

THE ARMY CADET LEAGUE OF CANADA



CORPS SUPPORT COMMITTEE BUDGET PREPARATION

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INTRODUCTION

Preparing a balanced and viable budget in an open and honest manner is the foundation of proper financial management of Support Committee (SC) funds. A budget allows you to anticipate expenses and with regular review of past financial years, can help you anticipate and estimate your annual revenue.

Many people fear creating a budget due to unfortunate personal experiences. Money, after all, is one of the leading causes of divorce, business partnership dissolution and discord within the SC. While preparing a budget can be stressful at times, knowing your financial priorities and managing financial expectations can assist in making the upcoming financial year a great success. Success is something that can be built upon!

LAYING DOWN THE FOUNDATION

WHAT DO YOU NEED TO BEGIN?

Work on preparing a budget should be done at least two months prior to the start of your new fiscal year, but sooner is better than later. To begin planning, you will need the following tools:

- a. Historical annual financial statements;
- b. Knowledge of funding priorities;
- c. Upcoming Cadet Unit Training Plan (CUTP);
- d. Knowledge of local DND funding model; and,
- e. Patience.

**Note – Many SCs, as an example, share fiscal years with cadet training years (Sep until Aug)*. Should that be the case, the budget should be started in April, for completion in June as most SCs and Corps stand-down for the summer. Refer to your Branch regarding your specific fiscal year.*

While a budget can be prepared without all of the items listed above, having all of them makes the process much smoother.

Historical financial year end statements

SCs should always keep records of previous financial years. Not only is this required by law, but the information within the statements helps establish a baseline of anticipated revenue and expenses. Over time, with this information, creating a budget will become easier and easier to do.

Within the statements, you will find valuable information regarding fundraising activities. These can help you plan future fundraisers, decide appropriate dates or even decide that a particular fundraiser is not profitable. If revenue was accounted for on a monthly basis, this will also assist in estimating cash flow. This cash flow will assist with budgeting for expenses.

Expense history will let you know where you may have to allocate more or less funds to a specific activity or project. This also helps you manage your cash flow, especially when working with a monthly budget.

Knowledge of funding priorities

Funding priorities can be divided up into four main categories:

- a. Must-Have;
- b. Should Have;
- c. Could Have; and,
- d. Wish to Have.

Establishing these funding priorities can be a rather difficult task, but the Army Cadet League of Canada has assisted by creating National Policy 3.3 to assist SCs. These are:

- a. Must-Have include:
 - i. Training and storage facilities that support the weekly mandated training;
 - ii. Operational costs associated with the use of these facilities (telephone, heat, electricity, cleaning, etc);
 - iii. Army Cadet League of Canada mandated financial requirements, such as insurance, membership dues, local screening costs, etc;
- b. Should Have include:
 - i. Other support to mandatory and complimentary training;
 - ii. Support to non-discretionary activities (shooting, biathlon, music, and expedition)
- c. Could Have include:
 - i. Support to discretionary activities (drill, orienteering, skill-at-arms, etc)
 - ii. Costs associated with attending Branch meetings and training for Support Committee members; and,
- d. Wish to Have:
 - i. Citizenship, educational and recreational trips not supported by the Canadian Armed Forces.

In addition, National Policy 3.3 states that SC support should benefit the Cadet Corps, and not just a select or elite few. This ensures that it is the entire Corps that benefits, as many fundraisers that involve cadets, involve the entire Cadet Corps. As examples:

- *Purchasing new shooting mats for the use by the entire Cadet Corps should be prioritized over buying shooting mats for use by only the marksmanship team. Buying custom shooting mats for individual cadets on the shooting team is strongly discouraged.*
- *Purchasing sweatshirts for the biathlon team should only be done if there is intention to also purchase sweatshirts for the remainder of the cadets in the Cadet Corps.*

Upcoming cadet unit training plan (CUTP)

The CUTP is prepared annually by the Corps' Commanding Officer (CO) and often the Training Officer (Trg O). The CUTP provides everyone with dates of cadet training activities that are managed at the local, Zone/Area, Regional and National levels. The dates are crucial to properly anticipating future expenses, while also assisting in the planning and organizing of fundraising activities.

It is strongly encouraged that the Corps CO, Trg O and SC Chair go through the plan together before the final version of the CUTP is sent to the RCSU for approval. This will help in understanding not only the requirements and commitments of the CO, but also assist in predicting some of the requests and requirements of the SC, possibly the community at large.

While discussions between the SC Chair, CO and Trg O are encouraged, the SC Chair must understand that the CO (and military) have final authority on what activities cadets may assist with. The SCs role is to support the Army Cadet Corps and Army Cadets, not interfere with training.

