

# THE ARMY CADET LEAGUE OF CANADA



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## CORPS SUPPORT COMMITTEE FINANCIAL MANAGEMENT

[www.armycadetleague.ca](http://www.armycadetleague.ca)

Published September 2020

**Note: When and where possible, the digital copy should be used to ensure that the most up to date information is available.**

## **INTRODUCTION**

Before reading anything else, a Support Committee (SC) and Corps staff must understand and realize that a budget is a plan based, in large part, upon estimates.

Unforeseeable events can greatly impact even the best thought out budgets, like a less successful fund raiser, a loss of a sponsor, or perhaps a pandemic. These may require you to adjust expenses by delaying or cancelling them. You may need to plan additional fundraisers.

In the same light, a large unplanned donation, or grant can have a similar impact on the budget. In the same light, a large unplanned donation, or grant can have a similar impact on the budget. You could increase savings, decrease fundraising activities, increase spending or add investments.

For these reasons, the SC and Corps staff must realize that a budget is a plan and will always remain a living document that requires constant management. Just because the budget was approved, does not mean that everything can and will be accomplished.

## **WHOSE MONEY IS IT?**

The SC locally raised and expensed money is done on behalf of the Army Cadet League of Canada (ACLC). This is done to support the local Royal Canadian Army Cadet Corps and Royal Canadian Army Cadets. As such, the money is not owned by anyone. The money is managed and held in trust by the SC to fulfill its responsibilities in support of the cadets and cadet corps.

To properly manage the SC's finances positively, there must be transparency, with objective decisions made. For this reason, SCs and Corps staff must continually review National Policy 3.3, appropriate Branch Policies and relevant National and Branch guidance. The Corps Commanding Officer (CO) should be given a copy of financial statements when requested.

Should major disagreements occur, all are encouraged to contact their respective Branch for assistance.

## **ROLES OF KEY POSITIONS**

### **The Corps Commanding Officer (CO)**

While not a voting member of the SC, the Corps CO must be permitted to address the SC and contribute information to the SC decision making process. The Corps CO is normally the best person to be able to determine the requirements for support to the Corps and cadets. The CO is also responsible for the Cadet Unit Training Plan (CUTP), thus being able to provide valuable information on the activities of the unit. As previously detailed in the Budget Preparation document, the Corps CO should be part of the financial planning.

### **The Army Cadet League of Canada Representative**

While not always a regular voting member of the SC, the ACLC representative can assist in navigating applicable policies that can assist in developing sound decisions. The ACLC representative is present to both assist and supervise the SC.

### **The Support Committee Chair**

The Chair is a voting member of the SC and is the person who manages discussions and meetings. The Chair must also be familiar with all SC financial obligations and priorities.

### **The Treasurer**

The Treasurer is a voting member of the SC and is the person responsible for the bookkeeping. This person will have valuable input into what can, or cannot be afforded based solely upon the financial evidence presented. This is not to say that the Treasurer has the final say, but rather is in a position to provide an educated and objective opinion based upon financial trends.

## **MONTHLY MEETINGS – TREASURER'S REPORT**

### **Review of Monthly Financial Statements**

The SC shall meet on a monthly basis, at a minimum, to review the monthly financial statements. This shall be presented by the Treasurer and must include:

- Accurate and up to date statement of revenue and expenses;
- Copies of cancelled cheques with invoices, and deposit slips;
- Monthly bank statement and reconciliation work; and,
- Detailed explanation for any variances.

Each monthly report shall be reviewed and approved by the SC, recorded by the Secretary.

This is done to ensure that all monies are accounted for while also assisting in determining availability of monies for future expenses.

### **Upcoming Expenses**

Once the Treasurer's report is approved, the SC shall begin approving the next month's expenses. This shall be done in accordance with the SC's funding priorities, as laid out in National Policy 3.3. Just as was done while budgeting, a SC cash flow must be continually monitored.

All fixed and routine expenses (rent, storage, utilities, etc) shall have the invoices presented and reviewed by the SC. They shall be approved to be paid, with the Secretary recording and the Treasurer accounting for each expense. Availability of funds must be monitored to ensure that a surplus remains.

Should a deficit occur, this must be rectified prior to advancing further. Should a surplus remain, then variable expenses may be discussed.

