

# Chapter finances

## The Chapter Treasurer

### Job description

- Performs duties in connection with finances of the organization as required by the board
- Monitors financial operations
- Assists in preparing grant applications
- Provides financial reports to the Board of Directors, the annual general meeting and to the branch
- May be responsible for acting as Board liaison to one or more committees
- Participates in chapter activities

### Qualifications:

- Reliable and trustworthy
- Knowledge of bookkeeping and budgeting procedures
- Has or is willing to acquire a good knowledge of CPF and its funding structure

### Responsibilities:

- Keep full and accurate records of all receipts and disbursements in proper books of account
- Pay bills and expense claims when due and as directed by the chapter's financial policies
- Deposit all monies to the chapter's account as quickly as possible
- Ensure that any funds owing to the chapter are collected
- Provide the Board of Directors with financial statements on a regular basis
- Ensure that the annual audit is done in accordance with the chapter bylaws
- Present the audited year-end financial statement to the membership at the annual general meeting (providing a copy to the Secretary for the records)
- Prepare, or chair the committee which prepares the draft annual budget
- Ensure that the financial report for the previous year and the budget for the coming year are received by the CPF provincial office by the third week of April each year
- Recommend financial policies for Board of Directors approval
- Participate on the fundraising committee (as an advisor re: needs, cash flow, etc.)

## Your bank account

Your CPF chapter bank account

1. *Must* be in the name of your group – that is, *Canadian Parents for French-your town Chapter* (but not just *Canadian Parents for French*, which can only be used by the National association).
2. Must require all cheques to be signed by two members of the Board of Directors
3. Should have at least three Board of Directors members, one of whom must be the Treasurer, registered signing authorities (so that if one is away, cheques can still be signed).

### **Type of account:**

It is strongly recommended that you set up a current account that returns your cancelled cheques, so that you have a complete record of those transactions on file.

Should you have larger sums of money that you will not be using immediately, consider investing them in secure instruments such as term deposits or GIC's.

### **General guidelines**

- Deposit all cash and cheques promptly into the current account.
- All expenses should be paid by cheque with the exception of petty cash payments.
- Never use funds taken directly from a saving account or term deposit to pay bills – transfer the necessary amount in to the chequing account first.

**For his/her own protection and in order to properly manage the members' funds, a signing officer should *never* pre-sign cheques. A signing officer who pre-signs a cheque is responsible for whatever is eventually placed on that cheque.**

## Financial Policies

Established financial policies are important to volunteers, who should know in advance what out-of-pocket expenses will and will not be reimbursed, and to the Treasurer, who should have clear guidelines for handling the chapter's funds. These need not be complex. For example:

**Cash income:** your chapter should have a procedure in place for dealing with cash income (e.g. receipts from a hotdog sale, bingo or entertainment) – who is to handle the money, and how.

**Deadlines:** have a time limit for submitting expense claims, perhaps “within one month or when they total \$100, whichever comes first. The objective is to manage your cash flow. If you are not aware of expenses for several months, it will appear that the chapter has more money for other projects than is in fact the case.

You should also insist that all outstanding expenses at the end of the fiscal year be submitted within a reasonable period of time so that they can be included in your financial reports for that year.

**Personal expenses:** Decide whether you will reimburse volunteers for mileage and meals. If so, at what rates and under what circumstances? Some examples:

CPF-SK pays 40 cents per kilometre, and the exact mileage and reason for the trip must be indicated on the claim form. You might want to specify that your mileage rate is applicable only on trips of at least a certain distance each way. CPF-SK reimburses meals at: breakfast up to \$12, lunch up to \$12, supper up to 20.

CPF National reimburses according to the federal governments' Treasury Board guidelines.

**Receipts:** All expense claims must be accompanied by the original receipts, with the following exceptions: mileage, photocopies of telephone bills and any other bills which may include expenses to be claimed from other agencies (this should be clearly indicated on the copy), and perhaps meals, if allowed. Encourage your members to get separate receipts for Chapter expenses and their personal expenses whenever possible. Notes: credit card and debit card receipts are not acceptable – you need the cash register receipt, an annotated invoice, stub from a restaurant bill.

