



Policy Number	2
Organization:	Ontario Land Trust Alliance (OLTA)
Title of Policy:	Financial Manual
Recommended by:	Treasurer and Finance and Audit Committee – June 22, 2023
Approved by:	OLTA Board of Governors - May 18, 2016 OLTA Board of Governors – June 22, 2023
History of Review	Policy Continued – Nov. 19, 2018 Reviewed and updated April 28, 2022 Reviewed and updated May 4, 2023 Reviewed and updated June 22, 2023 [add summary of further reviews and additions here]

Financial Manual – Policies and Practices

1. Financial Management Policy Statement	1
2. Internal Accounting Controls	2
3. Audit Policy	5
4. Budget Process	6
5. Financial Reporting & Information Returns	7
6. Donated Goods and Services	7
7. Bank Accounts and Credit Cards	8
8. Purchasing Policy	9
9. Insurance	12
10. Cash Handling Policy	13
11. Chart of Accounts and Directories	13
12. Accounts Receivable Policy	14
13. Alternate Revenue Sources	15
14. Accounts Payable Policy	16
15. Payroll Policy	17
16. Investment Policy	19
17. Sustainability Policy	19
18. Contingency Reserve	19
19. Role of the Treasurer	19
20. Supplementary	19
21. Interpretation	20

1. Financial Management Policy Statement

The Ontario Land Trust Alliance (OLTA) will conduct transactions in compliance with Canadian Land Trust Standards and Practices, Canada Revenue Agency Guidance and complete all charity accounting and reporting requirements, including preparing annual financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The basic principles and requirements of these standards and practices will include:

- Sources and uses of funds are segregated in accordance with any restrictions imposed on their use.
- Revenues are reported as earned when goods or services are provided. Expenditures are reported when goods or services are received.
- Deferred revenues occur when funds have been received but goods or services have not been provided.
- Accrued revenue occurs when goods and services have been approved or provided, but the payment has not been received. In order for accrued revenue to be recorded, collectability of the revenue source must be reasonably certain and verifiable.
- Accrued expenditures occur when goods or services are received in an accounting period and payment has not been made.
- Financial policies, principles, budget controls, guidelines, purchasing limits and procedures shall be approved by the Board.
- Defined authorities and financial duties may be assigned to specified Directors and to specified staff only by the Board of Directors and in accordance with the By-laws of the corporation.

All amounts presented herewith are denominated in Canadian Dollars unless it is otherwise stated.

2. Internal Accounting Controls

Internal accounting control is a series of policies and procedures designed to promote and protect sound management practices, both general and financial. Following internal control procedures will significantly increase the likelihood that financial information is reliable, so that Employees and the Board can depend on accurate information to:

- Ensure accuracy, timeliness, and reliability in accounting data, record keeping and the reporting of financial transactions;
- Ensure financial and program decisions are made by OLTA with due diligence in exercising its fiduciary care;
- Ensure that assets and records of the organization are not lost, stolen, misused, or accidentally destroyed; and

- Ensure that OLTA approved policies and procedures are followed and all charity, legal and government regulations are met.

A) Segregation of Duties

OLTA has adopted a policy to segregate duties to ensure that no single Employee will have the ability to both initiate and approve financial transactions either in electronic or paper form. Regardless of duties that have been properly assigned, Employees are not authorized to certify/approve vouchers or payments, which include their own name as payee or another conflict of interest.

If you perform any of these roles:	You cannot perform these tasks:
Payroll Entry	Timesheet Approval Payroll Approval or Audit Approval of Salary/Wage Increases
Bank Reconciliations	Receive Cash or Donations
Purchase of Goods or Services	Approve Payments or Sign Cheques

On a regular basis, Employee responsibilities will be reviewed to ensure that the segregation of duties is maintained and tasks will be transferred as required to resolve any substantial conflicts. Each person that is involved in the above roles is responsible for knowing the conflicting roles and duties and helping to ensure that segregation is maintained by promptly identifying conflicts.

The following Employees have specific roles and responsibilities in the financial management of the organization as generally determined at the time of writing of this financial policy. Subject to GAAP and segregation of duties, the Executive Director and Treasurer may transfer tasks among staff to balance work, change duties or resolve conflicts as long as all functions are carried out.

