LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.01**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Financial Management Primer**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 3
		Replaces:	New
Issued by:	Board of Directors	Dated:	

1 POLICY

The Leamington and Area Family Health Team as a not-for-profit organization must ensure that it follows appropriate accounting standards.

2 PURPOSE

Refer to Subjects in this Section

3 SCOPE

Refer to Subjects in this Section

4 RESPONSIBILITY

4.01 It is the responsibility of the board of directors to establish such financial management policies, procedures and controls as it deems necessary to provide assurance to its constituents and exercise prudent stewardship of its funds.

4.02 It is the responsibility of the Executive Director to establish such financial management policies, procedures and controls as are consistent with direction from the board of directors and necessary to ensure that the organization makes the most effective use of its funds, is protected from undue financial risks and is safeguarded against fraud and theft.

5 DEFINITIONS

5.01 “**Accrual**” means accounting for a transaction at the time it occurs rather than at the time cash changes hands.

5.02 “**Accumulated surplus**” or “**accumulated deficit**” means the build-up of all surpluses and deficits over all periods up to and including the current period.

5.03 “**Amortization**” is accounting for a cost or revenue over the period of time appropriate to its nature, for example, the cost of a computer.

5.04 “**Assets**” means items that represent the wealth of the organization, such as cash, equipment, real property and trademarks.

5.05 "**Deficit**" means an excess of expenses over revenues for a period.

5.06 "**Expenses**" means the money flowing out of the organization.

5.07 "**Fund accounting**" means accounting separately for funds whose intended use is defined or restricted to a particular purpose or set of purposes.

5.08 **"Government not-for-profit organization"** is an organization that is controlled by the government and has all of the following characteristics:

- It has counterparts outside the public sector.
- It is an entity normally without transferable ownership interests.
- It is an entity organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose.
- Its members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.

For the meaning of "controlled by government" please refer to page 4.01-ii, above.

5.09 "**Liabilities**" means the obligations of the organization to others, such as loans and accounts payable.

5.10 "**Revenues**" means the money flowing into the organization.

5.11 "**Surplus**" means an excess of revenues over expenses for a period.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

For not-for-profit organizations (other than government not-for-profit organizations): *CICA Handbook*, Part III (Accounting Standards for Not-for-Profit Organizations) or *CICA Handbook*. Part I (International Financial Reporting Standards).

For government not-for-profit organizations: *Public Sector Accounting Handbook.*

Not-for-Profit PolicyPro
SPP NP 2.05 – Risk Management
SPP NP 4.02 – Revenues
SPP NP 4.03 – Expenses
SPP NP 4.04 – Assets and Inventories
SPP NP 4.05 – Cash Management
SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

Procedures will be developed if it becomes necessary

LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.02**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Revenues**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 8
		Replaces:	**New**
Issued by:	Board of Directors	Dated:	

1 POLICY

1.01 Goods and services for sale shall be priced to recover all costs associated with them.

1.02 The Leamington and Area Family Health Team receives funding through an agreement with the Ministry of Health and Long Term Care (MOHLTC). This Funding Agreement is negotiated with the MOHLTC with term dates set by the MOHLTC. The Leamington and Area Family Health Team also receives overhead payments through service agreements with the physicians of the Lakeside Family Health Organization.

1.03 The LAFHT accepts cash and cheques only as payment for any fees and program services.

1.04 At this time it is not the practice of the LAFHT to collect any information or fees via the internet. Should these options ever become available, they shall be subject to the most stringent security practices.

1.05 Information associated with donor arrangements shall be subject to the most stringent security practices.

1.06 Donations of $50 and over shall be recognized according to the following donor recognition guidelines.

The "Donation Tree" in the LAFHT lobby:

(a) **Shrubs**: Donations of $10,000 and over — Name recognition on a "shrub", a personal note from the Chair or Vice Chair of the Board of Directors to the donor(s) and such other recognition as is authorized by the Board of Directors.

(b) **Stones**: Donations from **$5,000 to $9,999** — Name recognition on a "stone", a personal note from the Chair or Vice Chair of the Board of Directors to the donor(s) and such other recognition as is authorized by the Board of Directors.

(c) **Gold Leaves**: Donations from **$2,500 to $4,999** — Name recognition on a "gold leaf", a personal note from the Chair or Vice Chair of the Board of Directors to the donor(s) and such other recognition as is authorized by the Board of Directors.

(d) **Silver Leaves**: Donations from **$1,000 to $2,499** — Name recognition on a "silver leaf", a personal note from the Chair or Vice Chair of the Board of Directors to the donor(s) and such other recognition as is authorized by the Board of Directors.

(e) **Bronze Leaves**: Donations from **$500 to $999** — Name recognition on a "bronze leaf" and such recognition as is authorized by the Board of Directors.

(g) The Executive Director shall ensure that the Donation Tree is updated quarterly.

<u>"Friends of the Tree" Plaque</u>:

(a) Donations from **$50 to $499** — Name recognition on the plaque and such recognition as is authorized by the Board of Directors.

(b) The Executive Director shall ensure that the "Friends of the Tree" Plaque: is updated quarterly.

<u>The "Donations in Memory of" Plaques in the LAFHT lobby</u>:

(a) Donations from $50 to $499 — such recognition as is authorized by the Board of Directors.

(b) The Executive Director shall ensure that the "Donations in Memory of" Plaques are updated quarterly.

1.07 All funds donated for a specific purpose shall be segregated in the system of accounts and matched to expenditures for this purpose.

1.08 Funds greater than $100,000 raised for special purposes that will span more than one fiscal period shall be segregated into separate banking and investment accounts, and reported to the Board of Directors as supplemental information to the financial reports.

1.09 All special fundraising events shall be separately budgeted and tracked and reported to the Board of Directors as supplemental information to the financial reports.

1.10 Fundraising activities for which value is given for donations shall follow CRA regulations in the documentation of estimated value given and the value of charitable receipts provided.

1.11 Bequests of cash shall be segregated for special purposes authorized by the Board of Directors from time to time.

1.12 Bequests or gifts in kind shall be subject to the following guidelines:

(a) All in-kind donations over $1000 shall be evaluated by an independent evaluator and booked and receipted for this value by the Executive Director.

