



A. An amount of money received for a project or for the operations of an organisation

B. An estimation of revenue and expenses over a specified future period of time

C. A list of expenses justified by invoices and receipts that need review by an auditor

D. A set of projects designed to generate income for an organisation in a calendar year

WHAT IS A BUDGET?

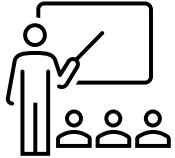
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The FIDE PDC Capacity Building Series

Module 2

Budgeting basics

Our objective for the next 45 minutes



- Present
 - The key concepts of budgeting, planning/monitoring and controlling budget to achieve your financial goals
- In a simple way
 - Focusing on basic operational tools



- Explain & share
 - Steps and tips on how to approach budgeting questions
- In an illustrated way
 - Concluding with a simple case study

Budgeting

- The process of creating a financial plan that outlines expected **income and expenses** over a specific period
- A proactive tool for financial management and decision-making



Effective budgeting – why is it *crucial* important?

- Provide a framework for financial organization
 - Financial Planning and Control: anticipate financial needs and allocate resources accordingly
 - Risk Mitigation: consider potential risks and uncertainties
- Support strategic decision-making
 - A basis for informed decision-making; data driven approach
 - Assess the impact of a decision on overall financial health
- Help in achieving goals
 - Goal Setting and Achievement
 - Performance Evaluation
- Contribute to overall financial well-being
 - Cash Flow Management: ensure to have sufficient liquidity to meet financial obligations
 - Debt Management: incorporate debt repayment to reduce outstanding balances

Key Budgeting Concepts



Budget: definition & types

“A detailed financial plan that quantifies future expectations and actions”

- Operating budget
 - Routine expenses, monitor daily financial activities, allocation of resources to activities
- Cash flow budget
 - Ensure that an organization has enough cash on hand to cover its immediate financial needs – include estimates of cash receipts and payments
- Capital budget
 - Focus on long-term investments and expenditures that have a significant and lasting impact on the organization

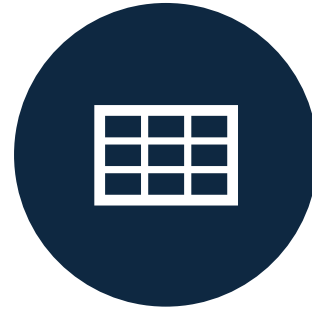
Budgeting process overview



SET FINANCIAL GOALS



ESTIMATE INCOME AND
EXPENSES



ALLOCATE RESOURCES



REVIEW AND ADJUST
THE BUDGET AS NEEDED

Setting financial goals

Consider multiple factors:

- Alignment
 - Ensure that the budget reflects and supports the broader goals and objectives of the organization
- Types of goals
 - You may have a mix of short/medium/long term goals
- Categories of goals
 - You may need to face different situations, like accumulate savings, repay a debt, proceed with an investment

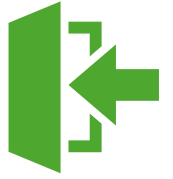
➔ In any case, prioritize goals consistently with the objectives of the organization

A balance scale is shown against a white background. The scale's beam is a thin, horizontal, brownish-gold bar. On the left side of the beam, a single, smooth, dark grey stone sits. On the right side, a stack of four similar stones is balanced. Below the center of the beam, a fifth stone of the same size and color hangs from the underside. The text "Creating a budget" is centered on the beam in a white, sans-serif font.

Creating a budget

Revenue Forecasting

The process of estimating future income



IDENTIFY REVENUE SOURCES

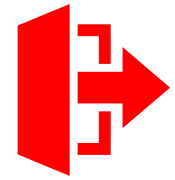
- Membership fees
- Government support
- Grants (e.g. FIDE Fed Funding)
- Sponsorships
- Donations
- ...

ESTIMATE AMOUNTS

- How much?
- When ?
- Imposed usage ?
- ➔ Important to be accurate
- Consider historical data
- Different scenarios (😊 / 😞)

Expense planning

The process of estimating future costs



CATEGORIZE EXPENSES

- Types
 - Fixed (rent, subscription, ...)
 - Variable (travel cost, ...)
 - One-time (material , ...)
- Categories
 - Admin, events & competitions, players' development, communication, ...