Administrative Officer (e.g. Member Services Coordinator):

- Issues timely invoices as may be required
- Collects and opens mail and receives payment for goods and services rendered by the organization
- Prepares and makes bank deposits of expected receipts on account of pledged donations and contributions
- Enters financial transactions into OLTA accounts (e.g., QuickBooks or other approved accounting system)
- Prepares charitable tax receipts for all donations and contributions
- Prepares cheques for signature
- Maintains the supply of cheques
- Prepares quarterly cash flow forecast

Financial Officer (e.g. Bookkeeper):

- Enters financial transactions into OLTA accounts (e.g., QuickBooks or other approved accounting system)
- Prepares quarterly and year-end statements
- Reports to the Executive Director and the Treasurer and sends reports to them and to the Administrative officer
- Prepares monthly bank reconciliation
- Manages all HST reporting and compliance
- Does NOT sign cheques or receive monies

Auditor:

- Reviews all statements and schedules prepared by the Financial Officer and reviewed by Executive Director
- Presents the audit results to the Treasurer for review
- Prepares the Draft Audited Statements for the Board to review and approve prior to the AGM
- Prepares the CRA tax return which is reviewed and signed by the Executive Director or by the Treasurer and other Officer in the absence of Executive Director

Executive Director:

- Approves payroll and notifies the Financial Officer of any changes
- Approves invoices/expense claims/requests for payment before they are processed for payment by Administrative Officer for accounting
- Designates account, project, and funder code allocations for all OLTA revenues and expenses
- Signs cheques or approves electronic fund transfers (EFT) (one of two required signatures or approvers)
- Prepares annual budgets for each year in concert with the Treasurer using historical experiences and approved strategic plans
- Approves salary/wage increases for staff and service providers
- Recommends audit to the Treasurer and Finance and Audit Committee; the Treasurer then presents it to the Board for formal approval
- Recommends financial reports to the Treasurer; the Treasurer then presents them to the Board for formal approvals
- Binds legal contracts, documents and instruments in writing and signs tax returns with one signature, within the limits outlined in this policy.
- Ensures compliance with approved operating budget
- Advises Board on financial issues and proposed action

B) Delegation of Authority

An accountability structure is in place that adheres to the following principles:

- Accountability cannot be delegated – work can be assigned

- A person cannot delegate responsibility they do not possess
- Responsibilities and tasks shall only be delegated to people who are qualified and trained to perform them under prescribed terms
- A qualified person must be actively involved in the tasks performed, have the appropriate knowledge and technical skills to perform those tasks, and have the proper delegated authority to carry out the tasks.

3. Audit Policy

Annually, OLTA will ensure that an independent financial audit of the Organization's financial statements is performed.

- An audit is a mark of responsibility and good financial stewardship.
- An audit builds trust and confidence of OLTA with donors and funders.
- An audit sets habits of fiscal responsibility to assure that, even with turnover in personnel, there will be continuity in accountability.
- An audit helps protect the Board and Executive Director, Administrative Officer, and Financial Officer and other Staff from unwarranted risks, charges and/or accusations of careless or improper handling of funds.
- The report of the Auditor will be fully examined by the Board.

The OLTA Finance and Audit Committee in consultation with the Executive Director and Treasurer (and in dialogue with the Administrative or Financial Officer as may be delegated) will oversee the audit process, including assessing and reviewing comments from the Auditor on financial controls and procedures.

At the discretion of the Executive Director, Treasurer and Finance and Audit Committee, more detailed compliance audits with respect to donor collections, financial risk management or other specific areas may be subcontracted through qualified professionals as a financial audit may not fully cover all concerns.

A) External Auditor Services

Audit services from a Chartered Professional Accountant (CPA) that is licensed to practice public accounting will be selected through a request for proposal (RFP) process every five years, or as recommended by the Finance and Audit Committee. The independent Auditor shall be accountable to the Finance and Audit Committee and the Board of Directors in accord with specific contractual obligations.

As delegated by the Board, the Finance and Audit Committee shall have the authority to engage and terminate the independent Auditor, to review with the independent Auditor the nature and scope of any disclosed relationships or professional services including all audit engagement fees and terms, and to promptly direct, or recommend that the Board

of Directors take, appropriate action to ensure the continuing reporting independence of the Auditor.

B) The Engagement Letter

The Finance and Audit Committee will review the draft of the audit engagement letter before it is signed to ensure it covers matters important to management. The Board Chair and Treasurer or Executive Director will sign the engagement letter before any work with the External Auditor begins.

C) The Management Letter

The Finance and Audit Committee and Executive Director will discuss the CPA management letter with representatives of the CPA firm and direct staff as to the appropriate action required to correct any deficiencies identified in the document.

4. Budget Process

It is the policy of the OLTA to prepare an annual budget outlining expenditure priorities in relation to the estimated revenues available from all sources for the upcoming fiscal year.

The following basic principles guide the development and management of the annual budget:

- OLTA strategic plans, funding and program goals are the key factors steering the preparation of the Organization's annual budget.
- The annual budget is linked to planned outcomes and is in alignment with available resources and will support the OLTA mission, delivery of priorities and services, charity administration and fundraising.
- The budget will contain realistic projections of revenue & expenses.
- The annual budget will be comprised of separate budgets for each program/service as well as general operations/administration.
- Budget management will comply with all Board approvals.
- OLTA expenditures will not exceed its funding capacity.

