

## Regional Fraternity of Eastern Canada

### Local Treasurer Responsibilities

According to our OFS General Constitutions:

Article 52.4: The treasurer, or bursar, has the following duties:

- a. to guard diligently the contributions received, recording each receipt in the appropriate register, with the date on which it was given, the name of the contributor, or the one from whom it was collected;
- b. to record in the same register the items of expense, specifying the date and the purpose, in conformity with the directions of the fraternity council;
- c. to render an account of his or her administration to the assembly and to the council of the fraternity according to the norms of the national statutes.

Article 54.3: The national statutes must also set up precise criteria for local fraternities that possess or administer property or real estate, so that the respective council, before its term of office is finished, has the fraternity's financial and real estate situation audited either by an expert (Note: expert would be a person with an accounting designation or equivalency) who is not a member of the council or by the fraternity's board of examiners.

Secular Franciscans of Eastern Canada is registered as a Charitable Organization but because we have been given the right to issue Income Tax Receipts to our Members, we are obliged to submit annually an Annual Information Return. We are also expected to provide Certified Annual Financial Statements but given our level of Income, it does not have to be audited by a professional auditor but it does need to be verified by someone with a strong financial background. The Regional Treasurer is responsible for filing the Region's Annual Return, compiling all of the Financial Statements received from the Local Fraternities. These Local Fraternity Financial Statements are to be signed by both the Local Fraternity Treasurer and the individual assigned to verify their statements. These statements are to be forwarded to the Regional Treasurer once the request is made by the Region.

The Regional Treasurer is also responsible for completing the members' tax receipts and forwarding to the Local Treasurer the completed forms for distribution to the local members.

\*Local Fraternities should keep in their files, a clear photocopy of each Tax Receipt that they issue.

**(1) Bank Accounts:** each fraternity needs to open a bank account in the name of the Fraternity authorized by Council Resolution (a motion). We suggest that this account authorize 3 signing officers by name (preferably the Minister, the Treasurer and one other Council member) and

again by Council Resolution (motion) specifying that each cheque be signed by 2 of the 3 signing officers.

**(2) Cheques:** we suggest that fraternities use sequentially pre-numbered business style cheques with a cheque stub attached. The cheque stub can be completed with date, name, amount and reason for each cheque written. If not using a cheque stub, you might be using a carbon copied style of cheque, but again we suggest that you record the information as above.

**(3) Bank Deposit Books:** we suggest that you use an official bank deposit book to record all deposits. If a deposit is made using a bank card or at a remote site, attach the deposit slip receipt issued by the bank into your ordinary bank deposit book. That way all bank deposits can be found in your deposit book. Ideally, record all cheques separately, writing the name and amount of each cheque. It creates a much better audit trail.

**(4) Expense Voucher & Authorization Forms:** we suggest that when someone requests to be reimbursed for expenses, he/she needs to complete the Expense Form and attach all receipts. The form needs to be dated, the expenses itemized and dated, amounts marked on the form, and reason for the expense explained. The claim is to be totalled and signed by the person requesting to be reimbursed.

The Treasurer initials the form once he/she reviews the receipts, checks the calculations, records the cheque date, cheque number, cheque amount, and records the Expense Account it is charged to, and then initials giving it approval.

\* If possible, the Treasurer may want to get the Minister (or third signing officer) to sign the form giving the final approval for the payment.

The signing officers have the authority to reimburse or pay expenses generally under two conditions:

(1) the fraternity approves a yearly budget, specifying amounts approved in each category to be spent. The signing officers have the authority to pay expenses within the limits of that budget or in the absence of an approved budget,

(2) Council will need to pass a Resolution (motions) authorizing the specific expenditures.

\*For such Resolutions (motions), record on the "Expense Voucher & Authorization Form", the date of the meeting when the motion was approved. In these cases the Council bears the responsibility of incurring such expenses, not you as a signing officer. It would be helpful to attach a copy of the motion to the Expense Voucher as it creates a better audit trail.

**Note:** we recommend using Resolutions (motions) rather than just Council consensus. A Resolution (motion) authorizes an action. The Resolution (motion) for example may read, “that \$100.00 be given to parish xxx for use of meeting room space”. In such a case, the parish likely has not sent you a bill but this Resolution (motion) formally authorizes that a cheque be written for that amount to the parish. If you can get a receipt, that is even better.

**\*Always think** – what backup or proof is provided to show the need for this expenditure ... think of what receipts are available. For example if mileage is claimed attach a gas slip to show that you did travel .. also you could attach a Google estimate of mileage to the destination.

**(5) Member Contributions & Donations:** Canada Revenue Agency (CRA) is strict in regards to organizations having strong policies around receiving contributions and donations in the form of cash. Encourage members, if possible, to use cheques for their monthly contributions. If this is not possible for a member, have another member witness the cash contribution or ask them to place their cash contribution in an envelope with their name and amount written on the outside of the envelope. This is for the protection of all Council members.

We recommend a Monthly Member Contribution Form be used. Remember, tax receipts are never issued for loose change. Charitable donations from other individuals who are not members should be treated with similar processes. Absolutely do not accept cash, unless there are two Council members present and all pertinent information can be recorded immediately (i.e. the person’s name and address).

**These procedures are essential when dealing with the Canada Revenue Agency and issuing Tax Receipts for donations from members and others. If we wish to be a Charitable Organization, we need to have the greatest diligence to be using proper protocols around money. That is even what our Constitutions call for within our duties.**

**(6) Charitable Donations:** Basically, a donation is considered a Charitable Donation (qualifying for a Tax Receipt) under two conditions: (1) the donor receives no direct benefit from the donation; and (2) the donor cannot demand what the funds will be used for. A donor can express his/her wishes, but the Council must have complete freedom to use the funds for whatever they deem appropriate.

**(7) Donations In Kind:** we recommend you do not accept “Donations In Kind” because the rules around this type of donation can be complex. Example: if a member buys books and gives them to the fraternity stating “I don’t want to be paid, just give me credit by counting it with my contributions “we need to create the paper trail. Ask for the receipt, write the cheque to the member using the Expense Voucher & Authorization Form and if he/she wishes to donate the

money back to the fraternity, he/she may do this. He/she could write a cheque back to the fraternity.

**(8) Actual Ledgers:** we suggest you use a Blueline Ledger Binder Style of Ledgers or Blueline Columnar Book Style. The important thing is that you have permanent books that can be retained for the 7 year period required by Canada Revenue Agency (CRA). It is also really important to have permanent books that can be handed on from Treasurer to Treasurer. If you keep your records on computer (example in Excel spreadsheets) we recommend that you print hard copies and tape them into a permanent book at year end.

It is also essential that you maintain all source documents in case of an audit from Revenue Canada for the 7 years, so that what is recorded in the ledgers or registers can be traced back to the source documents. Source documents would include bank deposit books, bank statements, member contribution registers/lists, Expense Voucher & Authorizations Forms, Fraternity Annual Financial Reports, cheque stubs, cancelled cheques, auditor reports, etc.

Using the example of the excel spreadsheet you can either manually set up your fraternity ledger or use the excel spreadsheet on your computer.

Note: At year end, if using Excel, we would ask that a hard copy of the completed spreadsheet be pasted in the hard copy ledger