

**CCEA**  
**The Role of the Board Treasurer<sup>1</sup>**  
**October 17, 2003**

The Treasurer's role is one of the most important functions on the Board, after that of the Chair. Financial accountability is of the utmost importance to non-profit associations. If your funders lose faith in your ability to control and account for finances, they lose faith in the whole organization.

In the attached pages, the role of the Treasurer is outlined as follows:

- \* the role of the Treasurer
- \* the balance sheet
- \* the development of the budget
- \* financial statements
- charitable status guidelines
- income and banking
- \* glossary

### **The Role Of The Treasurer**

In addition to being a critical role for the association and the Board, the Treasurer's role can be difficult because of its technical nature. Often, non-financially trained Board members leave all responsibility for finances to the Treasurer, preferring not to try to figure out what all the numbers mean. This means that the Treasurer not only has to take primary responsibility for finances, but also has to educate sometimes unwilling Board members about what the finances mean. Leading the Board is an important task the Treasurer must perform.

Since the Treasurer is ultimately responsible for the finances of the organization, the Treasurer should keep neat and accurate records and pay attention to detail. He/she should be available so as to handle transactions on a timely basis and should not be afraid to ask questions.

**Purpose:** To manage and report on the association's finances.

**Responsibilities:**

1. Carries out the responsibilities of a member of the Board of Directors.
2. Assists in the preparation of the budget.
3. Monitors the budget.
4. Ensures the Board's financial policies are being followed.
5. Reports to the Board of Directors and general membership on finances.
6. Prepares any required financial reporting forms.
7. Maintains all bank accounts.
8. Oversees all financial transactions.

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<sup>1</sup> Based on "Toolkit" material available from the Disabled Women's Network Ontario  
[http://dawn.thot.net/board\\_treasurer.html](http://dawn.thot.net/board_treasurer.html)

9. Treasurer's signature should appear on all cheques of the organization with the second signature from any of the board's other directors with signing authority.
10. Chairs the finance/fundraising committee.

The Treasurer is first and foremost a member of the Board. This means that the Treasurer is responsible to the members (as with every Board member) and to the funders for the funds received and spent by the association.

The assumption in this job description is that the Treasurer takes a "hands-on" role with respect to the association. The Treasurer should go through a monthly routine which varies depending on the level of involvement. At the very least, a Treasurer should go over invoices and cheques, to review the bank statements, and to monitor the preparation of quarterly statements for the Board.

### **Relative Roles of Treasurer, Bookkeeper, Auditor**

The treasure is usually supported in performing their role with a bookkeeper and auditor. CCEA is currently not required to be audited because of the annual budget is less than ???.

#### **Treasurer**

- \* An officer of the corporation.
- Sits on the Board
- Cannot be paid for carrying out duties of Treasurer
- Can vote
- Maintains a current Chart of Accounts (Appendix 1)
- Ensures accurate accounts of income and expenditure
- Ensures all receipts are deposited in such bank accounts as determined by the Board
- Ensures the Board receives quarterly financial statements.
- Submits books to bookkeeper for preparation of annual financial statement and presents it to the Board
- Once the annual financial report has been accepted by the Board, the Treasurer prepares a report and presents it to the membership at the Annual General Meeting.
- Prepares annual tax report.

#### **Bookkeeper**

- Hired by the Board
- Keeps full and accurate accounts of all receipts and disbursements
- \* Prepares annual financial report

#### **Auditor (not normally required by CCEA)**

- \* Services paid for by the corporation
- Auditor does not sit on the Board
- Board recommends to membership that a particular Auditor be hired
- Auditor is appointed at the Annual General Meeting
- Conducts a yearly audit

## The Budget

One of the most important responsibilities of the Treasurer is to develop and monitor the budget. Keeping track of income and expenditures is one thing; keeping track of the budget is another. The Treasurer informs the Board on a regular basis as to whether income and expense projections are turning out as predicted. If not, the Board needs to make the appropriate adjustments.

The Treasurer takes a lead role in the preparation of the budget for the upcoming year. By developing a balance sheet to assess the financial health of the association, and by analyzing the current budget and comparing it to the last budget, the Treasurer, along with the finance committee, should be able to develop a budget that can satisfy the needs of the association while being fiscally responsible.

## The Financial Statement/Balance Sheet

One of the keys to understanding the financial position of the association is to gauge the association's financial condition at a specific point in time. The following chart is a balance sheet which reflects the association's overall financial condition. It shows how much the association has (**assets**), how much it is owed (**assets**) and how much the association owes to others (**liabilities**) at a given point in time. Assets minus liabilities indicate your **equity**. A balance sheet, then, is a snapshot of your financial condition at any one time. The Treasurer needs to prepare a balance sheet like this before developing a budget for the next fiscal year.

