

KEY TEAM MEMBERS: TREASURER AND FINANCE COMMITTEE

**MAKE DOLLARS MAKE SENSE
CALGARY, NOVEMBER 21, 2015**

**STUART CLARK, MBA
COMMUNITY DEVELOPMENT UNIT
ALBERTA CULTURE AND TOURISM**



INTRODUCTION

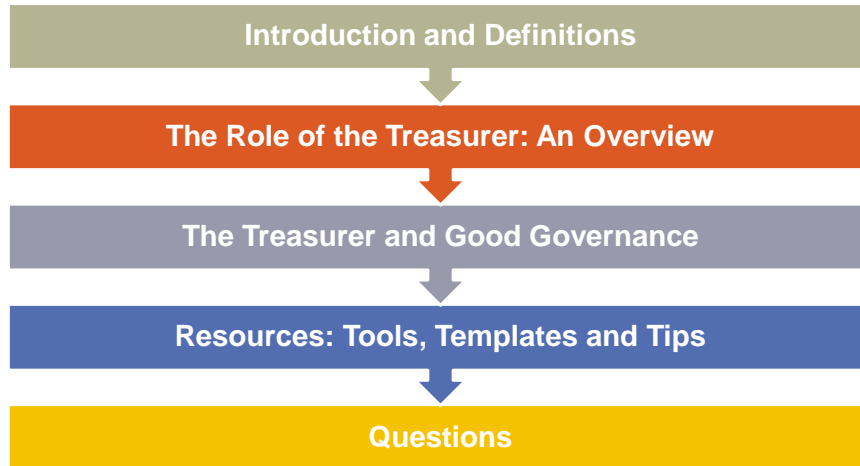
**What is the story of why you chose
to come to this session?**

OR

**What are you hoping to learn today
and why?**



OVERVIEW OF THIS SESSION



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THE ROLE OF THE TREASURER: AN OVERVIEW

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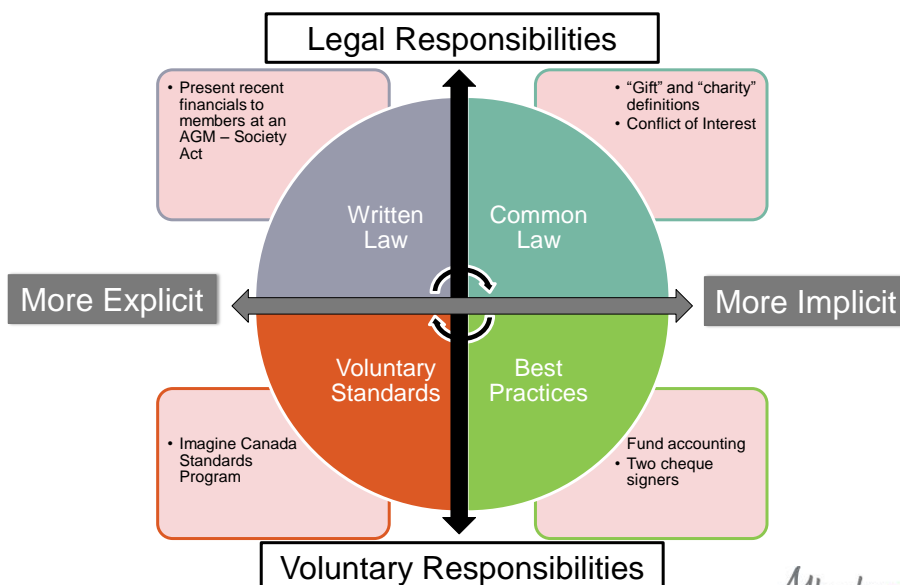
FINANCIAL RESPONSIBILITIES OF NONPROFIT BOARDS

Who is Responsible?

