

KIWANIS CLUB OF OTTAWA

1.5 Community Service Financial Disbursement Policy

2013-14 Business Year

Release 1.0

This policy provides the financial management direction to facilitate the disbursement of fund raising proceeds for the delivery of community service programs

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Identification

Date of Issue: September 24, 2012

Outcome: This policy provides financial management direction to facilitate the disbursement of fund raising proceeds for the delivery of community service programs.

Application: This policy applies to all committees responsible for delivering community service programs.

Supersession: This document supersedes 1.5 Community Service Financial Disbursement Policy, 2012-13 business year, Release 1.0, dated September 24, 2012

Approval Authority: The Board of Directors authorize this policy and its associated procedures.

Definitions

The Strategic Management Committee supports the Board of Directors with the provision of advice and secretariat services¹ that include;

- Strategic planning,
- Ways and means,
- Grants and allocations,
- Policies and procedures,
- Communications,
- Marketing,
- Training,
- Special projects, and
- Internal audit.

Alcohol and Gaming Commission of Ontario (AGCO) administers and regulates charitable gaming in Ontario. Summarized below are the AGCO classifications on the eligible use of proceed.

- The **relief of poverty** which includes organizations that assist the economically disadvantaged by directly providing goods, social services, programs or facilities such as food banks, soup kitchens and organizations that provide clothing, furniture and appliances.
- The **advancement of education**, which must be available to a wide section of the public, includes;

¹ The Strategic Management Committee does not have governance authority.

- significant training or instruction;
- development of mental facilities; and
- improvement of a branch of human knowledge, which results in a public benefit.
- The **advancement of religion**, which refers to the;
 - promotion of a religious group’s spiritual teachings; and
 - maintenance of the doctrines and spiritual observances upon which those teachings are based.
- **Other charitable purposes beneficial to the community** is interpreted as to include activities that benefit the whole community, without discrimination, so that the purposes have a truly public character that may include:
 - the promotion of arts and cultural activities;
 - cultural, ethnic, native, historic or heritage pursuits;
 - the improvement of health through medical research;
 - treatment programs and preventative programs;
 - youth sporting activities; and
 - community projects undertaken by service organizations.

Business Year (BY) is the annual operating period from October 1 to September 30 inclusive in accordance with Kiwanis International bylaws.

City of Ottawa –the municipality authorized by AGCO – issues the Media Bingo license and ensures KCO compliance with the license terms and conditions.

Community Service Committees (CSCs), each chaired by a member of the Board of Directors, deliver programs that align with KCO strategic outcomes.

Funds dispersed to support community service operations are denoted as:

- Operating – the cash required to finance an approved activity;
- Contingency – the cash reserve set aside from operating funds to finance extraordinary activity beyond normal budget forecast; and
- Reserve – the cash withheld for anticipated long-term expenditures.

Programs – the community service activities designed to delivery youth leadership and community engagement objectives. For budgeting purposes, these activities may have clear definition and cost or may be generic within a funding envelope with subsequent definition and cost once a specific need is identified.

Policy Direction

Principles

Through policies and procedures for planned and actual expenditures, the designated KCO governance authorities shall ensure that:

- annual community service budgeting is based on the principle of planning with in-hand proceeds from the last fundraising year rather than unrealized funds;
- funds raised through public solicitation are not misused;
- annual disbursement ceilings, allotment and fund limits are not exceeded;
- established financial coding and accounting methods are used;
- accounts are settled in a timely fashion; and
- financial management processes and systems have internal controls in accordance with generally accepted accounting principles.

Policy Statement

The KCO will manage and spend funds raised by public solicitation to meet established Community Service program objectives in an efficient and cost-effective manner in accordance with the References. The designated KCO governance authorities shall process, record and account for all planned and actual expenditures, accounts payable and any other financial commitments in a diligent, open and accountable manner.

For funds raised through TV Bingo and Aktion Bingo, disbursement is limited to the following AGCO classifications:²

- a. The relief of poverty (see reference A, chapter 2.1.2 for details);
- b. The advancement of education (see reference A, chapter 2.1.3 for details);
- c. The advancement of religion (see reference A, chapter 2.1.4 for details); and
- d. Other charitable purposes beneficial to the community, not falling under a, b or c above (see reference A chapter 2.1.5 for details).