(b) In general, in-kind donations (other than those intended for use directly by the organization, such as office supplies) shall be converted to cash within six months of receipt. Exceptions will be made only with the approval of the Board of Directors.

(d) Differences between receipted value and ultimate cash value of in-kind donations shall be booked to general revenues.

1.13 Funds provided for projects spanning more than one fiscal period shall be booked to deferred revenue and realized as revenue over the life of the project.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to provide guidance on the treatment of the diverse revenues of the organization as well as member and donor information.

3 SCOPE

3.01 This policy applies to the Board of Directors, the Executive Director and all employees involved in the handling of revenues.

4 RESPONSIBILITY

4.01 It is the responsibility of the Board of Directors to approve the fund development plan for the coming year and to assure itself that revenues are being booked, banked and receipted effectively.

4.02 It is the responsibility of the Chair of the Board to acknowledge major donors in a personal way.

4.03 It is the responsibility of the Executive Director to ensure that revenues are being booked, banked and receipted effectively, that appropriate internal controls are established for cash and in-kind donations, and that both charitable receipts and information related to donors and members are subjected to the strictest security practices.

4.04 It is the responsibility of the Executive Director to reconcile charitable receipts to donations booked and to investigate any discrepancies.

5 DEFINITIONS

5.01 "**Bequest**" means a gift of money or other property from the estate of a deceased person.

5.02 "**Contribution agreement**" is a contract arrangement between a government organization and a non-governmental organization for specific purposes and with specific deliverables subject to reporting and audit processes.

5.03 "**Controls**" are the processes and procedures, including organizational structure, reports, supervision and review, that ensure that the organization's objectives are achieved, and also reduce the risk of fraud or error.

5.04 "**Costing**" means the collection of all per-unit fixed and variable costs associated with a particular product or service.

5.05 "**Deferred revenue**" is revenue booked as a liability and recognized as revenue in correspondence with the activities for which the revenue was provided.

5.06 "**Government not-for-profit organization**" is an organization that is controlled by the government and has all of the following characteristics:

- It has counterparts outside the public sector.
- It is an entity normally without transferable ownership interests.
- It is an entity organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose.

- Its members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.

For the meaning of “controlled by government” please refer to page 4.01-ii, above.

5.07 “**Grant**” is a gift of funds for a specified purpose.

5.08 “**In-kind**” gift or donation means a non-cash donation including goods, property or services.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

Income Tax Act, ss. 149(1), 149.1

Excise Tax Act

For not-for-profit organizations (other than government not-for-profit organizations): *CICA Handbook*, Part III (Accounting Standards for Not-for-Profit Organizations) or *CICA Handbook*. Part I (International Financial Reporting Standards)

Section 4410 – Contributions—revenue receivable

Section 4420 – Contributions receivable

For government not-for-profit organization: *Public Sector Accounting Handbook*

Not-for-Profit PolicyPro

SPP NP 2.05 – Risk Management

SPP NP 4.01 – Financial Management Primer

SPP NP 4.04 – Assets

SPP NP 4.05 – Cash Management

SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 Sales Revenues

(a) For purposes of this policy, cheques are the equivalent of cash transactions.

(b) There shall be a "designated person for cash" who is responsible for cash transactions.

(c) All sales transactions must capture the identification of the item being sold, its value and the sales taxes being applied.

(d) Cash and transaction records will be kept in a secure location and balanced monthly. Discrepancies will be investigated.

(e) Monthly, the "designated person for cash" will review and sign the cash reconciliation form and remove all sales transaction slips.

(f) Monthly, the "designated person for cash" will remove excess cash leaving a reasonable float and complete a cash removal memo to be countersigned by another employee as accurate.

(g) The cash reconciliation form and cash removal memo, along with all sales transaction slips and cash removed, will be submitted to the Executive Director for bank deposit and reconciliation.

(h) The Executive Director will from time to time to assess the demand for, the pricing of and the appropriateness of the margins for specific products and services.

7.02 Fees from Service Agreements (Overhead Payments)

(a) Service Agreement tracking records will be by Physician.

(b) Fees from Service Agreements (Overhead Payments) will be collected monthly.

(c) Fees (overhead payments) will be charged in accordance with the Service Agreement.

(d) The Executive Director will ensure Service Agreement fees are deposited into a Financial Institution.

(e) The Executive Committee is responsible to review all Service Agreements annually.

7.03 Membership Fees

None

7.04 **Donations and Charitable Receipts**

(a) Receipts for charitable donations will contain the information required under the *Income Tax Act. (See Attachment D, below)*

(b) Receipts for charitable donations will be produced and reconciled to bank deposits as needed by the Executive Director.

(c) Blank charitable receipts will be kept in a secure location accessible only by the Executive Director.

(d) Charitable receipts will be numbered. Spoiled numbered receipts will be recorded and disposed of by the Executive Director.

(e) Records associated with monthly giving or donation by credit card will be accessible only on a need-to-know basis.

(f) Records of monthly giving will be reconciled to bank deposits monthly.

(g) Records of credit card donations will be reconciled to bank deposits.

(h) Donations provided for specific purposes will be segregated in the system of accounts, and may also be physically segregated in banking and investment arrangements if judged appropriate by Executive Director or Board of Directors.

(i) The LAFHT will keep donor history records for a minimum of eight years.

(j) If requested by the donor, contact with the donor will be limited to the frequency requested.

7.04 **Grants and Contribution Agreements**

(a) All proposals for grants and contribution agreements must be signed by a member of the Executive Committee.

(b) Grant or contribution agreement proposals must be authorized by the Board of Directors.

(c) Funds from grants or contribution agreements spanning more than one fiscal period will be booked to deferred revenue and realized as revenues in a pattern corresponding to the timing of project deliverables and costs.

(d) Grants and contribution agreement activities of greater than [**$10,000**] will be budgeted and tracked separately from other operations in a manner consistent with the reporting requirements of the grantor.

(e) The Executive Director will ensure that cash management practices protect the funds required to complete the organization's obligations under grant and contribution agreements.

7.05 **Special Events**

(a) Revenues and expenses associated with special events will be tracked separately in the system of accounts. Reports related to the financial results of events will be incorporated as part of the financial package being reviewed by both the Executive Director and Board of Directors.