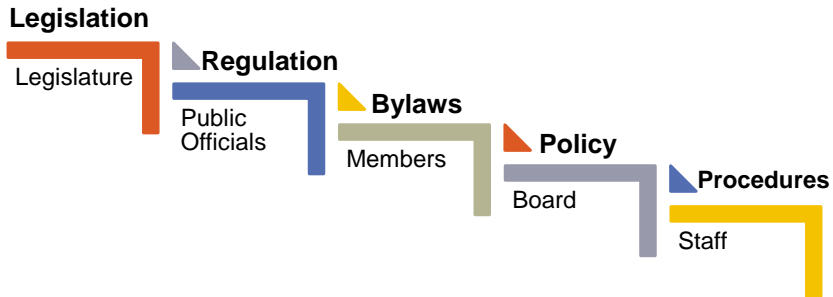
The Board of Directors

- Individual – voting for financial policies and the budget
- Collectively – fiduciary responsibility
- The board may delegate authority for some financial management duties to senior staff, finance committee or a treasurer

SOURCES OF FINANCIAL RESPONSIBILITIES



LADDER OF AUTHORITY



WHAT IS A TREASURER?

1 of 4 traditional officer roles

“Officer” is a old staple of corporate law

Nonprofit context: Oversee financial management and report to the board and members financial status of organization.

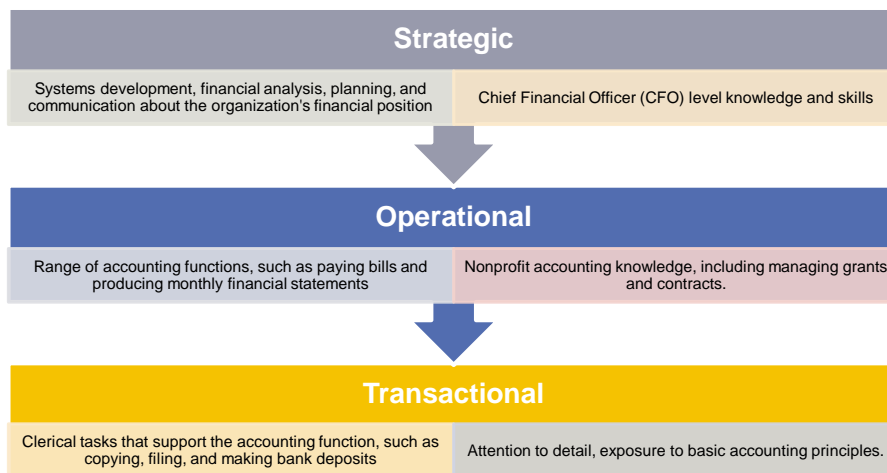


FINANCIAL MANAGEMENT

Planning	Monitoring	Operations	Governance
<ul style="list-style-type: none"> • Strong Budgeting • Projecting Cash Flow • Calculating the True Cost of Programs • Planning and Addressing Financial uncertainty • Planning for Growth • Connecting Org goals with Financial Realities 	<ul style="list-style-type: none"> • Understanding and Interpreting Financial Info. • Maximising financial reports • Managing contracts • Managing restricted funds 	<ul style="list-style-type: none"> • Understanding NPO accounting • Strengthening Internal Controls • Maximizing Your accounting Software • Developing Cost allocations • Enhancing efficiencies, Communication and workflow • Finance office staffing 	<ul style="list-style-type: none"> • Defining roles and responsibilities of finance and audit committees • Understanding the board's fiduciary responsibilities • Enhancing the board's knowledge of NPO Financial Management • Planning for Financial Sustainability • Managing Risk

