

Deferred Revenue Policy

Last approved:	NOAMA Board	January 31, 2023
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1.0 Background

NOAMA administers funding received through an Alternate Funding Agreement. This funding is restricted to specific purposes set out in the agreement.

2.0 Definitions

Deferred Revenue - represents unspent externally restricted monies received in the current and prior years for designated purposes.

3.0 Policy Statement

The accumulation of deferred revenue in a public sector organization is not a desirable goal in and of itself. The expectation is that NOAMA will use its funds to support the mandate in the AFP Agreement.

“The Ministry provides the Funds on a pro-rata basis to reflect the proportion of the Funding Year during which the Activities are provided, and the Innovation Fund Projects are carried out. These funds are only for the stated Funding Year and not on a cumulative basis.”

NOAMA should approve a balanced budget during the annual budget process, as the AFP does not permit the accumulation of deferred revenue. Only under unanticipated circumstances and with the approval of the Ministry should NOAMA accumulate additional deferred revenue.

4.0 Policy Details

4.1 Deferred revenue shall offset any future excesses of expenditures over revenues.

4.2 Deferred revenue is not a renewable funding source; therefore, one-time expenses should be targeted when considering deferred revenue.

4.3 Deferred revenue can be used for one-time expenditures as follows:

- i. To address one-time budget allocations as part of the annual budget process;
- ii. To address other one-time expenditures that are deemed necessary; and
- iii. To address an annual operating budget deficit.

5.0 Procedures

5.1 Deferred revenue shall be determined following the Canadian Generally Accepted Accounting Principles.

5.2 One-time expenditures identified as part of the annual budget process will be documented and approved through the annual budget process.

- 5.3 A utilization plan will be developed for other one-time requests for deferred revenue. The transfer of funds to and from deferred revenue shall require resolution by the NOAMA Board.

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Version	Date	Authors/Comments
1.0	2023.01.31	Original policy