



## **Financial Policy & Budget**

Original Date: August 17, 2022

Reviewed/Last Modified Date: August 29, 2022

Approved by: Board of Directors

### DEFINITIONS

**Member:** all categories of membership defined in Dodgeball PEI's by-laws, as well as to all individuals engaged in activities within Dodgeball PEI, including, but not limited to, athletes, coaches, officials, volunteers, directors, officers, team managers, team captains, medical and paramedical personnel, administrators and employees (including contract personnel).

**Accounts Payable:** a company's obligation to pay off a short-term debt to its creditors or suppliers.

**Accounts Receivable:** money due to a firm for goods or services delivered or used but not yet paid for by customers.

**Bank Reconciliation:** summary of banking and business activity that reconciles an entity's bank account with its financial records. The statement outlines the deposits, withdrawals and other activities affecting a bank account for a specific period.

**Revenue Recognition:** generally accepted accounting principles (GAAP) that identifies the specific conditions in which revenue is recognized and determines how to account for it.

**GAAP:** Generally accepted accounting principles (GAAP) refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board (FASB).

### BACKGROUND

The financial management of Dodgeball PEI (DBPEI) activities is to fulfill the organization's mission in the most effective and efficient manner to remain accountable to stakeholders, including clients, partners, funders, employees, and the community. In order to accomplish this, DBPEI commits to providing accurate and complete financial data for internal and external use by the President and the Board of Directors.

Dodgeball PEI is committed to ensuring the ongoing and long-term financial health and stability of the organization by establishing a stable financial model and ensuring that it can successfully deliver on its mission, vision, and values. The Organization will function as a Not-For-Profit



organization, and all fundraising, fees, sponsorship and grants will be used for the ongoing development of the sport.

#### PURPOSE

The purpose of this policy is to define the financial management policies, procedures, and financial controls that guide the operations of Dodgeball PEI.

#### APPLICATION

This policy applies to all financial transactions conducted by DBPEI.

#### STANDARDS FOLLOWED

- Accounting Standards for Not-For-Profits Organizations (ASNPO)
- Generally Accepted Accounting Principles (GAAP)
- Financial Accounting Standards Board (FASB)

#### PRINCIPLES

1. All financial transactions shall be governed by GAAP.
2. Financial statements shall be presented fairly in accordance with GAAP.
3. Financial management policies and procedures must be designed with the objective that DBPEI is able to meet its day-to-day obligations while minimizing debt or exceeding the agreed upon budget and to maintain a stable and sustainable financial model for all levels of programming.
4. The long-term financial planning of DBPEI is to seek opportunities to grow revenue and apply for funding where it complements the organization's vision.
5. Make all programs self-sustainable while supporting operations and community programs, with an eye on continually growing service offerings as well as engaging potential sponsorship partners.
6. When required, funds will be allocated based on criteria as determined by external bodies or to program areas for which the funds were received by the external bodies.

#### STRUCTURES AND ROLES

**Treasurer:** The Treasurer is responsible for accounting, financial reporting, financial planning and analysis across the organization. They are also responsible for monitoring and ensuring compliance with the Canada Revenue Agency policies for operating as a non-profit organization. They report to the President, Board Treasurer and Board of Directors as required.



President: The President has overall responsibility for the day-to-day financial and risk management of the organization. This includes operating within budgets that are approved by the Board, with significant deviation requiring prior approval by the Board of Directors.

## SIGNING AUTHORITY AND DELEGATION OF AUTHORITY

### **Signing Authority - Banking and Cheques**

- Signing authority shall be designated by the President, and Treasurer.
- Cheques made out to a signing officer cannot carry the signature of that officer. In cases where this is not possible, a second signing officer must initial the cheque requisition of back-up documents.
- Any loan or line of credit extended to the organization shall be signed by the President, with Board approval.

### **Credit**

- In the case that the President and the Treasurer recommend that DBPEI obtains a loan from a lending institution, this recommendation must be approved by the Board.
- Corporate credit cards may be issued only to DBPEI staff and in all cases must be approved by both the President and the Treasurer. Card limit is determined based on the nature of the programming associated with the card.