Each and every variable expense shall be presented, discussed and approved (or dismissed) as determined by the SC. This shall be presented to the SC in the form of a written company quote or purchase requisition form. In both cases these shall be itemized to properly identify:

- Products or services;
- Set up charges (if applicable);
- Shipping charges (if applicable); and,
- Taxes.

In reviewing these expenses, discussions must remain respectful between members while also being mindful of cash flow and financial trends. Decisions must be made based upon what is best for the financial viability of support to the Cadet Corps.

All variable expenses, despite being approved by the budget, must be approved prior to the financial purchase of products and/or services. As part of that approval, an individual shall be appointed to conduct the final purchase.

### **Upcoming Revenue**

Upcoming revenue (also referred to as incoming revenue) is discussed and/or confirmed in the closing of the financial portion of the SC's meeting. Any received donations, grants and upcoming fundraisers should be discussed in greater detail. This will be able to confirm amounts received and give the entire SC a greater idea of what potential revenue is expected.

**Why is revenue discussed after approval of expenses?**

*You must always decide your expenses based upon money in the bank. You must never spend money that you have yet to receive, even if you have the cheque/commitment in hand. Cheques can bounce as much as fundraisers can fail. Always keep that in mind.*

**SPECIAL CONSIDERATIONS**

**Support vs Money**

As stated in the National Budget Preparation document, SCs are responsible to support the Army Cadet Corps. 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 businesses, churches, schools and municipal offices. You never know what they may have, collecting dust, that they can easily (and eagerly) give to you.

Know that it is also possible that charitable receipts be given for donations of goods and services in kind. Contact your Branch for details.

**Contingency Funds**

A contingency fund is money set aside to cover possible unforeseen future expenses. This also helps mitigate economic downturns, while also creating stability for the long term viability of the SC. At 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.).

Contingency funds must not be treated as a "line of credit", except in extremely dire situations, and only if no other options are available. If a SC decides to use a portion of these funds, it must also come up with a plan to replace the funds used as quickly as possible.

Remember your funding priorities. If you plan to use contingency funds to pay for Must-Have items, like overhead, while continuing to support Could Have and Wish to Have items, then your priorities are misaligned.

## **Compromise**

In the introduction, it was made clear that the budget remains a living document. As such, adjustments will need to be made that may lower the level of support provided. Should this be required, all members of the SC, in consultation and collaboration with the CO, must look at possible alternatives.

You may not be able to fund the budgeted \$5,000 Mess Dinner but are able to afford to support a \$2,500 dinner. Everyone should sit down together, to look for solutions and compromises in a very positive manner. Instead of steak, can you have chicken? Instead of full service, can you do a buffet? Instead of hiring a DJ for music, can you use an MP3 player? Can the Mess Dinner be delayed until after the next fundraising activity?

Remember that there are always a variety of ways that support can be provided and an activity can be conducted.

## **Large Unexpected Donations**

Receiving a large unexpected donation can be life-changing for the SC, akin to winning the lottery. Just like winning the lottery however, you can easily go from filthy rich to dirt poor without proper financial management. Your initial response may be to spend, spend, spend. There might even be some pressure to do so. Resist the urge to go on a shopping spree.

Should you receive such a donation, you must contact your Branch immediately. The Branch will be able to assist you, providing you with advice and assistance with investments that can give the SC longer-term revenue.

## **Measure Viability of Project/Activity**

From time to time, the SC and Corps staff may need to measure the continuing success of any project or activity while also balancing the benefits and costs. Things should not be approved, or even considered, simply because that is what has been done for the last 10, 20 or even 50 years. Conditions and circumstances will always change and evolve. Local "traditions" of doing activities and projects do as well.

For many, these types of discussions can be very difficult and bring up emotions and passions. Proceeding must be had in a very respectful and polite manner, but they must be had if there is a question regarding their financial viability. To assist, use some of the special considerations here, but also review your other information documents along with National and Branch policies.