ESTIMATE/PRIORITIZE AMOUNTS

- Be accurate
 - Understanding the real needs
 - Credibility for the stakeholders
- Keep your budget balanced
 - Allocate funds to the most critical needs first

Scenario Planning = Flexibility

- Creation of alternative budget scenarios to account for different possible outcomes

Priority	Expenses		Income		Comment
MUST	Office rent	6000	Sports Ministry	10000	Fixed income
#1	Material acquisition	5000	Sponsor	5000	Fixed income
#2	Event organization	4000	Membership scen. 1	5000	Variable (100 members)
#3	Event participation	8000	Membership scen. 2	10000	Variable (200 members)
#4	Players' training	2000			

- Scenario 1 (100 members): expenses covered = 20000
 - #3 partially doable (5000 / 8000), can't execute #4
- Scenario 2 (200 members): budget is balanced
 - all expenses covered (25 000 / 25 000)

Monitoring and Controlling Budgets

Regular Tracking and Review

- Regular monitoring against the actual financial performance is essential to take corrective action promptly and ensure budgeting remains on track
 - Revise budget if necessary
- Contingency planning:
 - Be prepared for unexpected events or contingencies
 - Flexibility to cover any unforeseen expenses, ensuring smooth operations

Variance Analysis

Implementing Adjustments

- Variance analysis is the examination of the differences between budgeted and actual figures.
 - Be proactive in making adjustments to the budget based on variance analysis
- ➔ Understand if the observed variance will generate opportunities and/or constraints

Communication and Reporting

Importance of Transparent Communication

- Collaboration: budgeting should involve key stakeholders
 - Federation management, commissions, administrators, controllers ...
 - Ensure that the budget reflects the needs and objectives of different departments within the sports federation
- Transparent reporting
 - Regularity of reports and updates for the stakeholders
 - Demonstrating the federation's commitment to sound financial management

Reporting Tools and Formats

- Use standard formats
 - Balance sheet
 - Statement of income and expenses
- Compare the evolution over time
- You may have to adapt and/or maintain several presentations to the meet the needs of your sponsors & partners
 - e.g. Fed Funding reporting format, government standard template ...

Balance sheet

- A financial snapshot
- Assets:
 - What the federation owns and can use to generate income
 - Cash, buildings, inventory, equipment
- Liabilities:
 - What the federation owes to others.
 - Loans, payments to suppliers, or any other obligations
- Assets – Liabilities = Equity
 - What is left after all debts are paid off

1. BALANCE SHEET					
Notes	31.12.2022 EUR	31.12.2021 EUR	31.12.2022 CHF	31.12.2021 CHF	
ASSETS					
Current Assets					
Cash and Banks	4	4 925 758	5 682 010	4 851 530	5 890 540
Debtors Federations	5	578 288	386 380	569 573	400 560
Other Debtors	6	267 936	940 199	263 899	974 704
Prepayments		-	18 672	-	19 357
Tax Refundable		58 550	58 550	57 668	60 699
Total Current Assets		5 830 532	7 085 811	5 742 670	7 345 860
Long-Term Assets					
Investment in Subsidiary	7	19 707	-	19 410	-
Tangible Assets	8	68 103	40 460	67 077	41 945
Intangible Assets	8	27 336	31 855	26 924	33 024
Total Long-Term Assets		115 146	72 315	113 411	74 969
TOTAL ASSETS		5 945 678	7 158 126	5 856 081	7 420 829
LIABILITIES					
Current Liabilities					
Upcoming Year Events	9	2 428 836	1 719 046	2 392 235	1 782 135
Prepayments by Federations		29 612	25 700	29 166	26 643
Other Creditors	10	1 410 252	1 524 615	1 389 000	1 580 568
Deferred Revenue	11	36 812	38 292	36 257	39 697
Accrued Expenses		127 000	110 660	125 086	114 721
Total Current Liabilities		4 032 512	3 418 313	3 971 744	3 543 764
Long-Term Liabilities					
Events Beyond Upcoming Year	12	547 000	467 000	538 757	484 139
Permanent Fund	13	76 414	76 414	75 262	79 218
Total Long-Term Liabilities		623 414	543 414	614 019	563 357
TOTAL LIABILITIES		4 655 926	3 961 727	4 585 763	4 107 121
Currency translation difference		-	-	-337 971	-195 138

Income statement

- Like a financial card for the federation. It shows over a specific period:
 - How much money the federation earned (**income**)
 - How much it spent (**expenses**)
- Income > Expenses → Profit
- Income < Expenses → Loss

