

## CADS Funds Management Policy

Policy Title	Funds Management Policy
Responsible Executive	Chair, CADS National Finance, Audit, IT & Risk Mgmt. Committee
Responsible Office	CADS National Finance, Audit, IT & Risk Mgmt. Committee
Approved By	CADS National Board of Directors
Contact	Executive Director, Christian Hrab
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This document was prepared by: John Shaw

Name	John Shaw
Title	President, CADS National Board of Directors Member National CADS National Finance, Audit, IT & Risk Mgmt. Committee <a href="mailto:johnshaw@cadski">johnshaw@cadski</a>

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### Approvals:

Date	Document Version	Approver Name and Title	Approver Signature

The web-based document is the controlled version.

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## Background:

The primary consideration for CADS Funds Management Policy is the intended use of the funds and whether any given fund account will be,

- (i) unrestricted, with no restriction as to use or purpose (an “Unrestricted Fund”),
- (ii) restricted and only able to be used towards specified approved expenditures. If a fund account is restricted, are the restrictions,
  - a. established internally by the Board (an “Internally Restricted Fund), or
  - b. established externally by a donor (an “Externally Restricted Fund)?

Currently CADS has two Unrestricted Funds, specifically:

- (i) funds held in our Bank chequing account (the “Operating Fund”), and
- (ii) funds held in a separate investment savings account or in Guaranteed Investment Certificates (the “Legacy Fund”).

The **Operating Fund** is for day to day working capital to fund operations throughout the year. All general cash inflows and expenditure cash outflow go through the Operating Fund account and are recorded as revenues, expenses or balance sheet items as applicable in the fiscal year incurred. Any interest earned in the Operating Fund is available for general operating purposes.

The **Legacy Fund** was created in 2018 from a transfer of excess cash that had accumulated in the Operating Fund. Funds flow back & forth between the Operating Account and Legacy Fund as determined at the sole discretion of the Board. Interest in the Legacy Fund is transferred back to the Operating Fund, when received, and interest earned is recording on an accrual basis to recognize the income earned annually. There are, currently, no specific restrictions on the Legacy Fund.

The Finance, Audit, IT & Risk Mgmt. Committee of CADS recommends that the governing principal of the Legacy Fund is that it should be used as an unrestricted contingency fund, to be used as a last resort.

**The Reserve Fund** was created by Board Resolution dated February 18th, 2020. The Board approved the transfer of projected Fiscal Year End operating surplus into this new fund to be used to provide project funding to CADS Tier II projects or Grants to CADS member organizations in subsequent year(s) to support growth and organizational capacity building (the “Reserve Fund”). This Policy extends the resolution to include CADS Tier I Projects should there be a material shortfall in annual membership revenues.

## Policy Statement (Legacy Fund)

- While there are no specific restrictions on the Legacy Fund, the policy of the Board is that,
- i. the principal balance of the Legacy Fund may be employed as an unrestricted contingency fund to be used as a last resort to maintain the Association in emergency situations.
  - ii. the income earned by the Legacy Fund shall be transferred to the Operating Fund and is available for general operating needs, funding of CADS projects and/or grants to member organizations.

## Policy Statement (Reserve Fund)

The policy of the Board with respect to the Reserve Fund is that,

- i. the purpose of the Reserve Fund is to support growth and organizational capacity building, both within CADS as well as CADS member organizations.
- ii. the Reserve Fund will be an internally-restricted fund to be employed only to provide project funding for CADS Tier I Projects (when eligible), or Tier II Projects and/or Grants to CADS member organizations.
- iii. contributions into the Reserve Fund are made at the sole discretion of the Board and are to come from all or a portion of fiscal year end operating surplus, sponsorship contributions that do not otherwise have restrictions, and/or transfers of excess capital from the Operating Fund.
- iv. The Reserve Fund will have a known amount of capital available at the start of each fiscal year, which the Board, in its sole discretion, may allocate in its entirety or apportion for CADS Tier I Projects and for Tier II project funding &/or Grants.
- v. Tier II Projects and Grants shall compete for the same pool of available funds and shall be awarded on the basis of merit and best value to the overall organization.
- vi. The Terms of Reference for any Grant and all payments (expenses) out of this fund for CADS Tier I and/or Tier II project funding and/or Grants should be based on recommendations from the Finance, Audit, IT and Risk Mgmt. Committee and be subject to review and approval by the Board, and
- vii. Any income generated by the Reserve Fund (such as interest) shall be retained in the same account and used only for the purposes set-out herein.