**Appeal:** Indicate the mechanism for dealing with any dispute. For example, the volunteer may appeal a decision of the Treasurer to the full Board of Directors, then, if he/she does not accept their decision, may make an appeal to the membership at large at the next general meeting.

**Miscellaneous:** What will you charge an individual who gives you an NSF cheque in order to cover the bank charge for handling it?

Is the treasurer allowed a petty cash account? If so, what is the maximum amount? The maximum amount should be \$100 or if only small amounts are dispersed then \$50.

## **Preparing your budget**

### **Why budget?**

Your budget is your best estimate of the coming year's income and expenditures. Obviously, not everything will work out exactly as planned: some projects might cost more than anticipated, some will bring in less revenue than expected (thus the importance of frequent financial statements), and unexpected problems or opportunities to which you must react can have a significant impact on your plans.

But these are reasons for preparing a budget – not reasons for failing to do so. Your budget should tell you what each project is expected to cost, so that when an unanticipated expense comes along you can ascertain which activity (ies) will need to be curtailed or cut altogether. Remember: if you're having trouble coming to a decision, it's often because you're lacking necessary information.

### **Who has the responsibility?**

The Treasurer typically has the primary responsibility for preparation of the budget—either estimating the income and expenses or ensuring that the other Board of Directors members and committee chairs provide these details. However, the first step is to determine what projects (activities, including administration) your chapter will undertake during the coming fiscal year. This should be done by your Board of Directors on the basis of the goals and priorities established by your members. Do ensure that this process is begun soon enough to avoid causing you and other Directors undue stress.

If you have good financial records from previous years, preparing your budget will be much simpler, as you can refer to the costs and revenues from past projects.

## Step by step

1. If you have a computer spreadsheet program such as Excel, you can use it to prepare your budget. If not, use the sample provided on the next page as an example to work from.
2. Across the top of the grid, write in the name of the coming fiscal year's projects – not forgetting to include "administration" for operating expenses. Make sure that every single activity which will cost anything is included somewhere.
3. Along the left-hand side write in the types of expenses anticipated: copying, stationary, supplies, hall rental, postage, telephone, gifts and awards, refreshments, entertainers, etc.
4. Now in pencil or on the spreadsheet, begin to fill in the grid, square by square. Estimate costs slightly high, to be on the safe side. Once you have filled in all your anticipated expenses for the year, add up the total of each column and the total of each row. Then add down one set and across the other set of totals, which, if your math is correct, will give you identical grand totals.
5. Now estimate, conservatively, your anticipated income, including the amount you expect to be carrying forward from the current fiscal year.
6. If the grand total of your expenses is greater than your total estimated income, your plans will have to change somewhere. In fact, it's a good idea to plan for a small surplus, as there is often a period of time in the new fiscal year when expenses mount up waiting for the "new" income to materialize. Go back to your Board of Directors and discuss which project(s) will need to be curtailed or eliminated – or whether additional sources of income can reasonably be expected.
7. Once you've developed a balanced budget (i.e. one without an anticipated loss), it should be presented at a Board of Directors or membership meeting for formal approval. Once approved, a copy should be provided to the Secretary for the minutes.

