



MODULE 3

FUNDING AND BUDGETING



FUNDING AND BUDGETING



MODULE 3 OUTCOME:

Leaders administer budgets and carry out fundraising and grant activities.

MODULE 3 – FUNDING AND BUDGETING

3.1 Introduction

3.2 Recreation Funding in Yukon

3.3 Financial Management

3.4 Other Sources of Revenue

LEARNING OBJECTIVES:

- Recognize the funding relationships between community and territorial organizations, agencies and governments.
- Understand how budgets for recreation projects and programs are developed.
- Be familiar with the elements of grant applications and funding proposals for community-based projects and programs.
- Understand the processes and challenges of fundraising in Northern communities (generating revenue and corporate sponsorships, and obtaining resources such as in-kind donations).

3.1 INTRODUCTION

Recreation leaders, whether as program volunteers or recreation directors, are usually involved in recreation because of its personal and community benefits. Communities that sustain a variety of quality recreation opportunities need more than volunteers, energy, participants and good ideas. Some forms of revenue and resources are always needed to support an active and engaged community. Recreation leaders therefore need to learn how to manage budgets, prepare grant applications and fundraise.



In Yukon, revenue for recreation programming may come from any of the following sources: local government, territorial government, grants or a corporate sponsor, program fees, or fundraising activities. Non-financial resources (e.g. materials, equipment, volunteer time, use of a facility, uniforms, etc.) may come from private businesses, individuals or other levels of government. In the field of community recreation, leaders need to understand and be comfortable working with budgets and revenue/resource generation appropriate to the work for which they are involved and/or responsible.

3.2 RECREATION FUNDING IN YUKON

Yukon Government Department of Community Services supports local recreation through annual funding legislated by the Municipal Act and Recreation Act. Municipalities receive block funding, support and services from Yukon Government Community Affairs Branch. Municipalities then budget for recreation according to local plans and priorities.

In unincorporated communities, a Local Authority for Recreation receives funding, support and services from Yukon Government Sport and Recreation Branch. Local Authorities for Recreation may be a First Nation (e.g. Selkirk First Nation) or a non-government organization (e.g. Marsh Lake Community Society). The Community Recreation Assistance Grant (CRAG) provides annual funding to support recreation programs, pools, facility operations and salaries. The Small Capital Projects Funding Program is designed to assist unincorporated communities with repairs and upgrades to community recreation facilities.

Yukon Recreation Advisory Committee (YRAC) funding supports recreation and basic sport development initiatives through Yukon Special Recreation Groups (YSRGs) and Yukon Sport Governing Bodies (YSGBs). Yukon Government and the Yukon Lottery Commission provide this funding to eligible groups who must apply annually. Funding for Special Recreation Groups (e.g. Special Olympics Yukon) and Sport Governing Bodies (e.g. Cross Country Yukon) supports participant/athlete, leadership, organizational, and community development as well as facility operations and maintenance if applicable.

Yukon Sport for Life (YS4L) is another source of funding that can be accessed by eligible YSGBs and YSRGs. YS4L is project-based and available for enhanced athlete development, coach development, and rural and Aboriginal participation.

The *Yukon Lottery Commission* ([url12](#)) distributes the profits from the sale of lottery tickets for community-based art, sport, and recreation projects and activities. Lotteries Yukon, on behalf of the Yukon Lottery Commission, administers three funding programs: Community Lottery Program, Travel Assistance Program and the Recreational Projects Program. Lottery profits are also shared with Yukon Government to supplement funding for art, sport and recreation. Funding to Yukon Government is provided to the Sport and Recreation Branch (Yukon Recreational Advisory Committee) and the Cultural Services Branch (Yukon Arts Advisory Council).

The Recreational Projects Program is application driven and provides nonprofit groups with funding to support art, sport and recreation projects, minor equipment or minor capital/infrastructure, and special events. The Travel Assistance Program provides assistance with travel expenses to eligible nonprofit organizations or their affiliates and extra-curricular high school groups for art, sport and recreation competitions or adjudicated events. Applications are accepted on a continuous basis throughout the fiscal year.

The Community Lottery Program provides municipalities and local authorities with funding to support art, sport and recreation in their communities. Eligible recipients are communities identified as a municipality or local authority under the Municipal and Recreation Acts.

Kids Recreation Fund (url7), administered by Sport Yukon, supports children and families living in low income situations to participate in sport and recreation activities.