The Executive Director, with the support of other staff, will draft an annual operating budget for presentation to the Finance and Audit Committee. The Finance and Audit Committee will review and make recommendations to the Executive Director and Treasurer. The proposed budget will be presented to the Board of Directors for approval not later than the end of the previous fiscal year.

5. Financial Reporting & Information Returns

A) Federal Returns

In accord with Canada Revenue Agency (CRA) requirements, a completed T3010 Registered Charity Information Return, T1235 Directors and Officials Worksheet, and T1236 Qualified Donees Worksheet (if applicable) will be prepared and submitted within six months of the fiscal year end.

The Auditors prepare the T3010 at the time of the annual audit. The Executive Director approves the completed forms and submits them to CRA.

B) Audited Financial Statements

OLTA will ensure that annual financial statements are prepared using GAAP and Canada Revenue Agency (CRA) guidance.

An annual summary of expenses and revenues will be made available to the public after the Annual General Meeting (AGM).

The following quarterly financial reports will be completed and presented quarterly to the Board:

- Summarized Treasurer's Report
- Balance Sheet for the organization
- Income and expense statement for the organization
- Budget vs. Actuals to date on a monthly and year-to-date basis
- Monthly changes to financial position (cash flows)
- Project cash flow statements for the following three months minimum.

C) Program Reporting

Financial information will be provided to the Executive Committee, Committee Chairs and Program Managers as may be requested.

6. Donated Goods and Services

All donated goods and services will be recorded in the OLTA financial records and, where appropriate, capital assets will be recorded at fair market value as can be reasonably estimated. The value shall not exceed the value at which the organization could have purchased those materials and services. The nature and amount of the donated capital assets should be disclosed. For clarity, if the fair market value of the donated goods and services exceeds the value of the consideration given, the excess will be recorded as excess contribution in the capital section of the balance sheet.

In accordance with grant approval requirements, the Executive Director or designate will request the partner agency to send their valuation of the goods or services being donated in writing from the partner agency's designated officers.

7. Bank Accounts and Credit Cards

OLTA bank account(s) can only be used for legitimate and allowable revenue and expense activities within policies of the Organization.

OLTA may elect to place portions of its banking services requirements and its investments with more than one of the appropriate banking or large credit union institutions if it is determined to be in the best interest of the organization. In order to minimize risk, OLTA will use only federally insured banking and saving institutions in accordance with OLTA's Investment Policy in section 16 below.

A) Authority to Provide Instructions to the Bank

Proposals for new or changes to existing bank accounts must be approved by the Board of Directors. All accounts established will only be with a Canadian Chartered Bank or large credit union in standard accounts insured by the CDIC (Canadian Deposit Insurance Corporation).

The Treasurer or Executive Director will have the responsibility for providing instructions and signing officers to the bank.

The Board Chair, Vice-Chair, Treasurer or Secretary and Executive Director may be designated by the Board of Directors as signatories for its bank accounts. The Executive Director may also designate up to two additional staff members as signatories.

All signing authorities must approve any changes to signing authorities at the bank.

The bank requires two authorized signatures to approve cheques, documents, transfers and withdrawals.

Financial limits for signing authorities based on amounts and transaction types is further defined in section 8.

B) Authority to Obtain Corporate Credit / Debit Cards

Board approval is required for the issue of all credit and debit cards held by authorized officers and staff in the name of the OLTA.

Credit cards may be issued only with a limit of \$6,000 for each card. Policies and procedures for expenditure approvals also apply to credit cards.

C) Deposits

All money received by or on behalf of the OLTA shall be deposited within a reasonable period of time (unless cheque is post-dated) of being received in the name of the organization in Board approved bank account(s) only.

All cheques, cash, etc. will be stored in a fire-proof safe, which is kept in a locked filing cabinet managed by the Executive Director or such designated staff e.g. the Administrative Officer until these funds are deposited in the bank.

D) Reconciliations

Bank reconciliations will be prepared, balanced and approved quarterly. The Board may request other reconciliations.

8. Purchasing Policy

A) Goals and Objectives

- To ensure service and product delivery, quality, cost efficiency and transaction effectiveness.
- To encourage fair competition among suppliers.
- To ensure fairness among bidders and sources.
- To avoid economic waste or duplication with respect to acquisition of OLTA goods and services.
- To ensure compliance with financial policies, administrative practices and budgets by Employees and Board Members.
- To follow good business practices and protect the financial interests of OLTA while satisfying the public need and scrutiny for openness, efficiency, due diligence, accountability and transparency.
- To encourage local purchasing where possible and practical.

B) Policy Restrictions

No contract for goods, services, construction or production may be divided into two or more parts to avoid application of this financial policy, except with the explicit agreement of the Treasurer/Board.

An Employee or Board Member who is involved in the award of a contract must declare and respect any direct or indirect conflict of interest including situations where the Employee/Board Member's spouse, partner, or family member is a shareholder in, or a

Director, Officer, or Employee of a corporation, association, or partnership that has a conflict of interest in the Contract.

