

FINANCE

Issued by the Directors

May 2018

This policy should be read in conjunction with the Conflict of Interest Policy, the Purchasing Policy, the Travel Policy, and the Volunteer Travel Policy.

Purpose

1. The following regulations govern the procedures for the accounting system, finance functions and payment authorizations for the World Association for Christian Communication.

Authorisation

2. This Financial Policy is authorized by the Board of Directors. The General Secretary shall establish Procedures to ensure that the Financial Policy is implemented to ensure full compliance with this policy.

Policies

General

3. The accounting system adheres to Canadian generally accepted accounting standards which include the following practices.
4. Accounting financial statements shall be prepared using the accrual basis of accounting.

Donated capital assets, materials and services

5. Donated capital assets shall be recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets shall be disclosed.
6. Recording the value of donated materials and services is optional. It should only be recorded when the value can be reasonably estimated. The value shall not exceed the value at which the Association could have purchased those materials and services.
7. The notes to financial statements shall include the policy in accounting for donated materials and services as well as the nature and amount of those services.

WACC Finance

Pledges

8. The policy followed in accounting for pledges shall be disclosed.
9. When pledges are recorded, the amount recorded shall be disclosed.

Externally Restricted Funds

10. Externally Restricted Funds (those restricted by a donor to a specific purpose) recorded in the financial statements shall be disclosed. A record shall be kept indicating of the nature of the restriction.

Internally Restricted Funds

11. Internally Restricted Funds (those restricted by WACC to a specific purpose) recorded in the financial statements shall be disclosed. A record shall be kept indicating the nature of the restriction.

Administrative

12. The organization shall employ personnel or contract services in order to maintain the accounting system and its files and documents.
13. The accounting records shall be updated on a monthly basis and subject to the scrutiny of the General Secretary, the Finance and Fundraising Committee and/or the Board of Directors on a periodic basis.

Banking

General

14. The Board of Directors shall appoint such Bankers as deemed necessary and beneficial to the Association's management of finances.

Deposits

15. In general, deposits of funds received are to be made as soon as practicable. Amounts greater than \$500.00 should be deposited within one week.
16. All cheques, cash, etc. will be sent to the Financial Controller for recording and such items will be retained in a locked storage until deposited.
17. All deposit records are to be initialled by a signing authority, or designate, appointed by the Board of Directors.
18. All funds will be deposited in the assigned financial institution.

Payments

19. Accounts payable shall be paid early enough to take advantage of any discounts and before late penalty charges apply.
20. Before a payment is made the invoice shall be reviewed to ensure that:

WACC Finance

- a. The goods have been received or services rendered,
 - b. The invoice has been approved by the appropriate person,
 - c. The proper general ledger account has been identified.
21. When a cheque is issued, the cheque stub shall list the invoice(s) being paid. The stub will then be stapled to the invoices and filed in the supplier file.
22. Payments will generally be made by cheque or wire transfer, except for some small dollar amounts. In this case the staff may utilize the petty cash system. (See below)
23. Grants shall be remitted to an institutional account belonging to the grantee. An exception may be made if there is no alternative. Grantees shall be required to submit reports on the use of funds granted.

Payments for Programme and Project Support

24. As WACC has many programme and project partners that receive money transfers from WACC, there are several policies related to programme and project support. From a financial perspective, the following conditions must be met before funds are transferred:
- a. A signed contract or agreement indicating the amount of money to be transferred and conditions for its use must have been received by a WACC
 - b. Any funds previously advanced must have been acknowledged
 - c. The payment must have been authorised by the appropriate WACC staff person, generally the Programme Manager, and by a supervisor.
25. The Financial Controller will prepare the transfer (by cheque or by wire). All cheques/transfers require the signature of two signing officers.

Cheque Signing and Authorization of Financial Transactions

26. The WACC Board must appoint the signing officers. As the WACC Board is generally resident outside of Canada, the Board has named the following staff positions as signing officers:
- General Secretary
 - Financial Controller
 - And any staff members designated by the above to be signatories.
27. The relevant invoice or back-up substantiating the payment shall accompany the cheque when presented to the signing officers for authorisation.
28. For all banking and investment matters, any two of the four named signing officers shall be required for authorization to be considered complete.
29. The cheque stub, or wire transfer record, shall be used to ensure a record of the payment is maintained, for future recording in the accounting records.

WACC Finance

30. Sequentially numbered personalized cheques should be used to maintain a proper control over the cheques. Voided cheques should be kept and clearly marked "VOID".

Bank Reconciliation

31. Bank reconciliations shall be prepared and balanced on a monthly basis by the Financial Controller or designate.
32. The bank Reconciliations shall be reviewed by another signing officer, usually the General Secretary, on a regular basis.

Unaudited Financial Statements

33. Monthly financial statements shall be completed and presented to the General Secretary for acknowledgement and acceptance.
34. Quarterly financial statements shall be completed and presented to the Finance and Fundraising Committee.

Requests for clarification of the financial records of the Association are to be directed to the General Secretary. The General Secretary will obtain information and/or clarification which will be brought back to the Finance and Fundraising Committee or the Board of Directors.

Purchasing

35. All purchasing must be carried out in compliance with the Purchasing Policy.

Capital Purchases

36. All Capital Purchases are to be undertaken through the Financial Controller.
37. Generally, the Association should seek three quotations for purchases greater than \$5,000.00, where at least three suppliers are available for that service or product. Purchases greater than \$25,000.00 should, at the discretion of the Board of Directors, be put to Public Tender or Proposal Call.

