

Wells Gray Community Forest Corporation Policy

Policy Title: Financial Policy

Policy Number: 2012- 8

Date Approved: Oct 24 2012 Revised April 18 2013

PURPOSE: To establish a Financial Policy.

POLICY:

WHEREAS The Board of the Wells Gray Community Forest Corporation (WGCF) requires clear financial policy to govern its operations,

AND WHEREAS this Policy must be clear to the Board and General Manager in contract to the Corporation,

THEREFORE be it resolved that the Board of the WGCF establishes the following Financial Policy.

SECTION 1 – Financial Policies and Procedures

The purpose of financial management at WGCF is to ensure that funds are used effectively to achieve the Corporation's goals.

The following persons are involved in the financial management of the WGCF:

1. Board of Directors
2. Board Treasurer
3. General Manager
4. Bookkeeper

SECTION 2 – Financial Accountability – Board of Directors

The Board of Directors is responsible for ensuring the overall financial stability of the WGCF. The Board is responsible for effective financial management to ensure a stable and viable Corporation.

Procedures, The Board of Directors will:

1. Ensure that the financial policies and procedures are established and adhered to.
2. Approve the Annual Plan & Budget.
3. Review revenue and expenses on a quarterly basis and compare them with the approved budget.

4. Ensure that the physical and financial assets of the Corporation are properly managed.
5. Annually review, and if necessary revise, and approve the General Manager's contract.
6. Ensure the financial dealings of the Corporation will be in accordance with its Policies.
7. Not authorize any transactions that will result in any personal liability of the Board of Directors or that will adversely affect the capital and assets of the Corporation.
8. Ensure that debts are settled in a timely manner.
9. Ensure that WGCFC's general liability coverage and Directors and Officers liability insurance do not lapse, and reflect the current needs of the Corporation.
10. Ensure that WGCFC does not incur an annual deficit (Section 19).

SECTION 3 – Financial Accountability – Treasurer

The WGCFC will elect a Treasurer from the Board to fulfill the responsibilities of the Treasurer as specified in the Management & Operations Policy Section 7.4.

Procedures

The Treasurer will:

1. Review of financial policies and procedures annually
2. Participate in the preparation of Annual Plan and Budget,
3. Maintain chequing, savings, term deposits/investments and recommend any changes to the Board.

SECTION 4 – Financial Accountability – Book Keeper

Book Keeper Responsibility

1. Is assigned by the Board of the WGCFC.
2. To give the GM a backup copy of the current year's financial records monthly or as requested.
3. To receive all invoicing, billings, cheques received and payables via the GM.
4. To obtain the bank statements and cancelled cheques and review these on a monthly basis.

SECTION 5 – Financial Accountability – General Manager

1. Receive and sign all invoicing, billings, cheques received and payables.
2. Code the same and forward to the book keeper with signature approving payment.
3. File the original items in #1 in the GM's WGCFC office.
4. Assist in the preparation of the AP&B, monitor the same, and recommend any revisions necessary.
5. Prepare, monitor and revise the Silvicultural Accrual as per Policy 2012-9.
6. Manage Contracts as per Policy 2012-12.

SECTION 6 – Financial Controls- Internal Control

The **WGCF** will implement a well designed system of internal controls.

Procedures

1. The Board of Directors will ensure that appropriate safeguards are implemented to prevent fraud or theft of WGCF's funds.
2. Assets will be physically protected. Cheques will be kept in a secure location and will be deposited in the bank by the book keeper as soon after receipt as possible.
3. Insurance coverage shall be reviewed annually to ensure WGCF needs are met.
4. Accurate and complete documentation of all meetings of the Board are to be maintained in the form of minutes in the corporation office by the GM.

SECTION 7 – Financial Controls – Annual Budget Review

Policies governing the Annual Plan and Budget will be followed (see Contract Services Policy: General Manager 2012-6).

SECTION 8 – Financial Controls – Annual Audit

The annual preparation of our financial documents will be completed by an accountant through a Letter of Engagement (LE).

Procedures

1. The Board of Directors will appoint a chartered accountant to prepare the financial documents for the next fiscal year.
2. The accountant will conduct this work of WGCF's financial/accounting systems and ensure that financial statements and records have been prepared in accordance with generally accepted accounting principles.
3. These financial statements will be presented to the Board for its approval as soon as is feasible after the end of the fiscal year.
4. The financial statements will be filed with Revenue Canada by the accountant.

SECTION 9 – Financial Controls – Review of Financial Statements

The Board of Directors will review the financial statements to compare expenditures and incomes against the WGCFC's Annual Plan & Budget on a quarterly basis.

Procedures

1. The Treasurer will receive and review these financial statements on a quarterly basis.
2. The Board of Directors will receive and review financial statements indicating WGCFC's current cash position in relation to the approved budgets monitored quarterly.
3. The Board of Directors will pass formal motions accepting the financial statements quarterly.
4. The Treasurer will produce a monthly summary of our cash on hand, liabilities and surplus to be included in the board's monthly meeting minutes.

SECTION 10 – Financial Controls – Signing Authority

The WGCFC will adhere to the signing authority requirements as specified in the Management and Operations Policy 2012-2 Section 7.

