



ROTARACT CLUB OF TORONTO FINANCIAL GOVERNANCE

October 14, 2020 - Approved by the Rotaract Club of Toronto Board

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Article 1 - Purpose

The purpose of Club's Financial Governance policy is to provide supplemental guidance to the Club's Bylaws, and shall at no point in time supersede the Club's Bylaws. This document's purpose includes establishing the responsibilities of the Club Treasurer, the financial processes of the Club and the rights that Members are entitled to. This will ensure that our Club practices financial management that is both accountable and transparent in regards to the goals of this Club as determined by the Club's President, Board and most importantly its Club Members.

In accordance with the Club's Bylaws, please note that any time that a Board vote is required, at least a two-thirds vote in support where quorum exists is required for the motion to proceed.

Article 2 - Definitions

Actual Expenditure: the actual monetary amount expended

Board: The club's board of directors

Budget Expenditure: the budgeted monetary amount expected or planned to be expended

Budget Versus Actual: The difference between planned and actual expenditure is either a surplus (we did not actually spend as much as we planned) or a deficit (we spent more than we planned).

Collection: Refers to the depositing of any funds into the Club's accounts. This could include membership dues or income from events.

Committee Member: Any member or prospective member that has attended at least one committee meeting or event

Director: A member of the club's board of directors

Member: A member of the club

Officer: A club member appointed or elected into an office and assigned corresponding duties

Quorum: The minimum number of participants who must be present when a vote is taken: A quorum at any meeting of the members shall be a majority of the members entitled to vote at the meeting.

RI: Rotary International

Rotary year: The organization's fiscal and administrative year beginning on 1 July.

Unincorporated Association: It is an organization of two or more persons who are members of the same association. The membership may change from time to time and the members agree, usually in a written constitution, to co-operate in furthering a common purpose. An unincorporated association is not a legal entity and as such it falls under certain tax laws as specified in Appendix B.

Article 3 - Roles and Responsibilities

1. A new Club Treasurer is elected for each Rotary year by Club members with the following duties taken on by the new elected Club Treasurer as of July 1:
 - 1.1. Managing Club funds on behalf of the Club which involves both the collection and expenditure of Club funds; these activities include the collection of Club Membership dues, income from events or fundraisers, donating money to registered charities or reimbursing individuals for their purchases related to the Club
 - 1.2. Ensuring financial accountability of Club finances by confirming that the following measures are adhered to:
 - 1.2.1. In order to ensure financial accountability and oversight by three separate individuals, the roles of Club President, Club Vice President and Club Treasurer must all be mutually exclusive and thus one individual may not fill two or more of these positions in the same year.
 - 1.2.2. Any financial decision requires a vote by the Club Board at a Board Meeting at which time the Director requesting the vote must provide all documentation required to make an informed decision.
 - 1.2.2.1. If a vote needs to be made through an online poll, Directors will be given at least 48 hours to vote at which time the Director requesting the vote must provide all documentation required to make an informed decision. The result of the vote will then be shared with all Directors by the Club President and/or Club Treasurer before any financial action can be taken.
 - 1.2.3. The Club Treasurer is prohibited from being the lead organizer(s) of a Club event where there is a collection or expenditure of Club funds to avoid conflicts of interest.
 - 1.2.4. The Club Treasurer must provide unbiased Club financial guidance, when possible within 48 hours or in a timely manner, and it is recommended

they take a supporting role in any event where there is a collection or expenditure of funds.

- 1.2.5. All funds that a committee votes to disburse, whether from proceeds of an event or from the committee's budget, must be donated to a Canadian Registered Charity. If the committee votes to disburse funds to an organization or initiative other than a Canadian Registered Charity, the decision to disburse funds must be made through the Board.