For more information on Recreation Funding in Yukon, visit [Yukon Government Department of Community Services Recreation Funding Programs \(url8\)](#).

Other major sources of funding for recreation in Yukon include:

- *Community Development Fund (url13)*, a resource for projects, infrastructure and training.
- *Youth Investment Fund (url14)*, a source for smaller, short-term projects targeting youth.
- *Health Investment Fund (url15)*, designed for small projects that promote community well-being.
- *Yukon Government's Youth Directorate (url16)* provides a comprehensive list of funding sources.
- Yukon's Department of Tourism and Culture provides a variety of funding for arts and culture in Yukon.

3.3 FINANCIAL MANAGEMENT

Depending on their role, recreation leaders need familiarity with, and skills related to, financial management. For example, a recreation director or board may be responsible for developing operating budgets and writing proposals while an after school leader may be in charge of managing a program budget. Regardless of the level of responsibility, financial management is about being accountable for revenue (incoming money) and expenditures (outgoing money) using accepted practices of bookkeeping and accounting.

Fiscal responsibility can be more complex than tracking revenue and expenditures. It involves the development and management of a budget which is a financial plan describing money in and money out. Writing grant applications and proposals are closely related to financial management as they involve the development of a project or initiative and related budgetary projections. Fundraising, because of its goal to generate revenue, is also closely linked to financial management.

This section provides a brief introduction to revenue and expenses, budgeting, writing proposals, preparing grant applications, and fundraising. Links and other sources of information are provided. Additional information and useful templates for budgeting and fundraising can be found in *Manitoba's Recreation Director's Handbook (pdf11-1)* and *(pdf11-2)* and the *Community Recreation Handbook for Northern Saskatchewan (pdf12-1)* and *(pdf12-2)*.

Revenue and Expenses

Revenue refers to money and other resources that come in to support recreation programming, staffing, administration, and facility operations and maintenance.

Sources of revenue, such as those outlined previously in this module, can include government grants, grants from non-governmental organizations, municipal taxes, membership and program fees, cash donations, money earned through fundraising events, etc.

Non-monetary resources are often referred to as in-kind contributions. These are important to account for, particularly with regard to grant applications and funding proposals. Donors recognize that not all organizations can raise cash contributions so they often accept in-kind contributions. Some examples include donations of equipment and materials, free use of facility space, and personnel time when the cost is covered by another organization. Suggestions for obtaining in-kind support are described in the [*Community Toolbox \(url17\)*](#).

Expenses will vary depending on the extent of the program or operations. There are usually costs for administration (e.g. staff, office supplies, bank charges, freight, etc.), programming (e.g. instructor fees, materials, marketing, etc.), facilities (e.g. insurance, janitorial, repairs, etc.), and equipment (e.g. repairs, purchases, etc.).

Budgets

Budgeting involves the forecasting and tracking of financial plans. It is an important process of fiscal management because it highlights the resources you have, the resources you might need and how you plan to use them. Budgeting involves planning to ensure you have the necessary resources to achieve your goals. It also helps to track whether or not money is coming in and being spent as planned. Essentially, budgets of any size can help to estimate costs, prioritize and communicate plans, manage expenditures, and evaluate financial management practices.

Manitoba's [*Recreation Director's Handbook \(pdf11-1\)*](#) describes and provides templates for several types of budgets.

Recreation leaders are most familiar with Program Budgets that estimate the costs to run a program (e.g. a 10-week arts and crafts program) and the anticipated revenue. Download a [*Sample Program Budget \(pdf13\)*](#) template.

Recreation directors work with annual budgets that describe the estimated revenue and expenditures of all the recreation programs and services over a year. An annual budget helps to determine priorities and identify whether or not projected expenses need to be cut and/or additional revenue is needed. For an annual budget, review the detailed steps in [*Planning and Writing an Annual Budget \(url18\)*](#) or use the template on the facing page.

