



# SUN Local

## FINANCIAL REPORTING GUIDE

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A non-profit organization exists to achieve a goal or a set of goals. The money it has is an important tool to reach these goals; a good bookkeeping system is necessary to monitor the funds.

## The Bookkeeper

Every SUN Local should elect or appoint a treasurer whose duties are to perform and record all financial transactions, prepare the Treasurer's Report and the budget. In large organizations, the treasurer may delegate one or more of the duties to a financial committee. As part of anticipated changes due to Bill C-377, Local Treasurers will also need to provide financial information yearly to SUN Provincial. Standards for this will be developed in the coming months. The method outlined in this manual will help prepare your books for the new reporting requirements.

## Financial Records

All financial records should be kept together in a separate file for at least six years after the end of the current year. Then most records can be destroyed unless they are deemed to be permanent records.

### Permanent Records

Permanent records are records that should never be destroyed and include the Local's bylaws and minutes and, if applicable, special documents, or any special contracts or agreements.

### Journals or Ledgers

The treasurer must keep two types of journals for tracking and recording financial transactions.

They are:

- (1) a cash receipts journal to track incoming monies; and
- (2) a cheque disbursements or expenditures journal to track outgoing monies.

These journals are comprised of pages set up with columns to allocate receipts and disbursements into categories. They can be electronic or in a ledger book. Each of the columns is assigned an account name and together is referred to as the **chart of accounts**. The chart of accounts and its definitions are illustrated in Appendix A. Items not fitting into any of the specified categories are recorded under "other", along with a note explaining specifically what the transaction was for.

### Cash Receipts Journal

The cash receipts journal is organized in a manner to record of all funds the Local receives.

### Deposit Book

The deposit book you obtain from the bank will include duplicate forms. The original copy will be retained by the bank. Retain the second copy—the one that is attached to the deposit book—for the Local records. Ensure that the bank stamps the duplicate deposit slip when you make a deposit to the account.

When preparing the deposit slip, it is very important that you record the following information in the appropriate spaces:



- date
- account number
- Local name
- separately list each cheque being deposited showing payer's name
- show a breakdown of cash being deposited
- signature of authorized person making the deposit
- receipt numbers (optional)

Ensure that all funds, whether cash or cheques are deposited immediately, and that all cheques are properly endorsed, i.e., "for deposit only to the credit of [insert your organizations name]."

### **Cash Disbursements Journal**

The cash disbursements journal is organized in manner to account for all information relating to purchases and payments of expenses of the Local.

### **Cheque Book**

Cheque books either have separate stub for each cheque written or a separate booklet to record transactions. Be sure to complete the record in full each time you write a cheque. Include the following information:

- the cheque number
- the date of issue
- to whom the cheque was issued
- the amount of the cheque
- a brief description of the purpose of the payment

In order to know the amount of money on deposit in the bank, the treasurer should keep a running balance. When an account is opened, be sure to record the first deposit in the cash receipts journal. After that, write the amount of every cheque in the cash disbursements journal and subtract that balance from the cash receipts total balance. Likewise, enter and add all deposits. When you write a cheque, it should be filled out completely before it is signed, namely, it must include:

- cheque number
- the date (ensure you have the correct year!)
- the full name of the payee (the person or company receiving the cheque)
- the amount of the cheque both in figures and words; the two must agree.

### **Treasurer's Report (Financial Statements)**

Financial statements are a method for reporting the financial resources of an organization and what it has done with them. Two statements which represent the Treasurer's Report must be prepared at the end of each financial year and may also be prepared during the year to monitor the budget if necessary. This report can also serve as a Treasurer's Report at any interim meetings as it summarizes the year to date activity of the local.

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The two statements are the:

- (1) Income and Expense Statement or Statement of Activities; and
- (2) Fund Balance Statement or Balance Sheet.

### **Income and Expense Statement (Statement of Activities)**

The Income and Expense is a report that shows how much revenue (or money) has been earned over a specific time period (usually for a year or some portion of a year) and subtracts the expenses (how much you have spent). After all expenses are deducted from income you arrive at an operating profit or loss. This is often called “Income from Operations or Loss from Operations or the “bottom line.”