### **Scenario :**

*Upon appointment of the Cadet Corps Regimental Sergeant Major (RSM), the appointed cadet receives a pace stick at an approximate cost of \$250 each. While normally this only occurs once per year, over the past 2 years, there have been 5 cadet RSMs and now a possible 6th.*

*Compromise: Canadian made pace sticks can be expensive, with off-shore pace sticks being approximately half of the price. Drill canes (as opposed to pace sticks) are even cheaper, and are easier to make should you know someone with the skills.*

*Policy: National Policy 3.3 states, "In all cases, support should benefit the cadet corps as a whole and not just a select or elite few." This suggests that the tradition may not be in anyone's best interests and that a less expensive solution should be found.*

### **Gifts**

The presentation of gifts to departing members of the Corps staff and SC, departing cadets, dignitaries and/or recognizing long service and support are an excellent way to say thank you and demonstrate appreciation. These gifts also encourage continuing support and assist in maintaining positive relationships. Gifts are encouraged, however, these must be of nominal value when using SC managed funds.

In the case of government officials, like Members of Parliament, mayors, civil servants, and even CAF personnel, there are strict rules regarding what can and cannot be accepted as a gift and/or token of appreciation. Generally speaking, these gifts must be of minimal value.

As a general rule, gifts should be no more than \$50. While many may believe that this greatly limits a SC, it should be known that there are several inexpensive, but extremely thoughtful and more personal options available. Where and when possible, cadets can and should be involved.

### **Examples\*:**

*A picture frame is purchased ahead of a parade. A photo of cadets with the Reviewing Officer is taken during the parade. The picture is quickly printed on paper and inserted into the frame for presentation. A high quality printed picture can be forwarded after the parade and swapped with the simple paper version. Approximate cost: \$20-\$30*

*For a departing member, the SC could request that local members of government send letters of thanks to the departing member for their service, in addition to a small token of appreciation.*

- ❖ *Note that the CAF has official policies regarding the retirement of its members*

In exceptional cases, it may be appropriate to provide a gift of higher value, such as illness, death of a member or close family member, the birth of a member's child. These shall be handled on a case by case basis, and should not be completely funded with SC funds. In cases such as those, it is recommended that the SC provide some financial support, but ask all SC members and Corps staff to individually donate to the gift.

### **Common Sense**

At the end of the day, once all is said and done, basic common sense should prevail. The roles and responsibilities of the SC are to support cadets and the cadet corps. If support is requested, if it supports the cadets and/or the cadet corps, if it fulfills the SC's responsibilities, and it is within the financial means of the SC, the request is to be supported.

SCs are often asked to support other charitable and community organizations. As part of regular army cadet training, cadets are encouraged to volunteer within the community through community service. Several provinces and territories also require secondary students to perform volunteer service as part of the requirements for a secondary school diploma. With that in mind, service to the community is what is required.

SCs must be mindful that they themselves are part of a charitable organization. Financial requests from other charities are strongly discouraged. Cadets, adult staff and SC offering volunteer support to assist another organization with fundraising is one thing. Providing money, in lieu of volunteer support is something quite different.

### **Do your homework**

Supporting the Royal Canadian Army Cadets is extremely rewarding and the SC will often receive requests from organizations and companies based upon regular activities that are conducted in support of several military-type activities. Support the Troops, supporting veterans, participation in the Army Run, etc, all attract much appreciated community support, but can also attract some unwanted attention.

Prior to committing to assist or support an activity, do some preliminary research first. Who is the organization and what are they looking for?

If the organization says that it is a charity, ask for its charitable number. All organizations claiming to be charities, must have one and will be listed as such on the Canadian Revenue Agency website:

[https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request\\_locale=en](https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request_locale=en)



If the organization claims to be a Not-For-Profit, understand that a not-for-profit and a charity are not the same thing. Not-For-Profits are not able to write charitable receipts unless they also have charitable status. Many not-for-profits are not charities. You can search for federally registered corporations, including not-for-profits here:

<https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdr/CrpSrch.html>

In addition, research should also include provincial and territorial records. Many provinces and territories have their own corporation laws and societies-type acts. Are they actually permitted to conduct the business that they say that they are?

Should you find record of the organization, also review its current status. Are they filing their annual returns? Are they up to date on their returns? If they are not, this should alert you to a possible issue.

The above must also be applied to purchasing products or services.

### **CONCLUSION**

Managing the finances is not an overly difficult task, but it is extremely important and must be done with objectivity and transparency. Should you encounter challenges do not hesitate in contacting your Branch of the ACLC.