MIC3 MILITARY INTERSTATE CHILDREN'S COMPACT COMMISSION

Financial Forecasting Policy

I. PURPOSE

This policy outlines the procedures for developing, reviewing, and managing financial forecasts. Its goal is to ensure accurate and timely financial planning and decision-making that aligns with the priorities set forth in the strategic plan.

II. APPLICABILITY

This policy applies to all committees involved in the budget forecasting process.

III. DEFINITIONS

- **Budget:** An estimated income and expenditure for a defined period, typically a fiscal year.
- **Forecasting:** An adaptable process used to assess current performance and predict future financial outcomes.
- **Budget Forecasting:** A specific form of forecasting that uses the budget as its foundation to predict financial performance for the upcoming fiscal period, reflecting historical expenditures in consideration of future resources and fluctuations.
- **Strategic Plan:** A document outlining the organization's goals, the actions required to achieve those goals, and metrics for tracking progress. It ensures efficient resource allocation and alignment with the organization's mission and vision.

IV. PROCESS

A. Timeline

- **December:** Completion of the annual audit.
- **January-February:** In accordance with Rule Chapter 200: General Provisions, Sec 2.103 Dues Formula, the data, as provided by the appropriate federal agency, will detail the number of school-aged, uniformed connected dependents residing within each state.
- **March-May:** Standing committees conduct a review of their budget and forecasts.
- **July:** Recommendation approved by the Finance Committee.
- **August:** Final approval by the Executive Committee.

B. Budget Preparation

1. The national office will prepare a detailed annual budget two years in advance of its effective date, ensuring alignment with the organization's mission and strategic goals.
2. The budget forecast should be based on realistic assumptions and historical data, with justifications for any significant variances. It should account for expected revenues, expenses, and other expenditures.

C. Forecast Development

1. The national office with the consideration of the tasks assigned relevant standing committees will develop a financial forecast for the upcoming fiscal year, building on the budget and incorporating potential risks and opportunities.

   a. **Revenue Projections:** Forecast revenue based on historical data, anticipated trends, and external factors.
   b. **Expense Projections:** Forecast expenses based on historical data, planned activities, and anticipated changes.
   c. **Consider Seasonal and Locale Trends:** Account for seasonal fluctuations in revenue and expenses, as well as regional cost variations.
   d. **In-Kind Donations & Support:** Factor in the value of monetary and in-kind donations from member states, ex-officio members, and other external and partner organizations, ensuring an accurate reflection of resources.

2. Regular financial updates should be provided at least quarterly, reflecting changes in the business environment and actual performance.

D. **Review and Approval**

1. Budgets and forecasts will be reviewed by the relevant standing committees.
2. The national office will provide guidance throughout the process to ensure consistency and accuracy.
3. Final approval of the budget and forecasts is the responsibility of the Executive Committee.

E. **Scenario Analysis**

1. The national office and relevant standing committees will conduct scenario analysis to identify potential risks and opportunities, and to develop contingency plans.

F. **Data Accuracy**

1. The national office, in collaboration with the Council of State Governments (CSG) Accounting and appropriate federal agencies, will ensure the accuracy and reliability of the data used in the forecasting process.

V. **RESPONSIBILITIES**

- **Standing Committees:** Responsible for reviewing their respective committee expenditures, ensuring compliance with this policy. Committees include, but are not limited to: Executive, Compliance, Communications and Outreach, Finance, Leadership Nomination, Rules, and Training.
- **Finance Committee:** Responsible for providing guidance and support throughout the budget forecasting process, ensuring consistency and accuracy.
- **Executive Committee:** Responsible for the final approval of budgets and forecasts. In the event unforeseen circumstances occur, the Executive Committee is authorized to act on behalf of the Commission as provided in Article VII, Section 1. Executive Committee of the by-laws

VI. POLICY REVIEW

A. This policy will be reviewed and updated as necessary to ensure its continued relevance and effectiveness.

VII. DEVIATIONS

A. Any deviations from this policy must be approved by the Executive Committee.