Knowledge of local DND funding model

Generally speaking, all mandated Army Cadet training is fully supported by the Canadian Armed Forces (CAF). This includes things such as transportation to a training area, meals for the activity's duration, basic field equipment, and supporting items such as naphtha fuel, water and toilet paper.

Currently, a general list of these CAF supported activities can be found in the Cadet Administrative Training Order (CATO) 40-01, Annex A, Appendix 2, as shown below:

GREEN STAR	Days / Weekends						
	Mandatory Activity				Complementary Activity		
	1 (1 Day)	2 (1 Day)	3 & 4 (1 Weekend)	5 & 6 (1 Weekend)	7 (1 Day)	8 (1 Day)	9 & 10 (1 Weekend)
	Mandatory Training	Mandatory Training	Bivouac/Survival FTX	Expedition Exercise (Note 1)	Complementary Training	Complementary Training	Adventure Training or Cold Weather Exercise
Suggested Support							
Transportation	Note 2	Note 2	Yes	Yes	Note 2	Note 2	Yes
Safety / Support Vehicle(s)	No	No	Yes	Yes	No	No	Yes
Accommodations	No	No	Note 3	Note 3	No	No	Note 3
Rations	1 Meal (Note 4)	1 Meal (Note 4)	5 Meals (Note 4)	5 Meals (Note 4)	1 Meal (Note 4)	1 Meal (Note 4)	5 Meals (Note 4)
Training Facility	Note 2	Note 2	Note 3	Note 3	Note 2	Note 2	Note 3
Training & Learning Aids	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5
Subject-Matter Expert	No	No	No	Note 6	No	No	Note 6

Note 1: Conducted by Corps for Green and Red Star levels.

Note 2: These mandatory and complementary activity days are intended to be conducted at the corps' parade facility or within their community. If local training locations are not available, a corps might require transportation to another location within the community or an adjoining community and/or rental of a facility (i.e. gym, hall, etc.) where an entry fee or user pay cost may be required.

Note 3: Field accommodations training facility (park or permit fee, cabin rental, etc.)

Note 4: If entitled, in accordance with 1085-30 (DCdts 2-2) 15 Oct 09, meals as appropriate for activity and location (i.e. box lunch, fresh rations, prepared meals, etc.).

Note 5: Details of the training and learning aids can be found in the Star Program QSPs.

Note 6: Specialist instructors as required for adventure training activities.

Anything beyond what is seen above is not supported by the CAF with regards to Corps activities. Therefore, any requests for support in addition to what is described above may be denied by the CAF and is not required. SCs may support additional activities, should it be within their financial means.

In addition to the majority of mandatory and complementary training being supported by the CAF, a Local Support Allocation (LSA) exists to reimburse the SC with some of the expenses incurred by it, in support of the local Army Cadet program. The LSA amount is currently calculated at \$600 per Army Cadet Corps, plus \$45 per eligible cadet. The number of eligible cadets is calculated based upon the Army Cadet Corps' strength, averaged out over a calendar year. Details regarding the LSA may be found in CATO 17-34 and the exact amounts are published by the CAF in the September-October time frame.

Patience

Having patience is key before preparing a budget. Remember that *Rome wasn't built in a day*. Preparing a viable and balanced budget will take time and sometimes much discussion. Everyone involved will need to manage their own expectations. There is, after all, only such much money that can be generated, and just so many activities that can be supported.

One of the keys to assisting with patience is by gathering as much objective information as possible, often based upon your historical financial statements. Numbers do not lie, or have opinions. Numbers are factual.

THE BUDGET

Once all of your information has been collected and you are ready for the task, the Chair, Treasurer and Corps' CO must set time aside to begin. It is recommended that this be a quiet place, free from distractions, but also free of prying ears.

As mentioned earlier, money is one of the most common reasons for a breakdown in a partnership. While a budget is never secret, opinions on how money is spent can bring up passions and emotions. These sometimes lead to discussions and potential arguments. To help resolve this issue, it is further recommended that a budget be completed in stages based upon the funding priorities and known sources of revenue on a monthly basis.

The Army Cadet League of Canada has created a budgeting tool, incorporated into the bookkeeping tool, to assist SCs with the task. It is fairly easy to use.

STAGE ONE –OVERHEAD EXPENSES AND FIXED REVENUE

Overhead Expenses

Overhead expenses are everything that must be paid prior to and/or during the training year. They include the *Must-Have* priorities such as rent, mortgage, electricity, cleaning, insurance, organizational financial contributions, etc. Essentially, without these expenses, cadets cannot train once a week, so there is no Cadet Corps.

Once your overhead expenses are known, insert the amounts into your budget. If possible, to assist with cash flow, insert the amounts every month. If eligible, you may want to note which expenses are eligible for reimbursement through the LSA.

