



calgary outlink

Centre for Gender and Sexual Diversity

FINANCIAL POLICIES

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1. ROLE OF THE FINANCE COMMITTEE

The role of the finance committee is primarily to provide financial oversight for the organization. This includes budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies. Specific duties are outlined in the policies below.

The finance committee is chaired by the treasurer, or by an individual who has been on the committee for at least six months. In the event that the treasurer position is vacant, a member of the finance committee or a member of the board will act as temporary treasurer for a period of time agreed to by the individual and the board. Due to segregation of duties concerns, the accountant and staff will not be able to act as temporary treasurer. However, the accountant may attend board meetings to present financials and answer any questions in the absence of the treasurer.

Job descriptions for the treasurer and finance committee members are included in the appendix to this document.

2. FINANCIAL PLANNING AND REPORTING

2.1 Selection of Auditor and Communication with Auditor

The financial statements will be reviewed annually by a qualified accounting firm as noted at each Annual General Meeting.

The finance committee will be responsible for selecting the audit firm as well as the level of review, review engagement or a full audit, and provide its recommendation to the board. The audit firm must be approved by the finance committee, the board and then at the AGM.

The accountant will be the main contact with the audit firm during the review, and will supply any necessary documents and respond to any inquiries. The finance committee will be advised within 24 hours should any issues arise. Any review related questions from the accountant to staff, or from staff to the accountant will be responded to within 48 hours.

The finance committee will review the reviewed financial statements and recommendations of the auditor, as well as management's response to the recommendations. The treasurer will present the review to the board with a recommendation to accept the audit or review engagement.

Copies of the annual review are provided to funders or prospective funders in accordance with agreements in place.

2.2 Budgets

An annual operating and capital budget will be established and approved by the board prior to the start of each fiscal year. The budget is revised during the year only if approved by the board.

The first draft of the budget will be prepared by the accountant and/or senior staff based on historical data and input from staff and the board of directors. This first draft will be complete by September 30th. The finance committee will review the budget, then work with staff and committees and adjust the

budget as required. Once satisfied, the finance committee will approve the budget and submit it for approval to the board. The board will review and approve the budget at its last meeting prior to the start of the fiscal year.

The actual operating results will be compared to the budget on a quarterly basis, and any variances explained to the finance committee and the board.

2.3 Tax Compliance

As a registered charity, Outlink must file an annual Charities Information Return (T3010) with CRA by June 30th for the prior year. The T3010 will be completed by the accountant and approved by the treasurer by the June 30th deadline.

Payroll remittance will be calculated monthly by the accountant. The remittance due will be paid by the accountant by the 15th of the following month as per CRA guidelines.

An annual GST return will be prepared and filed by the accountant as per CRA guidelines.

Charitable donation tax receipts will be prepared by the accountant as per CRA guidelines, and signed by staff, and mailed by December 31st of the year in which the donation is made.

2.4 Internal Financial Reports

Outlink will prepare internal financial reports on a monthly basis within 30 days of the end of each month.

On a monthly basis, the accountant will prepare a summary of financial results and distribute it to the finance committee and the board of directors their review. The format and content of the report will be reviewed and approved by the finance committee. Starting at the end of the first quarter, the report will include a full year revenue, expense, and cash flow forecast. The content and format of the report may be periodically adjusted to reflect changing needs of the organization.

The accountant will also provide detailed financial reports to the finance committee on a monthly basis including the income statement, balance sheet, and any other reports as requested.

On a monthly basis, actual financial results will be compared to plan, and any material variances will be explained. This report will be prepared by the accountant, working with staff; and then reviewed by the finance committee.

The treasurer will present the financial results to the board on a monthly basis.

3. REVENUE AND ACCOUNTS RECEIVABLE

3.1 Invoice Preparation

Invoices will be prepared by the accountant, then either emailed to the staff member who will approve and forward to the client; or emailed directly to the client and the staff member is copied on the email. Invoices for the prior month are completed and sent to the client by the 15th of the following month.

