

Student Representative Association **Bookkeeping and Finances**

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Starting Out

There are a few things you will need to do at some point during your time as VP Finance (or equivalent), so be sure to keep them in mind as you begin your new role.

Make sure you have:

- Signing authority
- Last year's financial records and files
- Access to computer, cloud, social media, and bank accounts (as applicable)
- Keys, door code access sage access (as applicable)

Create a year plan and timeline

This should be done as soon as you start your term. First, think about the things you need to do and when they will need to get done. If you're not sure where to start, look at the duties listed under your portfolio in your constitution, bylaws, and/or policy manual. Add these things to your plan or timeline and decide how and when they will get done.

Next, think about what you would like to do. What were your platform points when campaigning for this position? What were your goals when you thought about running? Think about how and when you want to accomplish these things and add them to your plan or timeline.

Create a projected budget

This will guide how your organization collects revenue and makes expenditures. Be sure to involve the rest of your team in the planning stages of the budget, so that their goals and projects will be reflected. There is more detailed information on how to go about creating a budget later on in this guide.

Create a comparison budget

This should be done at the end of the year before you finish and leave the position. There is more information on how to create a comparison budget later in this guide.

Conduct a financial review

IF your group is a registered society, you must conduct a financial review once per year with a Chartered Accountant. Groups that are not registered societies do not have to undergo a financial review, and will have their finances reviewed by the SU Audit Committee.

Complete SU financial reporting requirements

This needs to be done 6 months or less after the end of your fiscal year. There is more information on the reporting requirements later in this guide.

Keeping Records

You should have a dedicated space in your office for financial documents, preferably a locking filing cabinet or safe. The following documents should be stored here, and organized by month where appropriate:

- Your projected budget
- Your up to date comparison budget
- Bookkeeping journals
- Bank statements
- Cheque stubs
- Receipts
- Completed expenditure and reimbursement forms
- Special contracts or agreements (such as your signing authority agreement with your bank)

If these documents exist in digital form, they should be kept on an external hard drive or Dropbox in addition to your computer's hard drive, and you should consider printing them off for more permanent, long-term storage.

After the end of each fiscal year, all financial documents for that year should be kept together in a separate file, along with the year's comparison budget, financial review, minutes for the meeting at which you presented the review to your membership, and a copy of your filled out financial reporting form to the SU. This file should be kept for at least 6 years. Most records can be destroyed after that time, but meeting minutes, journals, and special contracts or agreements should be kept indefinitely, if possible.

Bookkeeping Journals

There are many ways to track your finances. If you want to use an accounting program, the software should come with a guide or tutorial to help you learn how to use it. Below is an example of how to track your finances relatively easily without the use of dedicated accounting software.

There are three main areas of your finances you should be tracking closely, and they can each be kept in a single journal to make it easier to reference them later. These journals can be physical paper journals, or Excel or Word documents. Each entry should match up with a receipt or other financial documentation like bank statements, and each financial document should match with a line in one of the bookkeeping journals.

If you use an Excel or Word document, keep those documents secure, storing them in an external hard drive or cloud in addition to your computer's hard drive, and printing off hard copies, just in case.

Receipts Journal

This is to track money coming into the organization. At minimum, you should include the date you got the money, why the money came in, who it came from, how much it was, what form it came in, and when it was deposited to your bank account.

Example:

Date Received	Explanation	Received From	Amount	Type	Date Deposited
02/09/2018	Locker Sales	Sales	\$1430.00	Cash	02/09/2018
03/09/2018	Locker Sales	Sales	\$960.00	Cash	03/09/2018
06/09/2018	BBQ Sales	Sales	\$529.75	Cash	09/09/2018
30/10/2018	FAMF	Students' Union	\$10,000.00	Cheque	31/10/2018

You can track more than what's shown in the example, such as who received the money, or who deposited it.

Disbursements or Expenditures Journal

This is to track the money spent by the organization. At minimum you should include the date the expenditure was made, who made the expenditure, where it was made, why it was made, how much was spent, and what budget line it's to be expensed from.

