

**Girl Guides of Canada – BC Council**  
**Notes for Reviewers of Area Financial Statements**

This document is intended for the information and guidance of those who have agreed to carry out the review of the financial statements of BC Girl Guides at the Area level. As some who conduct such reviews may not be familiar with the financial practices followed within Guiding, some notes on that are also included.

*Financial Practices*

**Units and Districts**

Units and Districts are required to follow the procedures set out in the *Standard Financial Reporting Manual (SFRM)*. The manual provides a simple system that is easily understandable to those without an accounting background and can be handled either using a manual completed spreadsheet or through a spreadsheet program such as Excel. It includes:

- Accounting guidelines;
- Guidance on preparation of an operating budget;
- A simple bookkeeping system; and,
- Instructions (and forms) for preparation of a yearend statement and for completion of the annual review.

Units and Districts are expected to use a December 31 yearend. At fiscal yearend, a review must be conducted. SFRM includes a simple review process so that somebody who does not have a formal accounting background can conduct the review.

**Areas**

Areas are required to maintain a much higher standard of accounting and reporting. There are a number of reasons for this:

- The amount of money involved is significantly greater;
- Areas are responsible for various properties (both owned and leased), such as buildings and campsites, which must be maintained and which in some cases are very valuable;
- Some Areas have investment portfolios;

National financial policy requires that Areas operate under a December 31 year-end. There is a requirement that the financial statements be subjected to a review, and that the reviewer's report be attached to the published statements. It is recommended that the reviewer be a designated accountant and able to perform a professional review.

Initiative implemented in recent years:

- Introduction of a standardized chart of accounts. While the accounting needs will differ between Areas, use of this will permit some consistency between financial statements and simplify preparation of statements; and,
- Introduction of Simply Accounting software for bookkeeping in all Areas.
- Introduction of a recommended standardized financial statement format. A copy of this format is attached for your review.

This document assumes that you are familiar with the conduct of a review. To assist in your review, the following table briefly summarizes a number of topics that are particularly relevant

to an Area review. Some additional information, which you may find useful, include the Finance section of the Commissioner’s Handbook, BC Fundraising Guidelines, Finance components of the “Guiding Essentials” and the Finance related sections of the Girl Guides of Canada Governance Policies (#03-04-01, Financial Stewardship, #03-05-01, Investments).

Thank you for agreeing to carry out a review. Should you need further information, please feel free to ask the Area Treasurer or the Area Commissioner.

**Specific Topics – Area Financial Review**

<i>Topic</i>	<i>Comment</i>
Cash and cash equivalents	The Area Treasurer will provide you with reconciled bank statement.
Accounts Receivable	These should be minimal and current.
Inventory	Area managed stores have all been closed, at this point, there should be no significant outstanding inventory amounts or inventory activity.
Investments	Some Areas have investments. Please note that: <ul style="list-style-type: none"> <li>➤ Types of investments should be consistent with their purpose and the type of organization; and,</li> <li>➤ Some investments may have restrictive covenants attached.</li> </ul> Brokerage firm or bank statements should be provided to confirm cost and market for each investment.
Capital assets	The Area may have one or more buildings and campsites, as well as furniture and equipment. The Area should provide you with information to confirm the cost and, where applicable, amortization for each. <p>In the past, some Areas have maintained separate books of account for the camp or hall properties. You will wish to ensure that these are properly included in the consolidated Area statements.</p>
Accounts payable	These should be minimal, with the most significant possibly being an amount due to BC Council for cookies (see below). Other payables may include money collected for the Canadian World Friendship Fund (CWFF) – in such cases, there should be indications of timely remittance to BC Council for onward transmission.
<b>Areas for particular scrutiny</b>	
Membership fees	Membership fees have Area and National components (BC Council does not charge a membership fee). The Area Treasurer should explain these to you and demonstrate that the National portion has been properly collected and remitted to BC Council in a timely manner.

<p>Cookies</p>	<p>Cookie sales are the major fundraiser for Girl Guides. They are also an area where there is a high potential for problems.</p> <p>The Area should demonstrate that:</p> <ul style="list-style-type: none"> <li>➤ Cookies (both 'classic' and 'chocolate mint' as invoiced were received;</li> <li>➤ Cookies (except those retained for sale by the Area and those used for PR purposes) were distributed to Districts/Units;</li> <li>➤ Value of the cookies distributed was received from Districts/Units;</li> <li>➤ Value of cookies allocated to PR was charged as PR expense; and,</li> <li>➤ Invoices from BC Council were paid.</li> </ul>
<p>Capital projects</p>	<p>Capital projects over \$10,000* cannot be carried out without prior approval from BC Council and the National Board. The Area should be able to provide documentation for any such projects to demonstrate that the proper approval process was followed. (*\$10,000 since Nov 08, previously \$8,000)</p>
<p>HST</p>	<p>As a non-profit organization, GGC can recover a portion of the HST paid on non-event expenses (50% of federal portion and 57% of provincial portion – averaged at 54% for most items). The Area should have a process in place to make that recovery on behalf of Districts and Units, and to distribute it appropriately.</p> <p>HST must be collected on fees charged for youth activities and camp events that are overnight events or primarily attended by girls over 14 yrs. A process should be in place to identify, collect, and remit these taxes. HST paid on related to such activities and events is not eligible for the rebate above; instead, a 100% of the ITC's related to the HST charged may be claimed.</p>