



■ Financial Handbook

Banking	2
Why do I need a bank account?	
How do I get a bank account?	
What are the requirements of a bank account?	
How do you transfer signing authority?	
Treasurer's Role	3
What does a Treasurer do?	
Next Steps as a Treasurer	
Recommended policies	
Budgeting	5
Why should I create a budget?	
Fiscal Year	
Expenses	
Reimbursements	
Unbudgeted Expenses	
Revenue	
Making Profit	
SGS Support and Resources	
Operational Finances	7
Accounts Payable/Received Log	
Bank Reconciliation	
Petty Cash Log	
Funding Options	8
Sponsorship	
Fundraising	
ROI Analysis	
Auditing & Records	9
Auditing	
Different Types of Records	
The Three R's & other tips	10
Appendix I	12
Appendix II	13



■ Banking

Why do I need a bank account?

Security of your group's funding: Membership dues, ticket sales, and grants belong in your group's bank account, not in a piggy bank. Most banks allow you to deposit cheques through the ATMs on campus, enhancing the security and ease of deposits.

Accountability of members and record keeping: By setting up an account that has at least two and no more than four to three members of your group as signing authorities, you create a system of accountability and a way to track spending. This also means that you have not left one person in charge of all of your group's funds.

Lowered transaction costs: the community accounts that can often be accessed by student groups offer lower transaction costs than the majority of personal accounts. Some banks even offer free accounts to groups!

Legitimizes your group: If you do not have a bank account, you will be ineligible to receive grants from the Students' Union. Other grant programs and potential sponsors are also more likely to donate funds to your club if they can make the donation to your club, and not to an individual person representing the club.

How do I get a bank account?

Complete the registration process: Register your group for recognition through Student Group Services by submitting the Registration Application on BearsDen. For more information on student group recognition, head to [our website](#).

Verification Letter: Following recognition approval, Student Group Services can provide you with a letter of confirmation for the bank stating that you are a registered student group. To request a letter, you can submit a request through [BearsDen](#).

Make an appointment to open an account at the bank of your choice: When making an appointment with the bank, make sure that all of the individuals who will be signing authorities can attend the appointment. All new signing authorities need to be present when you open the account. Don't forget to bring your government-issued I.D.!

What are the requirements of a student group bank account?

- It must be some form of community or business account, not a personal one!



STUDENT GROUP SERVICES

- The signing authorities must be University of Alberta students, executives of the student group. Faculty advisors or representatives of external affiliate organizations must *not* be included on the signing authority. The officers that Student Group Services recommends be signing authorities are the President and the Treasurer.

How do you transfer signing authority?

Complete the registration process: When you renew your club's recognition after your general election, you'll provide SGS with the names of your new executive team, including those who will be signing authorities (at least 2).

Verification Letter: After approval, you can submit a form through [BearsDen](#) titled "Student Group Verification Letter Request". From the information given, we will draft you a letter that you can then come pick up at Student Life Central, SUB o-81.

Make an appointment with your bank: The new executives can bring this letter into the bank, and the bank should transfer the account to them. It is not always necessary for the former executives to go to the bank, but talk to your financial advisor at the bank if you are not sure!

■ Treasurer's Role

What does a Treasurer do?

- Manages the budget and keeps financial records up to date
- Ensures the student group is financially sustainable
- Ensures the student group can transition a new Treasurer each year
- Thinks long term about the student group's financial goals
- Basically, makes sure your student group has money for things

Next steps as a Treasurer

As the newly elected Treasurer, here are some tasks to take care of right away!

1. Switch signing authorities
2. Get the financial files, budget documents and financial policies from last year's Treasurer.
 - If your group doesn't have policies, we have a few recommendations below!
3. Meet with last year's Treasurer to go over all the files and the financial state of your group.
 - Discuss how well the budget reflected actual expenses last year, so you are well prepared to create a budget for the upcoming year. Suggest you do an ROI together.



