include the regular training programs such as drill, band, fam flying, FTXs, as well as, extraordinary programs (i.e. special travel, etc.)

WHO CREATES THE BUDGET?

- The SSC determines what monies will be needed to be raised throughout the training year through various fundraising activities/donations/sponsorships
- Both the SSC Chair and CO work to ensure both teams (SSC and Officers) provide all information to ensure the budget is complete and that the Squadron will operate efficiently throughout the training year

HOW DO WE PREPARE A BUDGET

- A good starting point for preparing a budget is the previous year's financial performance which can point to expectations for the coming year. The "Budget Estimator" worksheet on the ACC9 is a great tool to assist in preparing your budget
- Budgeting should be based on realistic expectations, not on a "Wish list"
- All parties must have input (SSC and Officers)

HOW DO WE PREPARE A BUDGET

- Communication:
 - The SSC and CO need to be in agreement with the direction of the training and the meshing of extra-curricular activities with that training.
 - DND Pac Region Funding (LSA allowance) is available for some training activities in the CO's training plan, these need to be identified. This funding should be included in your budget income.

HOW DO WE PREPARE A BUDGET

- Expenses:
 - The SSC Chair, with input from the other executive members of the committee, prepares the list of mandatory and administrative committee expenses, extra-curricular and fund raising activities with their estimated costs
 - The CO and his/her staff prepares their training plan for the year with the estimated cost of the training activities

HOW DO WE PREPARE A BUDGET

- Income:
 - All traditional sources of income are listed with realistic estimations of income:
 - Cadet Registration
 - Tag Days
 - DND Pac Region (LSA)
 - Fundraising drives
 - Donations
 - Total Income is compared to total Expenses to determine the extent of fundraising required.
 - By using the training plan to drive the budget rather than the other way around, the SSC and the CO can ensure that those objectives which best suit the Squadron will be achieved.

WHO CONTROLS THE BUDGET?

- The SSC controls the monies coming into and leaving the Squadron. (Remember - Officers are **NOT** to touch money.
- Although the SSC is responsible for all the fundraising to ensure the Squadron's financial viability; the CO has the final say on whether or not monies are spent within their training budget. The CO should make their decision on the expenditures based on the information provided in the monthly financial statements

WHAT DO WE DO WITH THE BUDGET?

- Budget allowances should not be altered during the year
- The “Budget Tracker” worksheet can be used for financial presentations at Exec Meetings
- These statements should be circulated monthly to the Executive of the SSC, or individuals specified in the Bylaws, and the CO. The financial status of a Squadron should not be a secret.

WHAT DO WE DO WITH THE BUDGET?

- Once a budget is approved the CO, staff should be able to spend within their budget allowances without having to have each item approved again by the SSC (remember if the monies are not yet raised, expenditures can't be made)
- Approval should only be required for expenses over and above budgeted amounts or for expenditures not included in the original budget
- Remember to provide a copy of the approved budget to the BCPC with 30 days of SSC AGM

SUMMARY

- The SSC prepares their plan
- The CO along with the other Officers prepare the training plan
- The Chair and CO meet to discuss the plan
- The two plans are merged into a single Budget and these figures are reported on the monthly financial statements.



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