## Sample Budget form:

BUDGET FOR THE PERIOD _____ TO _____						
EXPENSES	Administration	Newsletter	Membership recruitment			TOTAL
Copying						
Supplies						
Postage						
Refreshments						
Gifts						
Honoraria						
TOTAL						

### INCOME:

Balance forward from previous fiscal year: \$ \_\_\_\_\_  
 Membership rebates \$ \_\_\_\_\_  
 Bank interest \$ \_\_\_\_\_  
 Donations \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 \_\_\_\_\_ \$ \_\_\_\_\_  
 TOTAL INCOME \$ \_\_\_\_\_

TOTAL INCOME \$ \_\_\_\_\_  
 TOTAL EXPENSES \$ \_\_\_\_\_  
 BALANCE \$ \_\_\_\_\_

## Following your Budget

You and other volunteers may now spend the chapter's funds in accordance with the approved budget – exceptions to those amounts would have to be submitted to a meeting for formal consent of the group. Obviously, there will be minor differences between actual expenditures and the budget, and often overages in one place cancel under expenditures elsewhere. It is significant changes that cannot be made without prior approval from the same body.

The important point is that an approved budget allows volunteers to get on with their activities. Frequent financial statements will allow you to monitor your cash flow in comparison to your budget and make changes to your plans as necessary.

## Keeping your books of account

### Why use journals?

It can be tempting, especially if your chapter does not have many financial transactions, to simply keep track of income and expenses in the cheque record that comes with your cheques. However, you will find journals helpful under the following circumstances:

- Providing financial report to members
- Preparing a budget for the coming year
- If you need to know quickly how your actual finances compare to your budget

Your journals will be set up so that each transaction is recorded according to: its overall impact on your bank account (the total amount in or out), the date, to whom it was paid or from whom it was received, and the project/activity to which it belongs.

Purchase two columnar books at a stationary store. Do not use loose sheets (unless they are meant to be inserted in some sort of binder) – your journals must be bound to keep the pages neat and secure.

For your **expenses journal**, purchase one with enough columns to include the following:

- all of the project/activity categories in your budget
- one column for the bank total
- one for petty cash (if in use)
- a couple of “spare” columns

For your **income journal**, purchase one with enough columns for:

- all types of income listed in your budget
- one column for the bank total
- one or two extras.

If you chose to use a computer software bookkeeping package, ensure that it can keep track of “projects” as well as the cheque register. Always backup your files after entering information. Periodically print hard copies of your up-to-date information as well (monthly if your chapter is very active, at least every second or third month otherwise).

## Income journal

Please refer to the sample journal that follows. Enter the types of anticipated income across the top, marking the first "money" column BANK and the final one OTHER.

Now simply enter each transaction from the left to right as follows: date, from whom, total (in the BANK) column). Then enter the amount again under the project or activity that it represents.

At the end of the month, after you've transferred the interest shown on your bank statement into the journal, draw a line beneath all the columns. Add each column, then crosscheck by ensuring that the totals of all your "project or activity" columns = the total of the BANK column. This is known as "closing the books" for the month.

Date and mark this final row "totals" and draw a double or heavier line beneath your totals to clearly indicate where one month ends and another begins.

Beginning with the second month in your fiscal year, you should also enter your "running totals" for the year to date. Beneath the row that gives your totals for the month, enter the total of all the monthly totals, as shown on the sample.

Sample income journal page

2005			Bank	Memberships	Fundraising	Concert	Interest	Donations	Other
Feb	4	Interest	✓ 1.25				1.25		
	14	CPF-SK	✓ 40.00	40.00					
	15	Hot dog day	✓ 150.00				150.00		
	20	Misc	✓ 40.00			40.00			
	28	C. Gage	✓ 50.00						
	28	month totals	281.25	40.00		40.00	151.25		
		year to date	1,420.00	325.00	932.00	40.00	13.00	10.00	100.00
Mar	5	Interest	✓ 2.00				2.00		
	6	K. Smith	5.00					5.00	
	6	Misc.	15.00			15.00			
	15	Hot dog day	160.00		160.00				
	20	NSF cheque	-5.00			-5.00			
	27	NSF ch.covered	15.00			5.00			*
	31	Month totals	192.00		160.00	15.00	2.00	5.00	
		year to date	1,612.00	325.00	1,092.00	55.00	15.00	15.00	100.00

- \$10 penalty charged to the NSF cheque writer to cover bank service charge

## Expenses journal

Please refer to the sample journal. This journal is handled exactly the same as the income one, except that the cheque number must also be recorded (cheques should be entered in numerical order).