### **Contracts**

- The President is the signing authority for any contracts or other instruments in writing requiring the signature of the Association. His/her signature is required for all contracts or other instruments in writing.
- In the event that the President is unavailable for an extended period of time, the Board Chair may designate another DC staff member to act as a signing authority or may sign on behalf of the President with Board approval.
- Any contracts or instruments in writing that bind the organization for more than 12 months or have a value over \$25,000.00 (either in money payable or services agreed to) require prior approval by the Board.

## FINANCIAL PLANNING

### **Budget and Reports**

Dodgeball PEI's fiscal year is January 1 to December 31. The proposed budget of a fiscal year will be presented for approval by the Board of Directors by September 30. Under certain circumstances, the budget will be re-forecasted and presented to the Board prior to June 30.



The Treasurer (or designate) will, at each meeting of the Board or at minimum quarterly, present an interim comparative financial statement (which includes actuals for revenues and expenditures compared to budget) and a balance sheet to the Board for approval.

The Treasurer (or designate) will, at the Annual Meeting, present Financial Statements as required by applicable legislation and any other report as determined by the Board.

The Organization will file Form T1044, Non-Profit Organization (NPO) Information Return and a T2 Corporation Income Tax Return each fiscal year, ONLY when its assets exceed \$200,000.

The Organization will file a GST Tax Return each fiscal year when the taxable supplies exceed \$50,000 in a single calendar quarter or over four consecutive calendar quarters.

### **Principles of Internal Controls**

The underlying premise of Dodgeball PEI's financial controls is that there is a segregation of duties between critical aspects of financial controls. No single person is responsible for all aspects of any financial transaction. In principle:

- a. The individual who authorizes a transaction will not be the person responsible for recording that transaction in the accounting records; and
- b. The individual who approves payment of an invoice or expense claim may be one of two signing officers who sign the applicable cheque; but
- c. Two signing officers must sign off and approve each cheque, with approved paperwork attached or available to both signing offers.

### **Expense Claims**

Refer to "Dodgeball Canada Travel and Expense Policy."

### **Accounts Payable**

Accounts payable will be paid within the terms of the supplier invoice. Where no terms are specified, accounts will be paid within sixty (60) days. When required due to cash flow reasons, the President and Director of Finance may decide to delay payments.

### **Accounts Receivable**

- Accounts receivable terms are net thirty (30) days from date of invoice.
- An up-to-date listing of accounts receivable shall be maintained at all times.



- Any future business with an individual, agency or business with an account receivable that has been written-off requires the approval of the President or Treasurer.
- An individual, agency or business with an account receivable over 60 days may be subject to having their account frozen until a payment plan has been approved by the President or Treasurer.

### **Bank Reconciliation**

The Bank Statements will be reconciled to the general ledger on a monthly basis. On a quarterly basis, the Treasurer or other members of the Board will review and initial a copy of the Bank Reconciliation to indicate their review and approval.

### **Petty Cash**

The petty cash fund will not exceed \$100 and shall be operated for small incidental cash purchases not to exceed \$25. When the cheque request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$100.

### **Revenue Recognition**

Dodgeball PEI follows the deferral method of accounting for revenue. Grants are recognized as revenue in the year in which the related expenses are incurred. Program fees are recognized as revenue when the programs are held.

### **Donated Services**

Dodgeball Canada benefits greatly from donated services in the form of volunteer work to assist in carrying out its service delivery activities. Because of the difficulty in determining their fair value, donated services are not recognized on the financial statements.

### **Budget**

# DODGE BALL PEI

## Dodgeball PEI

### Non Profit Budget

2022

<b>Revenue</b>	
Leagues	\$ 5,500.00
HHP	\$ 5,000.00
Tournaments	\$ 6,000.00
Jerseys	\$ 1,000.00
Fundraising	\$ 1,900.00
CBMF Clean up	\$ 20,000.00
<b>Total Revenue</b>	<b>\$ 39,400.00</b>
<b>Expenses</b>	
Gym Rentals	\$ 6,000.00
Bank Fees	\$ 500.00
Misc	\$ 1,500.00
Bookkeeping	\$ 1,000.00
Tournaments	\$ 4,000.00
Fundraising	\$ 2,000.00
<b>Total Expenses</b>	<b>\$ 15,000.00</b>
<b>Total Surplus</b>	<b>\$ 24,400.00</b>