## Procedure:

- Contributions into the Reserve Fund will be expensed in the financial statements of the Association in the fiscal year of the contribution. The amount of the Reserve Fund will be reflected on the balance sheet of the Association and will be adjusted, from time to time, based on contributions (income) into the Reserve Fund and project funds released for CADS Tier I, Tier II Projects and/or Grants (expenses) out of the Reserve Fund.
- The Reserve Fund will have its own separate bank or investment savings account and separate GL account. This will need to be set up by CADS bookkeeper as opposed to creation at the year-end audit engagement as it should be reconciled to the balance in the bank or investment savings account on a regular basis by the bookkeeper.
- CADS will use the deferred method of accounting as opposed to the restricted fund method. CADS bookkeeper will need to keep a listing of income contributed to the Reserve Fund and expenses paid from the account so that the auditors can determine the deferred portion balance at fiscal year-end. This is how CADS already has been treating externally-restricted funds (such as third-party grant income).
- Since Tier I Projects are included in the base budget, Tier I Projects shall only be eligible for funding if annual membership revenues between September and December of the fiscal year

are less than [80%] of the 2-year rolling average of actual annual membership revenues for the same September to December period.

**Definitions:**

**CADS Club** is defined herein as any location, not-for-profit association or society in Canada,

- i. with 10 or more volunteer members and /or student members directly providing an adaptive alpine snow sport program(s) to student members, and
- ii. that has agreed to adhere to CADS minimum accepted standards and policies with respect to Education (adaptive snow sport teaching methodology and instructor certification), Sport, Development (risk management and governance) and sustainable Business operations, and
- iii. has been recognized by CADS as a member organization.

**CADS member organizations** is defined as CADS Divisions and CADS Clubs.

**CADS Tier I Projects** is defined as a specific activity, event or project which is core to the operations or mission of CADS and, as such, is included in CADS annual base budget. Example of Tier I Projects include but is not necessarily limited to (i) early season certification of course conductors (“Pre-Course”), (ii) membership registration systems and associated services and (iii) the provision of insurance and risk management services.

**CADS Tier II Projects** is defined as a specific activity, event or project which is considered to be discretionary and is subject to the availability of funding over and above that provided in the base budget. A **CADS Tier II Project** must contribute towards organization growth or capacity building and is consistent with the priorities of CADS as established by the Board. Examples of Tier II Projects include, but are not necessarily limited to, (i) removing financial roadblocks to Level 3 or level 4 certification, (ii) professional development, (iii) development of educational curriculum, (iv) methods of curriculum delivery (eLearning), (v) support for coaching certification, (vi) equipment purchase (such as adaptive sport, storage, computers), (vii) IT system upgrades, and/or (viii) proposals to support sustainable business operations and fund development.

**Grants** is defined as a grant or bursary to a CADS member organization(s), which supports overall organizational growth and/or capacity building in the areas of,

- I. Education,
- II. Development,
- III. Sport,
- IV. Sustainable Business operations, and
- V. “Return to Snow Grants” to CADS Clubs to help offset additional operating costs in 2021 associated with CoVid-19 safety measures.

Grants can either be established by the Board of CADS or based upon grant submissions from member organization in respect of criteria established by the Board. Unless otherwise determined by the Board, Grants provided to CADS member organizations shall be on a “match-funding” basis, with the CADS Grant providing no more than [50% ] of the underlying cost of the Grant project.