



## **CANADA SOCCER**

### **Budget Principles and Process**

The budget is a key means by which Canada Soccer sets financial criteria for its performance. The process by which the budget is formulated and approved arises from the recognition that the board's role is to govern and management is responsible for the operations. More specifically, the board is responsible for approving the budget, while management's role is to design and prepare a budget for the board's approval.

#### **A. The Board of Directors ("Board")**

##### ***1. Strategic Plan***

The Board sets the direction of Canada Soccer by approving a multi-year Strategic Plan, after having received input from the management, the Members, and the Canadian soccer community. The Strategic Plan is the starting point from which Canada Soccer decides where its resources will be directed and how it will balance its budgetary priorities.

##### ***2. Budget Principles***

Budget principles are important for creating a shared understanding of the values which underpin and guide the development of the Canada Soccer's Budget and its companion document, the Annual Operating Plan. The Budget principles, jointly developed by the Board and management and approved by the Board, are as follows:

- i) Fundamental Principles
  - a) Not for Profit Principle

Of foremost importance is the principle that, as a not for profit organization, Canada Soccer will generally strive to develop budgets that balance revenues and expenditures. It must remain compliant with all governmental regulations in order to maintain the charitable RCAA status that it currently holds.

- b) Long-Term Financial Health

Canada Soccer will maintain sufficient equity to ensure its long-term financial health. On occasion, the Board may approve a budget that utilizes some of its equity but will always adopt a conservative approach.

## ii. Alignment with the Objectives, Mission, Vision and Strategic Plan of Canada Soccer

The Budget shall have clearly stated goals that are quantifiable and are aligned with the Objectives of Canada Soccer and the priorities of the Strategic Plan.

## iii. Sound Organizational Structures

Canada Soccer should have sound organizational structures with clearly defined roles, authorities and responsibilities.

## iv. Adaptation to Change

Canada Soccer acknowledges that unforeseen events, new initiatives, and operational realities require it be able to adapt. It is committed to ensuring that appropriate systems are in place so that it can adapt in an effective and timely manner. A balanced and realistic approach to budgeting shall allow for adaptation while ensuring that Canada Soccer remains aligned to the long-term vision and strategy.

## v. Defined Lines of Accountability

The Board is accountable to the Membership for the Budget. The General Secretary is accountable to the Board for providing the Budget proposal and the proposed Annual Operating Plan, follow-up and implementation.

## vi. Budgeting Type and Approach

The General Secretary is responsible for selecting an appropriate budgetary structure and approach that aligns with and best achieves the Objectives, Mission, Vision and Strategic Plan of Canada Soccer.

## vii. Consultative Process

The Budget process shall be transparent and understood by all of those who are involved in it, and it shall involve effective consultation between the various participants.

#### viii. Reporting and Communication

Management shall provide clear and transparent reporting on a quarterly basis to the Board, measuring actual performance against budget and providing an explanation of variances.

#### ix. Accounting System and Practices

Canada Soccer shall have a sound accounting system so as to generate accurate, precise and prompt information about the state of its finances.

### **3. Budget Policies:**

Budget policies are developed by management and approved by the Board. They have the purpose of clarifying the intent and values underlying how Canada Soccer manages its financial resources. They are based upon Budget Principles (see above) which have been approved by the Board, and they specify budgeting practices and define the budgeting process and timelines.

### **4. Operating Plan:**

The Annual Operating Plan is a companion to the Budget and is prepared by management to show how, in program terms, funds are to be spent in the coming year, while providing information regarding Canada Soccer's medium and long-term forecasts. The Annual Operating Plan is developed utilizing processes that arise from the Budget principles and policies.

### **5. Board Involvement in Budget Process:**

Each year the Board approves the Budget and the Annual Operating Plan. The Board, in reviewing the Budget, will review the relative importance of the various strategic priorities, to each other, and ensure that the Board and management are aligned in their understanding of the assumptions made in the Budget.

The Board approves all Membership Fees with exception of the fees of the Member Associations, which, according to the *By-laws*, are recommended by the Member Associations and approved by the Voting Members of Canada Soccer at the Annual Meeting of the Members.

The Board shall receive from management for its review quarterly variance and forecast reports, which will include updated changes in programs and activities and their



financial impact on Canada Soccer. In its review, the Board may approve a bottom line that has been revised by management or alternately direct management to amend it.

## **B. Audit and Finance Committee (“Committee”)**

The document, Budget Principles and Process, will be reviewed annually by the Committee. Any changes to the Budget Principles and Process that are recommended by the Committee are subject to Board approval.

The Committee works cooperatively with Management to analyze and review the draft Budget. By resolution, the Committee shall place the Budget, together with its recommendation for approval, before the Board for its consideration and approval.

The Committee’s role in reviewing the Budget is basically threefold. First, it ensures that the Budget reflects the priorities of the Strategic Plan. Secondly, it reviews Management’s assumptions to ensure they are internally consistent. And thirdly, it ensures that the revenue assumptions are neither overly optimistic nor overly pessimistic. The Committee should seek to ensure that the Association’s expenditures do not go beyond its means or undermine its programs.

The Committee reviews quarterly variance and forecast reports and submits these to the Board for its information.

### **Version Date**

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