



North Perth Community of Character
Character Council
Financial Management Policy

Policy Purpose

This policy is designed to:

- Protect the human, financial, tangible, real estate, and goodwill assets and resources of the organization
- Ensure the maintenance of accurate records of the organization's financial activities
- Provide a framework for the organization's decision making

Responsibility

Financial resources of the Community of Character are the responsibility of the board of directors. The board will:

- Have a clear plan for acquisition of financial resources to pay for the programs and services provided by the Community of Character
- Provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve.
- Monitor and evaluate the financial plans and guidelines of the Community of Character to ensure the financial integrity of the organization

Budget

An annual operating budget will be prepared by the Co-ordinator and presented to the board for approval at least 30 days prior to the beginning of the next fiscal year. The budget will reflect the cost of carrying out the programs and services of the Community of Character for the next fiscal year. This budget will also reflect the anticipated revenues of the Community of Character. A list of anticipated major capital expenditures should be included with the annual budget that is submitted to the board for approval.

Budget Review and Implementation

The budget will be viewed by the board as the financial plan for the Community of Character and approval of the budget by the board will be authority for the Co-ordinator to manage the Community of Character's finances according to the plan without seeking further approval of the board. However, the Co-ordinator and Treasurer will keep the board well informed of the ongoing status of the financial plan, and will not make expenditures outside of the budget plan without seeking board approval to amend the budget. Amendments to the budget will be presented to the board for approval.

Capital Reserves

A working capital reserve sufficient to keep the Community of Character operating for at least a 60 day period will be maintained at all times.

Accounting Practices and Procedures

The accounting system used by the Community of Character will utilize generally accepted accounting practices (GAAP) that are required and/or recommended by regulatory or lending agencies. The accounting practices will include procedures to safeguard the management of the following asset types:

- Cash Receipts. Ensure that receipts are logged and deposited correctly and promptly. Ensure that at least one person verifies cash receipts and deposits. Any bank cards issued will be set up as Deposit Only and cannot be used to withdraw cash at an ATM.
- Cash Disbursements. Ensure that all cash disbursements are authorized in writing, with receipts attached to the authorization.
- Cheque Disbursements. Ensure that two signatures are secured for disbursements; all cheques are accompanied by verified and approved invoices. Authorized signatories for all general fund accounts must include two of the following:
 - the chair of the board,
 - the treasurer of the board
 - other board members designated as signatories by the board
 - the Co-ordinator

It is the responsibility of all cheque signers to ensure that there is adequate documentation, consistent with good internal controls, for valid payment of cheques they sign.

- Payroll. Ensure that payroll is made timely and correctly, and that payroll disbursements are verified and approved.
- Grants, Donations, Sponsorships. Ensure all grants, donations, and sponsorships are properly logged in the correct account, that all restricted grants, donations and sponsorships are used only for the intended purpose, that proper acknowledgment is made. Donation Receipts will be issued in a timely manner.
- Fixed Assets. Ensure that all fixed assets are recorded, that depreciation is logged (where appropriate), and approval is verified before disposal of retired assets.

Financial Reports to Board of Directors

Reports reflecting the financial condition of the Community of Character will be presented to the board at regular board meetings. These financial reports will include a monthly statement of cash flow and a monthly revenue and expense statement for the month with year-to-date totals and comparison to the budget.

Year End Financial Statements

The fiscal year end of the organization will be December 31. Summarized year end financial statements (unaudited) will be reviewed and presented to the Board by the Treasurer at the first Character Council meeting following December 31 of that fiscal year.

There are 3 different options for annual review of a not for profit organization's financial status:

1. Audit. The purpose of an audit is for an accountant to communicate to the reader that the financial statements are presented fairly, and in accordance with generally accepted accounting principles. An audit is required by the Canada Revenue Agency if an organization's income exceeds \$250,000.

2. A Review. A review is more of an analysis of the information of financial statements. It's also prepared in accordance with the Canadian standards but it really doesn't have the same assurance as an audit. It basically allows the accountant to communicate that the information is plausible.
3. Compilation. In a compilation, the accountant expresses no opinion or no assurance. They basically compile the information the client has given them in the form of a financial statement. It is important to note that the accountant's only concern with the situation that the information is assembled correctly and the numbers and total are correct.

Unless the Character Council passes a motion indicating otherwise, an official audit of the financial statements of the Community of Character will not be required as long as the revenue of the organization is less than \$100,000. If revenues exceed \$100,000, an audit will be required as mandated by the Province of Ontario.

General Liability Insurance

The Community of Character will provide appropriate insurance to protect the organization and its directors. Coverage will be reviewed annually by the Character Council.

Date of Adoption: September 15, 2020

Date of Last Review: September 15, 2020

Signature of Character Council Chair: Sue Shepski