C) Spending Authority

The following purchasing limits will apply throughout the whole of the OLTA corporation. Management is authorized to approve purchases within the limits and procedures outlined as follows.

The delegation of authority does not remove the accountability for obtaining Board approval as may be required within this policy. All requests for purchases must be documented and must include taxes, delivery costs, etc.

The Executive Director must ensure that:

- The funds are available in the approved current budget year
- The necessary quotations have been received and recorded
- The goods and services are received and are satisfactory
- All packing slips and invoices are correct and forwarded promptly to the Administrative Officer for reimbursement and record keeping
- Any variances in the order or invoice price are noted and approved.

Signing Authority Limits	
Executive Director	Unlimited within approved budget
Executive Director	Unbudgeted under \$10,000
Executive Director	Unlimited for funded expenditures within new programs that are confirmed through external notification or agreement, following annual budget approval
Treasurer	Unbudgeted \$10,000 - \$25,000
Board	Unbudgeted >\$25,000
Chair and Treasurer	The Executive Director shall consult the Chair and Treasurer and obtain an emergency approval up to \$25,000 or be instructed to obtain an electronic vote approval of the Board to approve the purchase

	Procurement Method	
--	---------------------------	--

Any purchases	Comparison where practical	<\$5000
Any purchases	Written or verbal quotes are not required but staff must always endeavour to obtain good value and ask for services or products to be provided in-kind or at a rebate, wherever possible	Between \$5,000 - \$10,000
For new purchases including new annual service or consultant contracts other than staff contracts	Three quotations for services must be obtained to ensure that OLTA is receiving value for its money. If three written quotes cannot be obtained the reason must be recorded. Reasons for accepting other than the lowest quotation must be documented and retained on file.	Between \$10,000 - \$25,000
For the renewal of an existing annual service or consultant contract	Quotations are not required unless such are requested by the Board, Chair, Treasurer or Executive Director to ensure there is continued fair value and competitive pricing.	Between \$10,000 - \$25,000
Any purchases	Formal request for proposals and a minimum of three comparative quotes or prices are required. Purchasing that is not competitive will require a Board decision.	>\$25,000

Routine purchases, that are approved by the board in the budget process are considered

routine and do not require further authorization beyond the Board approved budget.

Purchasing within OLTA programs is required to comply with the procurement methods outlined in the above table.

Partnership payments and grants administered through OLTA programs that are approved in the budget process, or new programs that are confirmed through external notification or agreement following annual budget approval, are not required to comply with procurement methods in the above table. These grants and payments will comply with program guidelines and program agreements and will be expected to follow procurement processes that demonstrate good value for money.

The following items do not require the Treasurer's approval:

- Unbudgeted purchases of less than \$10,000
- Specific payments related to approved payroll and employment benefits, membership dues and subscriptions, mileage, postage and other similar expenditures
- Recurring charges for utility or tax, insurance and auditor where they are part of approved budgets, i.e. rent, phone or internet.
- Budgeted items
- Funded expenditures within new programs that are confirmed following annual budget approval

D) Capital Purchases

Guidelines for capital purchases and minimum amounts to be recorded in the OLTA accounts shall be defined and approved by the Board and the Finance and Audit Committee. GAAP shall also dictate how this appears in the OLTA's books and records (e.g. amortization).

9. Insurance

Insurance coverage is maintained to protect OLTA (Board Members, Employees and Volunteers) and its assets against claims arising from business activities or natural occurrences such as property damage, personal injury, etc.

OLTA maintains the following insurance policies, which are reviewed by the Treasurer, Executive Director and Board for annual renewals:

- General Liability Insurance (Includes Risk Insurance Coverage for Personnel, Equipment, Property and Office Facilities)

- General Liability Insurance addresses claims arising out of third party bodily injury, property damage. It generally provides limited coverage to Directors, Staff, Officers and Volunteers.
- Directors' and Officers' Liability Insurance.

Director and Officer Liability typically protect against claims arising out of Board decisions or omissions, or out of actions or activities that are performed directly or indirectly under the auspices of the Board or Directors.

Periodically, the Board of Governors will cause a review of existing insurers and their policies. Only policies from insurers that are reasonable and reputable will be accepted to ensure that OLTA interests are protected.

10. Cash Handling Policy

Cash, credit card payments and cheques are sometimes received by Staff on behalf of OLTA. This policy outlines the processes to ensure that all cash proceeds are safeguarded, deposited, and reflected properly in the OLTA books of account and other corporate records.

A) Safeguarding Cash and Cheques

Upon receipt all cheques received will be stamped with the OLTA account. All cash and cheques will be kept in a secure location until deposited. OLTA keeps a locked fire-proof safe inside a locked filing cabinet for the storage of cash and cheques. All revenues are deposited as soon as received or within 10 business days. Credit card payments will be processed within 10 business days.

