

1. Purpose

The purpose of this Finance Policy is to guide the financial management practices of Pickleball Canada. The organization will function as a not-for-profit and all fundraising, fees, sponsorship, grants and other revenue will be used for the ongoing development of the sport.

2. Structure and Roles

The **Finance Committee**, chaired by a member of the Board of Directors, is responsible for ensuring that sound financial and risk management principles, policies and processes are in place. Specifically, the committee will:

- Assess the risk to the organization
- Create internal controls and financial management policies to manage these risks
- Monitor the implementation of these by the Executive Director and Manager of Finance
- Review the annual budget development, procedures, and maintenance, and bring recommendations on the budget to the Board of Directors
- Report to the Board of Directors on the above matters

The **Executive Director** 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 of Directors, and ensuring compliance across the organization, within the internal financial controls established by the Finance Committee. This individual reports to the Board of Directors.

The **Manager of Finance** is responsible for accounting, financial reporting, and support to financial planning and analysis. The Manager of Finance reports directly to the Executive Director.

The **Finance Committee Chairperson** is the member of the Board of Directors who is appointed to chair the Finance Committee.

3. Budget and Reports

The organization's Board of Directors will approve an annual budget by December 31, which will contain the organization's total anticipated expenditures and revenues.

The Finance Committee Chairperson will, at each meeting of the board, present interim comparative financial statements and a balance sheet for board approval.

Bank and Investment reconciliations must be prepared monthly by the Finance Manager, and reviewed and authorized by the Executive Director.

The Finance Committee Chairperson will, at the annual general meeting (AGM) present audited Financial Statements as required by applicable legislation and any other report as determine by the Board of Directors.

The financial statements of the organization will be reviewed in accordance with applicable

legislation by an auditor who has been approved by the membership at each AGM.

4. Fiscal Year

The organization's fiscal year will begin annually on January 1 and end on December 31.

5. Banking

The opening of new bank and investment accounts, as well as all changes to banking or investment arrangements, must be approved by resolution of the Board of Directors.

Debit cards will not be permitted on any bank accounts of the organization.

All credit cards are to be structured so that cash advances are not allowed, that any changes to the card arrangements require signatures from at least two signing authorities, that cheques or e-transfers are issued to pay credit card statement balances (rather than automatic payments). Credit cards should only be used in cases where payment by e-transfer or cheque is either impossible or impractical.

All membership, program, event, sponsorship and other revenue will be reviewed annually by the Executive Director who will make recommendation to the Board of Directors, which shall approve all fees for the year.

All money received by the organization will be placed into a general fund and will be used for all necessary and permitted purposes of the organization, as approved by the Board of Directors.

6. Investments

The Board of Directors will ensure that cash not required for current operations will be safely and securely invested. This policy places guardrails on investment decisions.

All investments must be purchased through investment accounts authorized by the Board of Directors, and all investment purchases or sales must be reviewed by the Finance Committee and authorized by the Board of Directors. Funds required in the short term (one year) will be invested in Fixed Income instruments with a guaranteed principal.

The Finance Manager will provide the Executive Director with an investment continuity schedule to track all investment activity, and this information will be included in Finance Committee reports to the Board of Directors.

7. Cash Reserves

The purpose of the Cash Reserves policy is to ensure the long-term financial stability of Pickleball Canada by maintaining adequate reserve and contingency funds. These reserves will provide a safety net for emergencies, unforeseen expenses and revenue shortfalls, ensuring the organization can continue to fulfill its mission.

The Reserve Fund is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

a. DEFINITIONS

- Reserve Fund: Funds set aside for the purpose of covering unanticipated expenses or revenue gaps.
- Operating Expenses: All expenses necessary to operate the organization, excluding capital expenditures.