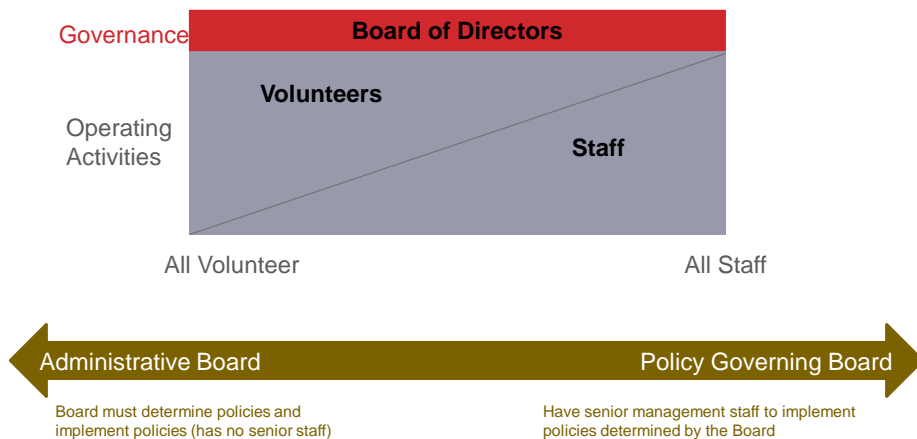
Wallace Foundation, Resources for Nonprofit Financial Management, <http://www.wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Pages/Program-Based-Budget-Template.aspx>, accessed Nov 10, 2015.

FINANCE FUNCTIONS IN ORGANIZATIONS



Barr, Kate, and Jeanne Bell, "An Executive Director's Guide to Financial Leadership," *The Nonprofit Quarterly*, Fall/Winter 2003, 8-15. Accessed March 31, 2014, <https://nonprofitquarterly.org/management/19126-an-executive-directors-guide-to-fi-nancial-leadership.html>

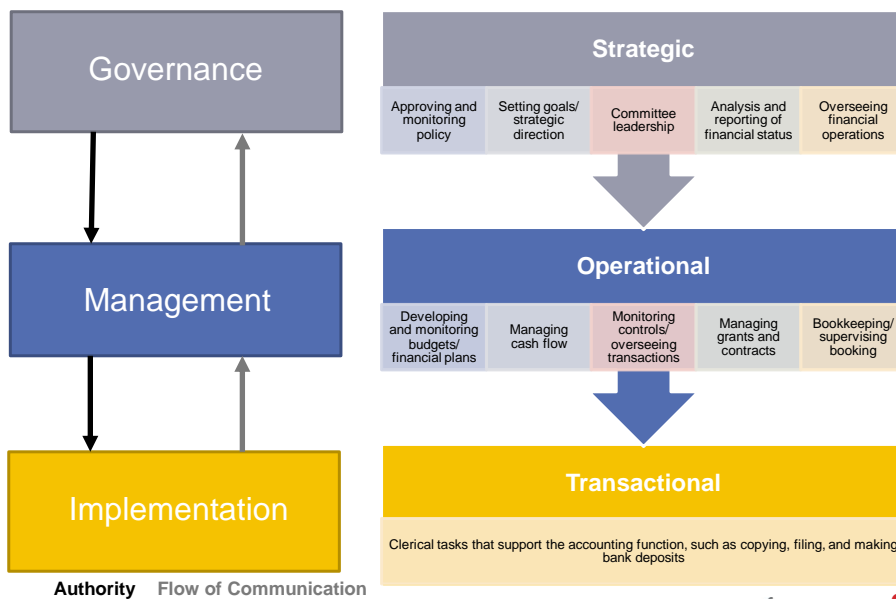
WHAT TYPE OF BOARD ARE YOU?



Hugh Lindsay, *20 Questions Directors of Not-for-profit Organizations Should Ask About Governance* (Canadian Institute of Chartered Accountants, 2006): 6. Accessed April 3, 2014, <http://www.cica.ca/publications/list-of-publications/item60498.aspx>



LEVELS OF AUTHORITY



Source: Board Development Program, Alberta Culture, www.albertabdp.ca



SAMPLE JOB DESCRIPTION – BOARD TREASURER

Attend all board meetings

Maintain knowledge of the organization and personal commitment to its goals and objectives

Understand financial accounting for nonprofit organizations

Serve as the chair of the finance committee

Manage, with the finance committee, the board's review of and action related to the board's financial responsibilities

Work with the chief executive and the chief financial officer to ensure that appropriate financial reports are made available to the board on a timely basis

Present the annual budget to the board for approval

Review the annual audit and answer board members' questions about the audit

Source: Roles and Responsibilities (BoardSource 2008).



