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Chapter 1 : Not-for-Profit PolicyPro | Sample policies and procedures for Canadian not-for-profit organizatio

Get this from a library! Essential financial considerations for not-for-profit organizations: a guide for non-accounting executives. [Edward J McMillan].

Best practices and lessons learned in mergers and partnerships Panelists to date: In this session, we will explore why innovation is an essential attribute of successful non-profits, and how leaders can infuse it into their organizations to keep pace with a rapidly evolving Canadian ecosystem. Why does the organization exist and what is it purpose? Giselle Commissiong will share how having a clearly defined purpose can inform what you communicate to your stakeholders to convince them to support your organization. In this highly competitive environment for dollars and support, having a clear and concise purpose may be the difference between someone supporting you or another organization. Managing social deficit and sustained growth Panelists to date: Where on the spectrum are your financial statements? Bridget Noonan, Partner, Clearline Consulting Producing external financial statements that are not overly complex and provide a level of general understandability, while meeting standards for not-for-profit organizations cannot be done through the use of template notes and disclosure checklists. Boilerplate solutions for financial statement presentation and disclosures need to be reconsidered. This session will look at a few areas where disclosures can be improved to provide understandable information in a move away from clutter and towards clarity. Data analytics for not for profit organizations Accounting Standards Board Update Attend this session to learn about the numerous activities underway with the Accounting Standards Board AcSB with regards to the evolution of accounting standards for not-for-profit organizations. The UK has been rocked by a number of scandals and a vicious tabloid media. Australia has had many challenges in terms of regulation of charities. This presentation will provide an overview of these events and how they may affect the partners of Canadian charities but most importantly the Canadian charities themselves. If UK tabloid media attacks on charities are followed in Canada there could be a significant reduction in public confidence in charities. Now that our most important trading partner the US has dramatically altered their tax incentive structure it is quite foreseeable that one day Canada will follow suite. These dramatic changes present tremendous opportunities and risks for Canadian charities. Talent management â€” building and maintaining an effective team Poll the Executive Leader Panelists to date: Michael Herrera, VP finance and administration United Way Greater Toronto, Esther Vise, Director of Finance Stephen Lewis Foundation This interactive facilitated session will include audience quesitons from participants about the issues facing the not-for-profit sector. Our panel of CFOs will cover the most significant issues they face in their organizations to generate group discussions that allow participants to share common challenges and solutions and learn from each other. This session will provide participants with some "take aways" that can be carried back to their respective nonprofit organizations.

Chapter 2 : Issues Surrounding Not-for-Profit Organizations | racedaydvl.com

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Please note that there are organizations in the community with worthwhile purposes that are not considered "charitable" by the courts. For example, organizations like non-profit social clubs and advocacy groups fall in this category. These groups do not qualify for registration. What are charitable purposes? The courts have identified four general categories of charitable purposes. For an organization to be registered, its purposes have to fall within one or more of the following categories: The application for registration you send to us should clearly show the way the organization will meet each of its charitable purposes. Thus, a purpose "to relieve poverty" is acceptable only if it is accompanied by a statement of activities indicating how the organization will accomplish this purpose. For example, the statement might say the organization will relieve poverty "by establishing a food bank, operated by volunteers, in rented premises on Maple Street. The food bank will receive gifts of food from retail stores and individual donors. The advancement of education The courts recognize a purpose or activity as advancing education in the charitable sense if it involves formal training of the mind or formal instruction, or if it prepares a person for a career, or if it improves a useful branch of human knowledge. Only providing information is not accepted by the courts as educational; training or instruction also have to be offered. The advancement of education includes: The courts have ruled that an activity which advances education should involve a full and fair presentation of the facts so people can draw their own conclusions. If an organization intends to influence the opinion or actions of the public toward one side of a controversial issue, it is not advancing education in the charitable sense. For this reason, an advocacy group would not qualify as a charity. The advancement of religion This category refers to promoting the spiritual teachings of a religious body, and maintaining the doctrines and spiritual observances on which those teachings are based. There has to be an element of theistic worship, which means the worship of a deity or deities in the spiritual sense. To foster a belief in proper morals or ethics alone is not enough to qualify as a charity under this category. A religious body is considered charitable when its activities serve religious purposes for the public good. The beliefs and practices cannot be what the courts consider subversive or immoral. Other activities that advance religion include: Purposes beneficial to the community This category includes various purposes that do not fall within the other categories, but which the courts have decided are charitable. However, not all purposes that benefit the public are charitable. Organizations that normally qualify as charitable include those with the following purposes: Is there anything else I have to do? There are a number of administrative requirements, such as filing a Notice of Registered Office if there is a change and filing a Notice of Directors if there is a change in directors. However, the key requirement is to file an annual return and financial statements with the Corporations Branch each year. To help you with this decision, contact an accounting professional and CCRA.