The accountant will review outstanding accounts receivable on a quarterly basis, and advise the finance committee and appropriate staff member of any balances outstanding for more than 60 days. The staff member will follow up with the client, and advise the finance committee of outcome.

3.2 Revenue Recognition

The deferred method shall be used for recognizing revenue when associated expense will be spent over more than a year. This means that revenue is recognized when expenses directly related to the revenue are incurred. The accountant will calculate and keep track of all deferred revenue entries, and make them available for the annual audit or review engagement.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, as described above. Unrestricted contributions are recognized as revenue when received.

3.3 Cash and Cheque Receipts and Deposits

All cash and cheques are received by staff, and kept in a locked drawer or cabinet. On a monthly basis the accountant will prepare a deposit slip for all cash and cheques received during the month. The deposit slip will then be reviewed by the Executive Director, who will approve and initial the completed deposit slip. The accountant will make the deposit at the bank and attach the printed receipt for the deposit to the deposit slip. On a quarterly basis the finance committee will ensure that all deposit slips are initialed by the Executive Director, and ensure the printed receipt matches the deposit slip.

3.4 Donations

Charitable donation tax receipts will be issued for all donations over \$25.

Outlink staff will keep track of all information for donations that require a receipt and submit to the accountant on a monthly basis at the same time as the related deposit. This information must include the donor's name, address including postal code, donation amount, and the amount of any non-cash gift provided by Outlink as part of an event (ex. cost of food included as part of an event).

The accountant will prepare the tax receipts as per CRA guidelines and mail by December 31 of the year in which the donation is made.

4. EXPENSES

4.1 Signing Authorities

The Board of Directors shall appoint a minimum of three Directors as signing authorities, as well as the Executive Director. Two signatories will sign all cheques.

4.2 Invoice Approval and Processing

All invoices will be reviewed by the Executive Director, then placed in the finance folder for the accountant to process. The Executive Director may approve invoices up to \$2,000, and anything above this amount must be approved or pre-approved by the Board.

The accountant will ensure all invoices have the appropriate approval and then prepare the cheques. The accountant will then provide the cheque and all supporting documentation for signatures, mail all cheques, and keep copies of all invoices.

All blank cheques will be kept by the accountant.

4.3 Payroll, Vacation, and Benefits

Payroll will be processed by the accountant on a bi-weekly basis every second Friday, and will include hours worked up to and including the previous Friday. Details of any new employees will be provided in writing by the Executive Director to the accountant a minimum of two weeks prior to their first pay and will include Board approval of the position, start date, hours, pay rate, CRA TD1 form, direct deposit, and any other relevant information. The Executive Director will also advise the accountant when an employee departs prior to their last day of work.

The Executive Director will be responsible for tracking all vacation due and taken, and will advise the accountant if any vacation is outstanding at the end of the year.

The Executive Director will provide Board approval and written details of any pay changes to the accountant a minimum of two weeks prior to the effective date.

4.4 Petty Cash

A petty cash box with a maximum balance of \$300 will be kept in a locked box kept in a file cabinet. The Executive Director will be responsible for petty cash box.

When cash is used details including the date, amount, and description of the expense will be entered on a petty cash reconciliation sheet kept in the lock box. Receipts must be provided for all cash disbursements, and will also be kept in the lock box. Any cash added to the petty cash box must be entered on the petty cash reconciliation sheet and include the date, amount, and a description of the source of the funds.

When funds drop below \$50, a request for additional petty cash funds may be made to the accountant by providing a copy of the petty cash reconciliation sheet, and all related receipts. The accountant will record all items in the appropriate expense accounts, and prepare a cheque to reimburse the fund. If funds go above \$300, a bank deposit must be prepared with details from the petty cash reconciliation sheet attached to the deposit slip. The deposit must be recorded on the petty cash reconciliation sheet.

At year end, the accountant will perform a physical count of the cash in the lock box to ensure it matches the balance on the petty cash reconciliation sheet.

4.5 Expense Reimbursement

To be reimbursed for expenses, employees and volunteers must fill out an Expense Reimbursement Form and attach all original receipts showing the date, amount, and what the expense was for. The expenses must be related to business activities.