### **Fund Balance Statement**

The Fund Balance Statement provides detailed information about the Local’s assets, liabilities (debt) and net asset value and the fund balance at the end of the reporting period. The following formula summarizes how the Fund Balance is calculated:

$$\text{TOTAL ASSETS} - \text{TOTAL DEBT} = \text{NET ASSETS}$$

$$\text{CASH ON HAND} - \text{DEBT} = \text{FUND BALANCE}$$

Assets are things that an organization owns that has value. Assets may include money receivable, investments and physical property, such as office equipment (fax machine) or computer equipment.

Liabilities are amounts that the Local owes to others (debt), but not paid yet at the end of the reporting period. This can include all kinds of obligations, like money owed to suppliers for materials or expenses owed to its members. To keep things simple, **all expenses should be paid during the year they were incurred and prior to year end.**

The “Net Asset” value is the total of all assets less the total of all liabilities (debt). For purposes of determining the Local’s Cash Flow Balance or year-end “FUND BALANCE, it is the money that would be left over from the CASH ON Hand less the DEBT. This leftover money belongs to the members including the value of any physical assets.

For purposes of simplification for the Local, these two statements have been combined into a single report as illustrated in Appendix B.



## Control Procedures

### Signing Officers

When opening a bank account, at least two signing officers, one being the treasurer, shall be designated as signing officers. Two officers shall be required to sign each cheque to make it valid. Both signing officers have equal responsibility for the Local funds. This protects the Local from one person using the funds improperly. Cheques should be signed only after being completely filled out. The common practice of one signing officer pre-signing blank cheques should be avoided.

All transactions should go through the bank account. Cash received should never be used directly to pay a bill. Instead, the cash should be deposited and a cheque issued.

### Prenumbered Cheques

An organization should have a Bank Account which issues prenumbered cheques. The financial institution returns cancelled cheques and issues a statement showing all transactions on the account each month. All numbered cheques should be accounted for in your disbursements journal, including void cheques.

### Void Cheques

Voided cheques should be recorded in the disbursements journal by writing the date, the cheque number and the word "void" in the name column. The amount, if already recorded, should be crossed out and corrected as a zero amount. The cheque itself should have "void" written across it, the signature ripped off and then attached to its stub.

### Error Correction

To correct an error in any journal, that has been prepared manually, cross it out with one small diagonal slash and record the correct information above the mistake. An initial beside the correction is often helpful, if the correction is not self-explanatory. A similar process can be used if transactions are recorded in an electronic record keeping system.

### Changing Signing Authority Officers

When a change in signing officers is required, a motion should be placed at that annual meeting to appoint the signing officers. The next step is to draft a letter to the financial institution outlining the changes; and for the new or continuing officers visit the financial institution. A copy of the resolution to change signing officers should be enclosed with the letter. The bank will require some papers to be filled out during the visit, including providing a sample signature. The new signing officers must bring two (2) forms of ID, one of which with a photograph to the bank. To see a sample letter to take to the bank see Appendix C.

### Managing Your Bank Account

The purpose of reconciling your bank statement is to identify any errors or omissions in either the bank or the Local records. It also helps to keep track of the Local's true bank balance at all times.

A bank reconciliation should be done each month shortly after the bank statement arrives. Each journal column is totaled and recorded at the bottom of the column. Bank service charges are expenses and must be included in the cheque disbursements journal. To reconcile your bank statement, refer to the sample on Appendix D and follow those procedures.

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## Audits vs. Review

An audit is an annual examination of the financial records to ensure their accuracy.

To prepare for an audit, the Treasurer should gather the year's minutes and financial records, including journals, cancelled cheques, cheque stubs, deposit receipts, invoices and the two financial statement reports making up the Treasurer's Report.

Following an audit, the auditor will prepare a signed statement giving her opinion regarding the accuracy and honesty of the financial records.

Organizations that have less than \$100,000 of revenue may opt for a review of the records rather than an audit. This review should be conducted by some one that is perceived as independent of the organization and is knowledgeable about accounting and audit matters. Following the review, the reviewer should prepare a letter, commenting on the accuracy and completeness of the records and make any recommendations for correction.

Where there is an audit or review, the report should be presented to the annual meeting of the Local.

## Union Activity Plan

The Union Activity Plan is a written narrative describing the goals that the SUN Local plans on achieving for the upcoming year. It is complementary and helps inform the development of the budget document. The goals are generally set in respect of working towards addressing some issue or achieving some outcome. A Union Activity Plan template is outline in Appendix E.