B) Receipting

All cash and cheques or invoices to be paid will be supported with their receipts/invoices which will include a description of the product/service, date, amount (numbered and written out), and authorized signature. The original copy of receipt will accompany the cash or cheques and submitted to the Financial Officer for processing. A duplicate copy of the receipt will be provided to the client/customer. Donors receive the original receipt. The Executive Director may choose to send an e-signed receipt to donors along with an executed thank-you letter as may be appropriate.

11. Chart of Accounts and Directories

Any alterations to accounting directories require the approval of the Executive Director and the Financial Officer.

12. Accounts Receivable Policy

In accordance with GAAP, all charges for applicable external sales of products, services, and for grants and revenues for which consideration was not paid, shall be recorded as receivable. Charges may consist of, but are not limited to:

- Speaking honorariums
- Dues for approved memberships
- Fees for workshops and training
- Property rental and fees for services
- Publications and business references
- Product and service charges to clients
- Advances to employees for expenses
- Donations, Grants, Pledges and Sponsorships.

A) Products and services for partners

Fees will be set for products and services provided to OLTA partners by the Executive Director.

Annual Fees for OLTA Members and Associates will be based on a fee schedule that reflects the variable financial capacity of the OLTA membership and the member services from OLTA and that is set annually by the Executive Director and provided for information to the OLTA Board of Governors.

B) Employee Advances

Any advances for employee expenses will be recovered at the time the employee's expense claim is processed.

C) Grants and Donations

Any money or goods received by OLTA from foundations, corporations, governments or individuals shall be used solely for the purpose intended in the original funding request, unless permission is given by the grantor to use it for other purposes and so approved by the Treasurer and Board.

Once a schedule of payments associated with a successful grant or donation is received, all payments will be entered as receivable as they become due and such funds shall be used only for the purposes as approved.

D) Notices and Collection

All receivables not associated with grants and donations are due within 45 days of issuing an invoice. Monthly accounts receivable reminder notices are to be mailed out the last week of the month to all non-grant customers with balances and times outstanding that are greater than 45 days.

E) Non-Sufficient Funds

A fee may be charged on each non-sufficient funds cheque returned to OLTA, equivalent to the respective bank charge.

F) Application of Payments

All payments received on account are applied first to interest/fees owing and then to the oldest accounts receivable unless the payer specifically designates to which accounts receivable the payment is to be applied.

G) Write Offs

Outstanding receivables will be written off, based on a determination that a particular receivable is uncollectable. A final review of outstanding receivables and write-offs will be completed before the end of each fiscal year.

In order to affect a write-off, it must be identified that the 'vendor' is bankrupt, in liquidation or is otherwise unable to pay.

Approval is required from the Board of Directors for any individual or combined write-offs totaling \$500 or more. The Executive Director shall review and approve all other write-offs under \$500.

Debts are written off under the following conditions:

- Where the debtor has moved address and cannot be located;
- When it is uneconomical to pursue recovery action due to the relatively small value of the debt and/or the potential costs of recovery;
- Where the debtor is bankrupt, in receivership or in liquidation. The debt is written off until such time as funds may become available; or
- Where legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful or exceed debt recovery.

13. Alternate Revenue Sources

Alternate revenue generation opportunities will be considered, where possible and appropriate to the OLTA mission. Revenue sources may include:

- Workshop and educational seminars
- Policy and report writing services
- Speaking fees and honorariums
- Annual dues and memberships
- Sale of resource materials
- Consulting and professional fees
- Equipment and property rentals
- Cost recovery of supplies and materials
- Special events and fundraising campaigns

- Other mission-based projects and partnerships.

Funds raised will be allocated to the OLTA annual operating budget to assist in offsetting costs not covered by other revenues unless these funds are designated for a specific cause or program.

14. Accounts Payable Policy

To comply with GAAP and the Organization's internal policies, OLTA pays for goods and services only after acceptance by an authorized representative and receipt of a proper invoice (the original vendor prepared bill must be submitted for payment) from the vendor. Electronic invoices are acceptable. Only those expenditures that are within appropriations, have the source documents, and are properly coded to the accounts of record will be processed.

A) Payment Processing

Duplicate (photocopies) of invoices or statements will not usually be accepted.

Unless stated otherwise, all invoices are generally paid within one month, unless there are questions on terms and conditions.

B) Signatures

As per OLTA Bylaw and Section 7C of this Policy, two signatures of OLTA Signing Officers, are required on all Accounts Payable transactions.

C) Refunds, Returns, Credits

Vendors may issue a refund cheque or accounts credit for rebates, returned goods, duplicate payments, or overpayments. Refunds and credits are processed and applied to the original transaction.

D) Voided Cheques

Cheques may be voided for processing errors. The cheque should be clearly marked as voided and included in the batch of cheques requiring signature. All voided cheques are to be retained in numerical order for audit purposes.