All employee and volunteer expense forms and receipts will be reviewed and checked by the Executive Director, who will sign the form to show that the expense has been approved. Executive Director or board member expense forms will be approved and signed by a member of the Board of Directors. Once approved, the accountant will process the expense claim and mail or provide a cheque to the employee or volunteer.

The Expense Reimbursement Form will include employee or volunteer name and address and the date the expense is submitted. In addition, for each individual receipt the form will include the date incurred, program name, type of expense, and amount. All applicable fields on the form must be completed in order for the expense claim to be processed. The expense form must be submitted within 60 days from the date the expense was incurred. The form may be revised as necessary by the finance committee.

Expense reimbursement limits for program expenses will be discussed during the annual budgeting process, and communicated to all volunteers and employees (ex. dollar limit for food expenses for program meetings). Any expenses over these limits must be pre-approved by the Executive Director.

4.6 Expense Allocations

Outlink will take steps to ensure office rent, meeting room, and payroll costs are allocated to administration, fund development, and programs. Additional steps will also be taken to allocate general program costs to individual programs whenever possible.

Office rental costs will be allocated to a specific activities or programs based on an estimate of the time spent on them by the individuals using the office. These estimates will be prepared by staff on an annual basis as part of the budgeting process. The accountant will input the office rent allocations into the accounting system on a monthly basis. The allocations will be updated during the year if determined necessary by the finance committee.

Details of meeting room rental costs will be written by staff on invoices before being forwarded to the accountant for payment, and will include either a specific program name, or the purpose of the meeting. The accountant will charge the meeting room costs to the appropriate program or activity on a monthly basis.

Payroll costs will be allocated based on an estimate of staff hours spent on administration, fund development, and programming provided by staff during the annual budgeting process. The accountant will input the allocations as a part of the payroll process on a monthly basis. The allocations will be updated during the year if determined necessary by the finance committee.

General program costs will be allocated to individual programs if determined necessary by the Board of Directors.

Any expense allocations prepared as part of the annual budget, and any adjustments to the allocations that take place during the year must be reviewed and approved by the finance committee, then reviewed and approved by the Board of Directors.

5. ASSET MANAGEMENT

5.1 Capital Equipment

All capital equipment expenditures are subject to the same approvals outlined under the expenditures portion of the financial policies.

Any equipment purchased with a cost of \$500 or over, and a useful life of one year or more will be capitalized. An inventory of all capital items will be kept by the accountant, and updated as necessary. Depreciation will be calculated on a straight line basis over the expected life of the equipment, and input by the accountant into the financial system on an annual basis at year end. The depreciation schedule will be maintained and updated by the accountant. Any capital asset disposals requests must be approved by the finance committee, and appropriate accounting entries processed by the accountant.

5.2 Cash Management and Investments

Cash may be transferred with approval of the Finance Committee from an operating account to an interest bearing or investment account. Excess cash will be invested in short-term fixed-income instruments earning a market rate of interest. The primary objectives of such investments in order of importance shall be preservation of capital, maintenance of liquidity, and yield. All investment decisions must be approved by the finance committee and communicated to the board.

The finance committee is responsible for reviewing cash balances on a quarterly basis and recommending any necessary transfers to or from the investment account. The treasurer is responsible for reporting the status of investments to the board on a quarterly basis. The treasurer is also responsible for executing investment transactions.

5.3 Operating Reserve

A reserve fund will be set up to keep an organization afloat in the event of some unforeseen circumstances that disrupt the flow of cash into the organization. The reserve fund will be funded with surplus unrestricted operating funds.

The amount of the operating reserve will be calculated by the finance committee each year after approval of the annual budget, and communicated to the board. The board may from time to time direct that a specific source of revenue be set aside for the operating reserve. Examples may include one-time gifts or bequests.

To use the operating reserve, a request must be submitted to and approved by the finance committee. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the operating reserve fund to target minimum amount.

The operating reserve will be maintained in separate bank or investment accounts.

The treasurer will communicate the operating reserve balance to the board with each financial statement.