## Budgeting

Prior to the start of a new fiscal period, an annual budget should be prepared. An organization's budget is a written plan expressed in financial terms about the activities it plans to undertake.

To prepare an annual operating budget, the group must determine what it wants to achieve in the coming year and then realistically estimate all the costs involved, leaving some margin for the unexpected. Likewise, all the income should be estimated. The previous year's Statement of Activities (Income and Expense Statement) is a good starting point and then it can be adjusted for inflation and changes in programming or funding. The group may find that it needs to alter its plans to suit the amount of money available.

A budget is only useful if it is used during the year to monitor the progress of the group activities. Predicted revenues and expenses should be compared to the actual income and expenses at least quarterly. Major differences should be looked into and, if necessary, plans changed to correct the situation.

The budget templates are outlined in Appendix F.

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## SUN Local Year-End Processes

The following check list summarizes year-end processes:

✓	Prepare a Budget and Union Activity Plan prior to year end.
✓	Conduct an Annual Meeting between September 1 <sup>st</sup> and October 31 <sup>st</sup> .
✓	Update Bylaws for any resolutions made at the Annual Meeting as soon as possible after the annual meeting.
✓	Complete the year end bank reconciliation. A year end bank reconciliation is required in order to prepare the Treasurers' Report.
✓	Prepare a year end Treasurer's Report which includes a Statement of Activities (Income and Expense Statement) and a Fund Balance Statement (Balance Sheet)
✓	In order to comply with anticipated Bill C-377 changes, submit the following to SUN Provincial after your year end: <ul style="list-style-type: none"><li>- The budget</li><li>- Your union activity plan</li><li>- The treasurer's report</li><li>- The minutes from the previous year's annual meeting including any officer reports.</li></ul>
✓	Prepare and distribute T4's for any honorariums, allowances or salary continuance wages paid before February 28. If the Local does not wish to be involved with the preparation of T4's, arrangements for payments of honorariums, salary continuance wages or allowances should be coordinated and paid through SUN Provincial. To make these arrangements the Local Treasurer may contact SUN's accountant at 306-566-5564.



## Appendix A – Financial Records

<b>CHART OF ACCOUNTS</b>	
<b>SUN Local</b>	
<i>To assist with completing the Receipts and Disbursements Journal.</i>	
<b><u>RECEIPTS (Income)</u></b>	<b>DESCRIPTION</b>
<b>Local Dues</b>	All dues monies received by the Local from employers.
<b>Other</b>	All other income received by the Local such as interest earned on investments, laptop grants, etc.
<b><u>DISBURSEMENTS (Expenses)</u></b>	<b>DESCRIPTION</b>
<b>Honorariums</b>	Amount payable to Local executive members to manage the operations and affairs of the Local. Honorariums are taxable income to the recipient.
<b>Income Continuance</b>	Wage and benefits costs for time taken off from work by executive or members of the Local to do the work of the union. (Such as to attend a meeting, make a presentation or other union leave purposes.) Income continuance is taxable income to the recipient.
<b>Administration</b>	Expenses for office supplies such as paper and envelopes, postage, telephone, internet, fax, etc. and other administration costs including bank interest charges.
<b>Travel</b>	All expenses incurred by members (including executive) for the purpose of conducting union business in your Local such as accommodations, mileage, per diem costs, etc. Do not list expenses related to member education or workshops.
<b>Meeting Expenses</b>	Expenses incurred to conduct general and annual meeting business of the Local such as room rentals, refreshments or food.
<b>Public Relations</b>	Expenses incurred for the benefit of the members to provide an educational, a workshop or activity to problem solve an issue, bargaining preparations and negotiations or organize a public relations campaign, etc. Such expenses may include cost of a speaker, audio or visual equipment, room rental or food and refreshments.
<b>Member Education Supports</b>	All expenses incurred by any member of the Local (including executive) to attend educational events such as CLC, SFL, CFNU or other external educations including registration fees, lost wages, travel, accommodation or per diem costs, etc.
<b>Other</b>	Any expense that doesn't fall within the other categories above.