(b) Tickets for special events will be priced using two explicit components:

(i) Estimated value received per person

(ii) Estimated donation value

(c) Charitable receipts for tickets will be limited to the donation value per ticket.

7.06 **Reconciliation of Charitable Receipts**

(a) Charitable donations will be receipted within one week of being received.

(b) As needed, bank deposits of charitable donations will be made and reconciled to the charitable receipts issued for the same period. All discrepancies will be investigated.

LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.02**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Revenues**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 8
		Replaces:	**New**
Issued by:	Board of Directors	Dated:	

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2 PURPOSE

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3 SCOPE

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4 RESPONSIBILITY

4.01 It is the responsibility of the Board of Directors to approve the fund development plan for the coming year and to assure itself that revenues are being booked, banked and receipted effectively.

4.02 It is the responsibility of the Chair of the Board to acknowledge major donors in a personal way.

4.03 It is the responsibility of the Executive Director to ensure that revenues are being booked, banked and receipted effectively, that appropriate internal controls are established for cash and in-kind donations, and that both charitable receipts and information related to donors and members are subjected to the strictest security practices.

4.04 It is the responsibility of the Executive Director to reconcile charitable receipts to donations booked and to investigate any discrepancies.

5 DEFINITIONS

5.01 "**Bequest**" means a gift of money or other property from the estate of a deceased person.

5.02 "**Contribution agreement**" is a contract arrangement between a government organization and a non-governmental organization for specific purposes and with specific deliverables subject to reporting and audit processes.

5.03 "**Controls**" are the processes and procedures, including organizational structure, reports, supervision and review, that ensure that the organization's objectives are achieved, and also reduce the risk of fraud or error.

5.04 "**Costing**" means the collection of all per-unit fixed and variable costs associated with a particular product or service.

5.05 "**Deferred revenue**" is revenue booked as a liability and recognized as revenue in correspondence with the activities for which the revenue was provided.

5.06 "**Government not-for-profit organization**" is an organization that is controlled by the government and has all of the following characteristics:

- It has counterparts outside the public sector.
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SPP NP 2.05 – Risk Management

SPP NP 4.01 – Financial Management Primer

SPP NP 4.04 – Assets

SPP NP 4.05 – Cash Management

SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 **Sales Revenues**

(a) For purposes of this policy, cheques are the equivalent of cash transactions.

(b) There shall be a "designated person for cash" who is responsible for cash transactions.

(c) All sales transactions must capture the identification of the item being sold, its value and the sales taxes being applied.

(d) Cash and transaction records will be kept in a secure location and balanced monthly. Discrepancies will be investigated.

(e) Monthly, the "designated person for cash" will review and sign the cash reconciliation form and remove all sales transaction slips.

(f) Monthly, the "designated person for cash" will remove excess cash leaving a reasonable float and complete a cash removal memo to be countersigned by another employee as accurate.

(g) The cash reconciliation form and cash removal memo, along with all sales transaction slips and cash removed, will be submitted to the Executive Director for bank deposit and reconciliation.

(h) The Executive Director will from time to time to assess the demand for, the pricing of and the appropriateness of the margins for specific products and services.

7.02 **Fee for Service Contracts**

(a) Service tracking records will be accepted /established in the format required by the fees provider.

7.03 **Membership Fees**

None

7.04 **Donations and Charitable Receipts**

(a) Receipts for charitable donations will contain the information required under the *Income Tax Act. (See Attachment D, below)*

(b) Receipts for charitable donations will be produced and reconciled to bank deposits as needed by the Executive Director.

(c) Blank charitable receipts will be kept in a secure location accessible only by the Executive Director.

(d) Charitable receipts will be numbered. Spoiled numbered receipts will be recorded and disposed of by the Executive Director.

(e) Records associated with monthly giving or donation by credit card will be accessible only on a need-to-know basis.

(f) Records of monthly giving will be reconciled to bank deposits monthly.

(g) Records of credit card donations will be reconciled to bank deposits.

(h) Donations provided for specific purposes will be segregated in the system of accounts, and may also be physically segregated in banking and investment arrangements if judged appropriate by Executive Director or Board of Directors.

(i) The LAFHT will keep donor history records for a minimum of eight years.

(j) If requested by the donor, contact with the donor will be limited to the frequency requested.

7.04 **Grants and Contribution Agreements**

(a) All proposals for grants and contribution agreements must be signed by a member of the Executive Committee.

(b) Grant or contribution agreement proposals must be authorized by the Board of Directors.

(c) Funds from grants or contribution agreements spanning more than one fiscal period will be booked to deferred revenue and realized as revenues in a pattern corresponding to the timing of project deliverables and costs.

(d) Grants and contribution agreement activities of greater than [**$10,000**] will be budgeted and tracked separately from other operations in a manner consistent with the reporting requirements of the grantor.

(e) The Executive Director will ensure that cash management practices protect the funds required to complete the organization’s obligations under grant and contribution agreements.

7.05 **Special Events**

(a) Revenues and expenses associated with special events will be tracked separately in the system of accounts. Reports related to the financial results of events will be incorporated as part of the financial package being reviewed by both the Executive Director and Board of Directors.

(b) Tickets for special events will be priced using two explicit components:

(i) Estimated value received per person

(ii) Estimated donation value

(c) Charitable receipts for tickets will be limited to the donation value per ticket.

7.06 **Reconciliation of Charitable Receipts**

(a) Charitable donations will be receipted within one week of being received.

(b) As needed, bank deposits of charitable donations will be made and reconciled to the charitable receipts issued for the same period. All discrepancies will be investigated.

LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.03**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Expenses**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 9
		Replaces:	**New**
Issued by:	Board of Directors	Dated:	

1 POLICY

1.01 All purchases of goods or services or agreements to purchase goods or services shall be subject to appropriate authorization.

1.02 All contracts or agreements that materially affect the direction or finances of the organization and all long-term contracts shall be reviewed and authorized by the Board of Directors. In particular, and without restricting the generality of the foregoing, any contract with a total non-budgeted value over $10,000 shall be reviewed and authorized by the Board of Directors.

1.03 Purchases of goods or services greater than $10,000 shall be subject to an RFP process except where explicitly exempted by the Board of Directors.