Tenders and Proposal Calls

38. The Manager of Administration will manage the tendering and proposal process.
39. Upon approval of a tender, a contract will be signed and approved by both parties and a copy will become a part of the accounting records held by the Financial Controller.

Capital Expenditures

40. Tangible assets exceeding \$2,000.00 per unit which last beyond a year, will be classified as capital expenditures. This will ensure the establishment of an inventory list.

Audit

41. The General Secretary, the Financial Controller and other staff as appropriate, will be involved in the annual audit. Presentation to the Finance and Fundraising Committee of the audit will be done by the auditing firm with assistance from the General Secretary and Financial Controller.
42. The WACC Treasurer, having served as chair of the Finance and Fundraising Committee shall, with the auditing firm, the General Secretary and Financial Controller, present the Financial Statements to the Officers, acting as Trustees, for signature.
43. The Treasurer shall subsequently present the signed Financial Statements to the Board of Directors and to the Annual General Meeting of the Association. The Annual General Meeting shall, after receiving the recommendation of the Finance and Fundraising Committee, appoint the Auditors annually.
44. The audit will cover the fiscal year of January 1st to December 31st.

Conflict of Interest

45. Purchase of goods or services shall not be made directly from any employee or Director, and such purchase is consistent with the WACC Purchasing Policy and the WACC Conflict of Interest Policy.
46. Members of the Board of Directors must declare any conflict of interest with regard to financial terms, as required by the Conflict of Interest Policy and the Association's General Operating By-Law No. 1 and Memorandum and Articles.

Payroll

47. Generally, salaried employees are to be paid on a regular monthly basis.
48. All payroll records will be maintained by the Financial Controller, outlining the breakdown of the deductions, hours worked and amount paid.
49. Personnel records, indicating salary rates, are to be kept by the General Secretary.

Budgets

50. The annual budget for the fiscal year shall be prepared by the Financial Controller under the direction of the General Secretary. An updated budget forecast for the current year and a draft proposed budget for at least the ensuing year shall be presented to the Finance and Fundraising Committee for review.
51. The Officers shall submit, with the support of the General Secretary and Financial Controller, and upon advice from the Finance and Fundraising Committee, the updated forecast for the current year and the proposed budgets for approval by the Board of Directors., The budget shall be presented alongside the unaudited monthly financial statements (year-to-date) in order to monitor the actual results.

Reimbursement of Expenses

52. A travel expense claim, prepared according to either the Travel Policy or Volunteer Travel Policy, as appropriate, shall be submitted when requesting reimbursement of personal expenses.

Petty Cash

53. It is inevitable that some cash must be kept on the premises for out-of-pocket petty cash disbursements. These funds are to be held by the Accounting Assistant, who will provide a monthly accounting of funds received and funds expended for review by the Financial Controller. The funds are to be kept in a locked cash box. Generally the maximum cash on hand for this purpose shall not exceed \$200.00.

Processing Stamp

54. A processing stamp shall be affixed to all requests for payment of invoices, travel claims, etc. so as to help strengthen the internal controls of the organization. The stamp will document the compliance of the different procedures performed.
55. These procedures are intended to ensure that the goods were actually received; the purchase was approved; the applicable GST will be recovered; the invoice was added and that an invoice is not paid twice. It also documents the cheque number for cross referencing.
56. The processing stamp shall indicate that the claim is approved for payment, indicating the programme/ledger account from which it is to be paid, and shall include the signature of the person authorizing payment.

Investments

Operating Funds

57. From time to time WACC receives funds in advance of expenditure timelines. In such cases it shall be the responsibility of the Financial Controller, with the approval of the General Secretary, to invest such funds in short-term, interest-bearing, deposits. Such investments shall not bind the Association's funds so as to unreasonably delay or interfere with the delivery of WACC's Programme.

Investment of Board Designated Funds

58. WACC has, over the years, managed to build a cash reserve. These are funds which are generally considered outside the annual operating budget, unless income from these funds has been designated for such in the annual budget, or unless an emergency has arisen and funds are required to manage the emergency effectively. There are two such funds:
 - a. The Capital Fund is the permanent capital of WACC. Income earned on this fund is to be used for operations. It is the Board intention that only

WACC Finance

one-half of the income earned in any one year shall be applied to operations. At the time this Fund was established in 2006 it held \$4,500,000.00. Expenditures of the capital from this Fund require authorization of the Board. This fund has been transferred to the Many Voices, One World Foundation.

- b. The Stabilization Fund is for the specific purpose of covering operating expenses in the event of unanticipated financial expenditures or occurrences. At the time this Fund was established in 2006 it held \$500,000.00. Expenditures from and contributions to this Fund may be authorized by the General Secretary. This fund has been fully depleted.
59. The WACC Funds are to be managed by a professional management company and according to the provisions in the Investment Policy.

Shared Equity Programme

60. Although not initiated as an investment strategy, WACC has experienced significant returns from its Shared Equity Programme.
61. The Programme was established to enable expatriate staff recruited to work for WACC to establish themselves in the Canadian housing market.
62. The Programme supports the purchase of living accommodation, with generally 30% of the purchase cost provided by WACC, with the employee responsible for providing the other 70% of the purchase cost. The WACC portion is held in Trust by the employee as outlined in a signed Trust Agreement, which is registered against the property title. The Trust Agreement includes a proposal for ending the Trust. At the time the Trust is ended, often by the sale of the property, WACC receives 30% of the sale price which must reflect current market values.
63. This program was discontinued except for previous employees already registered under it and who have not yet sold their properties.