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THE TREASURER AND SUPPORTING GOOD GOVERNANCE

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PRINCIPLES OF GOOD GOVERNANCE

An effective board will provide good governance and leadership by:

- Understanding their role
- Ensuring delivery of organizational purpose
- Working effectively both as individuals and as a team
- Exercising effective control
- Behaving with integrity
- Being open and accountable

How can the treasurer role support good governance?

The Code Founding Group, *Good Governance: A Code for the Voluntary and Community Sector, 2nd ed.*, (2010). <http://www.governancecode.org/full-code-of-governance/>



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IMAGINE CANADA STANDARDS PROGRAM

FINANCIAL ACCOUNTABILITY

FUNDRAISING COST EFFECTIVENESS: <ul style="list-style-type: none"> • Board regularly reviews the cost effectiveness of fundraising activities • No more spent on admin and fundraising than is required 	INVESTMENT POLICY: <ul style="list-style-type: none"> • Organizations with investable assets over \$100,000 must have investment policy • Describe asset allocation, procedures for investments, and asset protection issues 	COLLECTING ONLINE MONEY: <ul style="list-style-type: none"> • Online donations or sales consistent with Canadian Code of Practice for Consumer Protection in Electronic Commerce • (and soon to be anti-spam legislation coming this summer) 	
FINANCIAL STATEMENTS: <ul style="list-style-type: none"> • Annual, acceptable CICA format • Income over \$1 mil must audit, others review engagement (unless required by legislation to have an audit) • Financial statements received, approved by board, released within 6 months of FYE 	TAX RETURN: <ul style="list-style-type: none"> • Process to ensure accurate income tax return (T2 or T3010) 	BUDGET: <ul style="list-style-type: none"> • Board approves annual budget • Has process to monitor organization's performance in relation to budget. • Board or committee reviews actual revenues and expenses versus budget at least twice a year. 	REMITTANCES: <ul style="list-style-type: none"> • Board or board committee receives from management, at least twice a year, assurance that all statutory remittances have been made

Imagine Canada, *Standards Program for Canada's Charities and Nonprofits: Enhancing governance and effectiveness,* (Imagine Canada, 2012), accessed April 1, 2014, http://www.imaginecanada.ca/files/www/en/standards/standards_program_handbook_en_2013.pdf

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IMAGINE CANADA STANDARDS PROGRAM

TRANSPARENCY

AVAILABILITY OF STATEMENTS

- Level 1 Organizations (5 FTE and up to \$2 million in annual expenses) Publicly Available
- Level 2 and 3 Organization's: last 3 years of annual reports, statements, accountant reports and names of all current board members
- Charities must post registration number (BN) and public portion of most recent T3010

COMPENSATION:

- Accessible to its stakeholders to at least the same level as required by CRA in T3010

DISCLOSURE:

- Disclose in financial statements details of the purpose / amount of any payment for products or services to board members or companies in which a board member is an owner, partner or senior manager
- Accurate disclosure of all costs associated with fundraising activities

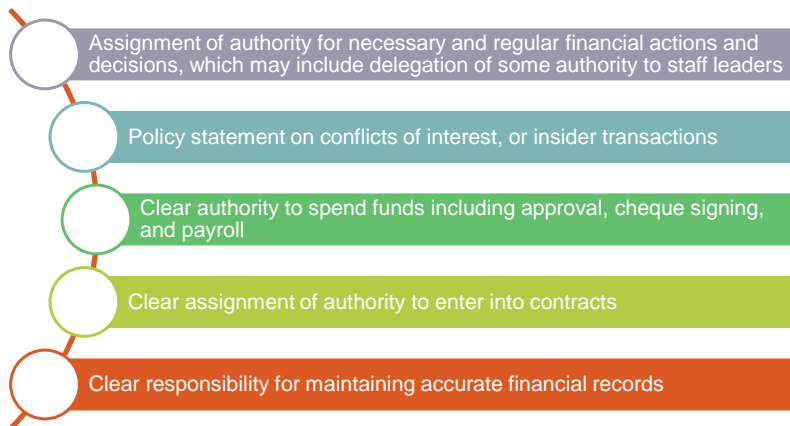
Imagine Canada, Standards Program for Canada's Charities and Nonprofits: Enhancing governance and effectiveness," (Imagine Canada, 2012), accessed April 1, 2014, http://www.imaginecanada.ca/files/www/en/standards/standards_program_handbook_en_2013.pdf