1.04 Goods or services obtained through a cooperative purchasing agreement or barter arrangement shall be treated in the same manner as other standard purchasing arrangements.

1.05 In general, the organization will sustain relationships with two or more suppliers for any major recurring type of expense. Periodically, supplier performance will be reviewed and assessed by the Executive Director.

1.06 Expense advances may be provided to employees when the nature and approximate amount of the expense is approved beforehand.

1.07 All employees or Board Members travelling on organizational business will adhere to the travel guidelines for behaviour and expenses.

1.08 Costs shall be recognized at the time they are incurred unless they qualify for treatment as an asset under the capitalization policy.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to provide guidance on the treatment of expenses of the organization as well as appropriate controls over expenses.

3 SCOPE

3.01 This policy applies to the Board of Directors, the Executive Director, and all employees involved in the handling of expenses.

4 RESPONSIBILITY

4.01 It is the responsibility of the Board of Directors to approve the expense budget for the coming year and to assure itself that expenses are being managed and controlled effectively.

4.02 It is the responsibility of the Executive Director to ensure that expenses are authorized appropriately, both at time of commitment and at time of payment, that they are consistent with the intent of the expense budget, and that appropriate internal controls are established over all expenses.

5 DEFINITIONS

5.01 "**Accounts payable**" is an expense recorded as a liability of the organization until the account is paid.

5.02 "**Barter transaction**" means an exchange of goods or services between two or more parties where no money changes hands.

5.03 "**Budget**" means a financial plan outlining expected revenues, expenses and expenditures for fixed assets that is formally reviewed and approved by the Board of Directors.

5.04 "**Controls**" are the processes and procedures, including organizational structure, reports, supervision and review, that ensure that the organization's objectives are achieved, and also reduce the risk of fraud or error.

5.05 "**Contribution agreement**" is a contract arrangement between a government organization and a non-governmental organization for specific purposes and with specific deliverables subject to reporting and audit processes.

5.06 "**Cooperative purchasing arrangements**" are agreements to combine with other organizations to obtain volume discounts on commonly purchased items.

5.07 "**Costing**" means the collection of all per-unit fixed and variable costs associated with a particular product or service being sold by the organization.

5.08 "**Government not-for-profit organization**" is an organization that is controlled by the government and has all of the following characteristics:

- It has counterparts outside the public sector.
- It is an entity normally without transferable ownership interests.
- It is an entity organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose.
- Its members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.

For the meaning of "controlled by government" please refer to page 4.01-ii, above.

5.09 "**Grant**" is a gift of funds for a specified purpose.

5.10 "**Petty cash**" means a small amount of cash kept on hand at a worksite to be used for necessary minor purchases.

5.11 "**RFP/RFQ process**" means a series of predefined steps where potential suppliers of goods or services are requested to make a proposal or quote on that supply. Used as a formal way to compare and select a supplier for a major expense.

5.12 "**RFP**" stands for Request for Proposal, the process generally followed before awarding a major service contract. RFPs identify the need and leave it up to the prospective contractors to make a proposal that is appropriate.

5.13 "**RFQ**" stands for Request for Quote, the process generally followed before awarding a major supply contract. RFQs identify the specific requirements and terms of the proposed contract and request a price quote only.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

See also *Finance and Accounting PolicyPro*, Volume I, Chapter 2 — The Purchasing Cycle

For not-for-profit organizations (other than government not-for-profit organizations): *CICA Handbook*, Part III (Accounting Standards for Not-for-Profit Organizations) or *CICA Handbook*. Part I (International Financial Reporting Standards).

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SPP NP 4.01 – Financial Management Primer

SPP NP 4.04 – Assets

SPP NP 4.05 – Cash Management

SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 Expense Authorization

(a) Authorization for any purchase must be made in advance, unless specified otherwise in another policy.

(b) Authorizations for barter transactions shall follow the same process as a standard purchase.

(c) Goods and services costing less than $100 required in the normal course of business may be paid for from petty cash without prior authorization.

(d) Ordinary office or medical supplies may be purchased by the clerical lead or the clinical lead without prior approval.

(f) Purchases with a gross value greater than $2,000 whether approved or not approved in the budget must be authorized in advance by the Executive Director.

(g) Any agreement that may materially affect the direction or the finances of the organization shall be reviewed and authorized by the Board of Directors, including acquisitions, divestitures, contracts with a gross value greater than $10,000 and any contract extending more than two years.

7.02 **HST/GST**

The Executive Director will ensure that all invoices and receipts processed capture the amount of HST/GST paid. The Executive Director will apply for reimbursement of the allowable portion of HST/GST paid.

7.03 **Petty Cash**

(a) Petty cash will be used when, and only when, employees are required to make small cash purchases on behalf of the organization. Receipts must be retained and recorded by the employee responsible for petty cash.

(b) Petty cash will be kept in a secure location in a locked cash box. One employee, the petty cash custodian, will keep the petty cash box key and manage the petty cash, including monthly reconciliation and refreshment of funds.

(c) If it becomes necessary due to shift operations, more than one employee may be designated as a petty cash custodian. Where there is more than one petty cash custodian, transactions logs must show the initial of the individual accessing petty cash for each transaction.

(d) For normal purchases, employees will make the purchase from their own funds and present the receipt to the petty cash custodian for reimbursement. The receipt must be initialled by the employee's supervisor and contain a simple explanation on the back as to the nature of the expense.

(e) In cases where it is not practical for employees to make the purchase from their own funds, the petty cash custodian may make a disbursement to an employee in the estimated amount of the purchase, recording the nature of the requirement and amount disbursed in the petty cash log. The receipt from the actual purchase together with the change from the petty cash advance will be returned to the petty cash custodian at the same time.

(f) Disbursements will be recorded in the petty cash log and the receipts kept in the petty cash box until reconciliation.

(g) Monthly, the petty cash custodian will perform a reconciliation of cash and receipts. Any unreconciled amounts must be investigated and corrected by the petty cash custodian. Where an investigation fails to provide reconciliation, the overage or shortage must be reported to the custodian's supervisor or lead.

(h) Upon reconciliation, the petty cash log and related receipts will be forwarded to the Executive Director who will arrange to provide a refreshment of funds to the petty cash custodian.