Recommended Policies

Signing Authority Policy: Student Group Services requires all registered student groups to have at least two signing authorities and require two to sign, but it's a good idea to reflect this best practice in your own group's policies too.

Reimbursement Policy: Your group should have a policy that states how executives and members can be reimbursed by the group for expenses they incur on behalf of the group. For example, if your group is holding an event and one of your executives pays \$50 for decorations out of his/her own pocket and wants to be reimbursed, there should be guidelines around how that person gets the expense approved and submits the expense to the executive for reimbursement. There are more specific tips on this below under "Budgeting".

- **Regular Reporting Policy:** It's a good idea to set a timeline for how often the Treasurer must provide a financial report to the executive. This could be once per month, at every general meeting, or whatever works best for your group.

Budget Review Policy: Each month, you should review your budget with your group and find out if you spent less or more, or earned less or more, than you budgeted for. It's also a good idea to decide how your group wants to handle moments where you might have to go over budget on something, after your year budget has already been approved. Read more about Unbudgeted Expenses below under "Budgeting".

Cash Handling Policy: If your group is going to be handling cash transactions at, say, one of your events, it would be a good idea to outline how you're going to do that safely. Some tips include: ensure there are at least two people present when cash is being handled, lock cash in a location that can only be accessed by authorized individuals once it's been counted, make bank deposits regularly to avoid having significant amounts of cash on hand, in your office or being held by one of your executive members, and use receipts.

Audit Policy: If your group is handling very large amounts of money, consider an audit policy.

- **Retention of Records:** You should state in your policies how long your financial records must be kept. This will apply to both physical and electronic records. More information on this can be found under "Auditing and Records".



■ Budgeting

Why Should I Create a Budget?

- Having a realistic budget is crucial in making sure your group is financially prepared to host all the wonderful events you have planned, and ensures that you don't run into financing problems when, oops, you unexpectedly run out of money...
- Creating and updating an Operating Budget will also help ensure your group's sustainability for years to come. It will help act as a guideline for budget planning for the next year, and if you are budgeting correctly, you should set aside some money as seed money for the next year. That way, your group won't be starting from scratch the following year.

Fiscal year

The first thing that you group needs to consider is what your fiscal year will be.

A fiscal year is the 12-month period in which your budget starts and ends. Decide what period of time works best for you; perhaps your fiscal year is January 1 - December 31, or maybe it rolls over when you change your executive each year. It can be whatever period works best for your operations, however you should avoid scheduling your fiscal year changeover around your group's major events or times when you know that your group members will be hard to reach, like exam time.

Expenses

You'll need to consider two types of expenses when you are making your yearly budget. First, your **operational costs**: things like your office rent, office supplies, memberships to an external organization, etc. Be sure to be thorough when thinking about these types of expenses, since every little cost does add up. Second, consider your **fiscal goals** for the year, what are some of the costs associated? You'll need to consider things like the cost of all those burgers you want to buy to hold your barbeque, or the banner that you want for Clubs Fair. Perhaps you want to give \$500 to a charity this year. This is where you would begin to plan and account for these types of expenses.

Once you have the total amount that these two types of expenses are going to cost you, you have figured out approximately how much it is going to cost to run your group for one fiscal year! Now that you have this number, you can begin to plan how to bring in revenue.



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Reimbursements

Only accept reimbursements when you have a receipt. If you go over budget, that's ok, just bring this up during your regular budget review. If an unbudgeted expense comes in, don't feel like you need to reimburse it. Have a vote within your executive to decide if you want to allocate money to that expense. It's generally a good idea to have a policy that states members must get expenses approved before incurring them, in order to avoid this issue.

Unbudgeted Expenses

If an opportunity comes up part way through the year that you haven't budgeted for, then you'll be glad you've been doing budget reviews so you know exactly where you are financially and can make a good decision about whether or not you can realistically pursue that opportunity. Unbudgeted Expenditures should be approved by a motion and a vote at an executive meeting.