YUKON COMMUNITY RECREATION SAMPLE TEMPLATE

ANNUAL OPERATING BUDGET

April 1, 20__ to March 31, 20__

REVENUE

Grants (list Grantors; i.e. Govt. Departments, Funders, etc.)	\$
Sponsorships	\$
Donations	\$
Membership Fees	\$
Programs & Events Income	\$
Facility Rental	\$
Fundraising	\$
Food and Beverage Sales	\$
Other	\$
Total Revenue	\$

EXPENDITURES

Administration (office, advertising, accounting, legal, Insurance, etc.)	\$
Staffing (employees, contractors, employer contributions)	\$
Programs & Events Expenses (food, beverage, supplies, fees, etc.)	\$
Fundraising Expenses	\$
Facilities - minor repairs and upgrades (non-capital), supplies & janitorial	\$
Facilities - utilities (electricity, phone/internet, fuel, water, etc.)	\$
Facilities – seasonal pool (includes staff & utilities)	\$
Outdoor O&M	\$
Other Expenses	\$
Total Expense	\$

NET INCOME (Revenue minus Expenditures) \$

Approved by membership at AGM on _____ (date)

Board Name/Title Signature

Board Name/Title Signature

What To Look For in Your Organization's Annual Budget:

- The budget should be consistent with your organization's values, outcomes and goals.
- Check that revenues and expenses look reasonable. You may want to compare it with previous budgets and income statements. Don't hesitate to ask for clarification.
- If expenses are greater than revenues, does the organization have surplus funds to cover the loss?
- Ensure that the budget is approved before money is spent.
- Local authorities for recreation (local governments or designated boards) may work with operating budgets which project the revenue and expenses related to the delivery of recreation in the community. Page 3-9 offers a [*Sample Operating Budget \(pdf24\)*](#) template.
- Development of a facility or public recreation space (e.g. playground) requires a capital budget. [*A Sample Capital Budget \(url13\)*](#) can be downloaded from Yukon's Community Development Fund.

Grants and Proposals

Recreation in the North is often supplemented or completely funded through grants which are monetary contributions from a nonprofit organization, business, charity or government.

They are usually intended for a specific purpose (e.g. to build a playground or to fund a summer recreation program). Very few grants are available to cover general operating and administrative activities.

Grants do not need to be repaid, but any unspent money must usually be returned. They need to be properly accounted for with a statement showing expenses and revenue. In some cases, funders require that receipts or cheque numbers accompany the financial report.

Grant Applications

Templates are usually provided; sometimes they are fairly simple and require an applicant to fill in the blanks with numbers or short phrases. Other applications can be quite detailed, requiring answers of up to 250 words to specific questions. Here is an example of a moderate length application form from [*Lotteries Yukon Recreational Projects Program \(pdf14\)*](#).

TIPS TO IMPROVE YOUR FUNDING APPLICATION

Youth Directorate ([aud3](#))



Lotteries Yukon ([aud4](#))



Community Development Fund ([aud5](#))



Proposal Writing

Proposal writing can seem overwhelming. Fortunately, there are some excellent resources available to assist you. Some organizations will specify the sections, content and length required for a proposal.

Successful proposals typically reflect four common elements. They

1. respond to real community issues and needs;
2. reflect partnerships or alliances;
3. provide evidence of sustainability; and
4. are thoughtful and well researched.

Additional Proposal Do's and Don'ts can be found here ([pdf15](#)).

The Community Recreation Handbook for Northern Saskatchewan (pdf12-3)

describes seven steps to follow before you apply. Preparation may seem like a lot of work, but it makes the writing of a successful application or proposal easier. The seven steps require you to:

1. Summarize your idea (ensure it is community-driven and has widespread support).
2. Collect background information about your organization.
3. Find people to help with the writing if necessary.
4. Learn more about who provides funding and how to access it.
5. Contact potential funders to make sure your organization and plan are eligible for funding and to make sure you have the most current funding guidelines.
6. Contact previous grant recipients to find out what helped them get funding.
7. Develop a plan.

Components of a Proposal or Grant Application

Regardless of the application method you use, proposals and grant applications require basic information. Details about your organization can be developed and then adapted for future grant applications and proposals. Information about your project or activity needs to be developed each time.

Generally, funders want to know:

- about your organization,
- what you want money for,
- how it will be used,
- how it connects to the funder's mandate,
- what the benefits or outcomes of the project or activity are,
- how this reflects innovation,
- how you are partnering with others in the community,
- how the funds will be leveraged,
- how many people will benefit, and
- who is responsible for administering the funds.

Most grant applications organize required information into a template with specific questions. It is important to be thorough, answer all questions and complete all sections. If the application identifies length and formatting requirements, make sure you follow these guidelines.

When a proposal is required, the funder may provide a list of questions, a template, or expect you to follow an accepted format. Click here ([pdf16](#)) for a proposal/funding application checklist.