The Balance Sheet provides a "**snapshot**" of the organization's financial standing at a specific point in time. All of the [assets](#), [liabilities](#) and the [fund balance](#) or net worth are listed. The Assets section is listed first followed by the Liabilities and [Net Assets](#) section. Assets should equal the Liabilities and Net Assets.

Included under the Assets section are Current Assets and Fixed Assets. [Current Assets](#) are cash-related items such as the ending balances of all checking and/or savings accounts as of the date the Balance Sheet is prepared. Amounts owed to the organization or accounts receivable (dues owed but not yet paid if accounting is done by the accrual method) should be included in the Current Assets section as well. [Fixed assets](#) such as equipment that is owned by the local, buildings, etc. should be listed in the Assets section under the heading Fixed Assets. The Current Assets along with any Fixed Assets make up [Total Assets](#).

The other major section of the Balance Sheet is the **Liabilities** and **Net Assets** section. Liabilities are the debts that are owed by the organization. They include amounts owed for items purchased on credit (accounts payable), salaries owed to employees but not yet paid, per capita owed to affiliates and taxes or loans that are also payable.

The Net Assets section refers to the combination of Unrestricted, Temporarily Restricted and Permanently Restricted Assets. The difference between the balance(s) at the beginning of the period in the checking and/or the savings accounts and the balance(s) stated above in the Assets section is calculated and listed as the Unrestricted amount. Assets that are being held for a specific purpose or are under the control of outside

donors are considered either permanently or temporarily restricted. If the balance(s) at the end of the period is more than the beginning balance(s), the result is a surplus. If the opposite is true, then the Balance Sheet will reflect a deficit. The Total Liabilities along with the Total Net Assets should equal the Total Assets amount. This figure would be depicted at the bottom as the Total Liabilities and Net Assets.

**Tip:** Balance sheets are prepared at regular intervals such as the end of the month, quarter or year. The balance sheet reflects a specific date rather than a specific time period.

**FINANCIAL STATEMENT/BALANCE SHEET (Sample)**  
**As of March 31, 200\_**

**ASSETS**

**CURRENT ASSETS**

Petty Cash  
Operating Bank Account  
Project 1 Bank Account  
Project 2 Bank Account  
Term Deposits  
**Total Cash :** \_\_\_\_\_

Grants Receivable  
Accounts Receivable  
G.S.T. Rebate Receivable  
**Total Receivables :** \_\_\_\_\_

Inventory (Reports)  
Prepaid Expenses  
**Total prepaid Expenses :** \_\_\_\_\_

**TOTAL CURRENT ASSETS** \_\_\_\_\_

**FIXED ASSETS**

Office Equipment  
Accumulated Depreciation

Computer Equipment  
Accumulated Depreciation

Leasehold Improvements  
Accumulated Depreciation

**TOTAL FIXED ASSETS** \_\_\_\_\_

**TOTAL ASSETS** \_\_\_\_\_

**LIABILITIES**

**CURRENT LIABILITIES**

Project 1  
Project 2  
Accounts payable  
Accruals  
G.S.T. Payable  
Deferred Grant Revenue

Deferred Revenue

**TOTAL CURRENT LIABILITIES** \_\_\_\_\_

**TOTAL LIABILITIES** \_\_\_\_\_

## The Budget

Once the annual financial statement is completed, the Treasurer can begin thinking about the development of the operating budget for the next fiscal year. Once developed, this budget is taken to the board for approval.

To develop a realistic budget the Treasurer begins by taking a look at the previous year's budget. What did the association actually spend? What do you know about project funding and other factors that will affect the coming year's budget? Does the budget make sense?

## The Budget (Sample)

### INCOME

- Operating grant (Jurisdiction)
- Project grant
- Memberships
- Charitable Donations
- Endowment fund

### Total Income

### EXPENSES

- Registration Licence
- Board Administration (Phone, supplies, postage, etc.)
- Professional Fees - Bookkeeper
- Professional Fees - Auditor
- Newsletter
- Website
- Conference/Workshops
- Board Travel
- Committee Support

### Total Expenses

### SURPLUS (DEFICIT)

## Report on Year's Budget (Y.T.D. minus B.T.D. = Variance)

The Treasurer should report on the current year's budget by producing regular statements which show the annual budget, the **budget-to-date**, the **year-to-date** actual, and the **variance**. This will tell you and the Board how you are doing so far this year. If half way through the year, the association has a deficit, the Treasurer would need to ask whether there is an expectation that this will be reduced over the remainder of the year (and why) or, if not, what can be done to keep it from increasing. The Treasurer compares these budgets with the proposed budget and poses key questions for the board to consider.