Fixed Revenue

Fixed revenue is all funds to be received either through grants from sponsors, gaming, community organizations, previous tax abatements etc. These are usually annual in and are announced as committed to the SC, usually prior to a new budget. Include the current fiscal year's anticipated surplus/deficit and any SC savings accumulated. You should also include the LSA which can be reasonably estimated.

Do not count regular or traditional fundraising activities. These are known as variable revenues. While you may be able to properly predict this revenue, anything can happen which could directly impact your budget management. Grants that are to be applied for must also not be calculated.

Once your fixed revenue is known, insert the amount into your budget. If possible, to assist with budgeting cash flow, insert the amounts monthly. When adding in the LSA,

know that it is a reimbursement and should only be planned to be received (assuming eligible expenses) in the January to March time frame.

Surplus/Deficit

Once your fixed revenue and overhead expenses are input into the budget, you will be able to calculate your surplus or deficit.

If you have a deficit, you will have no choice but to resolve the issue prior to planning any further expenses. At this stage, you should be contacting your ACLC representative and your sponsor, and your Branch for advice, assistance and/or support. Some things to consider:

- If you are being charged for rent on a daily or hourly basis, look at what rental charges are possibly attached to complementary or optional activities and may be reduced. Must the specialty teams meet every Monday evening?
- Some rentals have premium weekend rates. Can the Corps train on a Wednesday evening as opposed to Saturday mornings?
- Can you reduce the Corps' footprint? Do you need 5 classrooms and a gymnasium on a sports night?
- Can free, off-site storage be a solution at a neighbouring storage facility?
- Are there other, less expensive options available within the community? While in a perfect world, we would be able to have private offices for all of the officers, on-site storage, a large gymnasium and several classroom spaces available, this is not always the case. SC and Corps' staff expectations must be reasonable and financially viable.

Should additional fundraising be required, it cannot be stressed enough that the *Must-Have* items are of most importance to fund. While some may feel that this money is not being spent for the benefit of cadets, this is an incorrect perception. Without access to local facilities and adequate storage, there is no local cadet program to join. Without insurance, there is no local program.

If you have a surplus, then you can continue to plan for additional support and expenses.

STAGE TWO – VARIABLE EXPENSES AND REVENUE (SHOULD HAVE)

At this stage, you will most definitely need to include the Corps' CO, and potentially the Corps' Trg O. This work must now be done using the COTP as a reference. The COTP will assist with anticipating estimated expenses and possibly assist with the scheduling and planning of fundraising.

Variable expenses are named such as they can change from year to year, month to month and activity to activity. At this stage, all variable expenses will be for support to all of the *Should Have* activities and projects. Assuming that you have a surplus after stage one, you can begin to plan what other areas need or require support. Remember

to readily have the CAF's local funding model available at all times (above). It shall help identify how much, or how little support is required.

Variable revenue includes all your fundraising activities which could include sales, donations, campaigns, etc. By monitoring the surplus/deficit, you will be able to gauge how much, or how little fundraising is required.

STAGE THREE – VARIABLE EXPENSES AND REVENUE (COULD HAVE)

Assuming that the SC continues to maintain a budgeted surplus, the Chair, Treasurer, CO and Trg O can now begin to budget for the *Could Have* items. Remember, that while these activities and projects are great fun and often help retain and attract cadets, they are not required for the conduct of a successful training year. This also means that this stage can be the most challenging as serious decisions may have to be made.

Each proposed activity and project must be discussed in an open, transparent and objective manner. The pros and cons to each proposition must be weighed and all participants in the discussion must be flexible and willing to work towards achieving the preferred end state: a balanced budget!

Mess Dinners, Christmas Dinners and other regimental dinners are terrific Canadian Army traditions but can vary in cost from just a couple of dollars per person to well over \$100 per person. Both the Corps' staff and SC must work together to find a possible solution that is within budget. This may require some compromise, and some ingenuity, but can be achieved at little to no cost.

If the Chair and CO properly understand each organizations' role properly, progress can be achieved rather effortlessly and amicably.

STAGE FOUR – VARIABLE EXPENSES AND REVENUE (WISH TO HAVE)

Wish to Have activities and projects are perhaps the single most attractive items that can assist with the attraction and recruitment of cadets. They are also fun activities that often serve as a reward at the end of a successful training year. SCs are reminded that while great fun, these activities are not required and must only be planned for if all other expenses are planned for and the budget maintains a surplus.

Many SCs run into the pitfall of planning for *Wish to Have* items first, or focusing on them throughout the budgeting process. This must be avoided as much as possible to manage expectations and ensure that the planned fundraising activities do not interfere with cadet training. Remember, the SC supports the army cadet training program first and foremost.