The process of preparing a grant application or writing a proposal is similar to a planning process. Use the planning model and steps described in [Module 8 \(mod8\)](#). Present your idea or project in a way that demonstrates its importance to your community. If requested, include genuine letters of support that are written for each situation and are not a standard form letter.

[The Community Toolbox, Getting Grants and Financial Resources \(url19\)](#), provides more detailed information, including a checklist on how to approach the process of grant writing. As this is an American website, not all information may be applicable.

3.4 OTHER SOURCES OF REVENUE

There are a number of ways recreation leaders, community groups, and nonprofit organizations can supplement their revenue. Fundraising, sponsorship, in-kind contributions, social enterprise, foundations and charities are examples of alternative sources of revenue.

Improve Your Fund Seeking Skills, ([vid2](#)) a YouTube video from Isabelle Aubé and Northern Links, describes strategies to help rural and Aboriginal communities obtain other sources of revenue. *Northern Links* ([url20](#)) regularly updates its list of Northern and Aboriginal funding sources.

Fundraising is a common way to supplement revenue in the recreation field. A big challenge for recreation leaders is finding a balance between time spent raising money and the delivery of programs and services. Fundraising and grant writing are often quite time consuming. Therefore, it may be helpful to develop a plan for the amount of fundraising revenue needed and to identify it within your annual budget.

There are many different ways to generate funds. When recreation leaders understand their community's values, interests and motivation, they are better able to put fundraising activities in place that respect the community's capacity and ability to donate. It also increases the recreation leader's awareness and sensitivity toward other public fundraising initiatives. Furthermore, activities such as dances, concerts and craft fairs provide an opportunity to raise the profile of recreation programs in the community by encouraging participation.

Community leaders strive to organize socially responsible fundraising activities that meet the interests of the community and contribute to the mandate and philosophy of healthy, active lifestyles. However, there are many examples of fundraising activities that are successful and bring community together yet do not contribute to a healthy, active lifestyle. Although they can bring in great revenue, activities involving gambling or alcohol are not consistent with the philosophy that recreation's goal is to promote positive outcomes. As recreation leaders we need to be sensitive to the interests of the community and make choices to minimize some of the potential negative consequences of fundraising activities.

Manitoba's *Recreation Director's Handbook* ([pdf11-4](#)) describes how to organize fundraising events, along with a number of fundraising activities. Additional information about *Designing and Implementing a Fundraiser* ([url21](#)) is available from the Community Toolbox.

Sponsorship is another way to generate revenue or obtain non-monetary resources. Organizations and businesses that provide money or resources for programs or special events are usually referred to as sponsors. Sponsorship may also be a way to support recreation infrastructure (e.g. the development of a playground).

When seeking sponsors, keep in mind that larger corporations often have a policy to support the communities where they do business (e.g. Northwestel). Before approaching them, find out if they have a policy, and if so, find out which activities they prioritize.

The scale of sponsorship varies. It can be as small as a donation of uniforms for a local team or as large as a significant investment in a new recreation facility. Regardless of scope, approach potential sponsors with a plan that explains not only the benefit to the community, but also how the plan can benefit the sponsor's organization. Make sure each sponsor is recognized in an appropriate manner (e.g. logo on posters).

Alberta's Toolkit for Nonprofits (pdf17) provides more information to assist nonprofit organizations in their efforts to build relationships with the corporate sector. While the focus of this toolkit is the corporate sector, the same approach can be helpful in building new, or enhancing existing funding relationships with individual donors, foundations, government and other organizations.

In-kind contributions and donations of non-monetary resources make many recreation opportunities possible. Without donations of supplies, materials, equipment, space, etc., the cost to participate in recreation would create significant barriers in communities. There are always local people, businesses, and organizations willing to support meaningful recreation opportunities. When asking for an in-kind contribution, be reasonable in your requests and make sure donors understand the impact their support will have.



A foundation is a registered charity. Depending on your organization, you may be eligible for grants administered through a foundation. [Grant Connect \(url22\)](#) is a national tool to help organizations locate funding through charities. These opportunities may be limited unless you are registered as a charitable organization.

A social enterprise is a business that generates revenue for social good. Some nonprofit organizations and foundations are setting up social enterprises in order to fund their nonprofit operations. Salvation Army Thrift Stores are an example, investing all profits into their operations (e.g. shelters). Social enterprises are a promising alternative for sustainable sources of revenue. For more information on social enterprise in Canada, go to the [Enterprising Nonprofits \(url23\)](#) website.