Disbursement Categories

Given the KCO emphasis on program and service projects for children and youth, Table 1 below shows the categorization of funded community service disbursements.

KCO Category	Program	AGCO Classification	Source
One: Youth groups controlled by other Boards of Directors who manage KCO allotted funds	Cadets	Other Charitable purposes	TV Bingo
	Boys and Girls Club	Other Charitable purposes	TV Bingo
Two: Youth groups where CSCs manage KCO allotted funds	Circle K Clubs	Other Charitable purposes	TV Bingo
	Key Clubs	Other Charitable purposes	TV Bingo
	Leadership camps	Other Charitable purposes	TV Bingo
	Music Lessons/Instruments	Other Charitable purposes	TV Bingo
	Young Children Priority	Other Charitable purposes	TV Bingo
	One		

² The Board of Directors in general and CSC chairpersons in particular must become familiar with the details in Reference on what the AGCO considers eligible and ineligible use of Bingo proceeds.

KCO Category	Program	AGCO Classification	Source
	Bursaries and Scholarships	Advancement of Education	TV Bingo
Three: Hands on programs where CSCs manage KCO allotted funds	Citizenship Court	Other Charitable purposes	TV Bingo
	Seniors programs	Other Charitable purposes	TV Bingo
Four: Direct Assistance activity where CSCs manage KCO allotted funds	Aktion Club	Other Charitable purposes	Aktion Bingo
	Christmas basket program	Relief of Poverty	TV Bingo
	Individual requests	Relief of Poverty	TV Bingo
Five: Programs where other Boards of Directors manage KCO allotted funds	Kiwanis Music Festival	Other Charitable purposes	TV Bingo
	Encore	Other Charitable purposes	TV Bingo
	Medical Foundation	Other Charitable purposes	TV Bingo
	Medical Research	Other Charitable purposes	TV Bingo
Six: National and International Kiwanis programs outside Ontario where other Boards of Directors manage KCO allotted funds	Various	Not Eligible	Foundation

Table 1 – Disbursement Categories

Budgeting and Disbursement Approach

The TV Bingo, Aktion Bingo and KCO Foundation bank accounts hold all funds generated from various internal and external charitable activities. The current trend suggests that the larger annual contribution to community service operations will arise from TV Bingo operations. Moreover, ACGO regulations require the timely distribution of TV and Aktion Bingo proceeds.

To facilitate disbursement management, KCO will group fund raising proceeds into operating, contingency and reserve funds. Therefore, TV Bingo proceeds provide the majority of operating funds as noted in Table 1 above. However, except for the Aktion Club program, the KCO Foundation account will provide the operating funds for selected Category Four and Category Six Programs. This approach will facilitate the goal of establishing a \$1,000,000 reserve fund by 30 September 2017 through retaining proceeds from public fund raising activity, other than TV Bingo and Aktion Bingo, within the Foundation Account.

In the event of unforeseen community services program activity, there is a need to establish an annual 15 per cent contingency fund from realized TV Bingo proceeds. If no contingent requirement arises throughout the spending year, the KCO will distribute unspent contingency funds by business year-end to established community service activities that can disburse the money quickly within regulatory and policy constraints.

Figure 1 below illustrates the recurring budgeting and disbursement approach for the fundraising and spending years.

