

OAKVILLE GALLERIES (OG) FINANCE POLICY & PROCEDURES

Purpose

The policy and procedural guidelines contained in this document are designed to:

- protect the assets of OG.
- ensure the maintenance of accurate records of OG's financial activities.
- provide a framework of operating standards and behavioral expectations; and,
- ensure compliance with federal and provincial governments' legal and reporting requirements.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of this policy and its procedural guidelines.

1. Roles

Treasurer and Finance Committee

The Board Treasurer chairs the Finance Committee, which is composed of members designated by the Board of Directors. The Committee may include the Chair and Vice Chair of the Board; however, a majority of the Finance Committee members must not be officers or employees of the corporation.

The Finance Committee has whatever authority as may be designated by the Board of Directors, including:

- performing regular, in-depth reviews of the organization's financial activity
- overseeing the development of the annual budget
- reviewing the organization's financial statements before they are approved by the Board of Directors
- performing an annual risk assessment to identify potential areas of financial exposure.
- confirming the organization's Charities Tax return is filed annually.

Executive Director

The Executive Director (ED) has the responsibility for administering this policy and ensuring compliance with procedures that have been approved by the Board of Directors. The ED has whatever authority as may be designated by the Board of Directors, including:

- making spending decisions within the parameters of the approved budget
- employing and terminating personnel
- determining wage levels within the salary budget approved by the Board. However, increases in compensation outside the approved budget must be recommended to the Board by the Executive Director and approved by the Board.
- creating and amending operating procedures and controls
- making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- entering into contractual agreements within board designated parameters
- ensuring compliance with the terms of grants and other contracts
- ensuring OG's compliance with government reporting requirements, including the annual Charities Tax Return

2. General accounting policies

The accounting system follows generally accepted accounting principles (GAAP).

Financial statements are prepared using the accrual basis of accounting.

The fiscal year is January 1st through to December 31st.

3. Administration

Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The bookkeeper or accountant has primary responsibility for administering and maintaining the accounting system. Bookkeeping support may be provided by others as designated.

The accounting records are updated regularly and subject to the oversight of the executive director.

A filing system accessible to the Executive Director is maintained for all financial records. This filing system may be electronic or paper, or both.

Professional financial service providers are reviewed annually.

4. Budgets

The annual budget for the fiscal year is prepared by the Executive Director working closely with the Deputy Director and other staff as appropriate.

The budget is reviewed by the Treasurer and Finance Committee in committee meetings together with the ED, commencing a minimum of 30 days before being recommended for approval by the Board.

The board of Directors approves the budget annually at its autumn or winter meeting.

The budget is compared to the monthly financial statements in order to monitor the actual results.

5. Financial Statements

Monthly variance reports are completed and presented to the Finance Committee within 30 days of the close of the period.

A financial overview and Surplus/Deficit statement through the end of the previous reporting period are provided to the Board of Directors at each Board meeting.

6. Audit

An annual audit is conducted by an independent CPA after the close of each fiscal year. The audit covers the fiscal year of January 1st to December 31st.

The Executive Director assists in the annual audit by answering queries and providing documentation requested by the auditor in a timely manner. Presentation to the Board of the audit is done by the Treasurer. Copies of the annual audit are provided to funders in accordance with agreements in effect.

7. Banking

The Executive Director and Treasurer must seek three (3) quotes before choosing a financial institution which provides the most appropriate, and most cost effective, services. The convenience of the financial institution's location is also considered. Separate bank accounts are maintained for operating revenue and expenses and savings. Separate accounts are also maintained for capital campaigns and capital contributions. The operating account must, always, maintain sufficient funds to meet all anticipated expenditures, including payroll. Generally, a balance of three months of expenses is sufficient. The savings account is used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

Deposits

Whenever possible, funds should be received via direct electronic funds transfer. The Executive Director must be informed of all funds received via cheque prior to the deposits being made by the Deputy Director or designated person. In general, deposits are made as required.

Banking Transactions

All banking transactions (including electronic transactions) undertaken require authorization. The Board appoints the Treasurer or the Executive Director as the Galleries' authorized signers. In the absence of the Treasurer, the Chair or Vice-Chair can also sign.

Notwithstanding the above, where banking transactions are ongoing, regular payments (utilities, cleaning, insurance) and payroll, these payments are authorized by two signers once per calendar year upon adoption of the annual budget by the board of directors. With other payments, a list of these payments is to be approved by two signers in advance of payment. Once approved, the Deputy Director or Executive Director may make these authorized online payments or prepare cheques to be signed by the Executive Director. Administrative changes such as approving who the signors are, adding/removing people from the accounts, opening/closing accounts or membership will require two signatures.

