INTEGRALIntros

Intro to Finance

The controls and policies every nonprofit needs

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Presentation: Stella Penner

IntegralOrg

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Your Facilitator *for*

Introduction to Financials

INTEGRALIntros

Stella Penner, FCPA, FCGA, CA
Consultant, Stella M. Penner Professional Corporation
Financial Educator *for* IntegralOrg

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Overview

- Roles of the board, treasurer, & bookkeeper or accountant
- What financial information does my board need?
- Purpose of "internal control"
- Key financial controls
- How does the budget relate to controls?

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Financial Reporting Roles and Responsibilities



Board	Treasurer	Bookkeeper/Accountant
Oversight	"Eyes and ears" of the board	Financial record keeping
Has fiduciary responsibilities	Advises board, finance committee, and management	Reports to ED
Stewardship	Interprets and conveys financial info to board	Provides financial info to ED and/or treasurer to be conveyed to board
Planning ahead, setting priorities	Liaison between board and auditor	Liaison between management and audit team
Risk assessment	-	-
Monitoring	Monitoring	Monitoring

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Financial Information Your Board Needs

Where are we now?
Where are we going?
Planning and monitoring decisions

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Financial Information Your Board Needs

Where are we now?

- Statement of operations (income statement)
- Income statement compared to budget
- Statement of financial position (balance sheet)
- Restricted cash/deferred contributions status

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Financial Information Your Board Needs

Where are we going?

- Strategic plan & priorities
- Capital life cycle plan
- Mid-term (2-3 year) projections
- Current year budget based on action plan

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Financial Information Your Board Needs

Planning & Monitoring Decisions

- Comparing actual to budget
- Variance explanations
- Planning responses to variance & forecasting
- Exception reporting
- Are our plans and policies being carried out?

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Key Financial Controls
Purposes

- Implement management policies
- Asset protection
- Risk mitigation
- Efficiencies
- Monitoring

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Key Financial Controls
Types

- General/entity wide controls
- Specific/application controls
- Any control may be:
  - Preventative
  - Detective
  - Separation of duties

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General/Entity wide controls

- Knowing your people
- Organizational culture – tone at the top
- Access to information
- Clear policies including values statement

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Specific/Application controls

- Bank reconciliations
- Purchase and payment approvals
- Deposit/revenue processes
- Hiring and payroll policies
- Financial reporting
- Regulatory compliance

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Terminology

Payment Methods

- Cash
- Cheques
- EFT (Electronic Funds Transfer)
- Pre-Authorized Debits/Credits (Auto-withdrawals)
- E-Transfers/Interac/Email Payments
- Wire Transfers
- Credit Card Payments

Do you have more questions about payment methods?
We may be able to answer them in a free IntegralOrg *clinic*

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Specific/Application controls

Bank Reconciliation

- ✓ Ensures integrity
- ✓ Enhances accuracy
- ✓ Document the review!

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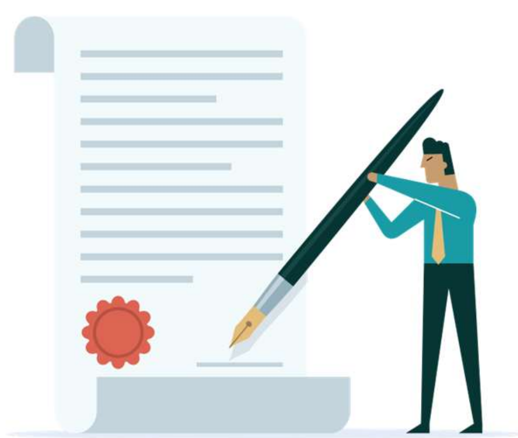
Specific/Application controls

Purchase & Payment approvals



- ✓ Have clear policies and processes
- ✓ Budgeter should have purchase permissions
- ✓ Code and approve
- ✓ Payment approval separate from purchase approval (i.e. cash flow management)

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Specific/Application controls

Deposits & Revenue

- ✓ How often to deposit
- ✓ Dealing with e-transfers
- ✓ Separation of duties

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Specific/Application controls

Hiring & Payroll

- ✓ Document changes
- ✓ Written approvals
- ✓ External payroll service

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Specific/Application controls

Financial Reporting

- ✓ Internal
  - Department managers
  - Senior management
  - Board
- ✓ External
  - Funders, donors, lenders

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Specific/Application controls

Regulatory Compliance

Who is responsible?

✓ Program reports

✓ Tax filings

(e.g. T3010, GST claims)

✓ Registration documents

(e.g Annual Societies return)

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What are our priorities?

What activities will achieve those priorities?

Where is the revenue for activities coming from?

How much will it cost to do activities?

Budgeting and Controls

Budgeting = planning

May also mean:

- Approval to spend
- Statement of priorities
- A basis to monitor activities

Use of budgets is critical to building effective financial controls

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Do you know what your role is?

Does your board get the financial information they need?

Do you have basic financial policies and controls in place?

Are you using budgets effectively?

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Questions?

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More on Financial Management

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Sliding Scale Tickets from $10-$30

Wed October 30 1:00-2:30 pm

***with* Stella Penner**

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A virtual or phone conversation

or

A clinic, a 1-hour problem-solving session between IntegralOrg subject matter experts and your team.

You might have questions about

- Attaining charitable status
- Strategic planning
- Policies & bylaws (writing and review)
- Financial management practices
- Governance and board development

These services are free of charge!

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