SPECIAL BUDGET CONSIDERATIONS

Expenses

In preparing the budget, the SC should do some preliminary work to properly estimate true and total costs, while also looking at potential secondary costs and requirements which may affect the overall budget. As examples:

1. *Corps 1234 wishes to purchase a 16' canoe which costs \$800. The true cost of that canoe is \$904 (\$800 + 13% HST). While this may seem reasonable, has the SC and Corps' CO considered the following:*
 - *Does the Corps have paddles?*
 - *Does the canoe fit within current storage abilities? Will additional or larger storage facilities be required? What are the costs?*
 - *Does the Corps have access to personal floatation devices?*
 - *Does the Corps have a qualified canoe instructor on staff?*

In this specific, real-life example, the total cost of purchasing the \$800 canoe was well over \$1,100 and had an annual increase in storage costs of \$1,200. The canoe purchase could only potentially benefit 2 cadets at a time. As the Corps did not have a canoe instructor as part of the Corps' staff, cadets could not participate in canoe training.

2. *Corps 5678 wishes to provide Corps' t-shirts to all cadets (50 total). While the affiliated unit's kit shop sells them for \$15.00 each, the SC has received an off-shore quote of \$7.00 USD each, \$60 USD set up fee and \$300 USD priority shipping.*
 - *What is the USD to CAD conversion rate?*
 - *Does the Corps have permission to use the affiliated unit's badge?*
 - *Will the affiliated unit be upset?*

In this specific, real-life example, the true and total cost of the t-shirts from the affiliated unit was \$15 each (\$750 total). The total cost offshore was \$19.50 CAD each (\$975 total). Additionally, profits from cadet purchases at the affiliated unit's kit shop were returned to the SC to support other projects. The affiliated unit also cancelled an annual post-secondary bursary to a cadet of \$500. The total loss to the SC was approximately \$475, plus an annual award of \$500.

While only two examples, they help demonstrate that projects and activities are not always as cheap as they may seem. Even free may not be free when properly evaluated. As a general rule, expenses should be over-estimated.

Contingency Funds

All SCs should create contingency funds, money set aside to cover possible unforeseen future expenses. These also help mitigate economic downturns, while also creating stability for the long term viability of the SC.

While this may seem like a daunting task, it can easily be attained by budgeting for it and setting viable goals. As a minimum, a SC must create a contingency fund equal to 100% of annual Must-Have expenses (overhead expenses such as rent, mortgage, utilities, etc.). In a worst-case scenario, this will ensure that the Cadet Corps can operate for one year while the SC creates a viable action plan.

Revenue

SCs should never plan more than three annual fundraisers that directly involve cadets and Corps' staff annually. This does not prevent the SC from raising funds by other means on an ongoing basis. If there is an over-abundant need for cadets and Corps staff to conduct fundraising activities, expenses are to be reviewed and adjustments made to the budget.

As a general rule, when budgeting revenue, all variable revenue should be under-estimated.

Cash Flow

Cash flow is the amount of money being transferred into and out of a SC. It is fundamental to creating a viable budget. If not monitored while budgeting, especially if you are not fortunate to have a generous sponsor, could prove disastrous when you try to execute the budget. In short, you must ensure that you have funds, before expending funds. Unlike at home, there is no credit or overdraft for a SC.

For this reason, SCs are encouraged to budget on a monthly basis. Where and when possible, anticipated events and projects should be dated in order to properly plan, manage and execute. SCs should also be cognizant that some expenses may need to be paid in full prior to the activity's or project's completion. As an example:

1. *Corps 1234 wishes to purchase skis for the biathlon team. The cost is \$3,000 and the competition is scheduled for February 15th. The skis take 4-6 weeks for delivery and must be paid in full prior to shipping.*

In this case, the skis should be ordered no later than January 4th (6 weeks). It should be known that Christmas break can directly impact shipping, while also being a great time to try out the new skis. To potentially maximize the purchase, these skis should be paid for no later than November 9th. This will ensure that the skis arrive in time, and cadets may get to use them before the competition. Will you have \$3,000 available by that time?

Support vs Money

SCs are responsible to support the Army Cadet Corps, but this does not always require money. Sometimes all that is needed is a friendly face and an ask to the community. You will be surprised by the amount of support that can be received, without needing to spend a cent. For this reason, SCs should be in regular communications with all sponsors, supporters, other community organizations and community leaders. You never know what kind of support that you may get.

Do you need tables and chairs for classrooms? Try contacting local business, churches, schools and municipal offices. You never know what they may have, collecting dust, that they can easily (and eagerly) give to you.

BUDGET APPROVAL

Once the Chair, Treasurer and CO have a generally agreed-upon budget, it must be presented and approved in accordance with Branch and SC By-Laws.

As a general rule, sufficient time should be allotted to allow for proper review and discussion. The Chair, Treasurer, CO and anyone else who had a hand in preparing the budget must be prepared to answer questions, should they arise.

Upon approval, the SC has a completed budget and plan for the upcoming fiscal year!