→ Transparency & accountability

2. STATEMENT OF INCOME AND EXPENSES

2.1 INCOME AND EXPENSES SUMMARY		2022 Actual	2021 Actual	2022 Actual	2021 Actual	
		EUR	EUR	CHF	CHF	
TOTAL INCOME		10 820 533	13 958 235	10 786 020	15 091 643	
TOTAL EXPENSES		12 727 180	11 858 146	12 686 577	12 821 030	
INCOME AGAINST EXPENSES		-1 906 647	2 100 089	-1 900 557	2 270 613	
FIDE Reserve Fund at beginning of period		3 196 399	1 094 310	3 508 846	1 238 233	
FIDE Reserve Fund at end of period		1 289 752	1 196 399	1 608 289	5 508 846	
2.2 INCOME		2022 Actual	2022 Budget	2021 Actual	2022 Actual	2021 Actual
		EUR	EUR	EUR	CHF	CHF
INCOME FROM FEDERATIONS						
Membership Fees		138 775	138 000	137 255	138 352	148 400
Affiliated Membership Application Fees		1 000	-	-	997	-
Entry Fees		110 210	50 000	10 000	109 240	10 812
Registered Tournaments		482 282	250 000	297 854	480 744	322 040
Late Tournament Report Charges / Misc. Penalties		56 915	-	11 835	16 861	11 756
Change of Federation		77 500	-	12 294	27 412	32 793
Title Application Fees		161 266	100 000	137 717	160 752	148 900
	Federation fees	1 137 968	538 000	606 955	1 134 338	658 241
INCOME FROM FIDE EVENTS						
Olympiad	14.1	2 853 823	2 700 000	-	2 884 593	-
World Championship Match	14.2	-	-	4 152 845	-	4 490 056
Women World Championship Match Candidates	14.3	-	1 200 000	873 525	1 511 396	944 455
Women Candidates	14.4	199 224	450 000	-	198 589	-
World Cup	14.5	-	-	2 880 511	-	3 092 794
Grand Swiss / Women Grand Swiss	14.6	-	-	1 190 053	-	1 286 685
Grand Prix Series	14.7	668 565	-	-	666 431	-
Women Grand Prix Series	14.8	304 863	500 000	374 220	304 210	404 607
World Rapid and Blitz Championship	14.9	2 201 395	1 300 000	1 469 943	2 156 367	1 589 302
World Team Championship	14.10	80 818	130 000	-	89 541	-
Women World Team Championship	14.11	-	-	329 419	-	356 168
Online Events	14.12	-	550 000	391 297	-	421 070
Other Events Income		379 861	-	-	378 649	-
	Income from FIDE events	8 155 790	8 500 000	11 641 813	8 129 776	12 587 127
INCOME FROM COMMISSIONS						
Arbiters seminar fees		14 540	20 000	31 073	14 494	33 596
Arbiters license fees		62 360	50 000	57 860	62 361	40 394
Trainers license fees		35 240	50 000	27 740	35 128	29 982
Trainers seminars		1 516	50 000	9 768	3 505	10 559
Trainers academie fees		7 000	9 000	7 600	6 978	8 217
Organizers seminar fees		-	1 000	-	-	-
School instructor seminar fees		3 207	-	2 218	3 107	2 507
Chess in Education		-	15 000	-	-	-
Event bidding fees		-	20 000	9 000	-	3 244
Chess Clock / Suppliers bid fees		-	-	530	-	573
FIDE flag license fees		6 216	3 000	3 740	6 217	4 043
Queen's Festival		250	-	1 640	249	1 989
Ethics Commission submission fees		500	-	-	498	-
	Income from Commissions	132 849	218 000	124 968	132 427	135 114
DONATIONS AND SPONSORSHIP						
Donations	15.1	3 168	-	582 913	3 158	630 248
Sponsorship	15.2	148 508	-	398 630	141 066	430 990
	Donations and Sponsorship	148 676	2 750 000	981 543	144 224	1 061 247
OTHER INCOME						
FIDE Online Arena		402 500	400 000	187 251	401 216	352 458
International Olympic Committee / ARSF		11 368	35 000	56 650	31 269	61 250
Royalties - Chess Equipment		50 000	50 000	12 500	49 840	13 515
Royalties - TV Rights / IP Rights	16	363 934	350 000	81 986	362 773	88 643
Foreign Exchange Gain / (Loss), Net		391 210	-	193 977	389 562	209 728
Tax Refund		10 217	-	-	10 205	-
Release of Bad Debt Provisions		-	-	70 589	-	76 320
	Other income	1 249 250	835 000	462 954	1 245 265	651 914
TOTAL INCOME		10 820 533	12 841 000	13 958 235	10 786 020	15 091 643

A blurred office desk scene featuring a laptop, a mug, glasses, and papers. The text is overlaid on the center of the image.

Case study

The “PDC” Chess Federation Budgeting



Case study: Chess Federation Budgeting

- **Background**

- The “PDC” Chess Federation is dedicated to promoting and organizing chess events, training programs, and competitions at the regional and national levels. The federation relies on membership fees, sponsorships, and grants to fund its activities.

- **Scenario**

- The “PDC” Chess Federation is preparing its annual budget for the upcoming year. The board of directors and financial team are responsible for creating a comprehensive budget that ensures the smooth operation of the federation's activities.