Revenues

Revenue is the total amount of money that flows into your group in one fiscal year, and is what you use to support your group's operations. Revenue comes from many sources, such as membership dues/sales, grants, and fundraisers.

You'll need to create a plan to attain an amount of revenue that matches at least equal to the amount you plan on spending in your expenses. If the numbers don't match, you'll have to either cut back on your expenses, or find creative ways to increase your revenue. Remember that, after all, you can't spend money that you don't have. You'll have to also keep in mind the times of the year that your revenue comes in. If your group's biggest expense for the year comes before your group's biggest source of revenue, that may pose a problem for your operations.

Making Profit

When considering ways to make a profit for your student group by selling something, consider the **cost of goods sold**, or COGS. COGS is the total per-unit cost of an item. So, if your group is going to run a bake sale, figure out how much it costs you to produce each cookie, first. You can use this number to determine your **profit margin (PM)** by taking the COGS away from the **sale price (P)** you decide to use for each item, or: **PM = P - COGS**.

For example, say that your group's fundraising goal is \$300. The cookies for your upcoming bake sale cost \$1.00 each to make. You decide to sell them for \$3.00 each, so you would have to sell 150 cookies to make your target: $\$300 = (\$3 \times 150) - (\$1 \times 150)$. Does this seem feasible to your group? If yes, then go for it! If no, you may have to lower your profit target, produce less expensive cookies, or adjust their sale price.



STUDENT GROUP SERVICES

SGS Support and Resources

You can use SGS' annual budget spreadsheet to walk you through each step of the yearly budgeting process. This might be the most important thing that you do for your group; it gives you an overview and a plan for where you group is going financially for the year.

This and other resources are accessible through the [Resources and Downloads](#) section of the SGS website.

Operational Finances

In this section, you'll find an overview of the basic record keeping systems that your group should be using. You don't have to use each one of these separately or in exactly this form, but there should be some part of your financial practices that cover each one of these purposes.

Accounts payable/received log

An accounts payable/received log is an accounting log that tracks the flow of money coming in and out of your group. It can be useful to track money that has been spent on behalf of your group, but may not be reflected in your bank statement yet. For example, if you have approved one of your members to pay for the catering out of their account, and then the group will reimburse them, you will need to keep track of the fact that this money has been spent. Otherwise, you risk overdrawing your account and your group members may lose their own personal money.

Bank reconciliation

A bank reconciliation is a way for your group to check your own record-keeping practices. It should be done on a monthly basis, or more often if your group does many transactions in a month. All you do is take the starting balance of your account for the month, and then using your receipts and transaction logs, you figure out what the balance should be at the current time. If this number matches with what is in your account, then you're golden! If not, you should figure out where the money has gone, or where the extra money has come from.

Petty cash log

A petty cash log is the record that you keep of the current cash that your group has. It accounts for all of the group money in your cash box, or in your members' hands. Basically, it should be a record of all of your group's monetary resources not in your bank account. It should be updated every time you take cash payment, or make a deposit in your bank account.

For more resources on bookkeeping and accounting, [the Government of Canada](#) has a listing of resources available to the public.



■ Funding Options

Sponsorship

Approaching businesses and groups to sponsor your student group can be a great way to raise money. Keep in mind that student groups cannot sign contracts on behalf of the university. You should ask SGS or the SERM coordinator to review your contact before you sign it. Bars often approach groups and ask them to sign exclusivity agreements with them. Be careful. Your group may benefit but chances are the bar benefits more, so be sure about what you're agreeing to.

Fundraising

BBQs and Bake Sales: Both of bbqs and bake sales are very popular ways of fundraising on campus. The Student Group Services website has excellent resources on both of these activities that tell you exactly what you need to do. Bottle drives are another example of simple fundraising.

Note: Did you know that "by donation" bake sales typically make more money than priced bake sales?

Event based fundraisers: These can include anything from benefit concerts, galas, races, runs or walks, and lectures. They can also involve silent auctions, which don't count as gaming or gambling activities.