All payments are reviewed monthly as prepared by the bookkeeper. Alerts on large banking transactions should be sent by email or text message to the Executive Director or Treasurer.

7.01 Legal Contracts

Contracts that relate to routine day-to-day expenditures within the guidelines of an approved budget do not require board approval provided the expenditure does not exceed \$5,000.

All contracts outside of the budget must be approved by the Board of Directors and be signed by any two directors or officers.

8. Disbursements

Invoices are paid in a timely manner, and before late penalty charges apply.

Cheques are issued for services rendered and employee advances as soon as practical, although advance notice of at least a week is recommended.

No cheques may be written to "cash" or "bearer."

9. Accounts Receivable

Invoices for funds receivable are sent out, as soon as practical in accordance with the terms of the agreement or contract. A copy of each invoice is kept in the appropriate accounts receivable file with a notation of the date it was sent.

When payment is deposited, these invoices are marked "POSTED" and transferred to an A/R received file.

10. Account Reconciliations

Bank reconciliations are done monthly. Bank statements are reconciled by someone other than the cheque signer or writer.

Other balance sheet accounts are reconciled at least quarterly

11. Payroll

All hires outside the approved budget are recommended by the Executive Director and approved by the Board of Directors. All changes in employment are likewise authorized by the Executive Director and conveyed to the Board of Directors.

Employees are paid on a bi-weekly basis.

All hourly employees are responsible for submitting complete time sheets on a weekly basis, with final time sheets due on each employee's last working day of the month. All time sheets for other than full-time employees must be signed and dated by employees and their supervisors.

Personnel records are kept at OG for all current staff.

12. Benefits

The ED is responsible for the implementation of any board approved employee benefits package and ensuring compliance with its provisions.

13. Purchases

Purchases greater than \$100 are approved by the Executive Director. All credit card purchases are reviewed for approval monthly by the Executive Director. Any credit card purchase greater than \$100 that has not been approved in advance will not be paid by OG.

Purchases which are not specifically outlined in the budget may be approved by the Executive Director when the financial impact does not exceed a total of \$1,500 for any fiscal year. The Board of Directors must approve any purchase with a financial impact of over \$1,500 that is not in the budget.

OG seeks three quotations for purchases greater than \$5,000 where at least three suppliers are available for that service or product.

14. Petty Cash

A petty cash account is kept at the discretion of the Executive Director. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a cheque, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

Petty cash disbursements are limited to \$100.

Petty cash can be disbursed only with the approval of the ED. Petty cash requisitions are reviewed and coded by the Deputy Director. Actual funds are managed and kept in a locked, fire-resistant box.

The petty cash account is reconciled prior to replenishment and at least monthly.

15. Reimbursements

When requesting personal reimbursement for OG expenses all relevant invoices and receipts must be attached.

Mileage expenses are reimbursed at the income tax regulation rate in effect at the time of the expense.

16. Conflict of Interest

Purchases of goods or services are not made from any employee or director of the organization. Members of the Board of Directors must declare any conflict of interest regarding financial transactions, following procedures in accordance with the Ontario Not for Profit Corporations Act and the Charities Accounting Act.

Purchase of personal items for employees or directors is not made using OG funds.

17. Capital Expenditures & Inventory

Tangible assets exceeding \$1,000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record includes items such as publications and other items offered for sale, as well as office fixtures and furnishings. The inventory contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.

Oakville Galleries' permanent collection of art is its most valuable capital asset. As such, OG keeps and regularly updates an inventory record of all works of art, containing descriptions, certificates of gift/ purchase, date of valuation and receipt and condition.

The capital inventory list of assets over \$1,000 is presented annually at year end to the Treasurer and Finance Committee, for review.

Art acquisitions on behalf of OG are considered to fall outside the normal operating budget. Amounts more than \$10,000 must be approved by the Board of Directors and signed by any two officers or directors. See Guidelines for the treatment of capital assets in Appendix A.

18. Donations & Tax Receipts

For any donation made to OG over \$25 a tax receipt for charitable purposes will be provided. Donations made electronically via credit card or e-transfer will automatically receive a tax receipt, e-signed by the Treasurer.

For any donations made by cheque or cash, over the value of \$250, the Treasurer must be provided with a description before a tax receipt is manually prepared and issued.

All tax receipts will be issued in accordance with Canada Revenue Agency guidelines and computations will be consistent with those guidelines (e.g. advantage amount).

A list of all donations received, including gifts in kind, shall be circulated quarterly to the Finance Committee.

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed.

Donations of art shall be approved by the Acquisitions Committee, pursuant to the Permanent Collection Policy. The value of any donation of art requiring a tax receipt must be appraised by a third-party expert, in accordance with the regulations governing Charities. For those donations of art appraised at a value greater than \$250, the Treasurer must be provided with a description, and provided with a record of delivery, before a tax receipt is manually prepared and issued.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services from an independent third party.