Procedures

1. WGCFC and the Board of Directors will maintain a formal list of names, titles and signatures of those individuals who have signing authority.
2. There will be two authorized officers' signatures on all WGCFC cheques.
3. The President, Vice President and Treasurer will maintain bank signing authority. All cheques require 2 signatures. These signing officers have authorization to transfer funds within the Corporation's banking accounts. Ideally this transfer will be done by the Treasurer.

SECTION 11 – Financial Controls – Cheques

The WGCFC Board will ensure that internal controls on the use of cheques are implemented.

Procedures

1. All cheques will be numbered and used in numerical order.
2. All cheques, including blank unused cheques, will be kept in a secure location.
3. All void cheques will be maintained on file.
4. Cheques will not be issued to "cash" or "the bearer."
5. All invoices will be reviewed by a signing officer.
6. A cheque will be completed before receiving the second and final signature.
7. The Treasurer will be responsible to review bank records.

SECTION 12 – Financial Controls – Deposit of Funds

Funds received by our organization will be subject to internal controls.

Procedures

1. The Treasurer is responsible to confirm the deposit of account receivable cheques.
2. The cheques are normally deposited by the book keeper.

SECTION 13 – Financial Controls – WGCFC Investments

The Board of Directors will ensure that investments held by WGCFC are secure investments and that they are monitored on a regular basis.

Procedures

1. All investments, purchase and sale of securities, will be under the control of the Board of Directors.
2. Investment income earned will be subject to the same financial controls as all other WGCFC funds.
3. WGCFC investments should be very secure investments, short term and liquid and fully insured by the Canada Deposit Insurance Corporation.
4. Two signing officers are required to setup or redeem WGCFC investments with Board approval.
5. The General Board must review the investment prior to the renewal date and arrange for investments to be redeemed into general revenues as needed, so that WGCFC's operating costs may be met.
6. WGCFC's Contingency Fund will be monitored according Section 18 of this Policy.

SECTION 14– Financial Controls – Board and GM Expenses

Board members can choose to be reimbursed for out of pocket expenses incurred in the course of Board business as approved by the Board. The annual rates will be documented in a schedule attached to this Policy. Acceptable expenses include:

1. Vehicle expenses
2. Accommodation expenses @ cost
3. Meal expenses @ cost
4. Photocopying

The General Manager is a contractor. The Contractor will invoice the Corporation for the following terms at the rates approved annually and documented in Schedule B of the Contract Services Agreement:

1. Contract services including field and office time and all board directed meetings.
2. Vehicle costs.
3. Snowmobile costs.
4. ATV and motor bike costs.
5. Accommodation expenses.
6. Meal expenses.
7. Field supplies.

Approved Board and GM expenses will be reimbursed if accompanied by proper documentation and if within the limits as specified in Schedule A set by the Board of Directors.

Procedures

1. Mileage rate and expense limits will be set and reviewed annually. All expenses must be related to approved functions and associated costs.
2. All expense reports will be submitted within one month after the expense is incurred.
3. Original receipts must be included with all expense reports.

SECTION 15– Financial Processes: Banking Services

The WGCFC will enter into an agreement with a recognized chartered bank or credit union that will provide the banking services needed.

SECTION 16– Financial Processes: Maintenance of Financial Records

WGCFC's financial records will be retained for the time specified by our governing legislation.

Procedures

1. A hard copy of financial records will be kept at our head office for 7 years.
2. WGCFC will also retain a copy of the financial records on disk in a fire proof safe.

SECTION 17– Financial Processes: Contracts

The Corporation is responsible for all contracts that are entered into by the Board of Directors. The Contract Management Policy 2012-2 will be followed.

SECTION 18– Financial Processes: Contingency Funds

The purpose of the Contingency Fund is:

1. To provide funding :
 - a. For unforeseen liabilities that arise.
 - b. To cover WGCFC expenses in times of depressed log prices.
 - c. To cover required expenditures should the Board decide to postpone the logging of any portion of the AAC.
 - d. To provide a buffer that facilitates an even flow of funds available to the Society for disbursement to the community.

Minimum Amount

A minimum budgeted balance of \$250,000 must be maintained on an annual basis. This amount will be reviewed by the board annually.

Allocations

All allocations from this fund must be approved by the Board.

SECTION 19– Financial Processes

The board can not approve a deficit budget. The Board will maintain a positive, healthy yearly cash balance.

SECTION 20– Not For Profit Corporation

The WGCFC is a Not or Profit Corporation. The Corporation exists to manage the community forest and return all surplus funds over and above funds required to operate the Community Forest in a fiscally prudent manner to the Wells Gray Community Forest 2010 Society. The Society will distribute these funds to the community through projects submitted to and approved by the Society in accordance with its policies.

Schedule A
Approved Rates 2013 Budget Year

Board members can choose to be reimbursed for out of pocket expenses incurred in the course of Board business as approved by the Board. The annual rates will be documented in a schedule. Acceptable expenses include:

1. Vehicle expenses @ \$.63/km (over 100km) or \$60/day.
2. Accommodation expenses @ cost
3. Meal expenses @ cost
4. Photocopying @ \$.13/copy

The General Manager Contract. The Contractor will invoice the Corporation for the following items at the rates approved annually and documented in the Consulting Services Agreement:

1. Contract services including field and office time and all meetings.
2. Vehicle costs
3. Snowmobile costs
4. Motor bike costs
5. Accommodation and meal expenses @ cost.
6. Field supplies @ cost.