E) Stop Payments

Stop payment orders may be issued for cheques that are lost in the mail or for other valid reasons. Stop payment requests require the authorization of the Executive Director and recorded for audit purposes.

15. Payroll Policy

Payroll is handled by Pivotal in liaison with Financial Officer under direction of the Executive Director and/or Treasurer.

A) Wages and Salaries

Each position is classified into a salary range. Salary ranges and merit increases are reviewed bi-annually and adjusted as approved by the Executive Director, or the board in the case of the Executive Director position.

Salary increases must be authorized and documented by the Executive Director, within the approved budget. For the Executive Director, salary increases must be recommended by the OLTA Chair and the Executive Committee and be approved by the Board of Governors.

No salary increases can be made without a formal authorization or without a proper annual performance plan and written appraisal that documents goals, results, feedback and expectations to support any salary changes.

B) Benefits and Deductions

OLTA is required by law to make certain mandatory deductions from Employee pay cheques. The standard payroll deductions withheld at present are Canada Pension Plan, Employment Insurance, and Income Tax.

Some employees may have additional deductions mandated by court such as child support, tax levies or student loans to which OLTA is legally obliged. All requests for such deductions must come directly from Employees or be duly authorized on the letterhead of the requesting agency.

C) Advances

A payroll advance may be provided to Employees in a financial emergency. A financial emergency situation is an unusual, unpredictable or unavoidable condition that requires emergency financial resources by the Employee. All payroll advances must be approved by the Executive Director.

Advances of no more than 50% of the Employee's gross pay can be requested and will be recouped on the next regularly scheduled payroll unless other arrangements approved by the Executive Director are made.

D) Separations and Terminations

Employees who leave the organization are entitled to:

- Approved and unpaid salary/wages.
- Unused and approved vacation time.

Depending on the circumstances regarding the termination/separation an Employee may also be entitled to the following:

- Applicable pay-in-lieu to notice of termination.
- Severance pay according to employment law.

In all situations, payments and the issuance of a Record of Employment will be made according to the Employment Standards Act.

E) Procedure

In order for payroll to be processed, the following information is required for each Employee:

- Employee full name
- Street and mailing address
- Date of birth
- Social insurance number
- Bank account (for direct deposit)
- Completed TD1.

The Executive Director provides the above to the Financial Officer for every new hire with the annual salary. The Financial Officer adds this person to our payroll with Pivotal.

The Executive Director provides any changes to the payroll to the Financial Officer prior to Pivotal's deadline for changes.

Time related to overtime, vacation leave, sick days, approved leave of absence or lieu time is recorded by the Administrative Officer.

F) Payroll Services Review

Periodically, the Executive Director and /or the Treasurer will review the payroll system to assess practical considerations on whether the OLTA payroll services should be handled in-house or by a service provider.

G) Payroll Accounting

The payroll is handled by Pivotal or such other service provider as approved by the Treasurer and the Board of Governors. The OLTA journal entry for payroll into QuickBooks is made by the Financial Officer.

16. Investment Policy

(attached)

17. Sustainability Policy

(attached)

18. Contingency Reserve

(attached)

19. Role of the Treasurer

The role of the Treasurer is defined in the OLTA Bylaws, duties assigned by the Board and the provisions of this financial manual. The Treasurer is fully authorized to perform any of the functions and processes in this policy. The Treasurer is a signing officer. The Treasurer works closely with the Executive Director to ensure that financial standards and practices are carried out as defined in Board policy and charity law.

The Treasurer advises the Chair and Board on financial issues and recommended actions. The Treasurer may perform other financial duties and tasks as may be requested by the Chair and the Board.

20. Supplementary

The principles and practices set out in this Board organization policy may be supplemented with OLTA accounting manuals, forms, guidelines and financial templates made by the Executive Director, Treasurer and Finance and Audit Committee. These supplementary materials will assist the Board, Officers, Committees and Staff in implementing and interpreting financial policy.

OLTA undertakes administration and management of grant programs e.g. OLTAP under formal agreements with government agencies and other funders subject to generally accepted accounting practices (GAAP). Financial authorities, diligent reporting and financial management for these programs shall be in accord with the conditions of contracted agreements.

21. Interpretation

Interpretation of OLTA financial policy shall be at the general discretion of the Chair and Treasurer as may be required, and where appropriate or necessary, under question, such interpretation may be referred to the Board for a formal decision or ruling on policy interpretation.

OLTA Investment Policy
Approved by Board June 22, 2023

PURPOSE

To enable appropriate investment and use of funds not required for immediate expenditures

POLICY STATEMENT

OLTA will invest funds not required for immediate expenditures in a manner that provides optimum returns consistent with the values of OLTA.

OBJECTIVES

The overall objective of the policy is to document the approach to investing that will ensure prudent oversight of OLTA's financial assets.

The specific objectives are:

- a. To preserve the principal amount of the invested funds,
- b. To maintain appropriate liquidity consistent with expenditure requirements,
- c. To optimize the revenue from invested funds.