You overspent in this area in both 2001 and in this year. Are you budgeting a sufficient amount?

## **Regular Financial Statements**

The Board should receive detailed financial statements on a regular basis, the frequency depending on the level of activity, but at least twice a year. At the Board meeting, however, the Board usually wants a quick overview of how the association is doing financially. A written version of the Treasurer's oral report to the Board should be included as a section of the minutes and should be circulated to all Board members prior to the meeting. Financial statements should be presented showing the current cash position and the performance of the association as compared to the approved budget.

## CHARITABLE STATUS

### Federal Reporting

Canada Customs and Revenue Agency (CCRA) provides upon request an information document explaining tax regulations for registered charities (Document T3010). It can be found on the web at <http://www.ccr-aadrc.gc.ca/E/pbg/ff/t3010-2002/README.html>

### Annual Report

As a charitable institution, CCEA is required to submit tax forms. Tax regulations require that tax forms for charitable organizations be submitted within 6 months from the end of their tax year. CCEA's financial year end is March 31<sup>st</sup>, therefore CCEA has until September 30 of each year to submit its tax forms. This was first done for the CCEA by Kevin Kavanagh (WWF) for the 1995-1996 tax year, then Dave Gauthier for 1996-2002 tax years..

The Treasurer should wait until final cheques issued during March have cleared (usually by the middle to end of April), and then arrange for the financial engagement with CCEA's bookkeeper. It will take the accountant approximately one month to complete the financial engagement.

### Charitable Income Revenue and Expenditures

All charitable donations need to be documented, with the donor receiving a charitable tax receipt. The CCEA Treasurer maintains two receipt books; one for charitable donations and one for non-charitable donations. Each charitable tax receipt must meet the guidelines of CCRA ? The Treasurer must retain a master copy and be able to provide two copies of the receipt to the donor (Quebec donors require two copies of a receipt). A sample receipt is attached (Appendix 2)

Charitable Income under the Charities Act, a charitable organization must spend at least 80% of its receiptable charitable income in the year following the year in which the charitable income was received. For example, in 1995-1996, CCEA received approximately \$33,000 in receiptable charitable income. Therefore, in 1996-1997, CCEA must be able to show on its tax forms that it spent approximately \$26,400 in 1996-97. Surpluses can be carried for a maximum of five years.

## PST and GST

Although as a charitable institution, CCEA is PST exempt in all Canadian jurisdictions, it must pay GST. However, it receives a rebate of 50% on all GST that it pays. It is important that all GST paid is documented by receipts with the appropriate GST registration numbers. For example, CCEA Board members will submit claims to the CCEA Treasurer for reimbursement of their travel expenses related to CCEA business. Those claims may include expenses for meals, airline tickets, taxis, hotel rooms or others. Whatever receipts are included in the claim must include the appropriate GST number and an indication of the amount of GST for each expense. At the end of the fiscal year, the Treasurer will complete the appropriate forms to receive the GST rebate from the federal government.

## Income/Banking

All cash or cheques received from individual should be provided with a receipt. The CCEA Treasurer maintains two receipt books; one for charitable donations and one for non-charitable donations. The Treasurer will deposit that income in the CCEA bank account. Each cheque will be entered in a bank deposit book and each page of deposits will be stamped by the bank. The type of revenue deposited should be numerically coded according to the chart of accounts.

CCEA's current bank is the Bank of Nova Scotia.

Account No. 60368 002 0088684  
4110 Albert Street  
Regina, SK  
S4S 3R8

Cindy L Fulawka  
Personal Banking Officer  
(306) 780-1365  
(306) 586-2002 (fax)  
[cindy.fulawka@scotiabank.com](mailto:cindy.fulawka@scotiabank.com)

## REGISTRATION LICENCE

CCEA Registration License must be renewed each year to maintain CCEA's status with the federal government as a legitimate organization. The Secretary arranges for the appropriate forms to be completed and notifies The Treasurer to issue the \$30 registration payment to the federal government.

## Bookkeeper

Joan Miller

## Leger

Quickbook Program

## Glossary

**Accounts Payable:** amounts due to suppliers who have provided inventory to the company (A/P).

**Accounts Receivable:** dollars due from customers as a result of selling services or inventory on terms which allow for delivery prior to the payment of cash. The transaction exists as a receivable on the balance sheet until cash is collected from the customer (A/R).