### Running totals

Beginning with the second month in your fiscal year, you should also enter your "running totals" for the year to date. Beneath the row that gives your totals for the month, enter the total of all the monthly totals, as shown on the sample.

Sample expenses journal page

2005		#		Bank	Fundraising	Concert	Student Awards	Newsletters	Admin	Other	
Feb	6	Quick copy	411	✓	9.25		9.25				
	14	Grocery	412	✓	75.00	75.00					
	14	CPF	413	✓	25.00		150.00				
	20	F. Green	414	✓	3.25			3.25			
	21	Quick copy	415	✓	25.00			25.00			
	28	CPF	416	✓	25.00						
	28	petty cash fund	417	▪	12.10	6.00			6.10		
	28	month totals			174.60	75.00	15.25	150.00	28.25	6.10	
		year to date			985.35	450.00	25.10	200.00	114.10	96.15	50.00
Mar	5	Service charges		✓	1.50				1.50		
	14	Grocery	418		77.00	77.00					
	20	J. Chauvin	419		250.00		250.00				
	20	J. Smith	420		7.50					7.50	
	22	Quick copy	421		27.00			27.00			
	31	petty cash fund	422		5.00				5.00		
	31	Month totals			368.00	77.00	250.00	27.00	6.50	7.50	
		year to date			1,353.35	527.00	275.10	200.00	141.10	102.65	57.50

## Financial statements

Your Board of Directors must be provided with financial statements on a regular basis: at each board meeting or at least quarterly (see your chapter bylaws).

There should be nothing mysterious about your financial statement: it should be clear to everyone exactly where the chapter stands and what has transpired to date. It simply provides a snapshot of the group's financial status of a particular date.

### Sample monthly financial statement

Following is a very simple monthly financial statement. Those with a knowledge of bookkeeping will want to provide both an income statement and a balance sheet, and may choose to record transactions on an accrual rather than a cash basis.

### Income Statement for the Period April 1 2003 – February 28 2004

INCOME	Current Month	Year to Date	Budget	Difference
Donations	\$0.00	\$10.00	\$20.00	-\$10.00
Concert	\$40.00	\$40.00	\$50.00	-\$10.00
Fundraising	\$150.00	\$932.00	\$1,200.00	-\$268.00
Interest	\$1.25	\$13.00	\$15.00	-\$2.00
Memberships	\$40.00	\$325.00	\$300.00	\$25.00
Other	\$50.00	\$100.00	\$0.00	\$100.00
<b>TOTAL INCOME</b>	<b>\$281.25</b>	<b>\$1,420.00</b>	<b>\$1,585.00</b>	<b>-\$165.00</b>

EXPENSES	Current Month	Year to Date	Budget	Difference
Administration	\$6.10	\$96.15	\$100.00	-\$3.85
Concert	\$15.25	25.10	\$300	-\$274.00
Fundraising	\$75.00	\$932.00	\$1,200.00	-\$100.00
Newsletters	\$28.25	\$114.10	\$150.00	-\$35.90
Student awards	\$0.00	\$200.00	\$200.00	\$0.00
Other	\$50.00	\$100.00	\$0.00	\$100.00
<b>TOTAL EXPENSES</b>	<b>\$174.60</b>	<b>\$985.35</b>	<b>\$1,300.00</b>	<b>-\$314.65</b>

<b>BALANCE</b>	<b>\$106.65</b>	<b>\$434.65</b>	<b>\$285.00</b>	<b>\$149.65</b>
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Summary	Balance fwd from previous year	\$275.00
	Balance from year to date	<u>\$434.65</u>
	Total	\$709.65

CURRENT ASSETS	Chequing account	\$689.65
	Petty Cash	\$ 20.00
As of Feb 28/04	Term deposit	<u>\$ 0.00</u>
	Total	\$709.65