(i) HST/GST amounts will be recorded separately in the petty cash log to allow for recovery of a not-for-profit HST/GST rebate by the Executive Director.

7.04 **Supplier Management**

(a) Good supplier records should be kept to track locations and contact names and numbers, payment preferences, contract provisions and purchase and payment history as well as any quality issues that might have arisen with the supplier.

(b) Periodically, supplier records should be analyzed to obtain information on the reliability of each supplier, comparison of prices or discounts provided or volume of business which may lead to the creation of a purchasing contract providing better prices, discounts or payment arrangements.

(c) Periodically, the organization will research alternative suppliers for major expense line items, which can be used as a basis for broadening the list of available suppliers, negotiating with an existing supplier or general information about market rates for pertinent goods and services.

(d) The organization expressly forbids its employees from accepting any good, service, gift or other personal offering of more than a nominal value from its suppliers at any time. (See also **SPP NP 2.04 – Ethics**.)

7.05 **RFP/RFQ and Contract Administration**

(a) All supply arrangements valued at more than $10,000 shall be subject to an RFQ/RFP process.

(b) Requests for Proposals or Quotes will be drawn up by the operating department requiring the goods or services in consultation with a lawyer where deemed appropriate.

(c) RFP/RFQs will be sent to a minimum of three potential suppliers. Suppliers who have been in default of a contract with the company or who have a history of poor contract performance shall be excluded from the process.

(d) RFPs will specify:

(i) Date by which proposals are due

(ii) Background to the requirement (e.g., context, challenges)

(iii) Specific requirements of the proposal

(iv) Qualifications of the ideal supplier (e.g., track record, experience, integrated services)

(v) Criteria by which the proposals will be assessed

(vi) Timing of response to proposals

(vii) Process for entertaining questions regarding the RFP and sharing responses with other potential suppliers

(viii) Caveat providing the company with the right to pick any proposal or none

(ix) Any other special terms and conditions requested (e.g., maximum price expected, delivery dates or constraints)

(e) RFQs will specify:

(i) Date by which quotes are due

(ii) Specific requirements of the quote, including volumes, quality, timing, shipping terms and guarantees

(iii) Criteria by which proposals will be assessed

(iv) Timing of response to proposals

(v) Process for entertaining questions regarding the RFQ and sharing responses with other potential suppliers

(vi) Caveat providing the company with the right to pick any proposal or none

(vii) Any other special terms and conditions requested (e.g., maximum price expected, delivery dates or constraints)

(f) RFQ and RFP responses (proposals and quotes) will be assessed by the operating department and any others invited to partake in the assessment, a minimum of two people. The following guidelines apply:

(i) All quotes and proposals will remain confidential and be retained on file in accordance with the records retention policy

(ii) The assessment mechanism will reflect the criteria for assessment specified in the original request document

(iii) Assessors will make note of special or differentiating features of each quote or proposal

(iv) The operating department paying for the goods or services will make note of the assessors’ comments in its decision

(v) When a quote or proposal is selected, appropriate credit or reference checks will be made before the decision is finalized

(vi) Successful and unsuccessful competitors in an RFP/RFQ process will be informed on the day a decision is made as to the outcome of the process according to the terms of the original request

(vii) Once the successful competitor has been selected and informed, a contract will be produced specifying:

(A) Agreed-upon delivery dates and prices

(B) Shipping requirements or conditions

(C) Details of guarantees or warranties

(D) Default conditions or conditions which would render the contract void

(E) Recourse provisions in the case of default

(F) Penalty clauses if appropriate

(G) Schedule of payments

(H) Agreed-upon change management process

(viii) Contracts will be signed by those authorized to sign for the company but only after appropriate authorization has been obtained

7.06 **Travel Guidelines**

(a) Every employee and director travelling on organizational business is responsible for following procedures and guidelines for expenses, retaining all receipts and behaving as a representative of the organization at all times.

(b) In general, the organization recognizes the following as normal travel expenses:

(i) Economy class air fares, train and bus tickets to the city of destination; if the estimated costs are expected to be less, a rental car for travel to the city of destination is considered a reasonable alternative

(ii) Travel insurance

(iii) Airport fees

(iv) Lodging in the city of destination at a mid-range hotel or motel

(v) Personal meals and associated tips

(vi) Telephone calls home of a reasonable duration

(vii) Telephone calls to the office or business contacts

(viii) Taxi fares to and from destinations within a city and associated tips; if estimated costs are expected to be less, a rental car is considered a reasonable alternative

(ix) Parking and gasoline charges in the case where a rental car has been deemed appropriate

(x) Minor incidental expenses that would not otherwise be incurred by the employee, such as tips in a hotel or public transportation costs

(c) In general, the organization does not reimburse employees for:
- (i) Entertainment in the city of destination
- (ii) Alcoholic purchases other than a drink with dinner
- (iii) Upgrades to high classes of service for air or train service
- (iv) Fines for traffic violations
- (v) Personal items and duty or sales tax charges on personal items
- (vi) Additional expenses related to travelling with a spouse or other guest
- (vii) Fees for excess baggage or baggage handling

(d) When an employee or director travelling on organizational business has an opportunity to lodge with a friend or relative and in doing so will reduce the overall cost to the organization, a gift in lieu may be purchased at company expense. Gifts are expected to be symbolic in nature and minor in cost, not to exceed $75.

(e) Employees and directors may participate to personal advantage in frequent flier programs so long as all decisions regarding carriers are made first with due regard to the best available flight prices and times.

(f) An employee or director has the option of using their personal car for business travel so long as the following conditions are met:
- (i) The vehicle must have insurance coverage of at least $1,000,000 for both personal injury and third-party liability
- (ii) The individual has a three-year safe-driving record
- (iii) The cost of the trip will not exceed the costs of using other forms of transportation
- (iv) The kilometrage reimbursement rate is $0.42 per kilometre

(g) The organization expects all receipts to be retained and submitted with an expense report. All receipts should indicate the nature of the expense, the date, the location and the purpose of the trip. Receipts must be reviewed and approved by the individual's supervisor, or in the case of board travel, by the Executive Director. Expenses for which a receipt has been lost or misplaced will be reimbursed only at the discretion of the individual's supervisor or the Executive Director.

LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.04**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Assets**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 5
		Replaces:	New
Issued by:	Board of Directors	Dated:	

1 POLICY

1.01 Only capital assets with a cost exceeding $1,000 shall be capitalized. Only costs that are disbursements to third parties may be capitalized: internal costs such as salaries and overhead costs may not be capitalized.

1.02 Fixed asset purchases or leases approved in the capital budget must be authorized by the Executive Director.

1.03 Fixed asset purchases not approved in the capital budget must be authorized by the Board of Directors.

1.04 Fixed asset purchases greater than $50,000 will not be approved without an accompanying business case including cash flow impact.

1.05 All fixed asset purchases will follow expense authorization procedures except where superseded by this policy.

1.06 The Leamington and Area Family Health Team shall carry insurance at replacement levels for all fixed assets.

1.07 Physical inventories of both fixed assets and sales inventories will be conducted once annually and reconciled to records. Discrepancies will be investigated and reported to the Executive Director.

1.08 In the event of dissolution, assets will be used to meet the financial obligations of the organization and any residual assets or residual value will be directed to another operating organization with similar purpose.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to provide appropriate controls over the purchase, recording and disposition of assets.

3 SCOPE

3.01 This policy applies to the Board of Directors, the Executive Director, and all employees involved in the purchase and handling of organization assets.

4 RESPONSIBILITY

4.01 It is the responsibility of the Board of Directors to approve the capital budget for the coming year and to assure itself that capital costs are being managed and controlled effectively.

4.02 It is the responsibility of the Executive Director to ensure that capital costs are authorized appropriately, both at time of commitment and at time of payment, that they are consistent with the intent of the capital budget, and that appropriate internal controls are established over asset purchases.

4.03 It is the responsibility of the Executive Director to ensure that appropriate insurance coverage and security measures are in place to protect the organization’s major assets.

4.04 It is the responsibility of the Executive Director to assess cash flow impacts of major asset purchases, and to advise the Executive Director on the pros and cons of specific lease vs. purchase decisions.

4.05 It is the responsibility of the Executive Director not to approve capital expenditures which will put the organization onto tenuous financial footing.

4.06 It is the responsibility of the Executive Director to perform an inventory and reconciliation of assets and sales inventory annually

5 DEFINITIONS

5.01 **“Amortization”** is the process of taking into expense an appropriate portion of the cost of a capital asset each year.

5.02 **“Barter”** means the exchange of goods or services without cash being involved in the transaction.

5.03 **“Capital asset”** refers to anything of enduring value. It includes tangible assets such as building and equipment (also called fixed assets) and intangible assets such as patents and trademarks.

5.04 **"Capitalization"** means recording a disbursement as an asset rather than an expense.

5.05 **"Capital budget"** means a financial plan outlining expected capital purchases, which is formally reviewed and approved by the Board of Directors.

5.06 **"Controls"** are mechanisms such as reports, reviews and procedures that are designed to ensure policies are carried out and reduce the risk of fraud or error.

5.07 **"Depreciation"** is another word for amortization, although it is only applied to tangible assets

5.08 **"Dissolution"** means the wind-down of the organization's operations and disposition of obligations and assets existing at the time.

5.09 **"Fixed assets"** are tangible capital assets such as buildings or equipment.

5.10 **"Sales inventories"** are the goods and materials on hand for sale.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP NP 2.05 – Risk Management
SPP NP 4.01 – Financial Management Primer
SPP NP 4.03 – Expenses
SPP NP 4.05 – Cash Management
SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 Capital Purchase Authorization

(a) Authorization for any capital asset purchase must be made in advance in accordance with expense policy except where otherwise indicated in this policy.

(b) Authorizations for barter transactions involving assets shall follow the same process as for a standard purchase.

(c) For all capital asset purchases greater than $5,000 whether already approved in the capital budget or not, the Executive Director will perform an assessment on cash flow impact and overall financial impact taking replacement insurance costs into account.

(d) Where cash flow impact and overall financial impact are not of concern and the purchase is approved in the budget, the Executive Director may authorize the purchase.

(e) Where cash flow impact and overall financial impact are of concern, the Executive Director will refer the decision, along with his/her analysis to the Executive Director.

(f) For capital asset purchases greater than $20,000, the Executive Director will develop a business case for the purchase taking cash flow, insurance costs and overall financial impact into account. Where a lease option is available for the asset, information about this option will be included. The business case will be reviewed and approved by both the Executive Director and the Executive Director before referral to the Board of Directors for a final decision on the purchase.

(g) Upon purchase of a fixed asset, a record of the purchase must be provided to both the Executive Director for addition to the Fixed Asset record and the Executive Director for entry into the accounts.

(h) Upon purchase of a fixed asset, the Executive Director will obtain a quote for replacement insurance for the asset and provide this to the Executive Director.

7.02 **Asset Records**

(a) The following information will be recorded for each fixed asset:

- (i) Tag number (if applicable).
- (ii) Description.
- (iii) Location (if applicable).
- (iv) Date acquired.
- (v) Value at acquisition.
- (vi) Accumulated amortization.
- (vii) Date of disposition.
- (viii) Details of disposition.
- (ix) Proceeds at disposition.

(b) Annually, the Executive Director will perform a physical inventory of fixed assets and investigate any differences that arise. A copy of the inventory will be submitted to the Executive Director.

(c) Annually, the fixed asset accounts will be adjusted to reflect the actual fixed assets on hand.

7.03 **Disposition of Fixed Assets**

(a) At the end of its useful life to the organization, a fixed asset may be junked, sold or given away. The difference between the amortized value of the asset and the proceeds of disposition will be booked as a gain or loss on the disposition of fixed assets.

(b) The Executive Director must approve the decision to junk or give away any fixed asset.

7.04 **Sales Inventory Reconciliation**

(a) Annually, or more frequently if deemed necessary, the Executive Director will perform a reconciliation of product inventory to sales records for each product.

(b) Differences between physical count and theoretical inventory (opening inventory minus sales plus additions to inventory) will be investigated by the Executive Director.

(c) A copy of the sales inventory reconciliation will be provided to the Executive Director.

(d) Annually, the sales inventory accounts will be adjusted to reflect the actual count of products.