**RECEIPTS AND DISBURSEMENTS JOURNAL**

Local Name:

Reporting For the Period:

to

Fiscal Period: Date (DDMMYYYY)	Cheque No. or Receipt No.	Description	DISBURSEMENTS JOURNAL							RECEIPTS JOURNAL		BANK		Cleared Bank (X)				
			Honorariums	Income Continuance	Administration	Travel	Meeting Expenses	Public Relations	Member Education Supports	Other	Dues	Other	Receipts		Disbursements	Running Balance		
		Opening Balance																
Totals:																		
											TOTAL RECEIPTS:							
											TOTAL EXPENSES:							
											BALANCE PER BOOKS:							

## Appendix B - Treasurers' Report

TREASURERS' REPORT			
<b>LOCAL NAME:</b>			
<b>Reporting for the Period:</b>		to	
<b>INCOME AND EXPENSE STATEMENT</b>		<b>FUND BALANCE STATEMENT</b>	
<b>INCOME</b>		<b>ASSETS AND DEBTS</b>	
Dues	-	<b>ASSETS</b>	
Other	-	True Bank Balance:	-
<b>TOTAL INCOME:</b>	-	Investments:	-
<b>EXPENSES</b>		Money Receivable:	-
Honorariums	-	<b>Cash On Hand</b>	
Income Continuance	-	Value of Equipment (at cost):	-
Administration	-	<b>TOTAL ASSETS:</b>	
Travel	-	-	
Meeting Expenses	-	<b>DEBTS</b>	
Public Relations	-	Money Owing:	-
Member Education Supports	-	<b>TOTAL DEBTS:</b>	
Other	-	-	
<b>TOTAL EXPENSES:</b>	-	<b>NET ASSET VALUE:</b>	
<b>BALANCE FOR THE YEAR:</b>		-	
-		<b>FUND BALANCE:</b>	
-		-	
<i>(Make additional comments. If everything is in order and correct, no comment is necessary.)</i>			
<b>Investments:</b>			
Financial Institution	Amount	Maturity Date	
<b>Equipment:</b>			
Description	Purchase Date	Estimated Value	
Please insert any additional comments in this section. This text may be deleted.			

## Appendix C – Sample Letter – Authorize Change of Signing Officers

[Insert Letterhead]

March 23, 2011

Contact Name  
Financial Institution Name  
Address  
City, Province  
Postal Code

### **RE: CHANGE OF SIGNING OFFICERS FOR ACCOUNT [NUMBER]**

Dear [Contact Name]:

This letter is to confirm that we have recently changed our signing officers on our account no. [number] effective immediately. The officer changes are noted below. In addition, we are enclosing a copy of the resolution reflecting this change.

The following officer(s) shall be removed:

Name of Signing Officer	Title of Signing Officer
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The following officer(s) shall be added:

Name of Signing Officer	Title of Signing Officer
-------------------------	--------------------------

Please amend your records accordingly.

Yours truly,

Name  
Position of Officer

Enclosure

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## Appendix D – Conducting a Bank Reconciliation

The purpose of conducting a bank reconciliation is to reconcile the bank statement with your records and to determine what your true bank balance is. You begin the reconciliation process by recording your book balance as at the beginning of the period you are reconciling (line 1), then:

Step 1: Update your cash receipt journal and your cash disbursement journal.

- Check off (✓) all items recorded in your cash receipts and cash disbursements journals to that shown on the bank statement. Circle all items on your bank statement that have not been matched to your journals. Enter in your journals those items that appear on the bank statement but not in your records. Each month this would include recording the bank service charges in your cash disbursements journal.
- Total your cash receipts journal and cash disbursements journal for the period. Record the total of all the receipts on line 2 and the total for all disbursements on Line 3.
- Calculate the period end balance per your books on Line 4 of the bank reconciliation form.

Step 2: Reconcile your Bank Balance

- Record you Bank statement's end of period balance (Line 5).
- List and total all amounts not checked off in your cash receipt journal. These are amounts you deposited to you account since the bank statement closing date. Enter this amount on line 6.
- List and total all amounts not checked off that you have withdrawn (bill payments written) from your account since the bank statement closing date. Enter this amount on line 7.

Step 3: Reconciliation

- Calculate your period ending bank balance on Line 8. This is your true bank balance and should match the amount on line 4.