Key information

- Budgeting period
 - Fiscal Year (Jan. to Dec.)
- Income Sources
 - Membership Fees
 - Corporate Sponsorships
 - Government Grants
 - Tournament Entry Fees
 - Merchandise Sales
- Expenses
 - Chess Tournaments (Venue, Prizes, Staff)
 - Coaching and Training Programs
 - Administrative Costs (Salaries, Office Supplies)
 - Marketing and Promotion
 - Website Maintenance
 - Travel Expenses for Representatives
 - Equipment and Chess Sets



Budgeting process

1. Income projection

- Estimate the number of new and renewed memberships.
- Seek commitments from existing and potential corporate sponsors.
- Research and apply for government grants and funding opportunities.
- Apply to the FIDE Development Fund
- Project revenue from tournament entry fees and merchandise sales.

Income Sources	Amount
Membership Fees	25 000
Corporate Sponsorships	10 000
Government Grants	10 000
FIDE Development Fund	5 000
Tournament Entry Fees	8 000
Merchandise Sales	4 000
Total Income	62 000



Budgeting process

2. Expense estimation

- Determine the number and scale of chess tournaments to be organized.
- Plan coaching and training programs based on historical participation and demand.
- Allocate resources for administrative tasks and staff salaries.
- Set aside funds for marketing and promotion to attract new members and sponsors.
- Plan for website maintenance and improvements.
- Budget for travel expenses for the federation's representatives to attend important events.
- Estimate the need for new equipment and chess sets.

Expenses	Amount
Chess Tournaments	20 000
Coaching and Training Programs	12 000
Administrative Costs	15 000
Marketing and Promotion	5 000
Website Maintenance	3 000
Travel Expenses	3 500
Equipment and Chess Sets	1 500
Total Expenses	60 000



Budgeting process

3. Present the budget

Expenses	Amount
Chess Tournaments	20 000
Coaching and Training Programs	12 000
Administrative Costs	15 000
Marketing and Promotion	5 000
Website Maintenance	3 000
Travel Expenses	3 500
Equipment and Chess Sets	1 500
Miscellaneous / Contingency	2 000
Total Expenses	62 000

Income Sources	Amount
Membership Fees	25 000
Corporate Sponsorships	10 000
Government Grants	10 000
FIDE Development Fund	5 000
Tournament Entry Fees	8 000
Merchandise Sales	4 000
Total Income	62 000



Budgeting process

4. Track the execution

Expenses	Planned/Actual
Chess Tournaments	20 000 / 23 000
Coaching and Training Programs	12 000 / 10 000
Administrative Costs	15 000 / 16 000
Marketing and Promotion	5 000 / 6 000
Website Maintenance	3 000 / 3 000
Travel Expenses	3 500 / 4 000
Equipment and Chess Sets	1 500 / 1 500
Miscellaneous / Contingency	2 000 → 0
Total Expenses	62 000 / 63 500

Income Sources	Planned/Actual
Membership Fees	25 000 / 28 000
Corporate Sponsorships	10 000 / 10 000
Government Grants	10 000 / 10 000
FIDE Development Fund	5 000 / 5 000
Tournament Entry Fees	8 000 / 8 500
Merchandise Sales	4 000 / 2 000
Total Income	62 000 / 63 500

A top-down view of a desk with a white keyboard, a calendar showing dates 16 through 31, and several notebooks with colorful sticky tabs. The scene is dimly lit, creating a focused and professional atmosphere.

Questions & tips on budgeting

Common budgeting mistakes to avoid

- Do not spend resources without a budget
- Do not start initiatives without allocated funds or allocate budget resources without proper control
- Do not ask for more funding due to inaccurate budget estimation or charge multiple funding sources for the same expenses
- Do not have excessive "miscellaneous" expenses, or allocate a large portion of the budget to overhead costs
 - s

Learn from the past

- How successful have your money management practices been in the past?
 - Reflecting on past financial management practices helps identify areas of strength and weakness and can guide improvement efforts
- What do you need to improve?
 - Identifying specific areas for improvement based on past performance and current financial management practices allows for targeted actions to enhance overall financial management

Seek optimisations

➔ maximise your capabilities

- How can you save on projected expenditure?
 - Example on *Organization Cost*
 - Travel: look for discounts, group rates
 - Accommodation: seek volume discounts, make arrangements with one hotel to use it whenever needed
 - Seek donations of resources: office space, office equipment ...
 - **Your ideas in the chat?**
- Objective = reduce expenses and maximize funds.



Planning and
Development
Commission

Conclusion

- Budgeting is a critical process for federations to achieve their financial goals and ensure optimal utilization of resources.
- By understanding revenue sources, analyzing costs, prioritizing expenses, and monitoring the budget, federations can make informed financial decisions build sustainability, and support the growth of chess in the country.