Date	Explanation	To	Made by	Amount	Expensed from
30/08/2018	BBQ	Costco	Lorraine Banes	\$153.25	Events
10/09/2018	Office Supplies	Staples	Biff Tannen	\$25.70	Office Supplies
01/11/2018	Grant	Department of Karma	Marty McFly	\$1000	Club Grants

You can track more than what's shown in the example, such as approval and reimbursement dates.

Petty Cash Journal

This is to track the movement of petty cash in and out of your cash box or register. At minimum you should include the date cash was added to or removed from the cash box or register, where the money went to or came from, who handled the transaction or counted the box or register at the end of the day, how much was added or removed, and what the final balance was.

Date	Explanation	Name	Amount	Balance
03/09/2018	Locker Sales Revenue	Lorraine Banes	+\$1430.00	\$1530.00
03/09/2018	Bank Deposit	Marty McFly	-\$1430.00	\$100.00
04/09/2018	Paper plates for BBQ	Biff Tannen	-\$5.25	\$94.75
04/09/2018	BBQ Revenue	Biff Tannen	+\$535.00	\$629.75
06/09/2018	Bank Deposit	Marty McFly	-\$529.75	\$100.00

You can track more than what's shown in the example, like having an opening balance and closing balance, instead of just one column for the closing balance.

Combining Journals

If you don't handle a high enough number of transactions to justify three separate journals, or if you just don't want to track that many separate documents, you can condense the first two into a single journal. A petty cash journal should still be kept separately, however, to ensure that cash is being appropriately handled by your executives and volunteers.

This will require some combination of all of the information asked for in the first two examples, as well as anything else you would like to add, so the table will need to be much longer and you likely won't use every column in a single entry.

Budgeting

Projected Budgets

Every year, your Vice President Finance or equivalent will have to create a projected budget to determine how your organization will handle revenues and expenditures. This ideally should be done within the first two months of your fiscal year, though you can also consider creating a projected budget at the end of the current fiscal year that the next board will have to adhere to. Most FAs have their own deadlines for completing their projected budgets, as well as their own rules to govern the approval of their budget. Some require their general membership to approve it at a General Meeting, others get approval from their Council.

A projected budget should include, at minimum, how much revenue will be taken in and where it will come from, how much will be spent, on what, and what the difference between your revenues and expenditures will be according to your budget. When deciding how much to budget for expenditures, you should plan either to spend exactly as much as you take in, or slightly less so that you run a small surplus.

Budgetary Deficits

Budgetary deficits happen when you plan to spend more money than you're planning to take in, and have no clear way to cover the deficit. They tend to make the SU's Audit Committee quite nervous, and can call into question your organization's ability to responsibly manage its finances and remain fully functional throughout the year. As such, they should generally be avoided when possible. The final balance at the end of your budget should never show a deficit, even if you know you won't actually run your bank account into debt. If you're projecting a deficit but know you will still run a surplus, you should be looking through your past comparison budgets to determine where the surpluses come from, and cut some funding from those budget lines in order to balance your final numbers.

If you need to spend more money than you're making that year, you should make it plain in your budget how you plan to cover the deficit. For example, are you spending more than you're making because you have a large retained earnings* in your bank account? Include a line above the revenue section of your budget to outline how much money will be taken out of those retained earnings.

If you are showing a deficit because you plan to take in sponsorship money but don't know where it will come from, you should set a sponsorship goal based off of what you've been able to get in previous years and what you want to make this year, and put that in a general sponsorship budget line. It's alright if you don't make exactly what you projected. It at least shows that you plan to take in sponsorship money to support your expenses. When you leave it blank, it appears as though you are planning to run your organization into debt, which could get you into trouble with the SU or the University.

*FAs rarely actually spend as much as they plan to in their budget, and often have some money left over at the end of the year, which can accumulate in their bank account over time. These are retained earnings.

Creating a Budget

The easiest way to create a projected budget is to base it off of last year's comparison budget. This will tell you what was budgeted for and what was actually spent the previous year. If you're not sure where to start in creating a new projected budget, you can follow the steps below.