Chapter 3 : Accounting Considerations for Non-Profits

This revised and expanded version of the ASAE title Essential Financial Considerations for Not-for-Profit Organizations offers an overview of key financial requirements for such organizations.

The new rules take effect for fiscal years starting after December What are the goals of the new rules? The new rules will improve how a nonprofit organization can tell its story through its financial statements. What organizations are affected by the new guidance? The new rules affect substantially all nonprofit organizations, including charities, foundations, private colleges and universities, health care providers, cultural institutions, religious organizations, and trade associations, among others. What do the new rules do? The new rules address the following issues: Simplify and clarify The new rules simplify the treatment of net assets in financial statements by focusing on the existence or absence of donor imposed restrictions, as opposed to the types of restrictions i. The classification of temporarily restricted versus unrestricted assets has long been an area of confusion. The footnotes will also be changed to explain these classifications. The new rules also replace the current three required classes of net assets unrestricted, temporarily restricted, and permanently restricted with two new classes those with donor restrictions and those without donor restrictions. The goal of this change is to simplify keeping track of donor imposed restrictions. Other advantages of this change are that the financial statements will now also provide more useful information about the nature, amounts, and types of donor restrictions. Nonprofits will still have to track net assets and follow any restrictions imposed by donors; however, there is no longer a requirement to distinguish between temporarily and permanently restricted net assets. Instead, new disclosure requirements will allow nonprofits to provide more useful information about limits placed on net assets by both boards and donors. Time will tell whether the guidelines actually accomplish the goal of simplification and clarity. The idea here is to inform the reader of the financial statements about any limitations on the use of liquid assets typically cash and investments by the nonprofit. Nonprofit managers should be ready to discuss these restrictions with their CPA performing the audit or review engagement. Ensure consistency in the reporting of investment expenses and investment returns The new rules require investment income to be reported net of related internal and external investment expenses this is currently optional , but also eliminate the related requirement to disclose the amount of those netted investment expenses. The result of this change is not only a consistent presentation across nonprofit entities, but also it gets rid of the difficulty and costs associated with identifying embedded investment fees in the investment returns used by some nonprofits, such as mutual funds and hedge funds. Despite this change, nonprofit leaders should continue to make sure they are aware of the amount paid by the nonprofit for investment management fees. However, the new rules eliminate the requirement to present or disclose the indirect method in the notes if the direct method is presented on the statement of cash flows. The result is anticipated to be a more useful statement of cash flows and a reduction in costs to prepare the financial statements. Many organizations have avoided the use of the direct method because it essentially increased the cost of preparing and auditing the financial statements. Why do these changes matter? These changes will not materially affect how nonprofit finance teams handle underlying transactions; but staff will need to be ready to explain the difference in the look of the financial statements they present to the board and grantmakers. When are the new FASB standards effective? There is still plenty of time before the new rules go into effect. Talk to your auditor about the potential impact on audited financial statements. The new standards apply to annual financial statements issued for fiscal years beginning after December 15, Early application is permitted. His firm provides outsourced accounting and CFO consulting to hundreds of nonprofit organizations nationwide, including to the National Council of Nonprofits.

Chapter 4 : Focus on Not-For-Profits: Consolidation Considerations

Nongovernmental not-for-profit entities (NFPs) exist for many purposes and in many forms, including charities, museums, performing arts organizations, civic leagues, colleges and universities, religious groups, social clubs, fraternal societies, foundations, and professional associations.