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RESOURCES: TOOLS, TEMPLATES & TIPS

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FINANCIAL POLICY ESSENTIALS



Nonprofits Assistance Fund, Financial Policy (2007), accessed April 2, 2014, https://nonprofitsassistancefund.org/sites/default/files/publications/financial_policy.pdf

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TIP: 3 RULES FOR INTERNAL CONTROLS



Andy Robinson and Nancy Wasserman, "3 Rules for Small Nonprofits for Strong Internal Controls," *Nonprofit Knowledge Matters* (blog), September 3, 2103. Accessed April 4, 2014, <http://www.councilofnonprofits.org/news/nonprofit-knowledge-matters/nonprofit-knowledge-matters-3-rules-small-nonprofits-follow-strong>

Alberta
Government

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BUDGET ESSENTIALS

Two Functions

- Planning - documents goals and objectives, in monetary terms, for a period of time
- Monitoring - a guide to track progress on goals

Types

- **Accrual basis** – based on matching income to expenses regardless of actual cash transaction
- **Cash basis** – based on when cash transaction occurs
- **Capital budget** – purchase or development of fixed assets
- **Flexible budget** – if patterns of revenues and expenses are related to volume, e.g. occupancy; forecast for various levels

Board Development Program - Alberta Culture *Board Development: Financial Responsibilities of Not-for-Profit Boards* (2009), accessed April 3, 2014, <http://culture.alberta.ca/bdp/bulletins/FinancialResponsibilities09-print.pdf>



BUDGET ESSENTIALS

Guiding Questions:

- Does the budget reflect organizational priorities?
- What are the fundamental assumptions upon which the budget has been based?
- Who is responsible for monitoring and controlling the budget expenditures?
- What are the board's budget policies that govern preparation and control of the budget?

Preparing the Budget:

- List goals and objectives for the year
- Estimate costs
- Forecast income for budget period (usually one year)
- Compare total expected revenue to the expenses
- Present budget to board for discussion and approval

Board Development Program - Alberta Culture *Board Development: Financial Responsibilities of Not-for-Profit Boards* (2009), accessed April 3, 2014, <http://culture.alberta.ca/bdp/bulletins/FinancialResponsibilities09-print.pdf>



USEFUL RESOURCES

Fiscal Policies and Procedures Template and Guide (Compass Point, June 2012)

<https://www.compasspoint.org/guide-and-template-fiscal-policies-and-procedures>

Financial Responsibilities for Not-for-Profit Boards (Alberta Government & The Muttart Foundation, 2008),

http://culture.alberta.ca/bdp/workbooks/Financial_Responsibilities09.pdf

Standards Program for Canada's Charities and Nonprofits (Imagine Canada, 2012)

<http://www.imaginecanada.ca/node/172>

Financial Management Resources: National Council of Nonprofits

<http://www.councilofnonprofits.org/resources/financial-management>

An Executive Director's Guide to Financial Leadership (Barr and Bell, 2014)

<https://nonprofitquarterly.org/management/19126-an-executive-directors-guide-to-financial-leadership.html>

Resources for Nonprofit Financial Management: Wallace Foundation

<http://www.wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Pages/Program-Based-Budget-Template.aspx>

A Guide to Financial Statements for Not-For-Profit Organizations (CPA Canada, 2013)

<http://www.cica.ca/focus-on-practice-areas/governance-strategy-and-risk/not-for-profit-director-series/npo-briefings/item65428.pdf>