

STATEMENT of POLICY and PROCEDURE			
Manual:	O'Keefe Ranch and Interior Heritage Society		4.06
Section:	Financial Management	Approved	Mar 2018
Subject:	Budgets, Forecasts and Reporting	Amended	
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1 POLICY

- 1.01 An annual budget shall be prepared before the start of each fiscal year and presented to the Board of Directors for approval.

2 PURPOSE

- 2.01 The purpose of this Statement of Policy and Procedure is to set out the requirements for the annual budget and related forecasts.

3 SCOPE

- 3.01 This policy applies to the Board of Directors, the Senior Leader Team and the Finance Staff.

4 RESPONSIBILITY

- 4.01 It is the responsibility of the Finance Director to coordinate the budget, capital budget and forecast processes.
- 4.02 It is the responsibility of all managers to complete their segment of both budgets and forecasts.
- 4.03 It is the responsibility of the Senior Leader Team 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.
- 4.04 It is the responsibility of the Board of Directors, on behalf of the 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.

5 DEFINITIONS

- 5.01 "**Budget**" means an estimate of revenues and expenses and the resultant surplus or deficit for a particular period. It may also include separate estimates

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of capital expenditures.

5.02 **“Forecast”** is an estimate of the most likely financial results based upon the most-likely assumptions.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- OKR 2.05 – Risk Management
- OKR 4.01 – Financial Management Primer
- OKR 4.02 – Revenues
- OKR 4.03 – Expenses
- OKR 4.04 – Assets and Inventories
- OKR 4.05 – Cash Management

Also see Volume II of *Finance and Accounting PolicyPro, Corporate Governance* for further guidance.

7 PROCEDURES

7.01 Budget Guidelines

- (a) At the beginning of the third quarter of each fiscal year, the Senior LeaderTeam will confer with the Board of Directors 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:
 - (i) Prices paid for supplies and suppliers.
 - (ii) Wages and benefits.
 - (iii) Projects planned to be undertaken.
 - (iv) Sales of products and services, if any.
 - (v) Membership levels, if any.
 - (vi) Anticipated revenues from fund-raising campaigns and events.
 - (vii) Other donations.
 - (viii) Grants and contributions.
 - (ix) Any other operational effect expected from the strategic and business plans.
- (b) Guidelines will be documented and kept on file with original budget

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documents for future reference.

7.02 Budget Process

- (a) Expenses and revenues will be budgeted separately for:
 - (i) Each segregated fund.
 - (ii) Each department.
 - (iii) Each major funded project.
- (b) The Finance 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.
- (c) In the first month of the fourth quarter, each manager will complete his/her budget and the Finance Director will also complete a budget for centrally-controlled expenses including:
 - (i) Rents.
 - (ii) Pension and benefits costs (if any).
 - (iii) Utilities not covered by operations.
 - (iv) Executive salaries and expenses.
 - (v) Board expenses.
 - (vi) AGM expenses.
 - (vii) Interest and investments.
 - (viii) Insurance.
 - (ix) GST.
 - (x) Payroll-based taxes or levies.
 - (xi) Realty taxes, if any.
 - (xii) Bad-debt expense, if any.
 - (xiii) Amortization expense.
- (d) In the second month of the fourth quarter, the Senior Leader Team will review each budget with the appropriate program facilitator (ie: interpretive, school, equine, learning centre) together with the Finance Director. Any changes agreed to will be applied by the manager to his/her budget input.
- (e) In the second month of the fourth quarter, the Senior Leader Team will review the overall organizational budgets for both capital and for revenues and expenses and make any further changes required to achieve financial and operational targets.
- (f) When the proposed budgets are completed, the Senior Leader Team will present the budget to the Treasurer and/or finance committee for its

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review and recommendation to the Board of Directors.

- (g) The Board of Directors may choose to approve both budgets at this time or request clarifications or changes. It may also approve the budgets contingents on requested changes being made.
- (h) In the last month of the fourth quarter of each year, the Senior Leader Team will arrange for necessary changes requested by the board and submit the budgets to the board along with the recommendation of the Treasurer and/or finance committee.
- (i) The board will vote to approve the budget. The total budget is now final.
- (j) 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.

7.03 **Forecasts**

- (a) When the budgets have been finalized, the Finance Director will prepare a cash forecast and take the necessary steps to make cash available to accommodate planned expenses.
- (b) **[Quarterly]**, and more frequently as required, the Senior Leader Team 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.
- (c) 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.

7.04 **Monthly Process**

- (a) Each manager is responsible for bringing his/her department and his/her projects in on budget.
- (b) The Senior Leader Team responsible for bringing capital expenditures and segregated funds in on budget.
- (c) Monthly, actual financial results will be compared to budgeted results both for the current month and for the year-to-date for that month and presented to the Board of Directors..
- (d) Variances from budget will be investigated by 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.
- (e) Other reports from the accounting system as are identified as useful for

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control, evaluation or other management purposes will be produced and provided to the appropriate managers for review and action.