



Policy Title	Financial Management Policy
Responsible Committee	Audit and Finance Committee
Date of Approval	March 27, 2025
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*This Policy has been prepared by Water Polo Canada and is applicable to Water Polo Canada, its members, affiliated organizations, and registrants. This document cannot be modified without consultation with and approval by Water Polo Canada.*

## **Policy Statement**

Water Polo Canada's Financial Management Policy defines the roles, authority and responsibilities for WPC's financial management activities and decisions.

## **Definitions**

"Act" means the Income Tax Act;

"AM" means Annual Meeting;

"Amended Annual Budget" refers to the updated budget document following approval of a change to either i) spending between major categories by the Audit & Finance Committee or ii) a deficit by the Board.

"Board" means the Board of Directors for Water Polo Canada;

"Date of Approval" means as stated on Page 1 of the Policy;

"Department Leads" means individuals responsible for managing budgets of the Domestic Operations, National Championship League (NCL), Men's National Team, and Woman's National Team;

"Final Annual Budget" means the approved budget for the fiscal period in question

"Including" means including but not limited to;

"Major Categories" means budget categories including – at a minimum - Domestic Operations, Men's National Team, and Women's National Team;

"Net Assets" means the difference between the Association's assets less any liabilities.

"Organization" means Water Polo Canada;

"Preliminary Annual Budget" means a budget that is produced in those years that the amount of Sport Canada's annual contribution to WPC will not be confirmed ahead of the start of the new fiscal year (April 1). Board approval allows for spending under the Preliminary Annual Budget until the Final Annual Budget is approved.

"Policy" means this Financial Management Policy;

"Responsible Subcommittee" means as stated on Page 1 of the Policy;

"WPC" means Water Polo Canada;

"YTD" means year to date.

## **Application**

### **1. Segregation of Duties**

It is important that there is a separation between the person who defines a financial requirement and the person who approves spending for that requirement within WPC management. In no case shall the same person be responsible for both of these functions.

## **2. Conflicts of Interest**

Any person who suggests or approves a requirement, an action, or an expenditure, or any person that approves the spending in connection therewith must not personally, directly, or indirectly, benefit financially from the action without the conflict being identified, reviewed, and approved by the Board beforehand. This personal benefit extends to all close or immediate family members and friends of the suggester/approver.

## **3. No Bankruptcy**

During the time of their term on the Audit and Finance Committee, no director or executive officer may be a director or executive officer of any company (including their own company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; should this situation arise during a director or executive officer's term, they should immediately resign their position on the Committee.

## **4. Personal Liability**

Any expenditure or commitment not specified in the budgets and/or not specifically authorized under this Financial Management Policy can entail the personal liability of the person who made or allowed it, and is not binding on Water Polo Canada ("WPC" or the "Organization"). Any expenditure must comply with budget restrictions and the purposes for which the budget was granted.

## **5. Budgeting**

### **a. Annual Budget**

The Budget year is 1 April to 31 March. A Preliminary Annual Budget is to be presented to the Board for approval for the upcoming year. The budget will be prepared by WPC's staff member in charge of financial management, in collaboration with Department Leads, and overseen by the Chief Executive Officer. A Preliminary Annual Budget will be prepared at least one month prior to the start of a new fiscal year and will be presented to the Audit and Finance Committee. The Final Annual Budget will be presented to the Audit and Finance Committee as soon as possible following the approval of the Preliminary Annual Budget, and in any case no later than 31 May of each year. The Preliminary Annual Budget and the Final Annual Budget shall be aligned with both the Strategic Priorities of WPC and the Operational Plan, as approved by the Board. All budgets must include a contingency of at least 2% of non-government funded gross revenue and quarterly estimates for major categories to reflect the seasonality of WPC operations. Any negative deviation from the Final Annual Budget must be approved by the Board.

b. Function of the Budget

The Final Annual Budget will establish the spending limits for the Organization.

c. Actions to approve the Budget

Once the Preliminary Final Annual Budget has been reviewed by the Audit and Finance Committee, the Final Annual Budget will be presented to the Board. Upon approval by the Board, the Final Annual Budget becomes the spending authority enabling the Chief Executive Officer to spend up to but not to exceed the amounts stated in the Final Annual Budget. After the fiscal year end, but before the Final Annual Budget is approved by the Board, the Chief Executive Officer will use the approved Preliminary Annual Budget for spending authority limits.

d. Actions to approve budgets variances

There are three approval bodies for budget variances: Chief Executive Officer, the Audit and Finance Committee, and the Board.

i. Chief Executive Officer

The Chief Executive Officer can approve spending changes to the Final Annual Budget within any major category so long as the variance does not exceed the total budgeted expenditure for each respective Major Categories. New revenue from existing sources can be approved by the Chief Executive Officer. Any changes to any budgets will result in an Amended Annual Budget that will be used for the remainder of the fiscal year.

ii. Audit and Finance Committee

The Audit and Finance Committee will define the Major Categories within the Final Annual Budget and can approve spending changes between Major Categories so long as the variance does not exceed the total budget (i.e., no deficit).

iii. Board of Directors

The Board must approve any Final Annual Budget changes including the establishment of a deficit for the year. Board approval is required for any new sources of revenue (i.e., sponsorship) to ensure protection of the integrity and reputation of WPC.

