



# Finance & Review Policies

November 18<sup>th</sup>, 2021

## Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure the accuracy of information and compliance with external standards.

### Basis of Accounting

The organization uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

Procedures:

- Throughout the fiscal year, expenses are accrued in the month in which they are incurred and posted by the Club Manager and Bookkeeper.
- Revenue is always recorded in the month in which it was earned or pledged.

### Bank Reconciliations

All bank statements will be opened and reviewed in a timely manner. Bank reconciliation will occur within 60 days of the month-end. Each reconciliation is performed by the bookkeeper and then reviewed and approved by the Treasurer.



## **Recordkeeping**

Financial documents will be retained for a minimum of seven (7) years unless involving an acquisition of property/equipment with a useful life beyond this period.

Procedures:

- Any hard copies received by the Club Manager will be stored in private files at the site of the Club Manager's office, sent to the bookkeeper for filing, or converted and stored electronically.
- All other files are maintained electronically on the organization's system and backed up on the Cloud.
- When financial records no longer need to be retained, they will be deleted (electronic files) or shredded prior to disposal (hard copies).

## **Internal Controls**

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

### **Lines of Authority**

Only the Board of Directors has the authority to approve, revise or replace fiscal policies and budgets for the organization. The Club Manager & Director of Soccer Development has the authority to incur expenses in accordance with the approved budget. Any direct reimbursement (expense claims) to the Club Manager will be reviewed and approved by the Treasurer.

Procedures:

- Fiscal policies and budgets for the organization are drafted by the Finance Committee and then put to the Board for review and approval.
- This Fiscal Policy & Procedures should be reviewed annually at the time of budget approval.
- The Treasurer is notified by the Club Manager when an expense claim is pending approval. Attachments are to be included for each expense in the claim in the accounting software, and any queries or outstanding support must be resolved or provided before the claim is approved. The Treasurer signs off each claim once the review is completed.
- The Club Manager authorizes and/or initiates all expenditures in accordance with the approved budget either directly or through explicit delegation to staff. Any expenditures not included in the approved budget must be submitted to the Board for approval unless the expenditure in question is less than \$1,000.



### **Conflict of Interest**

All employees and members of the Board of Directors are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of an employee or Board member conflict with the interests of the organization as outlined in the board of director fiduciary responsibilities. Both the fact and the appearance of a conflict of interest should be avoided.

*See Halifax City Soccer Club's Human Resources Policies & Procedures with respect to Conflict of Interest.*

### **Segregation of Duties**

The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- The Club Manager and staff work together to track invoices in support of expenditures in accordance with the approved budget.
- The posting of transactions is shared between the Club Manager and bookkeeper.
- As mentioned in the Bank Reconciliations section, each month's activity is reviewed and approved by the Treasurer to ensure spending is in line with the approved budget.

## **Financial Planning & Reporting**

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The presentation of the Financial Statements shall follow the CRA rules and regulations with respect to charitable organizations.

### **Budgeting Process**

The organization's annual budget is prepared and approved annually. The budget is prepared by the Club Manager & Director of Soccer Development in conjunction with the Treasurer and Finance & Review Committee. The budget is to be approved



by the Board of Directors prior to the start of each fiscal year. The budget is revised during the year only if approved by the Board of Directors.

Procedures:

- The Club Manager will work together with the Treasurer to ensure that the annual budget is informed by past fiscal year actuals as well as being an accurate reflection of programmatic and infrastructure goals for the coming year.
- The draft budget for the upcoming fiscal year will be presented to the Board for initial review and comment.
- The Finance Committee shall revise the upcoming fiscal year budget based upon the feedback received from the Board, and then submit it for approval of the Board of Directors.
- The budget shall contain revenues and expenses forecasted by the fiscal quarter.

### **Internal Financial Reports**

The organization prepares regular financial reports monthly. All reports are finalized no later than 60 days after month-end.

Procedures:

- On a quarterly basis, the Club Manager prepares a financial report that summarizes the organization's current financial position and includes explanations for any budget variance greater than 10%.
- Prior to presenting the quarterly financial report to the Board of Directors, the Club Manager reviews the quarterly financial report with the Treasurer.

### **Annual Financials**

The Finance Committee will review the annual financial statements of the organization within three (3) months of the fiscal year-end. Upon review, the Committee will submit a "Financial Letter of Findings" to the Board of Directors for its review and approval.

### **Tax Compliance**

As an incorporated not-for-profit entity, the organization does not pay tax on its income. Payroll remittances on behalf of employees are made by a contracted third-party payroll service, including the preparation of all required tax forms.



## Revenue & Accounts Receivable

### Invoice Preparation

Invoices are prepared immediately upon either a merchandise sale occurring, service having been provided or grant payment becoming due.

Procedures:

- The Club Manager oversees the preparation of manual invoices with respect to merchandise sales, and online sales are automatically provided receipts upon processing by the platform used.

### Revenue Recognition

All revenue from invoices and donations will be recorded in accordance with GAAP. All revenue is coded as designated in the organization's Chart of Accounts.

Procedures:

- The Club Manager and bookkeeper are responsible for posting revenue to the general ledger.

### Deposits

While most revenue is transferred to the organization's bank account by automated electronic means, any cheques that arrive must be deposited within two (2) weeks of their arrival by post.

Procedures:

- The Club Manager receives the cheques, prepares deposit slips, and then physically takes the deposit to the bank.
- Scanned copies of the cheques and any attachments are created by the Club Manager and shared with the bookkeeper. The Club Manager will also scan the deposit slip and provide it to the bookkeeper on a quarterly basis.

## Expense & Accounts Payable

### Payroll

Payroll services are outsourced to a third party. The organization pays employees on a bi-weekly basis pursuant to an annual 26 pay period cycle.

### Payroll Additions, Deletions, and Changes

The President & Treasurer has the overall authority, within the parameters of the



approved budget, to approve payroll changes. Any changes to staff's rate of payment approved by the Board must be reviewed by the Chair or Treasurer to ensure the pay increase is implemented accurately.

### **Payroll Preparation & Approval**

The Club Manager ensures the payroll is prepared and submitted on or before the payroll submission date as set by the payroll service provider.

### **Pay Upon Termination**

Upon a voluntary or involuntary termination, the payroll will be processed in accordance with the usual time for the terminated employee but will include any amounts owing for vacation pay, notice or severance as determined by the prevailing statute and/or employment contract. All such payments will be approved by the President & Treasurer.

### **Purchases & Procurement**

Only the Club Manager can authorize purchases. Any capital expenditure in excess of \$10,000 must have quotes from at least two (2) suppliers if possible. Annual contracts and preferred vendors should be reviewed at a minimum of every three (3) years.

### **Invoice Approval & Processing**

All invoices must be approved by the Club Manager and paid within 30 days of receipt.

*See Human Resources Policies & Procedures with respect to employee expenses.*