Profit Organization Not-for-profit organizations share some major issues with for-profit companies, such as management, budgeting, and staffing. Yet, they come at these issues from a unique perspective. After all, the term nonprofit is the antithesis of the goal of business. Nonprofits have different business goals, and have to tread carefully to know when to learn from business examples and when to follow their own paths. Mission, Not Profits The chief goal of a nonprofit is not to make money, but to serve a public mission. However, to serve that mission, it needs to make money. Balancing a mission and funding is what defines the not-for-profit organization and separates it from for-profit companies. A nonprofit spends much of its time and efforts attracting funds, often without even selling a product. A nonprofit can just ask people to hand funds over, and contributors willingly comply. Administrative Costs Too much of a positive revenue over expenses can subject a not-for-profit organization to criticism for not spending enough on its mission. AIP finds that the most efficient charities dedicate 75 percent of their budgeting spending on program services. Those numbers vary widely by the type of activities in which a nonprofit is involved. GuideStar, an online database of nonprofits in the United States, notes that the median ratio for the percentage of budget spent on programming is 71 percent for art museums, but 94 percent for food banks. Art museums have higher administrative costs due to insurance, building maintenance, security and fundraising. Ethics of Fundraising Sales staff in a for-profit company often earn a commission for each sale. For nonprofits, commission-based fundraising is considered unethical. The Association of Fundraising Professionals prohibits its members from receiving commissions to dissuade individual and contract team fundraisers from using high-pressure tactics on potential donors for personal gain. Unfortunately, nonprofits are often in a struggle to find enough money to survive, and the drive to raise funds more effectively is constant. Unfortunately, the online Free Management Library writes that many nonprofit managers have a non-management background. Media and Public Relations Most for-profit businesses have to deal with news media and public relations periodically. Not-for-profit organizations have to deal with media and public relations constantly to remain in the public consciousness in order to meet their mission of public service and attract donors. Nonprofits also have to contend with news reporters and watchdogs who scrutinize their activities and legal filings.

Chapter 5 : Canadian non-profit incorporation FAQs | incorporate not for profit | racedaydvl.com

Unsurpassed Sector Specialization â€" A keen understanding of not-for-profit financial management structures ensures exceptional audit and tax services - and assistance with essential operations, from IT fraud prevention and employee benefits to Board, foundation and grant making issues.

If the idea of creating a financial policy seems daunting, this basic guideline for policy development may be helpful. Developing and adopting a written financial policy is a valuable practice for any nonprofit organization, no matter how small or large. Financial policies clarify the roles, authority, and responsibilities for essential financial management activities and decisions. In the absence of an adopted policy, staff and board members are likely to operate under a set of assumptions that may or may not be accurate or productive. If the idea of creating a financial policy seems daunting, these guidelines for policy development and this basic example may be helpful. Even though there may be occasional deficits, or periods of tight cash flow, the following characteristics are good signs that your organization will be financially healthy over the long-term. In order to accomplish this, every financial policy needs to address five areas: Assignment of authority for necessary and regular financial actions and decisions, which may include delegation of some authority to staff leaders Policy statement on conflicts of interest or insider transactions Clear authority to spend funds, including approval, check signing, and payroll Clear assignment of authority to enter into contracts Clear responsibility for maintaining accurate financial records Developing and Approving a Financial Policy This example financial policy is intended to be short and simple to address some of the basic elements of a good policy. Some nonprofits develop more comprehensive and detailed policies that incorporate more specific responsibilities and add more detail. There are some helpful steps you can take to make the policy as helpful as possible: Discuss policy needs with your treasurer and finance committee or executive committee Conduct an informal risk assessment Draft the financial policy, followed by review and discussion by staff and board leadership Present to board for adoption Train staff on policy Review at least bi-annually Considerations When You Start with a Policy Template We offer an example of a very simple financial policy to get you started, but keep in mind that no example will be an exact fit for your organization. Never adopt a policy without a thorough review and consideration of the risks, operations, and structure of your organization. Nonprofit Financial Policy Example: In order to accomplish this, FAN commits to providing accurate and complete financial data for internal and external use by the Executive Director and the Board of Directors. Authority The Board of Directors is ultimately responsible for the financial management of all activities. The Executive Director is responsible for the day-today financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts. The Executive Director is authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances. The Board of Directors must approve any use of the board designated cash reserve fund. Responsibilities The Executive Director shall: Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds. Report the financial results of FAN operations according to the schedule established by the Finance Committee, but at least quarterly. Pay all obligations and file required reports in a timely manner. Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific approval of the Board. Depreciation of capital assets will not exceed five years for furniture and equipment or three years for computer and other technology equipment. Limit vendor credit accounts to prudent and necessary levels. Selection will be based on cost, service, and other elements of the contract. FAN may award the bid to any provider and is not required to accept the lowest cost proposal. The Board of Directors shall: Review financial reports at each board meeting. Provide adequate training to members to enable each member to fulfill his or her financial oversight role. Financial Transactions with Insiders No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed. In no case shall FAN borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors. Budget In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Executive Director shall: Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year. Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus. Gift Acceptance FAN will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Executive Director shall sell any stock given to the organization immediately upon receipt by the organization. FAN shall accept contributions of goods or services other than cash that are related to the programs and operations of FAN. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance. Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources. Plan and carry out suitable protection and maintenance of property, building, and equipment. Avoid actions that would expose the organization, its board, or its staff to claims of liability. Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage. Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

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Chapter 6 : Not-for-profit forum

Surveys the literature on financial sustainability for nonprofit organizations, with an emphasis on urban and lower-resourced organizations, and discusses key themes and findings that may inform such organizations' operations and decisionmaking.