## **6. Charitable Donations**

All charitable donations will be allocated to WPC in accordance with WPC's Charitable Donations Policy.

## **7. Auditing**

WPC's financial records will be subject to audit every year. The audited financial reports will be presented to the Audit and Finance Committee within a reasonable period of time after the end of the fiscal year. Such audited financial reports must be approved by the Board at least one-month prior to the Annual General Meeting of each year and made

available to WPC Members in accordance with the By-laws.

## **8. Taxation**

WPC is a Registered Charitable Amateur Athletic Association, as defined by the *Income Tax Act*, as amended from time to time (the “Act”). The Chief Executive Officer and the Board will at all times ensure that WPC recordkeeping and issuance of charitable tax receipts is in strict compliance with the Act so as not to jeopardize the charitable status of the Organization.

## **9. Authorities for Spending Limits**

Each year the Chief Executive Officer will prepare an annual budget to be presented to the Audit and Finance Committee. The WPC Chief Executive Officer is authorized to spend up to the amounts established in the approved Final Annual Budget. Only the Board can give the authority to spend funds exceeding the Final Annual Budget.

## **10. Borrowing of Funds**

Borrowing funds is an extremely serious matter as it puts the Organization at risk of bankruptcy. The borrowing of funds for any purpose must have the unanimous signed approval of the entire Board.

Any loans to be taken out by WPC must be recommended by the Audit and Finance Committee and approved by all members of the Board. If any member of the Board objects to a loan, then the request for a loan is denied.

## **11. Line of Credit**

The Organization recognizes there may be short-term cash needs periodically which cannot be prudently met from current revenues, or which were not initially planned in the Budget. As such, WPC will maintain a line of credit that is only to be used for cash flow management (i.e., timing between when expenses occur and when planned funding is received) and not as a source to fund activities and/or purchases over and above the planned Budget. If accessed, WPC should attempt to repay the line of credit as soon as practical, to minimize interest charges. Any use of the line of credit must be approved by the Audit and Finance Committee. It will be managed by the Chief Executive Officer.

## **12. Signing Authority**

The Chief Executive Officer shall have full signing authority for all expenditures, within Board-approved budget limits, except when this creates a conflict under Section 1 of this policy, where approval must be granted by WPC’s President or the Chair of WPC’s Audit & Finance Committee. Any expenditures in excess of budgeted expenses in any major category shall require the pre-approval of the Chair(s) of the Audit and Finance Committee. Any expenditure in excess of the overall Budget will require pre-approval of the Board. For the purpose of the Annual Audited Financial Statements, the WPC

President, and the Chair(s) of the Audit and Finance Committee have signing authority.

The WPC bank account will have a minimum of three signing authorities at all times. These will include three individuals from among the Chief Executive Officer, the WPC staff member in charge of financial management, and/or one or more directors of the Board.

### **13. Insurance**

WPC shall at all times have Directors & Officers insurance in place. Such insurance shall be approved by the Board of Directors prior to its renewal each year. In addition, WPC shall have in place all relevant insurance to protect employees, registrants, and assets of the Organization.

### **14. Reports**

#### **a. Reporting to the Audit and Finance Committee**

- i. Monthly reports will be presented within twenty-five days of month-end, except in the first quarter of the fiscal year where reports are presented within forty-five days.

The monthly financial report will include current monthly revenues and expenditures listed by Major Category of the Final Annual Budget and percentage of current results with financial forecast amount.

- ii. Quarterly reports will be presented within twenty-five days of quarter-end, except for final year-end report which is required within forty-five days)

Each quarterly financial report will include: line-by-line actual expenditures and revenues that occurred during that quarter; year-to-date (YTD) actuals; variance from the YTD Budget Quarterly Allocation (in both \$ and %); and an estimated forecast to the end of the fiscal year.

The quarterly report will contain the following tabs: Financial Summary, Detailed Major Category reports, Safe Sport Fund report, Balance Sheet, Investment summary and Accounts Receivable summary.