Gaming or gambling: If your group wants to hold a raffle or 50/50 to fundraise or as part of your event, you need permission to do this from the Alberta Gaming and Liquor Commission. Simply fill in the normal event form on BearsDen and you'll be guided through the process. If you want to get around the need for permission, you can enter participants into the raffle via their purchase of something else, like their event ticket.

ROI Analysis

What is an ROI?

ROI stands for Return on Investment. If your group wants to try out an activity/idea and see if it is worth it, perform an ROI Analysis. An ROI Analysis will allow you to see if the money and effort you put into something provides you with the financial or non-financial benefits you want. You can pass this on to future executives so they can see what can be changed, what was successful, what shouldn't be done, etc.



STUDENT GROUP SERVICES

ROI initiatives are not necessarily events, but they can be. You can do an ROI for your recruitment activities, large events, whether posterings is an effective activity, etc.

How to complete an ROI analysis

1. Determine the activity you will do the analysis on.
2. Compare the major revenues and expenses
3. Compare your goals with what actually happened
4. Interview key people involved in the activity
5. Breakdown how everything was accomplished
6. Conclude: What was successful? What wasn't?

■ Auditing and Records

Student Groups are subject to financial auditing by the government. This won't be a problem for you group as long as you've been smart with your money management and kept good records. Student groups should keep their records and receipts going back up to six years not including the current year (hence the rule to keep records for 7 years) afterwards they can be securely disposed of.

Your group's financial records can be kept digitally as long as they are clear and accurate. Properly scanned or photographed documents are acceptable, but photos of crinkled paper, where the desk is showing, that are blurry or crooked could potentially be denied by the CRA. Also, If the document was originally an electronic file, a paper printout will not be accepted either.

For more information on acceptable records, check out the [CRA's guidelines](#).

Different types of records

Cash Records & Receipts: Put a cash record in your cash box or envelope. Every time cash/cheque is received, fill out a line of your cash record. This will give you a record of every time your group receives money BEFORE it is deposited in your bank account.

If possible, use your receipt book to write a receipt for whoever gave you the money. Even if they don't want the receipt, write one anyway.

Cash should never be removed from the cash box unless it is to be deposited in your bank account. It is easier to keep a paper record of a reimbursement through cheques. If you do remove money for a deposit, write it in your cash record.

Expense Reports: When a group member wants to be reimbursed for an expense, they have to fill out an expense report and attach the receipt. This gives you a record of where your money is going. Reimburse through cheque only.



STUDENT GROUP SERVICES

See the Expense Report Template under [Resources and Downloads](#) on our website.

Cheque Stubs: When you write a cheque, fill out the cheque stub as well. This gives you a record of when you paid someone.

Bank Statements & Reconciliation: Read the bank statements that get mailed to you every month (often through the SGS office, since many groups use the SGS office as their mailing address—a good strategy, so you don't have to change it every year if you use an executive's home address.)

Use these statements for your bank reconciliation activities. This means checking your bank's records against the records you keep. There is a template you can use as a reference in the resources section of this handbook.

Making Deposits: You should have a deposit book from your bank. If you don't, ask them for one. You should fill out a page of your deposit book every time you make a deposit into your bank account.

■ The Three R's and other tips

Record

The best way to know what your expenses are and what income you have is to record it! Keep all financial records (receipts, invoices, cheque records, etc.) Check out the Petty Cash Log template on [our website](#) for a great way to keep track of monthly expenditure

Review

Compare your annual balance with your group's goals. Are you spending more or less than what you'll be bringing in? Will you have enough to pay for your operational expenses? Do your ideal expenditures match your club's mandate and vision?

Revise

If you spend less than what you have, you will have a surplus. Depending on what your club objectives are, you can put money aside for a year end member's appreciation, use it to lower the costs of your next event, purchase equipment, or put it aside for start-up expenses for the next year. If you spend more than what you have, you will have a shortfall. You will need to either spend less money or make more money. This may involve changing some of your events or costs.