Article 4 - Transitioning to a New Club Treasurer

2. The Club Treasurer must do their best to ensure that the incoming Club Treasurer has the knowledge and skills required for the position before July 1; this will require that a training session take place and all relevant documentation be passed along to the next Club Treasurer.
3. It is recommended that beginning May 1, the incoming Club Treasurer begin preparing the Annual Budget in collaboration with incoming Board Members and supported by the Club Treasurer.
4. The Club Treasurer must also work with the current and next Club President and Vice President as well as the next Club Treasurer to perform a review of the Club's finances for the current year. The financial review must include all activities from July 1 until June 1 of the current Rotary Year and be organized into an Annual Report. This report will be presented to the Club Board for approval, and once finalized will be disseminated and made accessible to Club Members before July 1 of the upcoming Rotary year, with an understanding that the report will be amended with information regarding club activities between June 15 and July 1 within two weeks after the Rotary year end.
 - 4.1. Post July 1, the amendments should be made in cooperation between previous years' Board and current years' Board. Once updated, club members should be notified of the revised report, and it should again be made available to them by August 15.
 - 4.2. It is recommended that the Board vote as to whether an external audit is required. This is highly encouraged if Directors do not have the necessary financial expertise.
5. A closed assembly meeting should be held before the end of the Rotary Year for Members to ask questions and provide feedback regarding the results of the financial review of the current Rotary year and the Annual Budget for the following Rotary year. It is recommended that the Club Membership dues for the following year be discussed and

determined at this time. The current and incoming Board should all be in attendance

Article 5 - Financial Documentation and Reporting

6. Club Treasurer is responsible for maintaining financial documentation on the Board Google Drive and reports to the Board, Members and Sponsor Club(s) on the Club's finances on an on-going basis to ensure transparent financial management at all times. All documentation should be accessible to Board Members on the Board Google Drive so they can have access to view the documents however the Club President, the Club Vice-President and the Club Treasurer should be the only ones with edit access.
 - 6.1. Should an occasion require it, another Director may be granted temporary edit access to documents but must be agreed upon by the Club President, Club Vice-President and Club Treasurer and will be overseen by the Club Treasurer.
7. By August 1, the Club Treasurer will present an Annual Budget for the year with the Club President, Club Vice-President and other Board Members to the Club Board. The Annual Budget must:
 - 7.1. Provide a strategic plan for the Club's finances that follows good financial principles.
 - 7.2. Allocate funds to each of the Club's Committees, or identify if funds will not be allocated to certain Committees.
 - 7.3. Ensure there is enough funding for next year or for emergencies.
 - 7.4. Take into account historical Club finances, keeping in mind that this is dependent on the previous Club Treasurer's record-keeping as well as limitations on how funds can be spent which is detailed in this document.
 - 7.5. Follow [International Financial Reporting Standards](#) and be easy to follow
 - 7.6. Must be shared and made accessible to all Club Members by September 1.
8. Beginning October 1, the Treasurer must provide updated documentation of the Club's finances which includes the year to date Club financial transactions and any clarifying notes as well as the updated Annual Budget on a monthly basis to the Board and Members. This documentation should follow International Financial Reporting Standards and be easy to follow.
9. The Treasurer must keep electronic records of all documentation involved in the collection and expenditure of Club Funds. This includes all forms, receipts, cash deposit stubs, cheque stubs. They should be organized in a chronological order so that the next Treasurer will be easily able to find documentation and understand its contents. It should

also be noted that every transaction requires documentation which clearly shows that either a Board or Committee vote passed that was in favour of the transaction.

10. The Treasurer must provide individuals with receipts for any funds that were collected which includes membership dues and event attendance fees.
11. For internal management and reporting purposes, our financial accounts have been organized into the following categories and sub-categories.



- 11.1. **Emergency Reserve:** This includes all funds that are reserved for the next Rotary Year or an emergency. Any expenditures from this account must be voted on by the Board with a 100% vote where quorum is established. It is

recommended that these funds are held in the Club's TD Bank Account Sub-Account 1 as described in Section 14.1.1.

11.2. General Club Operations

- 11.2.1. **Club Administration:** This can include Membership dues, stationary, venue rental, recognition and appreciation awards, food at meetings for Club Members and Club Board training. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.
- 11.2.2. **Club Events / Service Project:** This can include funds for operating any Club events or fundraisers outside of Committees which may require their own budget depending on the size and scope of the event / service project. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Annual Budget for Philanthropic Fund as described in Section 14.2.2.
- 11.2.3. **Other:** This can include any other service or good as required for the Club that does not fall into the Club Administration or Event / Service Project sub-categories. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.