b. POLICY STATEMENT

- **Reserve Fund Target:** The minimum amount to be designated for the Reserve Fund will be an amount sufficient to maintain ongoing operations and programs for six months. The Reserve Fund serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The calculation of average monthly operating expenses includes all recurring, predictable expenses such as salaries/benefits, general office, travel, programs/tournaments and ongoing professional services.
- **Funding the Reserve Fund:**
 - The Pickleball Canada Board of Directors shall designate an appropriate amount, not to exceed fifty percent (50%) of the annual operating budget, of existing accumulated liquid unrestricted net assets as the beginning of the Reserve Fund.
 - The amount of the Reserve Fund target minimum will be calculated each year as part of the annual budgeting process.
 - The Reserve Fund will be funded annually with surplus unrestricted operating funds or as an expense included in Pickleball Canada's annual budget.
 - The Board of Directors may from time to time direct that a specific source of revenue be set aside for the Reserve Fund. Examples may include one-time gifts or bequests, special grants or special appeals.
- **Use of the Reserve Fund:** The Reserve Fund can only be used for:
 - Unanticipated financial needs or emergencies, such as natural disasters, unexpected costs or loss of key funding.
 - Revenue shortfalls that impact the organization's ability to meet its operating expenses.
 - Strategic opportunities that require immediate funding but are expected to have long term benefits.
 - The use of cash reserves must be approved by the Board of Directors.
- **Replenishing Fund Reserves:**
 - Pickleball Canada will prioritize replenishing the Fund Reserve whenever it falls below the target level.
 - If the reserve fund is and has been less than 85% of the target reserve minimum for two consecutive years, the Board of Directors will adopt an operational budget with a projected surplus sufficient to rebuild the Reserve Fund to its targeted reserve level over a period of three years.
- **Monitoring and Review:**
 - The Fund Reserve level will be reviewed quarterly by the Finance Committee or the designated responsible party.
 - The Board of Directors will review the Fund Reserve policy annually to

ensure it remains relevant and aligned with the needs of Pickleball Canada.

- **Reporting and Accounting:**

- The Executive Director in consultation with the Finance Committee Chairperson and Board of Directors is responsible for ensuring that the Reserve Fund is maintained and used only as described in this Policy. The Executive Director and finance staff will maintain records of the Reserve Fund and its uses and provide regular reports to the Board of Directors.
- The Reserve Fund will be listed separately in the unrestricted net assets section of Pickleball Canada's statement of financial position as "Board-Designated Reserve".

- **Board Authorizes Use and Monitoring Fund Reserves:**

- The Executive Director may access the Reserve Fund for purposes outlined above if sufficient funds are available to repay such usage within twelve months' time.
- The Executive Director will submit a request to the Finance Committee Chairperson in writing which will include the analysis and determination of the use of funds and plans for replenishment.
- The Finance Committee will prepare all recommendations for consideration by the Board of Directors. Board of Director approval is required for Reserve Funds to be accessed and transferred to general operations.

- **Borrowing From Reserve Fund:**

- Any funds borrowed from the Reserve Fund for longer than twelve months will be paid back through a prescribed repayment schedule. The Executive Director shall request approval of the proposed repayment schedule from the Board of Directors. At any time that a borrowing from the Reserve Fund is outstanding, the status of the borrowing and replenishment payments made will be reviewed at Board meetings.
- A draw-down from the Reserve Fund that cannot be replaced in the time frame established above must be approved by the Board of Directors.

c. RESPONSIBILITIES

- The Executive Director and the Finance Committee Chairperson are responsible for managing and monitoring the Fund Reserve in accordance with this Policy.
- The Board of Directors is responsible for approving use of the Fund Reserves and for overseeing the replenishment efforts.

8. Program Development Fund

The purpose of the Program Development Fund policy is to provide a source of future revenues to cover the future costs for Pickleball Canada programs.

a. DEFINITIONS

- Program Development Fund: Funds set aside for the purpose of covering expenses for Pickleball Canada programs.
- Operating Expenses: All expenses necessary to operate the organization, excluding capital expenditures.