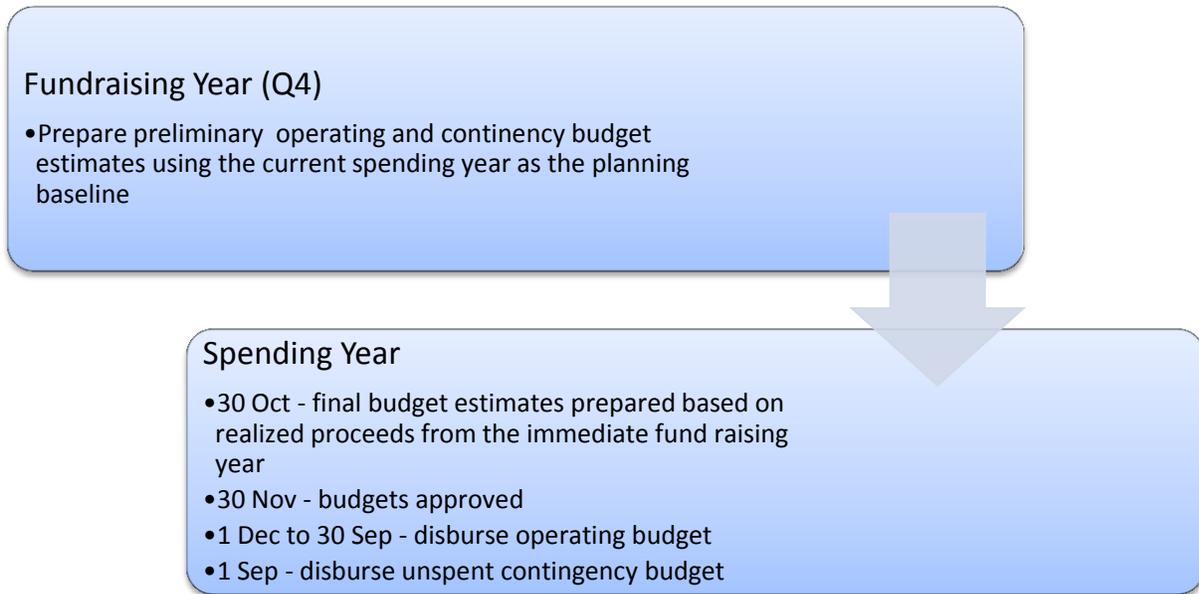


Figure 1 – Budgeting and Disbursement Approach

Procedures

Program Activity Funding Process

Existing community service programs require annual review to ensure they remain valid and represent best value for the efficient use of funds raised by public solicitation. In addition, CSCs may bring forward ideas for new projects within their assigned program areas. When a request for new funding arises, it is directed to the appropriate CSC for evaluation in accordance with the KCO project evaluation criteria and reference F. The Board of Directors will present recommend defined and undefined programs to the KCO membership for funding approval. Subsequent to membership approval, CSCs have the authority to disburse funds within budget limitations. However, CSCs must seek Executive Committee authority to expend approved funds over \$2,000 for undefined CSC project activities.

Annual Cycle Actions

Disbursement will be a “bottom up” process. CSCs, in consultation with the Strategic Planning Committee, established a KCO community service disbursement budget consistent with known receipts from all previous business year fundraising activities. Table 2 below describes the annual cycle actions.