11.3. Donations

- 11.3.1. **Community Service Committee:** This can include all donations to registered charities as decided in a vote by the Community Service Committee. The Community Service Committee Director must ensure that all documentation required to make an informed decision is presented to the Committee at the time of the vote or if a vote needs to be made through an online poll, Committee Members will be given at least 48 hours to vote. Once the payment has been made refer to Section 12.4. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Ribfest Fund as described in Section 14.2.1 or in the Club's Rotary of Toronto Rotaract Club of Toronto Donations Funds as described in Section 14.2.4.
- 11.3.2. **International Service Committee:** This can include all donations to registered charities as decided in a vote by the International Service Committee. The International Service Committee Director must ensure that all documentation required to make an informed decision is presented to the Committee at the time of the vote or if a vote needs to be

made through an online poll, Committee Members will be given at least 48 hours to vote. Once the payment has been made refer to Section 12.4. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Ribfest Fund as described in Section 14.2.1 or in the Club's Rotary of Toronto Rotaract Club of Toronto Donations Funds as described in Section 14.2.4.

11.3.3. **Club Events / Service Projects:** This can include all donations to registered charities as decided in a vote by the Club Board. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Ribfest Fund as described in Section 14.2.1 or in the Club's Rotary of Toronto Rotaract Club of Toronto Donations Funds as described in Section 14.2.4.

11.3.4. **Other:** This can include all donations to registered charities by the Club that do not fall into the other subcategories of Donations. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Ribfest Fund as described in Section 14.2.1 or in the Club's Rotary of Toronto Rotaract Club of Toronto Donations Funds as described in Section 14.2.4.

11.4. **Committee Operations**

11.4.1. **Community Service Committee:** This can include all funds necessary for the operation such as its events / service projects of the Community Service Committee as decided in a vote by the Community Service Committee. The Community Service Committee Director must ensure that all documentation required to make an informed decision is presented to the Committee at the time of the vote or if a vote needs to be made through an online poll, Committee Members will be given at least 48 hours to vote. Once the payment has been made refer to Section 12.4. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.

11.4.2. **International Service Committee:** This can include all funds necessary for the operation of the International Service Committee such as its events / service projects as decided in a vote by the International Service Committee. The International Service Committee Director must ensure that all documentation required to make an informed decision is presented to the Committee at the time of the vote or if a vote needs to be made through an online poll, Committee Members will be given at least

48 hours to vote. Once the payment has been made refer to Section 12.4. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.

- 11.4.3. **Professional Development Committee:** This can include all funds necessary for the operation of the Professional Development Committee such as its events or for skills development workshops of Club Members as decided in a vote by the Professional Development Committee. The Professional Development Committee Director must ensure that all documentation required to make an informed decision is presented to the Committee at the time of the vote or if a vote needs to be made through an online poll, Committee Members will be given at least 48 hours to vote. Once the payment has been made refer to Section 12.4. It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2 or in the Club's Rotary Club of Toronto Account Gerry Nudds Fund as described in Section 14.2.3.
- 11.4.4. **Public Relations Committee:** It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.
- 11.4.5. **Social and Wellness Committee:** It is recommended that these funds be held in the Club's TD Bank Account Sub-Account 2 as described in Section 14.1.2.

Article 6 - Club Membership Dues

- 12. The Club Membership dues for proposed Club Members shall be set by July 1
 - 12.1. Exceptions can be made for any Club Members experiencing extenuating financial circumstances in which case the Club President, Club Vice President and Club Treasurer will anonymously share the proposed Club Member's situation so that the Club Board may vote on whether the individual's Club Membership due will be waived.
 - 12.2. Honorary members are non-paying and non-voting members and do not have to pay for membership however their membership status should be reviewed each year
- 13. All Club Membership requirements must be met and the Club Membership due must be paid before a member will be considered in good standing and receive all the benefits of membership.

14. Club Membership Dues shall be payable to the club annually. Membership dues shall be set by July 1 of each year by the Club's Board of that Rotary year, and be communicated in writing to all current club members. The annual dues amount must be paid in full by 15 September of the Rotary year.
15. If Club Membership dues are not fully paid within 1 month of notification, the Club Treasurer will notify the concerned as determined in the Article 10.3 Disciplinary Process for Member Misconduct and Article 10.4 Authority to Discipline. If the individual fails to respond to the first and final notice in writing and pay the fees within the subsequent seven (7) days, membership of the individual may be terminated without any right of appeal.
16. Club Membership dues should be used for the Club's administrative costs, as well as Club Member services and events, as decided in the Annual Budget.
17. The Membership dues of prospective members will be based on the greater amount of either the Prorated Membership Due which is based on the number of months left in the Rotary year starting from the beginning of the current month or the Cost of Induction. For more details, please refer to the Prorated Membership Policy.