Included in the quarterly report will be a statement from the Chief Executive Officer and the WPC Staff member responsible for financial management to confirm that all required remittances, be they for deductions at source, sales tax, or any other government remittances, have been made, all other payments for which directors are personally liable have been made, describes any breach of a material agreement and the status of any claims or lawsuits threatened or initiated against WPC including a status update of each, confirms that all insurance coverage (including directors and officers liability insurance) approved by the Board is in full force and effect and that all premiums have been paid, and describes any material risk (financial or otherwise) to WPC.

- iii. Draft Audited Annual Financial Statements are to be reviewed by the

Audit & Finance Committee before they are presented to the Board of Directors (see 14.b.ii below.

b. Reporting to the Board

- i. Quarterly reports will be presented to the Board at a meeting within 60 days of a quarter ending.
- ii. Audited Annual Financial Statements will be presented to the Board for approval no later than 90 days of year-end.

c. Annual Meeting (“AM”)

An Annual Audited Financial Statement for the previous fiscal year is required to be presented at the WPC AM and posted prominently to the WPC website within six months of year end.

## **15. Risk Management**

a. Reserve funds (‘Net Assets’)

It is essential that WPC maintain sufficient reserve funds to address cash flow timing and unexpected expenses (i.e., legal issues, sudden temporary shortfall of funds, unforeseen expenses or increases in expenses, et cetera). In addition, a portion of these funds should be used towards exploiting unique opportunities that can have a long-term positive impact either on membership or funding. The Board will establish the level of reserve funds to be kept by the Organization.

b. Triggers

Any risk triggers identified by the Board, Risk Management Committee, and/or Chief Executive Officer, in accordance with WPC’s Risk Appetite Statement, and raised with the Audit and Finance Committee, will be considered with regards to the potential financial impact on WPC and relevant action.

c. The Board is responsible for establishing additional areas to report upon based upon their need to monitor specific risks.

## **16. Establishment of reserves**

WPC will seek to establish and maintain reserve funds (Net Assets) to ensure sound financial sustainability, manage risks and enable pursuit of opportunities. The establishment of the size of the reserve is the responsibility of the Board based on recommendations from the Audit and Finance Committee and in line with the Risk Appetite Statement. The specific reserve will be established by the Board, and consist of the following components:

- a. Cash flow reserve (i.e., minimum of three months of operating expenses with one year being the preferred target);
- b. Contingency reserve (e.g., \$300k);
- c. Safe Sport reserve (e.g., \$500k); and
- d. Investment reserve, including strategic opportunities (e.g., \$500k).

All reserves funds (Net Assets) require Board approval prior to expenditure.

## **17. Banking**

- a. Day to Day Operations

The Chief Executive Officer is responsible for establishing and maintaining a bank account to run the fiscal operations of WPC.

- b. Credit and banking cards

The Chief Executive Officer is responsible for creating staff directives on when credit cards can be used and who can use them. For greater clarity, any WPC credit card shall be used for WPC business purposes only. WPC should attempt to pay outstanding balances in full each month to minimize interest charges. Moreover, the expenses incurred by staff shall be approved by the Chief Executive Officer or their designate prior to any purchases being made and prior to reimbursement.

Any loyalty points earned by spending on the WPC credit cards are property of WPC and require pre-approval by the Audit and Finance Committee prior to expenditure. A report of the loyalty points activity shall be presented as part of the Q4 report to the Audit and Finance Committee annually.

## **18. Investments**

The Board will determine (informed by the recommendation of the Audit and Finance Committee) the level of risk that the Organization is willing to tolerate with its investments. The risk is based on liquidity and the potential for a drop in the value of the investment. For example, the Board may determine that day to day cash requirements can only be held in very low risk investments (i.e., bank account), contingency reserves can be held in low-risk investments (i.e., GICs, AAA bonds, et cetera), and reserves identified for long term strategic areas can be held in medium risk investments (i.e. low volatility mutual funds).

The status of all investments shall be reported quarterly along with the quarterly financial report.

## **Languages**

This Policy will be provided by WPC in both official languages of Canada.

In this Policy words denoting any gender include all genders and the rest of the sentence is to be construed as if the necessary grammatical changes have been made.



## **References**

- a. Certificate of Continuance Not-for-Profit Corporations Act
- b. WPC By-Law No. 1
- c. Income Tax Act
- d. The Canadian Sport Governance Code
- e. Risk Appetite Statement
- f. Charitable Donations Policy

## **Communication**

WPC will ensure a current version of the Policy is publicized on its organization's website within a reasonable time following the Date of Approval.

WPC and its members will use reasonable efforts to ensure that this Policy is communication to those who will be responsible for upholding it as well as those who will be responsible for its implementation.

## **Review and Approval**

This Policy will be effective as of the Date of Approval following approval by the WPC Board of Directors and will be reviewed by the Responsible Subcommittee every two years.

## **Version History**

V1 - 27 March 2022

V2 – 27 March 2025