b. POLICY STATEMENT

- **Program Development Fund Target:** The maximum amount to be designated for the Program Development Fund will be \$2 million.
- **Funding the Program Development Fund:**
 - To establish the Program Development Fund, the Pickleball Canada Board of Directors will designate an amount of existing accumulated liquid unrestricted net assets as the beginning of the Program Development Fund.
 - The amount of the Program Development Fund contribution will be calculated each year as part of the annual budgeting process.
 - The Program Development Fund will be funded annually with surplus unrestricted operating funds or as an expense included in Pickleball Canada's annual budget.
 - The Board of Directors may from time to time direct that a specific source of revenue be set aside for the Program Development Fund. Examples may include one-time gifts or bequests, special grants or special appeals.
- **Use of the Program Development Fund:** The Program Development Fund can only be used for:
 - Programs that meet the objectives of the Pickleball Canada Strategic Plan.
 - Strategic programming opportunities that require immediate funding but are expected to have long term benefits.
 - The use of the Program Development Fund must be approved by the Board of Directors.
- **Monitoring and Review:**
 - The Program Development Fund level will be reviewed quarterly by the Finance Committee or the designated responsible party.
 - The Board of Directors will review the Program Development Fund policy annually to ensure it remains relevant and aligned with the needs of Pickleball Canada.
- **Reporting and Accounting:**
 - The Executive Director in consultation with the Finance Committee Chairperson and the Board of Directors, is responsible for ensuring that the Program Development Fund is maintained and used only as described in this Policy. The Executive Director and finance staff will maintain records of the Program Development Fund and its uses and provide regular reports to the Board of Directors.
 - The Program Development Fund will be listed separately in the unrestricted net assets section of Pickleball Canada's statement of financial position as "Program Development Fund".
- **Board Authorizes Use and Monitoring Fund Reserves:**
 - The Executive Director may access the Program Development Fund for purposes outlined above if sufficient funds are available to repay such usage within twelve months' time.
 - The Executive Director will submit a request to the Finance Committee Chairperson in writing which will include the analysis and determination of the use of funds and plans for replenishment.
 - Following such request the Finance Committee will prepare a recommendation for consideration by the Board of Directors. Board of Director approval is required for Program Development Funds to be

accessed and transferred to general operations.

- **Borrowing From Program Development Fund:**
 - Any funds borrowed from the Program Development Fund for longer than twelve months will be paid back through a prescribed repayment schedule. The Executive Director shall request approval of the proposed repayment schedule from the Board of Directors. At any time that a borrowing from the Program Development Fund is outstanding, the status of the borrowing and replenishment payments made will be reviewed at Board meetings.
 - A draw-down from the Program Development Fund that cannot be replaced in the time frame established above must be approved by a majority vote of the Board of Directors.

c. RESPONSIBILITIES

- The Executive Director and the Finance Committee Chairperson are responsible for managing and monitoring the Fund Program Development in accordance with this Policy.
- The Board of Directors is responsible for approving use of the Program Development Fund and for overseeing the replenishment efforts.

9. Property and Equipment

A list of all property and equipment owned by the organization, including a description, purchase price and location, are to be maintained and verified annually. All property and equipment must be secured appropriately. Items such as petty cash, cheques being held for deposit, payroll records, and blank check stock must be stored securely.

10. Electronic Data

Passwords must be used for access to all computers and laptops used by the organization. Passwords unique to each person must be used to access all software, including the accounting software program. Only adequately trained personnel, authorized by the Executive Director, shall have access to the accounting software program. The computer systems must be equipped with firewall protection software, and all electronic files must be backed up regularly (monthly at a minimum).

11. Insurance

The organization must hold adequate liability insurance as well as Directors and Officers coverage.

12. Expense Claims

Expense claims for reimbursement from Directors, staff and volunteers shall be reimbursed as follows:

- Automobile travel and meals will be reimbursed at the current Government of Canada travel and meal rates.
- Airfare and Hotels require the pre-approval of the Executive Director, will be paid using the organization credit card whenever possible, and must be accompanied by receipts if submitted as part of an expense claim.
- Personal expenses such as office supplies, taxi fares and other expenses will require the submission of appropriate receipts.

All expense claims must be submitted using the Pickleball Canada expense claim form.

13. Signing Authority and Expense Approvals

All cheques, electronic payments or any other instruments in writing valued \$19,999CAD or less requiring the approval/signature of the organization shall be signed by one (1) of the following: Executive Director, President, Finance Committee Chairperson, or any other individual appointed by the Board of Directors as a signing authority

All cheques, electronic payments or any other instruments in writing valued over \$20,000CAD requiring the approval/signature of the organization shall be signed by two (2) of the following: Executive Director, President, Finance Committee Chairperson, or any other individual appointed by the Board of Directors as a signing authority

14. Scope and Application

These requirements apply to the financial resources of Pickleball Canada.

15. Review

This Policy will be reviewed every other year at a minimum by the Finance Committee or sooner if warranted by internal or external changes.

Changes to the Policy will be recommended by the Finance Committee to the Board of Directors.

16. Exceptions

Any exceptions to the policy must be approved by the Board of Directors.