

Sample Best Practices for Financial Accountability and Transparency

There are many resources that list best practices for financial management and financial accountability. This list is based on Imagine Canada's Level 1 standards for organizations of up to ten employees.

<https://www.imaginecanada.ca/en/standards-program>

- Organizations must complete annual financial statements in accordance with an acceptable accounting framework as identified by Chartered Professional Accountants Canada (CPA Canada).
- Organizations with over \$1 million in annual revenue must have their financial statements audited by an independent, licensed public accountant. Other organizations may have a review engagement unless they are required by their governing legislation to have an audit.
- The organization's financial statements must be received and approved by the board and released within six months of year-end.
- The board has a process to ensure that an accurate tax return* is filed with the Canada Revenue Agency (CRA) within six months of year-end, as required by law. The board, or a board committee, reviews and approves the tax return annually, prior to its submission to the CRA.
* Charities are required to fill out a T3010, Nonprofits fill out a T2, and RCAAs fill out a T2052.
- The board approves the annual operating budget. The board has a process to monitor the organization's performance in relation to the annual budget. The board or a board committee reviews the cash position of the organization in relation to its future obligations at least twice a year. The board or a board committee reviews actual revenues and expenses versus budget at least twice a year.
- At least twice a year, the board or a board committee receives assurance from management that all statutory remittances have been made.
- The board reviews the cost-effectiveness of the organization's fundraising activities, including administrative expenses, at least annually.
- Organizations with investable assets over \$100,000 must have an investment policy setting out asset allocation, procedures for investments, and asset protection issues. This policy is reviewed and approved by the board every five years.
- The organization makes the most recent three years of financial statements and the names of all board members available on its website. If the organization is a charity or an RCAA, it makes its

CRA registration number and the public portion of its most recent T3010 OR T2052 available on its website.

- The organization makes information on compensation accessible to its stakeholders. The information contains at least the same level of detail as is required by Canada Revenue Agency (CRA) in the T3010 Registered Charity Information Return.
- The organization discloses the purpose and amount of payments for products or services to board members or to companies in which a board member is an owner, partner or senior manager. The disclosure statement is posted on the organization's website.