

Financial Record Keeping

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Overview

- Basic Roles and Responsibilities
- Investing in Financial Software
- Chart of Accounts
- Restricted vs. Unrestricted Funds
- Accounting Basics
- Compliance

Duties of the Bookkeeper

- Keeps full and accurate accounts of all the receipts and disbursements
- Inputs data into the accounting systems (e.g. Simply, Quick Books or Excel)
- Produces monthly reports for Executive to review
- Produces year end statements

Duties of the Treasurer

The treasurer should:

- Prepare and monitor the budget
- Use funds for the intended purposes
- Be informed about the financial state of the organization
- Educate the board on financial issues
- Supervises the bookkeeper
- Presents the board with financial statements monthly (BS, IS and CF)

Investing in a Software

- Low cost to buy (about \$50 per year from Tech Soup – techsoupcanada.ca)
 - Quick Books
 - Sage
- Allows for financials to be pulled regularly
- Can pull reports comparative to budgets
- Provides a “General Ledger” that can be used for an audit
- Provides checks and balances through the double entry system

Double Entry System

- For every transaction, there are 2 components – a debit and a credit

DEBIT	CREDIT
Increases Assets	Decreases Assets
Decreases Liabilities	Increases Liabilities

Setting up your Chart of Accounts

- Chart of Accounts is a list of accounts used by an organization
- The list is typically formed in the order of the customary appearances of accounts on the financial statements

Chart of Accounts

Five Account Types:

Area	Range of numbers
Assets	1000
Liabilities	2000
Net Assets	3000
Revenues	4000
Expenses	5000

Breaking It Down

Assets = (Owns)	Liabilities + (Owes)	Net Assets (Owns-Owes)
Cash Inventory Buildings Land Equipment A/R Investments	A/P Wages Payable Loans Deferred Cash Deferred Capital	Retained Earnings

Breaking It Down

Revenue (Funds Earned)	Expenses (Funds Expended)	Profit/Loss (Revenue - Expenses)
Memberships Rental Program Fees Grant Revenue Earned Gaming funds earned Donations	Wages Utilities Telephone Maintenance Programs Services Occupancy Materials and Supplies	

Two Types of Funds In NPO

- unrestricted cash - general operating cash received
 - memberships,
 - sports registrations,
 - Newsletter,
 - Fees for programs or services
- Recorded as an asset and as revenue unless they accrue over the year end

Types of Funds

- externally restricted cash – funds that are received for a specific purpose and must be used for that purpose – if not used must be returned
 - Start up
 - Food and Beverage
 - Special Event
- Initially recorded as both a liability and an asset

Committing to Accounting Basics

- Use appropriate accounting principals
 - Accrual Method of Accounting - transactions are recorded when incurred (expenses) or when earned (revenue)
- There are specific ways to record restricted funds
 - Deferred Method
 - Restricted Funds Method

Key Compliance Requirements

- 1. Properly file CRA and other mandatory forms**
- 2. Safeguard the physical assets and financial resources**
- 3. Keep accurate books and records**
- 4. Protect volunteers, staff and those served**
- 5. Set and enforce necessary policies**

Compliance

Annually for the Alberta Society's Act, you need:

- comparative financials (Statement of Financial Position and Statement of Operations)
- signed by at least 2 members of your organization or audited by a designated **accountant** (refer to your bylaws to determine which is relevant for your organization)

Compliance Continued

For Revenue Canada you need to:

- Complete a T2 (tax form for non-profits)
- Complete a T1044
- CPP/EI remittances if you have staff
- GST if sales over \$50K

Questions



Information

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