This means that managing the finances of a non-profit organization requires an understanding of how its capital is structured, the way the entity is set up, and the plan of action in place to meet its long-term financial goals. Budget Accountants for non-profit organizations usually have to perform several steps when it comes to developing a workable budget. Since there are operating costs for every non-profit organization, there needs to be working capital â€" and that working capital needs to be distributed according to the budget. Most organizations operate on an annual fiscal calendar. If the organization has been in operation for any length of time, the budget can be based on previous budgets, with adjustments made for inflation and other financial factors. For start-up non-profit organizations, budgets must be estimated to keep the organization up and running for the year. De-Centralizing the Process Rather than having one individual or team work on the budgeting process, many non-profit organizations assign a manager from each area to oversee their own budget, which can then be submitted to a central authority. When the mini-budgets are submitted, they can then be adjusted to fit within the construct of the larger macro budget. Revenue Revenue stream is an important and unique aspect of dealing with non-profit organizations. In a for-profit business, revenue is generated in the form of payment in exchange for goods or services. However, non-profit agencies generate revenue in the form of contributions as well. These contributions can be monetary contributions, restricted or unrestricted funds , and donated goods. Accounting considerations for non-profit organizations include being able to determine the value of non-traditional revenue such as donated goods or services. Tax Exemption A non-profit organization uses surplus income to reach certain organizational goals rather than using the monies as profit. If approved by the IRS, the organization can operate under Code Section c , granting a tax-exempt status. The IRS requires the non-profit to be structured and operated solely for exempt purposes, including scientific, educational, charitable, literary, and religious functions, among others. Because a sizable amount of non-profit funds come from private donation and membership dues or special events, the following accounting procedures have been implemented: Individuals often make promises to give funds to organizations. These guidelines were set for pledge accounting and require that legally enforceable, unconditional pledges be recorded at the time the promise is made. Unconditional pledges are those that are not dependent on an ambiguous upcoming event, like an equivalent grant from another donor. Special Event and Membership Dues: Accountants of non-profit organizations must take into consideration funds paid by individuals to attend fundraisers or membership dues that enable individuals to use amenities or obtain services. The portion of an event charge that represents the fair market value of the benefits received is not tax deductible by the donor. In addition, accountants involved in non-profit organizations have precise guidelines in terms of tracking contributions donated for a specific use, although these policies involved in tracking and reporting these funds depend on the nature of the restrictions. Unrestricted and Restricted Contributions Unrestricted contributions are funds that are given to a non-profit for general use. There are no conditions or stipulations put upon this form of revenue. When donors contribute money, they sometimes want to make sure the money given is being used in accordance with their wishes. Accountants working for non-profit institutions need to carefully monitor which funds are unrestricted and which funds cannot be used except for the purposes under which they were donated. Because the audit encountered problems with documentation, the Department of Education recommended against hiring the foundation to operate the program in the future. In a study by the Association of Certified Fraud Examiners, it was estimated that Accounting in a non-profit agency requires an eye for detail. Since some contributions have requirements attached to them focusing on how they are to be used, accountants in not-for-profit organizations need to be able to show interested parties where the funds have been spent. Financial Incentives for Leadership Something that must be considered when budgeting for a non-profit is finding ways to maintain strong leadership when profit motivation does not exist. Accountants must maintain a careful balance when creating compensation budgets for non-profit organizations. Grants Since generating revenue can be challenging at times for non-profits, accountants may wish to consider looking into grants as another source of funding. Grants can come from a wide range of sources, including government agencies, corporations, and charitable foundations. Some grants require accounting departments to report on expenditures at the conclusion of the grant period. For accounting professionals that are up to the challenge and have the desire to give back to the community, working in the non-profit sector can be a rewarding career goal.

Chapter 7 : Top Five Ethical Issues for a Nonprofit Organization | Your Business

Developing and adopting a written financial policy is a valuable practice for any nonprofit organization, no matter how small or large. Financial policies clarify the roles, authority, and responsibilities for essential financial management activities and decisions.

Chapter 8 : Navigating Government And Nonprofit Financial Statements

Nonprofit organizations should make sure they have effective strategic plans in place to guide their budgeting and funding decisions, along with monitoring to ensure that financial transactions are properly tracked.

Chapter 9 : Financial Policy Guidelines and Example - Propel Nonprofits

Financial statements, governmental or nonprofit, can typically be found on the organization's website or by calling and requesting a copy. Making your Voice Heard.