INVESTMENT GUIDELINES

Investment Horizon

It is recommended that the investment horizon be determined in consultation with the investment advisor and OLTA financial priorities.

It is recommended that the investment horizon be evaluated annually based on the projected financial priorities for the upcoming year.

Allowable Assets

All investment assets should be invested in marketable securities, defined as securities that can be traded quickly and efficiently with minimum impact on the market price.

- *Cash & Equivalents* - Treasury Bills, Money Market Funds, Commercial paper, Cashable GIC's
- *Fixed Income Securities* - Canadian Government and Agency Securities, Corporate notes and bonds (Investment Grade), Preferred Stocks, Locked-in GIC's
- *Equity Securities* - Common Stocks
- *Mutual Funds*

Asset Allocation

The asset allocation will be determined in consultation with the investment advisor and approved by the Board of Governors.

Socially Responsible Investments

OLTA will give preference to companies that demonstrate the following:

- Are consistent with the vision and mission of OLTA
- Are consistent with the values of OLTA
- That have stated priorities to reduce their environmental footprint
- That promote environmental stewardship in their business activities
- Demonstrate active Environmental, Social and Governance (ESG) priorities
- That over time have reduced their impact on animals and their habitat

Return Targets

The annual performance of the investment portfolio and the investment firm should be measured against the following:

- S&P/TSX Composite Index
- S&P 500 Index
- Consumer Price Index
- Benchmarked against other foundations

SELECTION OF AN INVESTMENT ADVISOR

An investment advisor/broker should be selected through a competitive selection process with at least three firms considered.

INVESTMENT OVERSIGHT

The Executive Director will be the day-to-day contact for the firm contracted to manage OLTA's investment portfolio. The Finance and Audit Committee will have the responsibility for providing ongoing oversight to ensure the OLTA investments are consistent with the policy.

REVIEW OF THE POLICY

The Finance and Audit Committee will review the investment policy at least every three years to determine if the policy is still appropriate and to recommend any adjustments to the policy for approval by the OLTA Board of Governors.

OLTA Sustainability Fund

Background on the Rationale for a Sustainability Fund

Establishment of a fund to generate interest income that can be used to fund operational costs and other programs as needed – typically called an Endowment Fund – has been a common practice for many Charities. Traditionally the model has been to establish protocols for use of the income, with the capital preserved in its entirety. Many large institutions (hospitals and universities in particular) have considerable funds endowed.

Endowed funds can come from externally restricted donations where the donor has specified that the capital be preserved and only the income used, or through funds that the Board of the charity has internally restricted for that purpose. Regardless of how the money comes into the fund, the intention of an endowed fund is to use only the interest income.

While the endowment model has worked well for large institutions, some of which have endowments in the billions of dollars, for smaller charitable organizations the strict endowment model is less attractive. In order to generate any meaningful investment income, considerable sums must be invested, which draws much-needed funds away from programs that may need money more urgently. More recently, charities are embracing a *hybrid* model, whereby funds are invested to support the sustainability of the organization and generate income, but portions of the capital can also be drawn down for immediate use under certain circumstances. This sends a signal to members and donors that the organization is thinking long-term and building assets for its own future sustainability, but is also able to respond to the urgent needs of its stakeholders.

The Finance and Audit Committee has discussed the concepts around investing funds to support the sustainability of the organization, and agrees that a hybrid model may be the most appropriate approach. As Endowment has a specific meaning for accounting purposes – meaning only the use of interest income – the Committee suggests the fund be referred to as a *Sustainability Fund*, and that the policy associated with it be the *Sustainability Fund Policy*.

Under the Sustainability Fund Policy, donors can make gifts into the fund. If they wish that only the interest income be used, then the entirety of their donation will be preserved as capital and only the interest income drawn. If they are supportive of a model whereby some portion of the capital is preserved and the other portion can be drawn under certain circumstances, then OLTA will abide by that direction. In either case an agreement as to how their funds will be accessed should be drawn up so that it is clear. The agreement may also dictate that interest earned each year may be used only for certain specified purposes; alternatively, if the donor does not articulate a specific purpose, the Board of Governors may dictate how the investment income may be used in a corporate resolution.

There may also be occasions whereby the Board of Governors decides that unrestricted donations made to OLTA be added to the Sustainability Fund. Again, this decision should be made by motion and recorded so that use of the funds is clear.

The following is draft content for a Sustainability Fund Policy, for consideration and revision.

OLTA Sustainability Fund Policy

Approved by Board June 22, 2023

1. Sustainability Fund Definition and Administration

The Sustainability Fund is an invested fund (administered and managed in accordance with OLTA's investment policy) established for the purposes of contributing to the sustainability of the organization, through generation of interest income and by prescribed use of invested funds for operations or other specified purposes that support OLTA's goals in an inclusive and equitable manner.

