

FINANCE POLICY

INTENT

The purpose of the financial policy is to guide the financial management, transparency and accountability of the Library Association of Alberta (LAA) in carrying out its mandates effectively and efficiently.

POLICY

1. ACCOUNTING STANDARDS

- 1.1. LAA will follow the guidelines under Generally Accepted Accounting Principles (GAAP) that deal with not-for-profit organizations.
- 1.2. Financial statements will be prepared using Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

2. FISCAL YEAR

- 2.1. LAA’s fiscal year shall be January 1 to December 31, inclusive.

3. FINANCIAL RECORDS

- 3.1. LAA’s financial records shall be maintained to ensure the security of the records as required by the Societies Act, and applicable laws, and the Records Management Policy.

4. FINANCIAL REVIEW

- 4.1. An auditor, or accredited accountant, or two members of LAA (who have an accounting background) shall be appointed to review the financial statements.
- 4.2. The financial statements will be presented to the membership at the Annual General Meeting.

5. SIGNING AUTHORITY

- 5.1. LAA will appoint, by motion, designated officers of the Board to sign contracts, documents, cheques and instruments on behalf of LAA according to the Bylaws of the Association.
- 5.2. Signing officers shall be the President, the Treasurer, and one other officer of the Board.

6. CAPITAL ASSETS

- 6.1. Assets with a planned useful life of at least 3 years, and a value equal to or more than \$2,500 will be capitalized.
- 6.2. Contributed or donated capital assets are recorded at fair value at the date of acquisition.
- 6.3. Assets that have an individual unit value less than the capitalization threshold (on their own) but

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have a significant value as a group will be “grouped” as a single asset with one combined value in the accounting records.

6.4. Capital assets purchased by LAA are recorded at cost. Amortization is calculated using the straight-line method as follows:

6.4.1. Computer hardware: 3 years

6.4.2. Furniture & equipment: 5 years

7. REPORTING TO CRA

7.1. The Board of Directors will ensure that a T1044 Non-Profit Organization (NPO) Information Return is filed as required.

8. FUND ACCOUNTING

8.1. LAA follows the restricted fund method of accounting for contributions.

8.1.1. Externally restricted resources for specific programs will be reported separately in their own Fund in accordance with agreements with external funders.

8.1.2. The Board of Directors may establish internally restricted funds for a specific purpose or reserve.

8.1.3. LAA’s member services delivery and administrative activities will be accounted for in the Operating Fund.

9. RESERVES

9.1. There is a sound basis for long-term financial management of the affairs of LAA. The Board’s reserves shall be:

9.1.1. Education Endowment Fund: to fund scholarships and student awards.

9.1.2. Contingency Fund: to cover any deficits in the Operating Fund and to cover unbudgeted expenses at the discretion of the Board of Directors.

9.1.3. Capital Reserve Fund: to fund future capital purchases.

10. MEMBERSHIP FEE STRUCTURE

10.1. The Board of Directors shall approve any change in the fee structure within one month prior to the annual AGM of the year preceding the change.

10.2. Members will be notified of any changes in the fee structure within one year of the approved change.

11. BUDGET

11.1. The budget shall be consistent with the Board’s priorities and LAA’s strategic and business plans.

11.2. Budget practices shall ensure the financial stability and continuity of LAA.

11.3. The draft budget is presented to the Board of Directors for approval prior to the last Board meeting of the year.

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12. UNBUDGETED EXPENSES APPROVAL

- 12.1. When circumstances arise where monies need to be expended outside of pre-planned or budgeted expenses:
- 12.1.1. Requests for unbudgeted expenses, and the rationale for their approval, must be presented to the Board of Directors.
 - 12.1.2. Providing there is sufficient cash flow, the Board may approve non-budget requests.

13. INVESTMENTS

- 13.1. Investment vehicles are limited to low risk accounts with a recognized financial institution.
- 13.2. Investments are approved by the Board of Directors.
- 13.3. Long-term investments may be held in mutual funds.

REVIEW HISTORY

- March 2022
- March 2013

RELATED DOCUMENTS:

- Policy Review Schedule
- Finance Procedures
- Records Retention Policy
- Reimbursement of Expenses Policy
- Expense Reimbursement Form