Article 7 - Club Bank Account

18. Rotaract Club of Toronto - Bank Account
 - 18.1. Rotaract Club of Toronto must have a bank account that is not registered as a personal bank account and is in the name of the Rotaract Club of Toronto, with either a retail, commercial or internet bank.
 - 18.2. Signed Authority is the permission provided by the bank to an individual to deposit or withdraw funds from the Club's bank account. It must be given to the following elected Board Members: Club President(s), Club Vice-President and the Club Treasurer. The account may not have less than three Board members with Signed Authority, but additional signatories may be added. However, if any additional signatories are added there must be a vote by the Board and must be re-voted each year as to whether this position will continue to have Signed Authority.
 - 18.3. No signatory may approve a financial transaction to reimburse themselves; in this situation two other Board Members with Signed Authority must sign as signatories.

- 18.4. Currently we have a business bank account with Toronto-Dominion Bank (TD) and the Club has been registered as an Unincorporated Association. Our account has the following benefits and restrictions as determined by TD Bank to ensure adequate levels of oversight. Board Members with Signed Authority:
 - 18.4.1. May request an individual TD Account Access Card
 - 18.4.2. May access the Rotaract Club of Toronto - TD Bank Account online to view transactions up to 18 months in the past
 - 18.4.3. May access the Rotaract Club of Toronto - TD Bank Account to deposit funds online which can be done by (i) accepting an e-transfer (ii) depositing cash in-person to a bank teller at a TD Bank retail location
 - 18.4.4. May issue cheques withdrawing funds from the Rotaract Club of Toronto - TD Bank Account
 - 18.4.5. May not deposit funds to the Rotaract Club of Toronto - TD Bank Account at a TD Self-Serve station
 - 18.4.6. May not withdraw cash or send an e-transfer from the Rotaract Club of Toronto - TD Bank Account
- 18.5. The Club Treasurer will only reimburse an individual if a Director has submitted a Cheque Requisition Form to the Treasurer as well as any supporting financial documentation such as budgets, meeting minutes, purchase orders, invoices and/or receipts. The template for this form will be on the Rotaract Club of Toronto Board Google Drive.
 - 18.5.1. It is the responsibility of the Board Member to submit the Cheque Requisition Form to the Treasurer which will be on the Board Google Drive. Thereafter it is the responsibility of the Club Treasurer to process the financial request within a 1 week time frame and if the Club Treasurer is not able to do so they must notify the Board Member who submitted the documentation and it is their responsibility to keep the Board Member updated with a new time frame until the financial request has been processed.
 - 18.5.2. If the request is for funds from the Club, a Board vote in favour is required and the meeting minutes detailing the vote must be included. If the request is for funds from a Committee within the budget which has been approved by the Board, then the respective Committee must vote in favour and the meeting minutes detailing the vote must be included.

- 18.5.3. It is encouraged that Directors submit a Cheque Requisition form within two weeks of the transaction so that it can be reflected accordingly in Club financial reports. As well, Directors should as much as possible try to make purchases before June 1 to provide the Treasurer enough time for end of year financial reporting and transitioning.

Article 8 - Club Sponsor

19. Our Sponsor Club, which is the Rotary Club of Toronto, holds onto certain funds for the Club and certain processes and policies must be adhered to.
 - 19.1. In order to receive funds from our accounts with the Rotary Club of Toronto, the Club President supported by the Club Treasurer must submit a complete Rotary Club of Toronto Cheque Requisition form that is co-signed by the Club Rotary Liaison and the Rotaract Club of Toronto President, along with any supporting financial documentation such as budgets, meeting minutes, purchase orders, invoices or receipts. It is also suggested that relevant sections of the supporting documentation be highlighted where possible. All documentation must be completed and provided before June 30 of the Rotary Year to the Rotary Club of Toronto's administrative office, submitting earlier as much as possible.
 - 19.2. If there are any ongoing financial requests with our Sponsor Club, the Club President and/or Club Treasurer, must request an update of our Club's accounts on a monthly basis.
 - 19.3. The Rotary Club of Toronto is externally audited each fiscal year as it is a Registered Canadian Charity and a Non-Profit organization. The Club Treasurer will provide any required documentation and assistance to the Rotary Club of Toronto to meet audit requirements and will be notified by the Rotary Club of Toronto Treasurer
 - 19.4. It is recommended that if guidance from the Rotary Club of Toronto is needed, then the Club President and/or Club Vice-President and Club Treasurer request a meeting with either the Rotary Club of Toronto Liaison or the Rotary Club of Toronto Accountant.
 - 19.4.1. It is highly recommended that a meeting is held at the beginning of the Rotary Year to determine what documentation and assistance will be required from the Club for the Rotary Club of Toronto's end of the year external audit and what the financial expectations are for the Club.

