

PRACTICE RESOLUTION RE: CAPE'S IMPROPER USE OF CONTINGENCY FUNDS

WHEREAS the Association's budget contains a budget line for contingencies;

WHEREAS past audited financial statements include examples of proper use of contingency funds in accordance with generally accepted Canadian accounting standards for not-for-profit organizations, ensuring that the Association has sufficient funds to cover, for example, staff severances, legal defense, professional fees, and claims of punitive damages not covered by insurance;

WHEREAS in note 12 of CAPE's 2022 audited financial statement, auditors remark that "the Association is dealing with a significant number of constitutional type complaints" and that absent a resolution to these complaints, they will "continue to contribute further to augmenting the expenses related to professional fees";

WHEREAS on June 27, 2024, the NEC voted to provide a contribution of \$5,000, drawn from the 2024 Executive Contingency budget line, to *CAPE for Palestine*, "a group of CAPE members organizing Palestinian solidarity within the federal public service, to support their education and advocacy issues for the year, when requested";

WHEREAS generally accepted Canadian accounting standards for not-for-profits do not consider this expense as a proper use of contingency funds, and would instead consider it to be a donation;

WHEREAS if CAPE's June 27 contribution to *CAPE for Palestine* were accurately considered a donation, it would have been made in violation of the Association's donation policy in force on the date the contribution was approved;

WHEREAS this misallocation of expenses reduces the amount of funds that have been internally restricted to ensure the Association has the financial capacity to cover actual contingencies;

BE IT RESOLVED THAT the Association shall reallocate the \$5,000 contribution to *CAPE for Palestine* as an expenditure originating from the President's Discretionary Fund and not the Executive contingency budget line;

BE IT FURTHER RESOLVED THAT the NEC and the National President cease indefinitely any future contributions to *CAPE for Palestine* or any affiliated/successor group.

Submitted by Justin Margolis, GAC, Local 516 and by Granda Kopytko, AAFC, Local 507.