

Canadian Society of Zoologists
Policy on a Financial Cap for Funds
Held by Sections of the Society, and the Students
Passed by CSZ Council, 2 May, 2006

Recommendations submitted to CSZ Council by a committee comprising Al Shostak, Treasurer (Chair), Tony Russell (representing Comparative Morphology and Development Section), Remy Rochette (representing Ecology, Ethology and Evolution Section), Doug Syme (representing Comparative Physiology and Biochemistry Section), Cam Goater (representing Parasitology Section), and Nann Fangue (representing the Student Members).

1. Purpose

1.1 This policy is intended to ensure that official sections of the Society have access to reasonable funds to conduct activities of a section-specific nature, while ensuring that the sections operate in a non-profit manner.

1.2 It is recognized that student members of the Society, while eligible for section membership, form a distinctive subset of Society members and should have access to reasonable funds to conduct activities of a student-specific nature. Therefore, students are covered in this policy as a group distinct from the official sections. In this policy, regulations applying to sections also apply to the student members.

1.3 This policy is not intended to limit spending by the sections or students, but it is intended to limit accumulation of unspent funds that is not in keeping with non-profit operation.

2. Policy

2.1 As per motion passed at May 14, 2005 meeting of Council, “the Canadian Society of Zoologists will by the end of 2008 impose a cap of \$15,000 on the aggregate amount of funds held in the Society’s accounts in the names of the Society’s sections and its student members.” This amount will be the **aggregate cap**.

2.2 This policy provides mechanisms to decide the apportioning of the aggregate cap among the financial accounts of the various sections and the students.

2.3 The cap is not intended to be viewed as a minimum savings level, but rather as the maximum that can be tolerated as a non-profit organization. In keeping with Society policy of operating in a non-profit manner, section accounts would normally and ideally contain not more than a section’s annual income, with some leeway for unforeseen expenses, as evidence that the section is in fact endeavoring to avoid an accumulation of funds.

3. Apportioning of the Cap

3.1 The cap will be apportioned among the financial accounts of the various sections of the Society. These amounts will be the **account caps**.

3.2 The account cap for student members will be 10% of the aggregate cap.
3.3 Each official section of the Society will have an account cap comprising an equal **base amount** per section, and a **proportional amount** that is proportional to the number of section members relative to the total number of Society members indicating section affiliation.

3.4 The base amount for each section will be an equal share of 40% of the aggregate cap.

Example 1: With four official sections, each section would receive 10% of the aggregate cap.

3.5 The proportional amount will be a share of 50% of the aggregate cap. Individuals affiliated with more than one section will have their membership prorated based on the number of sections they claim affiliation with.

Example 2: With sections A, B, C and D having 50, 20, 10 and 10 full members, and 10 members indicating joint affiliation with sections A and B, section A would have $50 + (1/2 \times 10) = 55$ full member equivalents out of 100 total members (0.55 share), and would receive $0.55 \times 50\% = 27.5\%$ of the aggregate cap as the proportional amount.

4. Flexibility provisions

4.1 The Society recognizes that sections from time to time may wish to plan major activities that require an expenditure in excess of the section's cap. Sections may apply to Council to have their cap suspended temporarily for this purpose.

4.2 The Society expects that the section will use some of their normal savings to fund these major activities, but does not expect the section to deplete its funds to a level that will impair the section's normal activities.

4.3 Therefore, on approval by Council, the cap may only be raised to a level **equal to** the cost of the planned activity, **plus** the section's normal allotment from the Society in the year that the activity is paid for.

4.4 After the major activity has occurred and been paid for, the original section cap will re-apply, and any funds remaining in excess of the cap must be spent before the end of the fiscal year, or will be removed from the section's accounts and transferred to the Society's name.

Example 3. Section X has savings of \$4000, a cap of \$5000, and an annual allotment of \$3000. They wish to sponsor a conference 2 years hence in the amount of \$6000. The formula for a raised account cap would be \$6000 (event cost) + \$3000 (normal allotment) = \$9000. If it had no other expenses, section X could bank \$3000 of its first year allotment but only \$2000 of its second year allotment because then total savings would equal the new \$9000 cap. After paying \$6000 for the conference, the section is left with \$3000, its annual allotment. If the section ended up not paying for the conference after all, the original \$5000 cap would apply and \$4000 would have to be spent or else revert to the Society.

