Policy 1005 Legal and Financial decisions

1. **Convention Funding;**

On 12 Mar 2024 the 202E Treasurer, sought clarification from the MD 202 legal advisor Alan Knowsley,

"As *to the determination of the Convention levy. He also sought how this impost (compulsory levy) on the Cabinet Budget could be reduced."*

On 17 May 2024 the legal advisor, Alan Knowsley replied.

"I am not aware of anything to prevent the district making an advance towards convention expenses, but I have copied in the MD 202 Treasurer Steve Bennet for his views."

On 4 Jun 2024

Steve Bennett the MD 202 Treasurer clarified the position.

"The organisation committee acts on behalf of the District Cabinet and is basically a branch of the main entity.

Your comment on the proposed structure is similar to that District K uses; the grant is paid to the organising committee who will usually be a club that is hosting the event. If there is any surplus it is returned to the District Cabinet, bur as it was a grant it is an expense.

The alternative, which is more akin to your suggestion, is that the reserve fund is held by the District and there is an advance out of the fund to meet convention commitments. We actually use this type of situation for ANZI which strictly speaking is a sub committee of MD202. The only thing which is recognised by District Cabinet is any loss or surplus, is recognised after the event has been held.

A couple of options Ian, and as Alan says there are no restrictions on how a District Cabinet goes about it.

Hope this has been of some use.

Steve.

Conclusion, and process for 202E District Cabinet.

As stated above, these advances are strictly an internal transfer within Cabinet. Ie Convention organising committees are technically acting on behalf, as a branch of cabinet.

When the budget is determined by the budget committee each year an allocation of $2 per member is struck. An advance is then made to the Convention committee at the appropriate time.

At the conclusion of the convention and the finances are completed, the committee has an undertaking to repay the advance back to cabinet, before calculating any surplus. Should there not be a surplus or a sufficient surplus to cover the advance repayment, then any shortfall could be covered by the "reserve" balance being held.

The constitution has restrictions on Cabinet making advances to clubs but as clarified above it is strictly not an advance as it is purely an internal transfer within cabinet.

2. Convention Surplus

(as required by the District Constitution By-laws Article VII section 2)

Under Cabinet Rules, all surplus monies collected from the district convention shall be held in a district convention reserve fund which shall be available only to cover district convention expenses.

3. Budget Balancing -no deficits

7 November 2023

MD Legal Advisor Alan Knowsley stated;

A provision of the constitution requires a balanced budget each year and should not be ignored. There should not be any planned deficit.

" Cabinet members who allow a breach of the constitution could be held personally liabile for this breach."

Article VIII section 2 states;

FINANCIAL OBLIGATIONS. The district governor and his/her cabinet shall not incur obligations in any fiscal year which will effect an unbalanced budget or deficit in said fiscal year.

THIS IS A CLEAR DIRECTIVE TO CABINET APPOINTEES

4. Subs/District Levies Can be set by Cabinet

By law Article VII (1) of the District E constitution provides for the Cabinet to set the fees.

5. Use of Charitable Trust Money..

Incoming Treasurers please be aware the appropriate use of Lions Club's Trust money is as follows:

Money raised from the public should all go into the Trust Project account without deduction.

- Genuine costs of running the fund-raising project can be paid out of Trust funds raised.
- Expenses to run the Trust can come from funds raised e.g., Costs of expenses such as rent, auditing expenses, equipment hire, repairs. These must be genuine and be Trust expenses.
- Deducting a % towards costs is not acceptable.
- All money raised after paying genuine expenses can only be used for charitable purposes.

Alan Knowsley

202 Legal Counsel

Ian Lennie Treasurer 202E wrote in Feb 2026

Advice has been received from the past and present MD Treasurers, and both state clearly that training costs, either fees or travel expenses are NOT permitted from the Trust account, these are Members expenses and must come from the Administration account.

Quote from Suzi Hipp MD Treasurer 2026;

''A core principle of charity law is that trust funds must be used for a public benefit, not for the private benefit or advantage of an individual.
Paying for a member's training provides a direct, personal benefit to that individual.''.

Date	Amendment made	Admin Cmte Actioned	Remarks
23 nov24	Change of Ref		
FEB 26	Other info added SOP title Change		