1. Decide what to keep from last year's budget. The contents of a Faculty Association's budget don't typically change a lot from year to year, so the easiest way to start planning this year's budget is to look through last year's line by line and decide how much of it will stay the same. For example, if your organization always sells lockers, holds a certain event, gets a particular faculty grant, or takes in a particular amount of money from fundraising or sponsorship, those budget lines can be carried over to the new budget. One-time purchases, like new furniture, computers, printers, or other capital resources, should be removed.
2. Talk to your executive. Determine which revenue streams you want to pursue again, and which events, services, and other expenditures you want to implement again. Remove anything you aren't planning on doing this year. If there are any new events, services, fundraising, or sponsorship that you want to implement, add those as new budget lines.
3. Determine how funds will be allocated. This is where last year's comparison budget will be especially helpful, as it will tell you how much was actually spent on certain line items during the year. For those that were carried over from last year, check the comparison budget to see how much was actually earned or spend on that item. If some budget lines are consistently significantly underspent, then you might want to consider either finding ways to spend more in that area, or cutting the amount of money allocated to those budget lines. If some budget lines are consistently overspent, you should either look at ways of lowering spending in that area, or increase the money allocated to those lines.
4. Finish it off. Based off of the numbers you have so far, decide how much money is left for any new events, services, or other expenditures you wish to make and how you think it should be allocated. If you are looking at ways to collect more revenue to support additional expenditures, set goals for how much you wish to raise and how you plan to do it (fundraising, revenue generating events, sponsorship, etc). Tweak the numbers until your budget is more or less balanced. At the bottom of your budget you should have a section outlining your total revenue and expenditures for the year, and a final projected balance (revenue minus expenditures). When figuring out the final balance, you want to aim to either break even (revenue minus expenditures equals zero) or have a small surplus.

Projected Budgets

These compare what was budgeted for and what was actually spent. It's nearly impossible to spend or make exactly as much money as you predicted in your projected budget, so there will be some variation between your budgeted and actual numbers. The variation between these numbers can provide you with a number of useful information points about how your organization handles its finances. Huge variations indicate that you're spending irresponsibly, taking in too much money, or didn't allocate your funds appropriately. This can help you reevaluate how you spend money and raise revenue throughout the year, and can also help next year's finance person allocate funds more appropriately in next year's projected budget.

You should keep a working document that gets updated periodically throughout the year that tracks how much money has been spent or raised in each budget line. Depending on how much money your organization handles in a year, you will want to update the working comparison budget more or less often. For those who regularly take in and/or spend money frequently, the working comparison budget should be updated at least once per month. Those who take in and/or spend less can update it less frequently, but should still aim to do so at least once every four months.

Keeping a working document is useful for a couple of reasons. It gives you something to present regularly to your executive and your membership, so that your executive knows how much money is left in the budget lines they are responsible for, and your membership knows what kind of financial state your organization is in.

It's also useful because it means you will have to do less work at the end of your fiscal year. The SU requires, as part of your reporting requirements, that you include a comparison budget and explanation document. If you've kept a working document that's been regularly updated, you won't have to try to trace your revenue and expenditures from the beginning of the year to build the comparison budget from scratch. Most of the work will already be done, and all you will have to do is write a short explanation of the final numbers.

Reporting to the Students' Union

The SU requires all Faculty and Residence Associations to hand in a financial report every four months in September, January, and April. Fees cannot be disbursed until the report has been looked over and approved by the Students' Council's Audit Committee, so the sooner you complete your report, the sooner your funds can be sent to you. Further, Students' Council has the power to terminate Faculty Association Fees on the recommendation of Audit Committee if you fail to report your finances, so be sure to get the report in on time.

The report is completed by entering your expenses and revenues into a spreadsheet template, which will be sent to you some time at the end of the summer.

If you are a registered society and complete an annual financial review with an accountant, then you do not have to do these reports. In the Fall, you will send in your financial review, previous year's comparison budget, and current year's projected budget, and then you're done for the year.