LAFHT - STATEMENT of POLICY and PROCEDURE			
Manual:	Policy Manual	SPP No.	**NP 4.05**
Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Cash Management**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 5
		Replaces:	New
Issued by:	Board of Directors	Dated:	

1 POLICY

1.01 The Leamington and Area Family Health Team will have a minimum of two signing officers for cash disbursements. In the normal course of events, these shall be the Executive Director and the Treasurer.

1.02 All new bank accounts and investment accounts shall require a resolution of the Board of Directors.

1.03 Segregated funds shall be kept in a bank account separate from operational funds.

1.04 A cash reserve of three months of normal expenses shall be maintained at all times. The cash reserve may be held in cash, provincial or federal treasury bills or GICs.

1.05 A credit line equivalent (optional) to two months of normal expenses shall be maintained at a financial institution.

1.06 Charitable receipts shall be issued by the Executive Director, Vice Chair or Chair of the Board of Directors. Bank deposits shall be made weekly and reconciled to charitable receipts by the Executive Director.

1.07 Funds in excess of current cash requirements shall be invested with the financial institution or an investment manager approved by the Board of Directors.

1.08 Investments of excess cash will be made following a principle of reasonable return, according to the following risk profile:

(a) Cash and cash equivalents [**0% – 100%**].

(b) Federal and provincial government (or guaranteed) bonds or treasury bills [**0% – 60%**].

(c) Corporate bonds: Option available at the discretion of the Board of Directors.

(d) Stocks and mutual funds: Option available at the discretion of the Board of Directors.

1.09 The Board of Directors shall review and approve investment accounts every three months.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to provide guidance on the treatment of the cash balances of the organization as well as appropriate controls over handling of cash.

3 SCOPE

3.01 This policy applies to the Board of Directors, the Executive Director and all employees involved in the handling of cash.

4 RESPONSIBILITY

4.01 It is the responsibility of the Board of Directors to set guidelines for cash balances and investments, reflecting prudent stewardship of member/donor funds and to assure itself that cash and investments are being managed and controlled effectively.

4.02 It is the responsibility of the Executive Director to ensure that:

(a) Cash and investments are managed according to guidelines set out by the Board of Directors.

(b) Internal controls are established over the handling and access to cash.

(c) Cash forecasts are performed on a periodic basis.

4.03 It is the responsibility of the Executive Director to:

(a) Perform regular reconciliations of bank balances and bank deposits to charitable receipts.

(b) Monitor the levels of inventory and accounts receivable.

(c) Review investments and cash balances monthly.

(d) Ensure that annual distributions meet CRA guidelines (see NP 1.06 – Taxes and Charitable Returns, at page 1.06-iv).

5 DEFINITIONS

5.01 **“Accounts payable”** is an amount owed for goods or services purchased but not yet paid for.

5.02 **“Petty cash”** means a small amount of cash kept on hand to be used for necessary minor purchases.

5.03 **“Accounts receivable”** is an amount due for goods or services sold but not yet paid for. Note that a pledged donation is not an account receivable.

5.04 **“Bank reconciliation”** is a comparison between the bank’s record of transactions and the records of the organization. After taking into account deposits not yet recorded and outstanding cheques the two records should be in agreement.

5.05 **“Controls”** are mechanisms such as reports, reviews and procedures that are designed to ensure policies are effectively adhered to and reduce the risk of fraud or error.

5.06 **“Reconciliation of charitable receipts”** is the comparison between charitable receipts issued to bank deposits and the investigation of any unexplained differences.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP NP 1.06 – Taxes and Charitable Returns
SPP NP 2.05 – Risk Management
SPP NP 4.01 – Financial Management Primer
SPP NP 4.02 – Revenues
SPP NP 4.03 – Expenses
SPP NP 4.04 – Assets
SPP NP 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES

7.01 Banking Accounts and Authorization

(a) New bank accounts must be approved by a resolution of the Board of Directors.

(b) All cheques will require two signatures with authorized signatories approved by resolution of the Board of Directors.

(c) All payments made by the organization with the exception of payments made from petty cash must be made by cheque or transfer from one of its bank accounts.

(d) All funds received by the organization must be deposited to one of its bank accounts within one week.

(e) Transfers between the operations account and other accounts for segregated funds must be approved by the Board of Directors.

(f) Every bank account will be reconciled monthly. Discrepancies must be reported to the bank in writing immediately and followed up. Bank reconciliation forms will be retained for seven years.

7.02 **Reconciliation to Charitable Receipts**

Monthly charitable receipts issued will be reconciled to bank deposits. Discrepancies will be investigated and reported to the Executive Director.

7.03 **Credit Lines and Loans (optional)**

(a) Access to the credit line by the bank as required to cover cheques issued by the organization may be automatic at the discretion of the Executive Director.

(b) Failing automatic triggering of credit, the credit line may be activated only with the approval of the Executive Director or the Executive Director.

(c) Loan arrangements other than a credit line may not be made without the express authorization of the Board of Directors.

7.04 **Cash Forecasts**

(a) Quarterly, the Executive Director will review cash requirements and expectations for the coming three to six months and take necessary steps to ensure that sufficient cash is available through:

(i) Receivables management.
(ii) Payables management.
(iii) Inventory management.
(iv) Purchase advances or deferrals.
(v) Transfer from the investment account.
(vi) Activation of the credit line.

(b) In the event that these actions are likely to be insufficient to the purpose, the Executive Director will refer it to the Executive Committee who will take necessary additional steps.

(c) Annually, coincident with the development of the budget, the Executive Director will review longer-term cash requirements and expectations and take necessary steps in consultation with the Executive Director to ensure that cash will be available when needed, through:

(i) Adjustments to the budget.
(ii) Supplementary fund-raising plans.
(iii) Lease vs. purchase analysis.
(iv) Borrowing.
(v) Other steps as appropriate.

7.05 **Investments**

(a) All cash in excess of three months' normal operating expenses may be transferred from the bank account to an investment account.

(b) Funds in excess of immediate needs may only be invested at the discretion of the Board of Directors..

(c) An investment manager will be selected by the Executive Director and approved by a resolution of the Board of Directors. The investment manager will be requested to provide:

(i) Monthly reports to the Executive Director.
(ii) Annual reports to the Board of Directors.

(d) The Executive Director will review investment reports monthly to ensure that the organization's risk profile is being adhered to.

