



Grande Prairie Piranhas Swim Club Operating Surplus Policy

1.0 Preamble

1.1 The Grande Prairie Piranhas Swim Club is a Non-Profit Organization (NPO)

1.2 The purpose of maintaining adequate levels of accumulated surplus and operating reserves are to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures. The Income Tax Act provides an exemption from income tax for non-profit organizations such as the Grande Prairie Piranhas Swim, Club. The act also recognizes that an organization can earn revenues, in excess of expenses, provided that it does not exceed its reasonable needs. In practice many organizations interpret this to mean reserves of six to twelve months' worth of expenditures as an acceptable practice.

1.3 The Canada Revenue Agency states that a Non-Profit Organization may earn a profit, but only if that profit is not by active planning with the purpose of accumulating a surplus that is not identified as having a designated purpose.

1.4 The Club will exercise caution in the planning and budgeting process, to ensure we follow a 'zero-budgeting model' once the Club has achieved the necessary operating surplus as highlighted in this policy. It is important that any annual surplus be allocated to maintain the levels of funding in the various areas outlined in this policy. In the event that the funds available to the Club at the end of the fiscal year are in excess of that required to meet the obligations of this policy, the excess funds will be incorporated in the following year budget and represented through revised fees for all members of the Grande Prairie Piranhas Swim Club.

2.0 Definitions

In addition to any definitions that are defined in the clubs Bylaws, the following terms have these meanings in this Policy:

2.1- **NPO**- Non Profit Organization.

2.1.2- **CRA**- Canada Revenue Agency

2.1.3- **Board** - The Board of Directors of the Piranhas Swim Club.

2.1.4- **Surplus** – Funds remaining at the end of the fiscal year that are over and above that required to cover the operating costs for that year

2.1.5- **Operational Reserve** – Funds accumulated from surplus that are maintained at a given level for specific contingencies as outlined in this policy.

3.0 Application of this Policy.

3.1 This Policy will be maintained by the Board on behalf of the Membership. The policy may be amended from time to time if in the view of the Board the need for reserve funds in a certain category are no longer required, or there is a new reserve fund requirement, or the amount of an existing reserve needs to be amended.

4.0 Operational Reserve Categories and Funding Requirements.

The total funds held under this Policy will be established at the conclusion of each fiscal year through the Club's financial year-end statements. Estimated values will be represented in Appendix A of this Policy.

All funds determined to be in surplus will be allocated as follows:

4.1 Wages. Nine months total wages will be held in reserve to meet the Club's payroll obligations for the Head Coach, Assistant Coach and Office personnel

4.2. Property related expenses. Nine months operating expenses to include rent, utilities and any other monthly expenses required to operate the office.

4.3 Office moving and set up expenses. Funds will be held in reserve to cover the costs associated with having to move offices and set up in a new location. Total reserve to be maintained will be \$10,000

4.4 Legal expenses. Funds will be held in reserve to cover the cost of any unforeseen legal expenses. Total reserve to be maintained will be \$10,000

4.5 Equipment contingency fund. Funds will be held in reserve to cover any unforeseen repairs, maintenance and upgrade of the Clubs IT and Meet timing equipment. Total reserve to be maintained will be \$15,000

4.6 Coach hiring expenses. Funds will be held in reserve in the event that the club has to seek out and hire a new Head Coach or other coaching staff the costs of recruitment. Total reserve to be maintained will be \$5000

4.7 Coach relocation expenses. Funds will be held in reserve in the event that a new Head Coach or other coaching staff needs to be hired and they are not located in the Grande Prairie area, the club may need to offer, as an incentive, a relocation allowance. The extent of the allowance would have to be decided upon at the time based on the circumstances. Total reserve to be maintained will be \$10,000

4.8 Competition specific equipment subsidization fund. Funds will be held in reserve to purchase competition specific equipment that can be built into the replacement plans of the facility such equipment could be start blocks, backstroke wedges, touch pads, digital scoreboard etc. Total Reserves to be maintained will be \$15,000

4.9 Bad Debt. Funds will be held in the event that a bad debt is incurred, and to ensure that such an occurrence does not negatively impact the clubs operating budget, a reserve will be maintained to offset any such loss. Total Reserves to be maintained will be \$10,000

5.0 Reserve Fund Expenditures and Maintenance.

5.1 The funds that are held in reserve may be drawn upon under the direction of the Board. The funds may only be used for the purposes outlined in section 4.0. In the event that funds are drawn down, it will be the responsibility of the Director of Swimming, in consultation with the Club Treasurer, to ensure that the reconstitution of the reserve is addressed in the next budget. The Board may reallocate funds between reserve categories and adjust the funding levels up or down in order to meet the changing needs of the Club.

Appendix A

Category	Condition	Amount
Wages & Benefits	9 Months	\$137 462
Office Lease and Operations	9 Months	\$9 000
Legal		\$10 000
Equipment		\$15 000
Coach Hiring		\$5000
Coach Relocation		\$10 000
Competition equipment		\$15 000
Bad debt		\$10 000

Legal References

Income Tax Act (RSC, 1985, c.1 (5th Supp.))

Canada Revenue Agency: Non-Profit Organizations