

# 2.2 Community Service Financial Disbursement Policy (Interim)

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Draft v0.6

**2011-12 Business Year**

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:** February 3, 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:** Original

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

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## Definitions

The Action Committee (AC) supports the Board of Directors with secretariat services that include:

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

Alcohol and Gaming Commission of Ontario (AGCO) administers and regulates charitable gaming in Ontario.

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) 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 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.

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## **Policy Direction**

### **Requirements**

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:

- a. The relief of poverty (see reference A, chapter 2.1.2 for details);
- b. The advancement of education (see reference 1, chapter 2.1.3 for details);
- c. The advancement of religion (see reference 1, chapter 2.1.4 for details); and
- d. Other charitable purposes beneficial to the community, not falling under a, b or c above.

## Disbursement Categories

Given the KCO emphasis on program and service projects for children and youth; community service disbursements are categorized and funded in the following priority:

<b>KCO Category</b>	<b>Program</b>	<b>AGCO Classification</b>	<b>Source</b>
<b>One:</b> 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
<b>Two:</b> 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 One	Other Charitable purposes	TV Bingo
	Bursaries and Scholarships	Advancement of Education	TV Bingo
<b>Three:</b> Hands on programs where CSCs manage KCO allotted funds	Citizenship Court	Other Charitable purposes	TV Bingo
	Seniors programs	Other Charitable purposes	TV Bingo
<b>Four:</b> 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
<b>Five:</b> 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
<b>Six:</b> 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.

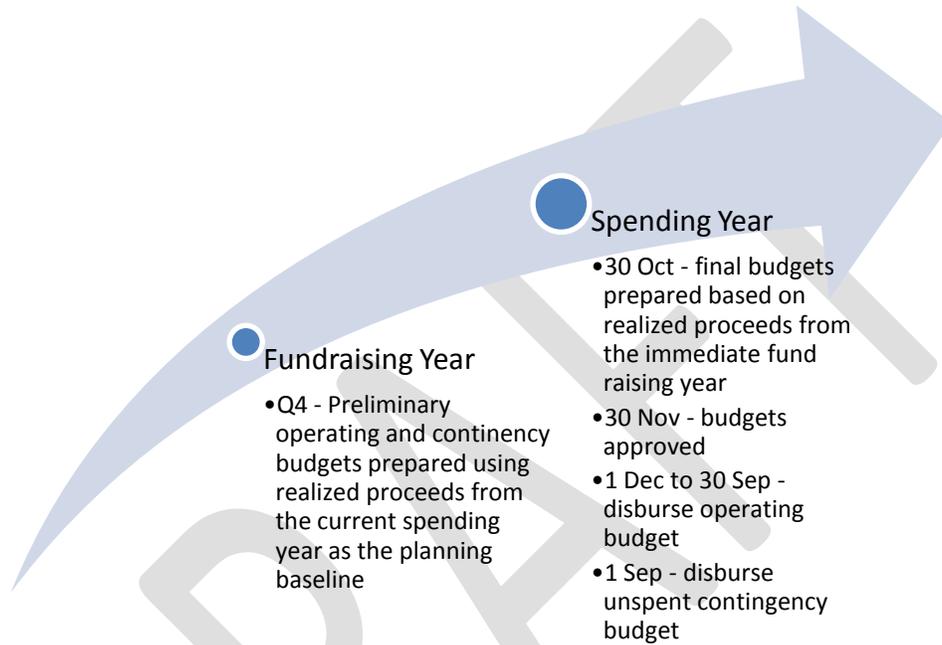


Figure 1 – Budgeting and Disbursement Approach

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## 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 “top down” process where the AC, in consultation with the CSCs, establishes 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.