(e) Every six months, the Executive Director will report to the finance committee of the Board of Directors on the performance of the investment portfolio including effective yield, and comparing the effective yield to appropriate benchmarks. The Treasurer will report to the Board of Directors and request approval of the investment activity for the preceding six-month period.

(f) Periodically, but no less than every three years, the Executive Director will review the performance and service provided by the investment manager and consider other suppliers if necessary.

LAFHT - STATEMENT of POLICY and PROCEDURE			
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Section:	Financial Management	Issued:	Oct 22, 2014
Subject:	**Budgets, Forecasts and Reporting**	Effective:	Nov 1, 2014
Issue to:	All Manual Holders	Page:	1 of 4
		Replaces:	New
Issued by:	Board of Directors	Dated:	

1 POLICY

1.01 An annual budget shall be prepared before the start of each fiscal year and presented to the Board of Directors for approval.

1.02 The budget is not final until it is approved by the board.

2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to set out the requirements for the annual budget and related forecasts.

3 SCOPE

3.01 This policy applies to the Board of Directors, the Executive Director and the Finance Committee.

4 RESPONSIBILITY

4.01 It is the responsibility of the Executive Director to coordinate the budget, capital budget and forecast processes.

4.02 It is the responsibility of all managers and leads to complete their segment of both budgets and forecasts.

4.03 It is the responsibility of the Executive Director to ensure that the budget presented to the Board of Directors for approval represents a responsible implementation of the direction provided by the board and to recommend the budget for approval.

4.04 It is the responsibility of the Board of Directors, on behalf of the members, to assure themselves that the budget represents a responsible implementation of its direction and reflects prudent stewardship of funds, and to approve the budget.

5 DEFINITIONS

5.01 **“Budget”** means an estimate of revenues and expenses and the resultant surplus or deficit for a particular period. It may also include separate estimates of Capital expenditures.

5.02 **"Budget process"** means a coordinated and comprehensive process of financial planning and management which incorporates financial governance principles as well as internal control and risk management principles.

5.03 **"Forecast"** is an estimate of the most likely financial results based upon best-available knowledge as to how events will unfold.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP NP 2.05 – Risk Management

SPP NP 4.01 – Financial Management Primer

SPP NP 4.02 – Revenues

SPP NP 4.03 – Expenses

SPP NP 4.04 – Assets and Inventories

SPP NP 4.05 – Cash Management

7 PROCEDURES

7.01 Budget Guidelines

(a) At the beginning of the Fourth quarter of each fiscal year, the Executive Director will confer with the management team on the general financial guidelines for the preparation of the following year's budget based on the organization's strategic, business plans and direction from the Ministry of Health and Long Term Care (MOHLTC). Guidelines should include assumptions about:

- (i) Prices paid for supplies and suppliers.
- (ii) Wages and benefits.
- (iii) Projects planned to be undertaken.
- (iv) Sales of products and services, if any.
- (v) Membership levels, if any.
- (vi) Anticipated revenues from fund-raising campaigns and events.
- (vii) Other donations.
- (viii) Grants and contributions.
- (ix) Any other operational effect expected from the strategic and business plans.
- (iix) MOHLTC directives and Funding Agreement.

(b) Guidelines will be documented and kept on file with original budget documents for future reference.

7.03 **Budget Process**

(a) Expenses and revenues will be budgeted separately for:

(i) Each segregated fund.
(ii) Each department.
(iii) Each major funded project.

(b) The Executive Director will make budget input forms or spreadsheet templates available to Finance Committee. Forms/templates will incorporate assumptions, if applicable, no later than the end of the first month of the fourth quarter.

(c) The Executive Director will complete a budget for centrally-controlled expenses including:

(i) Rents.
(ii) Pension and benefits costs (if any).
(iii) Utilities not covered by operations.
(iv) Executive salaries and expenses.
(v) Board expenses.
(vi) AGM expenses.
(vii) Interest and investments.
(viii) Insurance.
(ix) GST.
(x) Payroll-based taxes or levies.
(xi) Realty taxes, if any.
(xii) Bad-debt expense, if any.
(xiii) Amortization expense.

(d) In the first month of the fourth quarter, the Executive Director will review each budget with the appropriate manager or lead.

(e) In the second month of the fourth quarter, the Executive Director will review the overall organizational budgets for both capital and for revenues and expenses and make any further changes required to achieve financial and operational targets. Budget deadlines are based on MOHLTC directives

(f) When the proposed budgets are completed, the Executive Director will present the budget to the Finance Committee for its review and recommendation to the Board of Directors.

(g) The Board of Directors may choose to approve budgets at this time or request clarifications or changes. It may also approve the budgets contingents on requested changes being made. The Board of Directors must first approve the MOHLTC Funding Agreement submission prior to submission deadline date.

(h) In the first month of the first quarter of each year, the Executive Director will arrange for necessary changes requested by the board and submit the budgets to the board along with the recommendation of the finance committee.

(i) The board will vote to approve the budget.

(j) The Board of Directors will amend the budget based on MOHLTC changes or amendments to the Funding Agreement.

7.04 **Forecasts**

(a) When the budgets have been finalized, the Executive Director will prepare a cash forecast and take the necessary steps to make cash available to accommodate planned expenses. Planned expenses will be determined after MOHLTC acceptance or amendment of the Funding Agreement.

(b) Quarterly], and more frequently as required, the Executive Director and Finance Committee will undertake forecasts to year-end for both the capital budget and the revenue/expense budget taking current year-to-date results into account.

(c) Such action as is deemed necessary as a result of forecasts will be taken by the Finance Committee, keeping the board informed of any significant developments or decisions.

7.05 **Monthly Process**

(a) The Executive Director is responsible for bringing his/her department and his/her projects in on budget.

(b) The Executive Director is responsible for bringing capital expenditures and segregated funds in on budget.

(c) Monthly, actual financial results will be compared to budgeted results both for the current month and for the year-to-date for that month.

(d) Variances from budget will be investigated by Executive Director. Significant trends will be isolated and discussed by the Finance Committee, which will determine any action that may need to be taken to stay on track.

(e) Other reports from the accounting system as are identified as useful for control, evaluation or other management purposes will be produced and provided to the appropriate managers for review and action.