Be prepared to make a change. If you want to spend less, look for where donations are possible to replace some of your costs. For example, instead of paying for a website domain, you can use the [CCID for your Student Group](#) and set up a website using the storage available



STUDENT GROUP SERVICES

in the [Andrew File System](#) (AFS). [Information Services and Technology](#) (IST) can answer any questions you may have around AFS and using your group CCID to host a website. Furthermore, instead of purchasing equipment, you can rent equipment from SGS and other services on campus.

Pro tip: The Executive VIP Discount Card, provided by SGS, likely has additional discounts at other vendors that could help you reduce some costs as well!

Tip & Tricks

- Be sure to include day-to-day and recurring expenses like office supplies, phone bills, etc.
- Be **specific**, and try not to budget for “miscellaneous” items—make sure you know exactly what you’re budgeting for.
- Should unexpected expenses arise, they must be reviewed by the executive to see if **a)** they can be afforded with the current budget, or **b)** if alternative funding methods, such as grants or fundraising, are necessary.
- Detailed records regarding every cheque that is written should be maintained. Use our Petty Cash Log Template for this if you’d like!
- Books and records should be audited or reviewed once a year by the treasurer. If the club has a significantly larger budget (\$100,000/year or more), an accountant should audit the books and prepare a final report.
- Monthly reports of the financial condition of the organization should be made to the membership. A yearly report of the club’s activities, as well as its financial situation, should also be done at the end of the year.
- All funds should be deposited in the bank as soon as possible after.
- All payments should be made by cheque. Depositing all cash, and writing a cheque for all purchases made provides a separate and external record for transactions that can be used to prove the club’s record.

NOTE: Group bank accounts should have NO cash withdrawals allowed. Please contact your banking institution to ensure that the account is set up in a way that only allows for deposits and payments by cheque only and that your account requires two signing authorities – these are the most basic of best practices for financial safety, and are required for student groups.



■ **Appendix I - Nearby Banks** Last update: March 2018

Bank	Branch Nearest to U of A North Campus	Account Type	Monthly Fee	Additional Information	Phone Number
Alberta Treasury Branches (ATB)	8900 - 114 Street NW, SUB lower level	Community Spirit	No monthly fee	ATB Website	1-855-941-4912
Bank of Montreal (BMO)	11630 87th Ave Edmonton, AB T6GoY2	Community Account	\$2.50/month	BMO Website	1-877-262-5907
Canadian Imperial Bank of Commerce (CIBC)	College Plaza Banking Centre 8207 - 112th Street Edmonton, AB T6G2L9	CIBC Not-for-Profit Operating Account	\$4/month	CIBC Website	1-800-465-2422
Royal Bank of Canada (RBC)	Old Strathcona Branch 10843 82nd Ave	Royal Business Community Account	\$3.75/month	RBC Website	1-800-769-2520
Scotiabank	10537 82nd Avenue Nw, Edmonton, AB, T6E 2A3	Scotia Community Account Plan	\$2.50/month	Scotiabank Website	1-877-552-5522
Servus Credit Union	Petroleum Plaza 10747 - 100 Avenue Edmonton, Alberta T5J 2W3	Community Plan	No Monthly fee	Servus Credit Union website	1-877-378-8728
TD Canada Trust	10864 82nd Ave, Edmonton, AB, T6E 2B3	Community Plan	\$1.95/month	TD Website	1-866-222-3456



Appendix II - Bank Reconciliation Template

Bank Reconciliation			
Date:			
Account Number:			
Balance per Bank Statement			0
Add Outstanding Deposits			
	Date	Amount	
			0
Less Outstanding Cheques			
	Date	Amount	
		0	
		0	
		0	
		0	
		0	
		0	
		0	
		0	
		0	
		0	
		0	0
Reconciled Bank Balance			
			0
Balance per General Ledger			0
Add Credits per Bank Statement (Interest)			
	Date	Amount	
			0
Deduct Charges per Bank Statement			
	Date	Amount	
			0
Reconciled GL Balance			
			0
Difference			0