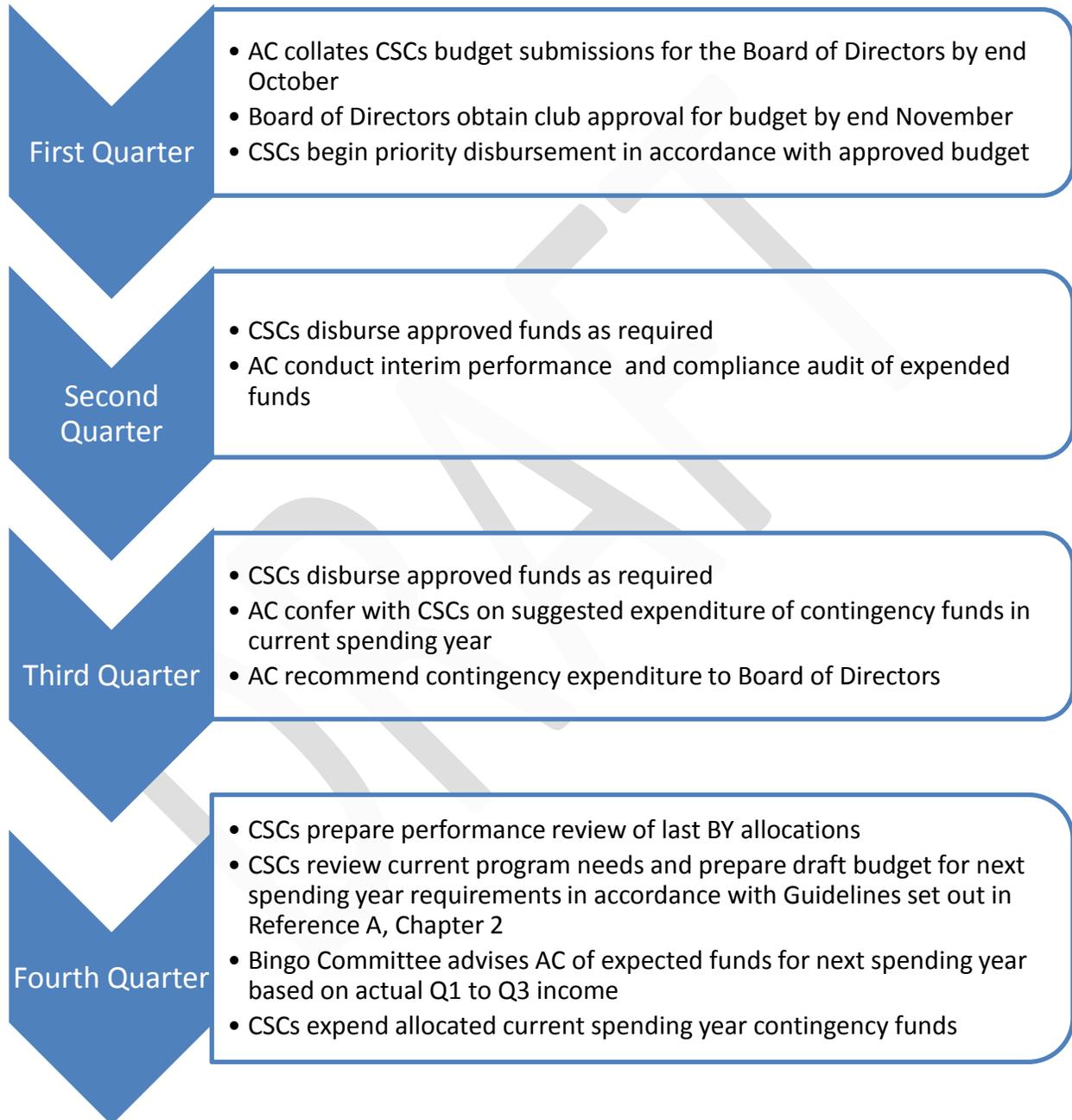


Table 2 – Annual Cycle Activity

## Governance Approach

### Authority Table

Table 3 below identifies the designated governance authorities responsible for implementing the policy and procedures.

<b>The</b>	<b>has/have the authority to...</b>
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.
Action Committee	Administer the community service funding policy on behalf of 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 AC 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, each CSC chairperson will report the quarterly status of fund distribution for their respective community service projects to the KCO membership through the Board of Directors, .

## References

### Source References

- A. [http://www.agco.on.ca/en/whatwedo/index\\_llpm.aspx](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. Bylaws of the Kiwanis Club of Ottawa

### Related References (to be developed)

- E. 1.1 – Community Service Fundraising Policy
- F. 2.1 – Strategy for Grants and Allocations
- G. 4.2 – Internal Operations Management Policy
- H. 4.5.3 – Financial Management
- I. 4.5.5 – Information Management
- J. 4.5.7 - Projects