2. Sustainability Fund Growth

The Sustainability Fund can grow by the following means:

- Externally Restricted Contributions: donations that the donor specifically contributes to the Fund
- Internally Restricted Contributions: unrestricted donations that the Board of Governors approves for addition to the Fund
- Re-investment of interest income

3. Written Confirmation of Donations to the Sustainability Fund

A letter of intent, donation pledge form, terms of bequest, or other confirmation of the donor's intent in respect of a donation to OLTA's Sustainability Fund shall be provided for all Sustainability Fund donations. This could include how much of the capital must be preserved, guidance on how capital can be drawn down (if at all), and how the interest income should be used if the donor wishes to prescribe this. The documentation shall be held and maintained by OLTA. Confirmation of the designated purpose of the Sustainability Fund for which the donation is to be applied shall be provided to all donors.

For each gift made to the Fund, the agreement should include but is not limited to the following items:

- Definition of the purpose of the gift to ensure it aligns with OLTA's mission;
- Donor and funding information;
- The conditions and treatment of capital and income from the sustainability fund and the distribution of funds is part of the agreement and is up to the donor;

- A provision indicating that OLTA Board of Governors can vary the terms or the purpose of the endowment if it becomes impossible or impractical to carry out the stated purposes or to operate under the terms;
- A provision that indicates whether the OLTA Board of Governors can encroach on the capital of the donor's contribution to the sustainability fund in order to meet the charitable purposes of the designated purposes of the fund and/or in furtherance of the mission of OLTA;
- A provision allowing the donor and OLTA to amend any executed agreement by mutual consent; and
- References to the appropriate provisions of this policy.

Where the Board of Governors decides to allocate unrestricted donations to the Sustainability Fund, this action will be made by Board motion, and the terms of the allocation including use of the capital, interest, etc., consistent with the items described above for the Donor Agreement, shall be noted.

4. Sustainability Fund Spending

At the time of budget preparation the Executive Director will make a recommendation to the Finance and Audit Committee, who will in turn propose a motion to the Board, as to whether and how any interest income from the Sustainability Fund investment should be used.

OLTA's Board of Governors shall have the power to use unrestricted invested capital on an "as needed" basis, in order to meet the charitable and/or administrative expenditures of OLTA in furtherance of its objects, except for the portions of the Fund that are restricted by the donors.

In the event that it becomes impossible or impractical to continue to maintain restricted capital in the Sustainability Fund for the designated purpose or under the stated terms, and where permitted by applicable law, the OLTA Board of Governors may at its full discretion modify the terms or re-designate the purpose of restricted portions of the Sustainability Fund and apply the Fund income and capital to such other purposes as deemed appropriate by OLTA Board of Governors in furtherance of its objects. A change such as described will only be made to address extraordinary circumstances, and will involve consultation with the donor, if possible, or their successors.

5. Review of the Sustainability Fund Policy

This Policy will be reviewed every two years, at minimum, by the Finance and Audit Committee, or sooner if warranted. Changes to the Policy will be recommended by the Finance and Audit Committee to the Board of Governors.

OLTA Operating Reserve Policy

Approved by Board June 22, 2023

1. Operating Reserve Background and Accounting

Background

The purpose of the Operating Reserve Policy for OLTA is to ensure the stability of its programs, employment, and ongoing operations. The operating reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

The operating reserve is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention that the operating reserve, if used, is replenished within a reasonably short period of time.

The target minimum Operating Reserve Fund

The target minimum operating reserve fund is equal to 6 months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel and ongoing professional services.

The calculation of average monthly expenses also excludes some expenses that are one-time expenses or expenses that can be deferred for a period of time if necessary.

The amount of the operating reserve fund target minimum will be calculated each year during approval of the annual budget.

Accounting for the Reserve

The operating reserve fund will be recorded in the financial records as Board-Designated Operating Reserve. The fund will be available in cash or cash equivalent funds.

Funding the Reserve

The operating reserve will be funded with surplus unrestricted operating funds. The Board of Governors may from time to time direct that a specific source of revenue be set aside for the operating reserve. Examples may include one-time gifts or bequests, special grants, or special appeals.

2. Use of the Operating Reserve

Use of the operating reserves originates with a recommendation from the Executive Director, and must be approved by the Board of Governors.

i. Identification of appropriate use of reserve funds.

The Executive Director will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

ii. Authority to use operating reserves

The Executive Director will submit a request to use the operating reserve to the Board of Governors. The request will include the analysis and determination of the use of funds and plans for replenishment.

iii. Reporting and monitoring

The Executive Director is responsible for ensuring that the operating reserve fund is maintained and used only as described in this Policy. Upon approval for the use of operating reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Board of Governors of progress to restore the fund to the target minimum amount.

3. Review of the Operating Reserve Policy

This Policy will be reviewed every two years, at minimum, by the Finance and Audit Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance and Audit Committee to the Board of Governors.