Article 9 - Club Financial Accounts

20. Our Club has an account with two sub-accounts with TD Bank and an account with four sub-accounts with the Rotary Club of Toronto and three sub-accounts.

20.1. **Toronto Dominion Bank Account**

20.1.1. **Sub-Account 1:** This account has fees associated with it which will increase the more funds are deposited into it.

20.1.2. **Sub-Account 2:** This account does not have any fees for transactions and will not increase the more funds are deposited into it.

20.2. **KIVA:** Kiva is an online lending platform connecting online lenders to entrepreneurs which the Club has an account with that is managed by the International Service Director with oversight by the Treasurer.

20.3. **Other :** Includes value of club inventory and fundraising/donations from other platforms that are not our Club TD account, our Club Rotary account or Club KIVA account

20.4. **Rotary Club of Toronto Account**

20.4.1. **Ribfest Fund:** Funds received from the Rotary Club of Etobicoke for Club Members volunteering at Ribfest for years up to and including 2017 and may only be used for donations to Canadian registered charities.

20.4.2. **Annual Budget for Philanthropic Fund:** The Rotary Club of Toronto has committed to providing a bursary of \$1,500 to the Rotaract Club of Toronto for each Rotary year. If the Club does not spend all of the \$1,500 it cannot be carried over to the next year. This fund must be used for philanthropic project development or leadership development¹. However if the Club does not have enough from their non-Rotary Club of Toronto Account, then \$500 must be used from this fund may be used to donate to the Youth Civic Leadership Awards.

20.4.3. **Gerry Nudds Fund:** Past President Gerry Nudds is a Rotarian who set up an investment fund that annually donates the interest from the investment fund for the Club's professional development initiatives. The investment fund's interest is deposited annually after the Rotary Club of

¹ This was approved by the Rotary Club of Toronto Board on September 20, 2006

Toronto's annual audit has been completed to the Rotaract Club of Toronto - Rotary Club of Toronto Account.

20.4.3.1. It is recommended that the Club Treasurer shall send a note each year to thank Gerry Nudds for his donation. Ideally, this note will include what the funds were used for in the past year.

20.4.4. **Rotaract Club of Toronto Donations Fund:** Any funds that were donated to the Club through the Rotary Club of Toronto website, intended for donation in support of the Rotaract Club of Toronto and/or its initiatives. Since the Rotary Club of Toronto is a Registered Canadian Charity, they are able to issue donor receipts for tax purposes which the Rotaract Club of Toronto cannot do since it is not a Registered Canadian Charity. There is an administrative service fee charged to the Rotaract Club of Toronto by the Rotary Club of Toronto for this service.

Article 10 - Amendments

21. Changes to this financial governance policy must be approved by the Board and consistent with the Standard Rotaract Club Constitution, the Rotaract Club of Toronto Bylaws, and the Rotary Code of Policies.

Appendix

Appendix A: Canada Income Tax Act for Unincorporated Associations

The Rotaract Club of Toronto is an Unincorporated Association, which falls under section 149(1)(l) of the [Canada Income Tax Act](#).

149(1)

Miscellaneous Exemptions

149(1)(l)

Non-profit organizations

(l) a club, society or association that, in the opinion of the Minister, was not a charity within the meaning assigned by subsection 149.1(1) and that was organized and operated exclusively for social welfare, civic improvement, pleasure or recreation or for any other purpose except profit, no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder was a club, society or association the primary purpose and function of which was the promotion of amateur athletics in Canada;

Appendix B: Contractual Background Regarding Ribfest Funds

For historical context, the Rotary Club of Etobicoke and the Rotaract Club of Toronto has an agreement with the Club that, based on the number of hours Club Members or guests of the Club volunteer at this event, the Club will receive financial remuneration.

Before 2018, the Rotary Club of Etobicoke would give this financial remuneration to the Rotary Club of Toronto to be managed on behalf of the Rotaract Club of Toronto.

However since 2018, the Rotary Club of Etobicoke has given the funds earned by Rotaract Club of Toronto directly to the Club so this means that the funds earned from Ribfest in 2018 and 2019 do not have the specification of having to be given to charity, and can be used at the discretion of the Rotaract Club of Toronto.