



RESTRICTED SURPLUS ACCOUNT POLICY

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1 – PURPOSE

The purpose of this policy is to provide a clear and consistent understanding of how Wrestling Canada Lutte (WCL) determines, manages and operates its various Restricted Surplus accounts. The following individual funds have been approved and authorized by the WCL Board of Directors (BOD) with the following outcomes:

- Reserve Fund – to provide an endowment fund to deliver a degree of financial stability for WCL (rainy day fund); to build the fund through both internal generation of gain and external contributions; and to articulate WCL’s role and responsibilities with respect to the fund.
- Quest for Gold Fund – to provide an endowment fund to cover the future costs for WCL’s Quest for Gold program; to build the fund through both internal generation of gain and external contributions; and to articulate WCL’s role and responsibilities with respect to the fund.
- Strategic Initiative Fund – to provide an endowment fund to support the development and implementation of specific and targeted initiatives identified in WCL’s Strategic Plan that lack funding or financial support from other resources; to build the fund through both internal generation of gain and external contributions; and to articulate WCL’s role and responsibilities with respect to the fund.

2 – DEFINITIONS

- ENDOWMENT FUND – is a fund, set up to provide long-term support for a particular purpose or cause.
- RESERVE FUND – is a segregated fund of restricted surpluses to build a stabilizing fund to provide a source of future revenues to cover future costs and obligations, including those arising unexpectedly.
- RESTRICTED SURPLUS ACCOUNT – historical financial surpluses that have been separated from WCL’s general equity surplus, and designated and restricted from use for general WCL activities. These restrictions may be reduced, relaxed or eliminated for a future or designated purpose.
- QUEST FOR GOLD PROGRAM – established in 1992 to financially recognize podium performances by our athletes at the Olympic Games or Senior World Championships.
- QUEST FOR GOLD FUND – is a segregated fund of restricted surplus to build an endowment fund to provide a source of future revenues to cover the future costs for WCL’s Quest for Gold Program.
- STRATEGIC INITIATIVE FUND – is a segregated fund of restricted surplus to provide a future revenue source to support the development and implementation of specific and targeted initiatives identified in WCL’s Strategic Plan that lack funding or financial support from other resources.

In addition, the following abbreviations are used throughout the document:

BOD	WCL’s Board of Directors
ED	WCL’s Executive Director
FAC	WCL’s Finance & Audit Committee
WCL	Wrestling Canada Lutte

3 – SCOPE & APPLICATION

These requirements apply to the financial resources of WCL.

4 – KEY PRINCIPLES

WCL's Restricted Surplus Account Policy is based on the following key principles:

- To establish various endowment funds to provide a pool and a source of future revenue for specified purposes of each fund; and
- To build said endowment funds through a combination of additional contributions and the generation of investment income and capital gains, within an acceptable risk profile, to increase the size of the endowment fund over time.

5 – POLICY

WCL has established a "Reserve Fund", "Quest for Gold Fund" and a "Strategic Initiative Fund", represented by the **Restricted Surplus Account (Equity)** and corresponding **Investment Account (Asset)** on the balance sheet. Contributions can be made by either specific donation (see Donation Policy) or through annual allocations in the budget or future surpluses.

WCL will transfer the following minimum portion of all future surpluses in a given fiscal year into the respective endowment funds and correspondingly to the investment account, from the general account:

- Reserve Fund – 30% of the annual surplus;
- Quest for Gold Fund – 10% of the annual surplus; and
- Strategic Investment Fund – 10% of the annual surplus.

Endowment funds are designated as "restricted use", but may be invested. WCL will invest endowment funds residing in the investment account as per WCL's Investment Policy, to achieve or exceed the targeted financial return as outline in investment objectives under WCL's Investment Policy. The withdrawal of any monies from the endowment funds is restricted as follows:

- **Reserve Fund** – is restricted until the minimum threshold of \$1,000,000 is reached. Once the Reserve Fund is greater than \$1,000,000 CAD, 50% of the increase in the fund in the prior fiscal year will be transferred to general revenue / general account for use in the next fiscal year. Any additional withdrawals require a special resolution of the BOD at a meeting of the BOD called for that purpose.
- **Quest for Gold Fund** – is restricted to 50% of the year over year growth from donations and contributions in the prior fiscal year, until the minimum threshold of \$1,000,000 is reached. Any additional withdrawals require a special resolution of the BOD at a meeting called for that purpose.
- **Strategic Initiative Fund** – is restricted to 50% of the year over year growth from donations and contributions in the prior fiscal year, until the minimum threshold of \$500,000 is reached. Any additional withdrawals require a special resolution of the BOD at a meeting called for that purpose.

6 – CONDITIONS & MONITORING

The Treasurer will report any changes to the aggregate and individual restricted surplus accounts on WCL's quarterly financial reports, which are reviewed by the FAC, BOD and the Members.

7 – REVIEW

The policy will be reviewed periodically as needed, but at least every 2 years. The next mandatory review will be December 31, 2024.

8 – EXCEPTIONS

Any exceptions to the policy must be approved by the BOD.