19.
Investments

In 2022, Oakville Galleries established a named Flow-through Fund at the Oakville Community Foundation (OCF). The Fund may receive donations of securities and other financial instruments as well as cash. Any donations made to the Fund are pooled for investment purposes with other funds held by the OCF and invested in accordance with the OCF's investment strategy. OG pays its allocated share of the costs for investment counsel, custodial fees, financial management, administration, granting, charitable works and fundraising. OCF pays OG the Annual Net Income from the Fund in accordance with its Spending Policy.

Oakville Galleries also receives annual net income from its Endowment Fund which is held, managed and invested by the Ontario Arts Foundation.

Retention of Business Records

The organization will retain business records for the time periods indicated in Appendix B below.

20.
REVIEW OF THE FINANCE POLICY

The Board of Directors shall review this policy in 2025 and every 5 years thereafter.

DATE OF APPROVAL

This Policy was Approved by the Board of Directors on Dec 18th, 2024. It comes into effect after Dec 18th, 2024.

Appendix A

The Treatment of Capital Assets

1. Purpose: These guidelines establish the approach to capitalizing and amortizing capital assets. It ensures that assets are accounted for consistently and transparently, enhancing the accuracy of the company's financial statements.

2. Scope: These guidelines apply to all capital assets purchased or acquired by Oakville Galleries.

3. Definitions:

- **Capital Assets:** Long-term assets acquired or held for use in operations, expected to be used for more than one year.
- **Amortization:** The systematic allocation of the depreciable amount of an asset over its useful life.

4. Guidelines:

4.1 Capitalization of Assets:

- Assets will be capitalized if:
 - The cost exceeds \$500.
 - The asset has a useful life of more than one year.
- Categories of capital assets include, but are not limited to:
 - Buildings and facilities
 - Machinery and equipment
 - Vehicles
 - Computer hardware
 - Furniture and fixtures

4.2 Amortization:

- Amortization will be calculated using the straight-line method, ensuring a consistent charge to expense over the asset's useful life.
- The useful life of assets will be determined as follows:
 - Buildings: 30 years
 - Machinery: 10 years
 - Vehicles: 5 years
 - Computer hardware: 3 years
 - A/V Equipment (monitors, projectors, media players, etc): 5 years
 - Furniture and fixtures: 7 years

4.3 Asset Tracking in the Capital Asset Ledger:

- Each asset will be tagged with a unique identification number upon acquisition.
- The capital asset ledger will record the following information:
 - Description of the asset

- Date of acquisition
 - Cost of acquisition
 - Source of funding
 - Location of the asset
 - Assigned user or department
 - Amortization schedule
- The ledger will be maintained by the accounting department and will be updated regularly to reflect new acquisitions, disposals, or transfers of assets.

5. Responsibilities:

- The Finance Department is responsible for implementing these guidelines, maintaining the capital asset ledger, and ensuring compliance with relevant accounting standards.
- Where applicable the Deputy Director will be responsible for monitoring the physical state and utilization of assets within each department and reporting any changes to the Finance Department.

6. Review and Amendments: These guidelines will be reviewed annually and may be amended as necessary to ensure that it continues to meet the needs of OG and complies with applicable accounting standards.

APPENDIX B—Business Record Retention Schedule

Accident Reports and Claims (settled cases)	7 years
Accounts Payable Records	7 years
Accounts Receivable Records	7 years
Audit Reports	Permanently
Articles of Incorporation	Permanently
Annual Audit Reports	Permanently
Bank Statements and Reconciliations	3 years
Budgets	10 years
Bylaws	Permanently
Cash Receipt Records	7 years
Checks (cancelled)	7 years
Checks for important payments such as taxes, special contracts, etc. should be filed with the papers pertaining to the transaction and kept	Permanently
Contracts & Leases (expired)	7 years
Contracts & Leases (active)	Permanently
Corporation Reports	Permanently
Correspondence with vendors	1 year
Correspondence (general)	3 years
Correspondence (legal)	Permanently
Disbursement Requests	7 years
Deposit Slip Duplicates	2 years
Employee Records (after termination)	Permanently
Employment Applications	3 years
Financial Statements	Permanently
Fixed Assets Records	Permanently
Grant Award Letters	10 years
Insurance Records, Accident Reports, Claims, Policies, Certificates	Permanently
Invoices	7 years
Leases (after expiration)	6 years
Journals	Permanently
Minutes	Permanently
Payroll Records	6 years
Property Records	Permanently
Purchase Orders	7 years
Tax-exempt status documents and all documents and correspondence dealing with the CRA	Permanently