Example 4. Section Y has savings of \$4000, an account cap of \$5000, and an annual allotment of \$1000. They wish to sponsor a conference 2 years hence in the amount of \$3000. The formula for a raised account cap would be \$3000 (event cost) + \$1000 (annual allotment) = \$4000. This is less than the current account cap, so the current account cap of \$5000 would still apply but there would be no increase and the account cap would remain at \$5000. If it had no other expenses, section Y could bank \$1000 of its allocation the first year, but none of the second year allocation because by then total savings would equal the \$5000

account cap. After paying \$3000 for the conference the section is still left with \$2000, in excess of its annual allotment.

4.5 In cases where a section feels that the formula above does not provide desired flexibility, Council shall be guided by the principle that while suspension of account caps should be considered a temporary measure, sections that are in fact spending the excess funds as planned in a timely manner should be allowed to do so.

4.6 Council shall be guided by the principle that spending commitments and appropriate budgetary planning by the sections are the responsibility of the sections.

Example 5. Section Z has savings of \$2000, an account cap of \$2000, and an annual allotment of \$1000, and wishes to sponsor an event the next year for \$2000. Council agrees to temporarily raise the account cap to \$3000. However, before the event, section Z spends their \$1000 allotment on other activities, leaving them with only \$2000 in their account. In this case, section Z must spend its entire savings if it still wishes to sponsor the \$2000 event. If the section had spent on other activities and had only \$1500 remaining by the time of the \$2000 event, the section should not expect that the Society would cover the shortfall, and the section may only be able to provide \$1500 of sponsorship.

4.7 It is recommended that sections normally enter into written or verbal financial contracts only by committing “up to” a specified dollar value. Sections shall not enter into written or verbal financial contracts that commit a minimum dollar value without approval of Council. In the latter case, Council may authorize the Treasurer to segregate or withhold the committed amount from other section use, or other actions to protect the interests of the Society.

Example 6. A section wishes to commit up to \$5000 to sponsor an activity. No Council approval is needed, and even if the section only has \$4000 in their account at the time payment is due, they can choose to spend any amount up to \$4000.

Example 7. A section wishes to commit \$1000 and has \$4000 in their account. Council approval must be sought, and would normally be granted, but \$1000 would be segregated from the section’s accounts and they would only have the \$3000 remainder to spend on other activities.

Example 8. A section wishes to commit \$5000 to sponsor an activity, but has only \$4000 in their account. Council approval must be sought. It is unlikely that Council would approve, but if it did, there would likely be an immediate segregation of the existing \$4000 and a hold placed on \$1000 of future allotments.

5. Administrative provisions

5.1 Section membership shall be determined according to Society membership rolls on September 30 of each year. At that time the Treasurer will determine in accordance with this policy interim account caps that will come into effect on December 31 of the next fiscal year, and notify section Chairs of these amounts.

5.2 After the determination of section membership, the Treasurer will credit each section with its full annual allocation from the Society.

5.3 At the next meeting of Council, the Treasurer’s report will present these interim account caps for ratification. The account caps as approved by Council will then go into effect.

5.4 At some point near the end of each fiscal year, the Treasurer will examine the accounts of all sections with respect to the approved account caps that will come into force at that fiscal year end, and transfer any funds in excess of that cap to the Society general account. Sections requiring payments from their accounts before year-end should coordinate with the Treasurer so that these payments can be made before the transfer of excess funds.

5.5 Sections may present requests to temporarily suspend their account cap, under the flexibility provisions of this policy, at any meeting of Council. The request should indicate the cost and time frame of the activity that necessitates the suspension.

5.6 A motion to alter any aspect of this policy maybe presented at any meeting of Council. A decision to increase the aggregate cap or account caps will normally take effect immediately, while a decision to decrease the aggregate cap or account caps will normally take effect at the start of the next fiscal year after the decision, or 6 months after the decision, whichever is longer.

6. Exigent circumstances

Council reserves the right and responsibility to waive or alter any or all of this policy where required to do so by law or in any circumstances where the reputation or well-being of the Society is of concern.

Table 1. Illustrative scenario of proposed account caps based on this policy and account balances and section memberships in early 2006.

Base: \$ amount from base amount of cap

Proportional: \$ amount from proportional amount of cap

Account cap: \$ amount of account cap

Kept: % of current section/student account balances that can be kept without exceeding the cap.

Additional amounts must be spent.

Students:		10%			
Section base:		40%			
Section proportional:		50%			
	Base	Proportional	Account cap	Kept	
CPB	\$ 1,500.00	\$ 3,670.52	\$ 5,170.52	46%	
EEE	\$ 1,500.00	\$ 2,268.79	\$ 3,768.79	44%	
CMD	\$ 1,500.00	\$ 595.38	\$ 2,095.38	100%	
Par	\$ 1,500.00	\$ 965.32	\$ 2,465.32	29%	
Students	\$ 1,500.00	\$ -	\$ 1,500.00	37%	