

STATEMENT of POLICY and PROCEDURE			
Manual:	O'Keefe Ranch and Interior Heritage Society	OKR No.	OKR 4.01
Section:	Financial Management	Approved	Mar 2018
Subject:	Financial Management Primer	Amended	
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1 POLICY

None. Note that every not-for-profit organization must ensure that it follows appropriate accounting standards.

2 PURPOSE

Not applicable

3 SCOPE

Not applicable

4 RESPONSIBILITY

4.01 It is the responsibility of the board of directors to establish such financial management policies, procedures and controls as it deems necessary to provide assurance to its constituents and exercise prudent stewardship of its funds.

4.02 It is the responsibility of the Senior Leadership Team to establish such financial management policies, procedures and controls as are consistent with direction from the board of directors and necessary to ensure that the organization makes the most effective use of its funds, is protected from undue financial risks and is safeguarded against fraud and theft.

5 DEFINITIONS

5.01 "**Accrual**" means accounting for a transaction at the time it occurs rather than at the time cash changes hands.

5.02 "**Accumulated surplus**" or "**accumulated deficit**" means the build-up of all surpluses and deficits over all periods up to and including the current period.

5.03 "**Amortization**" is accounting for a cost or revenue over the period of time appropriate to its nature, for example, the cost of a computer.

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- 5.04 **“Assets”** means items that represent the wealth of the organization, such as cash, equipment, real property and trademarks.
- 5.05 **“Deficit”** means an excess of expenses over revenues for a period.
- 5.06 **“Expenses”** mean costs incurred in the course of carrying out the organization’s activities.
- 5.07 **“Fund accounting”** means accounting separately for funds the intended use of which is defined or restricted to a particular purpose or set of purposes.
- 5.08 **“Government not-for-profit organization”** is an organization that is controlled by the government and has all of the following characteristics:
- It has counterparts outside the public sector.
 - It is an entity normally without transferable ownership interests.
 - It is an entity organized and operated exclusively for social, educational, professional, religious, health, charitable or any other not-for-profit purpose.
 - Its members, contributors and other resource providers do not, in such capacity, receive any financial return directly from the organization.
- For the meaning of “controlled by government” please refer to page 4.01-ii, above.
- 5.09 **“Liabilities”** means the obligations of the organization to others, such as loans and accounts payable.
- 5.10 **“Revenues”** means the money flowing into the organization.
- 5.11 **“Surplus”** means an excess of revenues over expenses for a period.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE
For not-for-profit organizations (other than government not-for-profit organizations): *CPA Handbook*, Part III and Part II (Accounting Standards for Not-for-Profit Organizations) or *CPA Handbook Part I* (International Financial Reporting Standards).

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- OKR 2.05 – Risk Management
- OKR 4.02 – Revenues
- OKR 4.03 – Expenses
- OKR 4.04 – Assets and Inventories
- OKR 4.05 – Cash Management
- OKR 4.06 – Budgets, Forecasts and Reporting

7 PROCEDURES
None