Step 4: If the two balances do not agree

- Re-check the additions of total receipts and the additions of total disbursement per your records.
  - Verify the accuracy of the beginning balance carried forward from the previous period.
  - Verify if cheques outstanding or deposits outstanding from the last period have cleared the bank account.
  - Verified that you have accurately matched the transactions per your records to having cleared the bank account.
-

BANK RECONCILIATION				
Local Name:	0.00			
	0	to	0	
<b>Balance per Books - Opening Balance:</b> -				
<b>Add:</b>	Receipts		-	
<b>Deduct</b>	Expenses		-	
<b>Balance per Books - Closing Balance:</b> - *				
<b>Bank Balance as per Bank Statement - at year end:</b> -				
<b>Add</b>	<b>Deposits not recorded in bank:</b>			
	Date	Description	Amount	
			-	
			-	
			-	
			-	-
<b>Deduct</b>	<b>Outstanding Cheques</b>			
	Cheque No.:	Description	Amount	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
	<b>Total of Outstanding Cheques:</b>		-	
<b>TRUE Bank Balance as per Bank Statement - at year end:</b> - *				

\* The Balance per Books must equal the Balance per Bank Statement at End of Period.

## Appendix E – Union Activity Plan Template

### UNION ACTIVITY PLAN

SUN Local [insert NAME]		
to		
<b>Mailing Address:</b>	<b>Phone Number</b>	<b>Fax Number</b>
<b>Executive:</b>		
Local President		
Vice President (VP)		
Secretary		
Treasurer		
SDC Representative(s)		
<b>Goals and Objectives:</b> (List the goals and objectives that you wish your activity to accomplish with the members.)		
1.		
2.		
3.		
<b>Method:</b> (This is how you will accomplish the goals and objectives, and the activities that you plan to implement.)		
1.		
2.		
3.		
4.		
5.		
<b>Evaluation/Reflection:</b> (What observances will you want to see from this activity, how will you know it was effective, what will identify where changes need to be made.)		

## Appendix F – Budget Templates

BUDGET (Financial Details)					
Local Name:	0				
For the Period:	00/01/1900	to	00/01/1900		
Number of members this local represents:					
<b>REVENUE BUDGET:</b>					
	<b># of Members</b>	<b>Monthly Dues</b>	<b>Months</b>		<b>Amount</b>
Local Dues					-
Other					-
<b>TOTAL REVEUNE BUDGET</b>					<b>-</b>
<b>EXPENDITURE BUDGET:</b>					
<b>1. Honorariums for Executives</b>					
<b>Description Details</b>					
Local President					-
Vice President (VP)					-
Secretary					-
Treasurer					-
<b>Total</b>					<b>-</b>
<b>2. Salary Continuance</b>					
<b>Description Details</b>					
Executive	<b># of Shifts</b>	<b>Shift Hours</b>	<b>Rate</b>		<b>Total</b>
Local President					-
Vice President (VP)					-
Secretary					-
Treasurer					-
Members					-
Subtotal:					-
Benefits			22.65%		-
<b>Total</b>					<b>-</b>
<b>3. Administration</b>					
<b>Description Details</b>					
	<b>Members</b>	<b># of Times</b>	<b>Rate</b>		
<b>Total</b>					<b>-</b>
<b>4. Travel</b>					
<b>Description Details/Purpose</b>					
	<b># of Trips</b>	<b>Km/Trip</b>	<b>Rate</b>		<b>Total</b>
<b>Total</b>					<b>-</b>
<b>5. Meeting Expenses</b>					
<b>Description Details/Purpose</b>					
	<b>Members</b>	<b># of Events</b>	<b>Rate</b>		<b>Total</b>
<b>Total</b>					<b>-</b>
<b>6. Public Relations</b>					
<b>Total</b>					<b>-</b>
<b>7. Member Education</b>					
<b>Description Details/Purpose</b>					
	<b>Members</b>	<b># of Days</b>	<b>Rate</b>		<b>Total</b>
<b>Total</b>					<b>-</b>
<b>8. Other</b>					
<b>Description Details/Purpose</b>					
<b>Total</b>					<b>-</b>
<b>Total Expenditure Budget:</b>					<b>-</b>



<b>BUDGET SUMMARY</b>					
<b>Local Name:</b>	-				
<b>Reporting Period:</b>	00/01/1900	<b>to</b>	00/01/1900		
	<b>TOTAL RECEIPTS:</b>		-		
	<b>EXPENSES</b>				
	Honorariums	✓	-		
	Income Continuance	✓	-		
	Operating Expenses	✓	-		
	Travel	✓	-		
	Meeting Expenses	✓	-		
	Public Relations	✓	-		
	Member Education	✓	-		
	Other	✓	-		
	<b>TOTAL EXPENSES:</b>		-		
	<b>Profit (Loss)</b>		-		