**Accruals:** obligations owed but not yet billed (ACCR).

**Appropriation:** A transfer of net income or equity to a special account or fund, generally to restrict its availability for distribution.

**Assets:** an item of value owned by the organization. An asset may be in the form of cash, securities, equipment, or real estate, etc. Monetary or non-monetary items that represent probable future economic benefits controlled by the association.

**Balance Sheet:** A statement of financial position showing the assets, liabilities, and equity of an association at a point in time.

**Budget:** A detailed estimate of an association's fiscal plan of action for the next year.

**Capital Assets:** This term refers to buildings, equipment, etc. which are not consumed or used up in the normal operating process.

**Capital Budget:** A fiscal plan for the proposed additions to capital assets and their financing.

**Cash Accounting:** A method of accounting for transactions whereby the transaction is recorded when cash is received or spent.

**Chart of Accounts:** A list of all accounts in the General ledger with their assigned account number.

**Corporation:** In the case of a non-profit organization, the corporation refers to an organization with letters patent, incorporated without share capital.

**Current Assets:** those assets which mature into cash in one year or less (CA).

**Current Liabilities:** what the company "owes" which must be paid within one year (CL).

**Current Portion of Long-Term Debt:** the portion of a long-term loan (principal only) which is due within the next 12 months (CDTD).

**Depreciation:** An accounting concept which allocates the cost of a fixed asset as an expense over the expected useful life of the asset.

**Donations-in-Kind:** Gifts in the form of donated goods or services to a non-profit association.

**Endowment Fund:** Restricted funds from which only the income (e.g. interest) from investing the principal may be spent.

**Expenses:** Outflows of resources arising from the operation of the association during a period.

**Financial Statements:** Normally comprising a balance sheet, a statement of revenue and expenses, a statement of changes in financial position, and accompanying notes.

**Fixed Assets:** physical assets which have life in excess of one year. This includes land, buildings, machinery, equipment, furniture/fixtures, and leasehold improvements (FA).

**Fixed Costs:** Costs which do not fluctuate with volume.

**Fund Balance:** appears between the bottom of the Statement of Activities or Balance Sheet and is the difference between the Total Assets and Total Liabilities.

**General Ledger:** A record of the summarized transactions from all other accounting journals. The balances in this ledger are summarized and grouped to prepare the financial statements. This ledger contains the complete financial history of the association.

**Intangibles:** assets which have no physical properties or "set" values. Examples of intangibles include patents, research and development, and goodwill (INT).

**Inventory:** the goods and materials a company sells to make a profit. Inventory exists in three forms: raw materials, work in progress, and finished goods. In the process of selling inventory, either cash is received or an account receivable is created (INV).

**Liabilities:** any obligations by which an organization is bound to pay a sum expressed in dollars, or having to give up some asset having a monetary value. Local unions obligations or debts.

**Long Term Debt:** the portion of a term loan which does not have to be paid within the next year.

**Net Assets:** are the amount that would be left over if all of the union's assets had to be sold to satisfy all of the union's liabilities. Sometimes called Net Worth or Members' Equity.

**Net Fixed Assets:** Also known as the book value, the net fixed asset is calculated as the purchase price of the asset (gross fixed asset) less the accumulated depreciation (the sum of the annual amounts charged for the "wearing out" of the asset) (NFA).

**Net Worth:** The owner's investment or "equity" in the company which may be either "purchased" or "earned." Purchased equity consists of preferred stock, common stock,

and capital surplus. Simply put, the net worth is the difference between the assets and liabilities of a company (NW).

**Non-Current Assets:** Assets which are held for a term greater than a year. Examples include land, buildings, and equipment.

**Note Payable Bank:** obligations evidenced by a promissory note from the bank which have maturity dates of less than one year (N/P).

**Notes Receivable:** a loan made by the company which is evidenced by a promissory note (N/R).

**Operating Fund:** Consists of unrestricted contributions and day-to-day operating revenues and expenses of the association.

**Pledges:** Promises to donate funds at a future date(s) to a non-profit association.

**Prepaid Expenses:** when cash is used to purchase a good or service, the benefits of which will be realized or received within the current year (12 months).

**Reconcile:** To reconcile is to account for the difference between two related records (e.g. account for the difference between the month-end balance on the bank statement and the month-end balance in the accounting records or books of account).

**Revenues:** Revenues include: income from the sale of goods and services (after deduction of returns, allowances and discounts); gains from sale or exchange of assets; interest and dividends earned on investments; and donations and grants.