

SMITHS FALLS FLYING CLUB

FINANCIAL MANAGEMENT PROCESS

APPROVED BY: The Board of Directors

DATE: 13 June, 2012
Prepared by Floyd Graham
Authored by David O'Brien

Amended Sept 21, 2013 fg
Approved Oct 21, 2015 fg

FOREWORD

This Procedural document is published with the approval of the Club President and the Board of Directors of the Smiths Falls Flying Club. Any changes to this document shall be communicated to the General Membership in a timely manner.

This document sets out the process and defines requirements, deliverables and sets limits that are intended to ensure that the finances of the Club are managed in an effective, ethical manner, with the intention of upholding the best interests of the membership and at the same time protecting the financial health of the Club.

The requirements specified in this document are considered the minimum and apply to those involved as specified.

FINANCIAL MANAGEMENT

SECTION 1 – ANNUAL OPERATING PLAN (AOP)

A financial plan (The AOP) shall be prepared and approved by the Board of Directors in the month of December each year so that it is in place for the beginning of the new fiscal year (first day Jan). The AOP shows all forecasted revenues and expenditures on an accrual basis.

The AOP shall be structured so as to provide forecasts for all significant cost and profit centers. Monthly reports comparing actual financial performance against the AOP shall be prepared and presented to the Directors at the monthly meeting. An example of an AOP Actuals and Summary highlights is attached. The AOP for each year may be tailored to meet changing Club circumstances, but once established for the year, shall not be changed.

SECTION 2 – REVENUE AND EXPENSE REPORTING (AOP)

2.01 Revenues and expenses shall be categorized in accordance with the AOP. All expense claims shall be annotated with the appropriate AOP line item. The Treasurer shall be responsible for each item.

2.02 Revenues and expenses for each month shall be available to the Board by the end of the following month.

2.03 Revenues and expenses shall be recorded on the date they are incurred (not when received or paid),

2.04 Based on data in these reports, forecasts for full year financial results may be prepared quarterly.

2.05 The treasurer shall ensure that annual results of the previous year are available for the February meeting.

SECTION 3 – BALANCE SHEET AND CASH REPORTING

3.01 Balance sheet reporting (cash and accounts payable and owing) shall be presented by the Treasurer. The Board of Directors shall approve these reports no later than the 15th of the following month.

SECTION 4 – EXPENDITURES AND AUTHORIZATIONS

- 4.01 All Club expenditures shall be reimbursed by cheque. Cheques shall carry the signatures of two designated persons; Treasurer and one designated Member of the Board (Pres, VP and up to one other).
- 4.02 All Club expenditures over \$200.00, not detailed in the AOP, require the approval of the Board.
- 4.03 All Club expenditures over \$250.00, and detailed in the AOP, require the approval of the President, VP, or the Member designated by the Board to be responsible for that line item in the AOP.
- 4.04 All Club investments shall be approved by the Board.
- 4.05 All Club expenditures over \$5000.00 that have not already been approved by the General Membership (as part of a Project Expense or as a routine expense) shall be presented the General Membership for their acceptance.

SECTION 5 – RECEIPT OF REVENUE

- 5.01 All Club revenue shall be received by cheque or by credit or interac card, where possible.

SECTION 6 – DELINQUENT ACCOUNTS

- 6.01 There are situations where the Club may be exposed to financial losses due to the neglect of a member or customer in paying outstanding debt. Details of the collection methodology and penalties are defined in **APPENDIX A** of this document.

SECTION 7 – DATA AND RECORDS ACCESSABILITY

- 7.01 All financial data shall be available to Members of the Board electronically and stored in the clubhouse. Backups of this data shall be stored offsite. In addition to reports outlined above this shall include listing of all expense invoices received, paid, and outstanding, and a listing of accounts receivable. This data will facilitate responses to vendors and to customers and Club Members who are carrying outstanding balances.
- 7.02 All bank statements showing activity, balances and investments shall also be available.

SECTION 8 – THIRD PARTY AUDIT

8.01 All financial data referenced above shall be made available for an audit. The audit must be performed by an accredited financial professional and shall be undertaken at least every five years. During the intervening periods, the Board may, at its discretion, engage an accredited financial professional to conduct either a review engagement or a compilation engagement. The written results of the audit shall be presented to the Board of Directors by the auditor in person. The electronic results of the audit shall be stored in the Clubhouse and backed-up offsite.

end

APPENDIX A DELINQUENT ACCOUNTS

This requirement is mandatory and **applies to** overdue accounts wherein the Club may be exposed to financial losses due to the negligence of a member or customer. This requirement does **not apply** to late payment of membership dues wherein the membership is voluntary. Some memberships (dues) are not voluntary (hangar owner, AC renter, etc).

Some other examples of member applicability would be payments related to hangar leases, hangar taxes, hangar rent, AC rent and any other direct or indirect expense incurred by the Club on behalf of the member.

Examples of customer applicability would be the sale of fuel and services, rental of buildings, use of runways, etc.

In special cases, where the best interests of the Club are at stake, the Board of Directors shall retain the right to adjust or override the penalties outlined below.

Requirements and Penalties:

1. All accounts are due at the time of invoicing unless otherwise stated on the invoice.
2. All accounts overdue for 45 days or more are considered in arrears and an interest penalty of 2% per month will be applied on the outstanding balance, in addition a service charge of \$10 will be applied to these accounts. The treasurer will issue an invoice to seek payment.
3. All account balances outstanding for 75 days or more will result in a registered letter being sent requesting immediate payment. An additional interest penalty of 2% per month will be applied on the outstanding balance. In addition a service charge of \$50 will be applied to these accounts. The treasurer will issue an invoice to seek payment.
4. All accounts overdue for 120 days or more will result in membership privileges being revoked. Subsequently the treasurer will seek permission from the Board to exercise any and all legal rights deemed necessary to recover outstanding amounts, including submission to a collection agency, a lien or litigation.
5. In the event an account becomes uncollectible due to bankruptcy or some other reason, the Treasurer will seek approval from the Board to write off the amount due. Service charge and interest penalty revenue received will be applied to the direct costs associated with the administration and collection of accounts. Any surplus dollars will be applied to the general revenue account.
6. The preceding Policy will not apply to minor account adjustments (under \$20) that are routinely dealt with on a yearly basis.