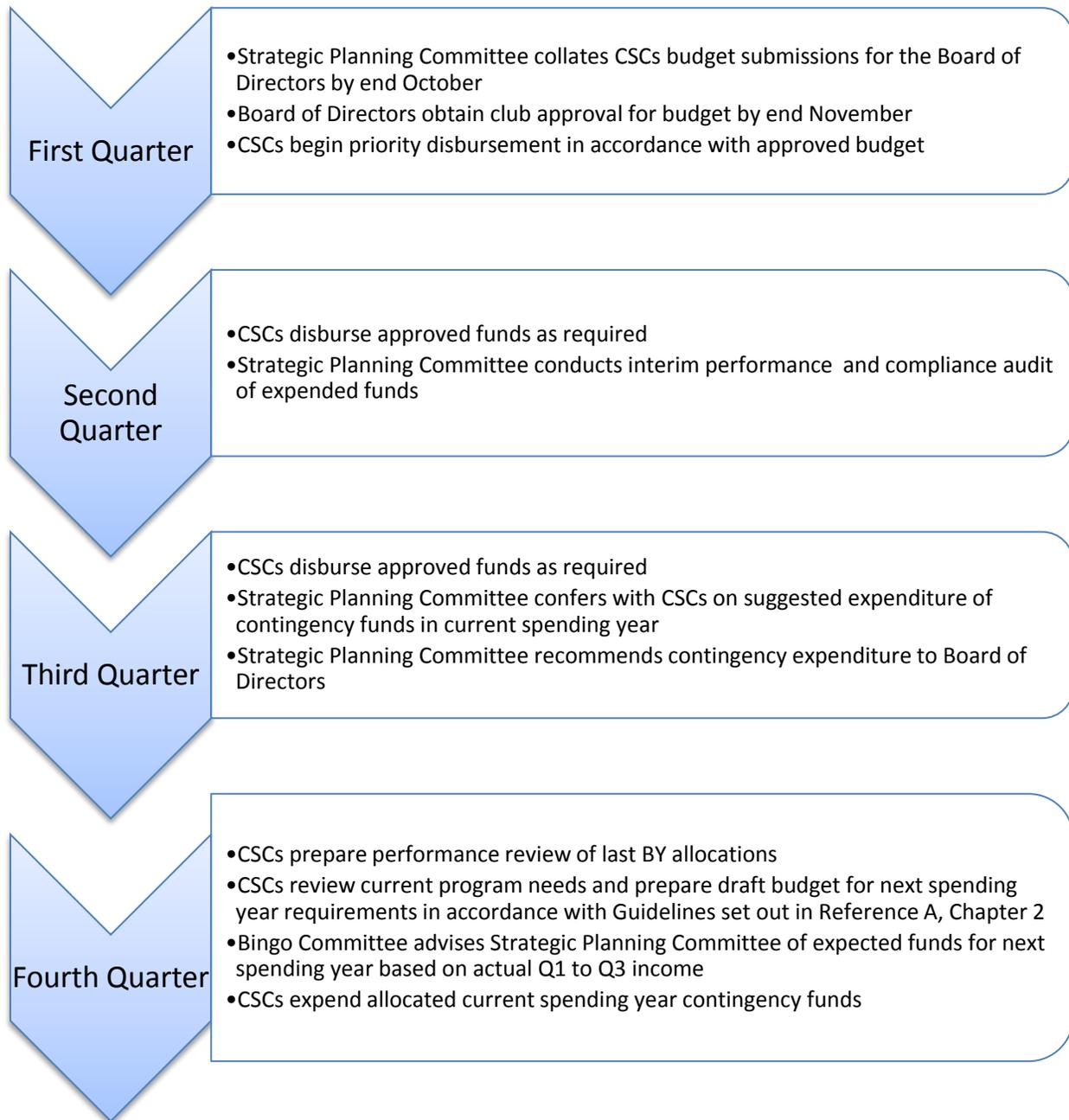


Table 2 – Annual Cycle Activity

Governance Approach

Authority Table

Table 3 below identifies the designated governance and their assigned authority for implementing the policy and procedures.

The	has/have the authority to...
Board of Directors	Approve the policy and procedures. Recommend disbursement budget for approval by KCO membership Authorize disbursement of approved funds in excess of \$2,000 for previously undefined CSC activities.
Strategic Planning Committee	Administer the community service funding policy and procedures through the Board of Directors.
Community Service Committees	Request continuation of existing and addition of new program activity within the parameters of the selection and review process Approve funding requests from assigned community groups or eligible individuals within the parameters of approved budget allocations and the AGCO regulatory framework – Chapter 2. Disburse funds to assigned beneficiaries based on approved budget allocation. Request removal of a program activity when deemed invalid or ineffective
Bingo Committee	Report disbursement information to the regulating authority in accordance with the schedule requirements Advise the Strategic Planning Committee on the status of actual and expected funds available for disbursement

Table 3 – Designated Governance Authorities

Disbursement Reporting

Given the AGCO classification system and the requirement for the licensee (KCO) to report the details of each bingo event including beneficiary disbursements, the TV Bingo and Aktion Bingo Committees will report all disbursements to the licensing authority by activity and AGCO classification as shown in Table 1 above. In addition, CSC chairpersons will report the quarterly status of fund distribution for their respective activities to the KCO membership through the Board of Directors.

References

Source References

- A. http://www.agco.on.ca/en/whatwedo/index_llpm.aspx Lottery Licensing Policy Manual – Regulatory Framework
 - Article 2.4.1 Eligible use of proceeds
 - Article 2.5.0 Ineligible use of proceeds
- B. AGCO – Media Bingo Licence Terms and Conditions
- C. Ontario Not-for-profit Corporations Act
- D. Kiwanis Club of Ottawa Bylaws

Related References (to be developed)

- E. 1.1 – Charitable Fundraising Strategy 2013-14 Business Year, Release 1.0, dated October 15, 2013
- F. 1.4 – Community Support Strategy 2013-14 Business Year, Release 1.0, dated October 15, 2013
- G. 3.5 – Current Management Operations and Procedures (to be developed)
- H. 3.5.2 – Financial Management (to be developed)
- I. 3.5.3 – Information Management (to be developed)
- J. 3.5.7 – Projects (to be developed)