



**POLICY TITLE:**  
**Budgets, Forecasts & Reporting**

**Board Approval: September 27, 2016**  
**Board Review:**

**OBJECTIVE:** As part of the Board of Directors' ongoing commitment to fiscal transparency and responsible fiscal management, this policy will set out the requirements for the annual budget and related forecasts.

**1. POLICY:**

- 1.1. An annual budget shall be prepared before the start of each fiscal year, and presented to the Board of Directors for approval.
- 1.2. The budget is not final until it is approved by the Board.

**2. RESPONSIBILITY:**

- 2.1. It is the responsibility of the Executive Director to coordinate the budget, capital budget, and forecast processes.
- 2.2. It is the responsibility of all managers to complete their segment of both budgets and forecasts.
- 2.3. It is the responsibility of the Executive Director to ensure that the budget presented to the Board of Directors for approval represents a responsible implementation of the direction provided by the Board and to recommend the budget for approval.
- 2.4. It is the responsibility of the Board of Directors, on behalf of its members, to assure themselves that the budget represents a responsible implementation of its direction and reflects prudent stewardship of funds, and to approve the budget.
- 2.5. It is the responsibility of the Board of Directors to appoint an auditor at each Annual General Meeting.

**3. DEFINITIONS:**

- 3.1. **"Budget"** means an estimate of revenues and expenses and the resultant surplus or deficit for a particular period. It may also include separate estimates of Capital expenditures.
- 3.2. **"Budget process"** means a coordinated and comprehensive process of financial planning and management which incorporates financial governance principles as well as internal control and risk management principles.
- 3.3. **"Forecast"** is an estimate of the most likely financial results based upon best-available knowledge as to how events will unfold.

#### **4. PROCEDURES:**

##### **4.1. Budget Guidelines**

- 4.1.1. At the beginning of the third quarter of each fiscal year, the Executive Director will confer with the management team on the general financial guidelines for the preparation of the following year's budget based on the organization's strategic and business plans. Guidelines should include assumptions about:
  - 4.1.1.1. Prices paid for supplies and suppliers.
  - 4.1.1.2. Wages and benefits.
  - 4.1.1.3. Projects planned to be undertaken.
  - 4.1.1.4. Sales of products and services, if any.
  - 4.1.1.5. Membership levels, if any.
  - 4.1.1.6. Anticipated revenues from fundraising campaigns and events.
  - 4.1.1.7. Other donations.
  - 4.1.1.8. Grants and contributions.
  - 4.1.1.9. Any other operational effect expected from the strategic and business plans.
- 4.1.2. Guidelines will be documented and kept on file with original budget documents for future reference.

##### **4.2. Budget Process**

- 4.2.1. Expenses and revenue will be budgeted separately for:
  - 4.2.1.1. Each segregated fund.
  - 4.2.1.2. Each department.
  - 4.2.1.3. Each major funded project.
- 4.2.2. The Executive Director will make budget input forms or spreadsheet templates available to each manager for both the revenue/expense budget and the capital budget. Forms/templates will incorporate assumptions, if applicable, no later than the end of the third quarter.
- 4.2.3. In the first month of the fourth quarter, each manager will complete his/her budget and Executive Director will also complete a budget for centrally-controlled expenses including:
  - 4.2.3.1. Rents.
  - 4.2.3.2. Pension and benefits costs (if any).
  - 4.2.3.3. Utilities not covered by operations.
  - 4.2.3.4. Executive salaries and expenses.
  - 4.2.3.5. Board expenses.
  - 4.2.3.6. AGM expenses.
  - 4.2.3.7. Interest and investments.
  - 4.2.3.8. Insurance.
  - 4.2.3.9. GST.
  - 4.2.3.10. Payroll-based taxes or levies.
  - 4.2.3.11. Realty taxes, if any.
  - 4.2.3.12. Bad-debt expense, if any.
  - 4.2.3.13. Amortization expense.
- 4.2.4. In the second month of the fourth quarter, the Executive Director will review each budget with the appropriate manager. Any changes agreed to will be applied by the manager to his/her budget.

- 4.2.5. In the second month of the fourth quarter, the Executive Director will review the overall organizational budgets for both capital and for revenues and expenses and make any further changes required to achieve the financial and operational targets.
- 4.2.6. When the proposed budgets are completed, the Executive Director will present the budget to the Treasurer and/or finance committee for its review and recommendation to the Board of Directors.
- 4.2.7. The Board of Directors may choose to approve both budgets at this time or request clarifications of changes being made.
- 4.2.8. In the last month of the fourth quarter of each year, the Executive Director will arrange for the necessary changes requested by the Board and submit the budgets to the Board along with the recommendation of the Treasurer and/or finance committee.
- 4.2.9. The board will vote to approve the budget. The total budget is now final.
- 4.2.10. Changes made at the total organization level will be distributed as appropriate to the individual budgets. The individual management or project budgets are now final.

#### **4.3. Forecasts**

- 4.3.1. When the budgets have been finalized, the Executive Director will prepare a cash forecast and take the necessary steps to make cash available to accommodate planned expenses.
- 4.3.2. Quarterly, and more frequently as required, the Executive Director and management team will undertake forecasts to year-end for both the capital budget and the revenue/expense budget taking current year-to-date results into account.
- 4.3.3. Such action as is deemed necessary as a result of forecasts will be taken by the management team, keeping the Board informed of any significant developments or decisions.

#### **4.4. Monthly Process**

- 4.4.1. Each manager is responsible for bringing his/her department and his/her projects in on budget.
- 4.4.2. The Executive Director is responsible for bringing capital expenditures and segregated funds in on budget.
- 4.4.3. Monthly, actual financial results will be compared to budgeted results both for the current month and for the year-to-date for that month.
- 4.4.4. Variances from budget will be investigated by the individual managers. Significant trends will be isolated and discussed by the management team, which will determine any action that may need to be taken to stay on track.
- 4.4.5. Other reports from the accounting system as are identified as useful for control, evaluation or other management purposes will be produced and provided to the appropriate managers for review and action.