



Accounting, Record Keeping, and Audit

This document serves as a tool for your community foundation to build a relevant policy applicable to your foundation's context. The function of each policy is listed in the footer on the left, and on the right is Endow Manitoba's numerical organizational structure, which needs to be modified to reflect the organizational structure of your community foundation's policies.

Policy Template

Policy name: 2.12 Accounting, record keeping, audit policies	Effective date: (The date the policy became effective)
Policy type: Organizational	Monitoring frequency: (Suggested: 3-5 years)
Policy owner: (This is who is responsible for this policy. It can be the board of directors, the board chair, a specific staff person.)	Revision history: (History of revisions)
Who approves:	Next review date:

Background and purpose

(Explains relevant historical information and the purpose of the policy).

Sample: This policy guides the process for all accounting, record keeping, and auditing practices at the foundation. It states how the gifts gifted from a donor will be used for the purpose which they were given, and the alternate use of gift should the foundation cease to exist, or the initial donor is deceased. The foundation will prepare Official Income Tax receipts for monetary gifts and gifts-in-kind in compliance with all regulatory requirements. The foundation will also prepare annual financial statements, the T3010 form and have those be approved by the board, within 6 months of the fiscal year end, using generally accepted accounting principles and standards established by the Chartered Professional Accountants of Canada, in all material respects. The foundation will provide an annual report to disclose the total amount of donations and expenses including salaries, overhead, fundraising costs and identification of government grants and contributions separately from donations. The foundation will meet or exceed the Canada Revenue Agency's requirement for expenditures on charitable activities.

Scope

The policy applies to all board members, committee members, volunteers, and staff of the community foundation who work in accordance with the foundation's accounting, record keeping and audit policies.



Policy statement

(Outlines the intent, principles, and expectations of the Foundation regarding a specific subject or area of operation. It serves as a guiding framework for decisions, actions, and behaviors within the Foundation.)

Sample: During our daily activities, we frequently work on our accounting, record keeping, and audit reporting practices. This policy ensures commits to the use of gifts from donor as intended, the preparation of Official Income Tax receipts, the arrangement of annual financial statements and the completion of the T3010 form for auditing purposes as well as the publication of a detailed annual report on the foundation's donations and expenses.

Things to consider for Inclusion in the Policy

This is not a comprehensive list but rather a list of ideas to start a meaningful conversation about policy development. Each of the following could be a subheading in your policy.

General considerations

- Will The foundation's financial affairs be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal regulators?

Donations

- Will all donations be used to support the foundation's objects, as registered with CRA?
- Will all restricted or designated donations be used for the purposes for which they are given?
- If an alternate use for a donation is necessary due to program or organizational changes, will the change be discussed with the donor or a donor's legal designate? If no agreement can be reached with the donor or donor's legal designate, will the unexpended part of the donation be returned to the donor? If the donor is deceased and the foundation is unable to contact a legal designate, will the donation be used in a manner that is consistent as possible with the donor's original intent?

Financial Reports

- Will annual financial reports be factual and accurate in all material respects? Will the annual report be prepared using generally accepted accounting principles and standards established by the Canadian Institute of Chartered Accountants, in all material respects?
- Will the annual report disclose:
 - The total amount of donations and expenses including salaries and overhead?
 - The total amount of donations that are receipted for income tax purposes (excluding bequests, endowed donations that cannot be expended and gifts from other charities)?
 - The total amount of expenditures on charitable activities? Will there be a policy statement established to guide what the total expenditures on charitable activities will include?
 - Identification of government grants and contributions separately from donations?



Disbursement Quota

- Will The foundation meet or exceed CRA's requirement (aka Disbursement Quota) for expenditures on charitable activities? When this is not possible will any excess gained in previous years be used to meet this requirement? If this is not possible will the foundation apply to CRA to seek relief? (refer to CRA Charities Directorate for information on Disbursement Quota)

Policy Review

- Who is responsible to review this policy?
- Will the review be done every [2-3] years?