

Finance Policy

Effective April 20, 2025

Introduction

Real Life Research Institute (hereinafter referred to as RLRI) is a separate legal entity, distinct from the individuals authorized to manage its finances and accounts. The top management has the ultimate responsibility to ensure that all transactions and activities of the organization are conducted strictly within the framework of its aims and objectives, as well as in accordance with the decisions and policies duly adopted by the Board of Directors (the Board). As a registered non-profit organization, RLRI will implement rigorous financial controls and procedures at all levels of operation. These measures are essential to meet stakeholder expectations, uphold transparency and accountability, and ensure the financial sustainability of RLRI. This policy offers flexibility and enhances controls to address RLRI's changing needs, including staffing limitations, limited financial resources, and other challenges typical of a new nonprofit. As RLRI grows, possibly within two years of its adoption, this policy will be revised.

Section one

Fiscal Year

RLRI's fiscal year runs from April 1 to March 31.

Section two

RLRI Accounting/Records Keeping

The accounting system of RLRI is based on maintaining accurate records of all income and expenditures, including funding agreements, receipts, and payment records. These records provide evidence of each transaction and ensure accountability. All records must be securely maintained, and each transaction must be properly documented, specifying the amount, purpose, date, and the staff member responsible for the transaction.

Section three Internal Controls

RLRI maintains robust internal controls to safeguard organizational funds and ensure proper use. Key controls include:

1. Keeping cash securely, preferably in a bank account.
2. Requiring proper authorization for all expenditures, including approval by the Board.
3. Adhering to the approved budget.
4. Monitoring financial activity monthly to track spending against planned allocations.
5. Employing qualified finance personnel, or in cases of limited budget or financial constraints, engaged reputable independent accounting or finance services.
6. Conducting quarterly internal financial reviews and reporting, along with an annual external financial audit.

Section four Budgeting

For sound financial management, RLRI prepares accurate budgets to determine the resources required to carry out its programs and activities. Budgets are developed through careful forecasting of anticipated expenditures for each project or activity, ensuring that financial planning aligns with organizational priorities.

Section five Financial Reporting

RLRI maintains a system of regular financial reporting to summarize income and expenditures over defined periods. Financial reports are prepared by consolidating similar transactions and summarizing information from cash accounts and payment vouchers. Transactions are allocated to designated budget categories or program heads defined by activity, project, or funding source, to facilitate clear analysis, monitoring, and compliance.

Section Six

Funder Stewardship

RLRI recognizes that donors, including individuals, private foundations, corporate sponsors, government agencies, charitable trusts, philanthropists, and other funding sources, may entrust funds to the organization for projects, programs, or operational support based on confidence in its integrity, accountability, and management practices. All dealings with funders shall be conducted to maintain and enhance this confidence, including by:

- Clearly outlining the intended use of funds through detailed plans, approved budgets, or written proposals, if needed.
- Demonstrating robust internal controls and effective financial management.
- Providing accurate, complete, and timely reports on the use of funds and progress of activities.

Section Seven

Donor Reporting

RLRI shall identify and comply with all funder reporting requirements. A reporting schedule shall be established in accordance with each funder's format and deadlines. Late, incomplete, or inaccurate reporting is strictly prohibited. RLRI's management and staff are responsible for ensuring that all funder reports are prepared and submitted accurately and on time.

Section Eight

Segregation of Duties

RLRI will segregate financial responsibilities to ensure accountability and reduce risk. To the extent practicable, given staffing levels, different individuals will be assigned to the following procedures:

- Invoicing

- Handling of funds
- Purchasing
- Issuance of cheques

Where full segregation is not possible, duties will be divided in a manner that provides the highest level of oversight and control achievable.

Section nine Bank Deposits

All funds received, be it cash or cheque, MUST be deposited in the bank account within five (5) business days of receipt.

Section ten Political Donations

No funds or assets of RLRI can be used directly or indirectly for contributions to any political party or support for individual political aspirants.

Section eleven Financial Authority

The Chief Executive Officer (CEO) has been assigned the financial responsibility by the Board of Directors (the Board). The CEO may delegate this responsibility to the Managing Director or staff member; however, ultimate responsibility lies with the CEO and the Board.

Section twelve Signing Authority

All RLRI payments must be authorized by two (2) board representatives. Signing authority includes the ability to sign cheques, approve electronic or other payment methods, and enter into financial agreements on behalf of RLRI

Section thirteen Spending Authority

13 (a) Budgeted items: Any budgeted expenditure over \$2,000 requires CEO approval before payment. When the CEO submits an expense claim, it must be reviewed and approved by another member of the Board before processing.

13 (b) Unbudgeted items: For expenditures not included in the annual budget, the CEO may authorize spending of up to \$5,000 per occurrence. In the CEO's absence, and where urgent circumstances require, the Managing Director may authorize unbudgeted expenditures up to \$1,000. All such expenditures must be reported to the CEO upon their return.

Section fourteen **Credit Card Authority**

RLRI may maintain a corporate credit card for organizational use only, in accordance with the approved budget. The CEO and Managing Director are the authorized users of the credit card and must ensure the security and confidentiality of the card, its number, and security code at all times. The credit limit is set by the Board and reviewed annually to ensure it remains reasonable. Monthly statements are reviewed by the Board, verifying that all transactions and limits comply with RLRI policy.

Section fifteen **Finance and Audit Committee**

15 (a) Purpose of Committee: The Board of Directors shall establish a Finance & Audit Committee (herein referred to as the Committee) to monitor and review RLRI's overall financial matters and provide guidance to both the Board and staff. The committee's primary objective is to ensure sound financial oversight and support the Board in fulfilling its fiduciary responsibilities.

The committee shall be responsible for:

1. Ensuring the organization is fiscally accountable to its members.

2. Ensuring all financial transactions and procedures are reported in accordance with policies, procedures, and applicable standards.
3. Keeping the Board informed of ongoing financial activities.
4. Ensuring that, when necessary, an independent accountant is contacted to provide updates on the organization's financial position, particularly when staffing limitations make it difficult to hire or maintain in-house accounting capacity.
5. In cases where an accountant has already been engaged, the committee shall coordinate with the accountant and staff to ensure timely and accurate financial reporting.

15 (b) Minutes of the Committee's meetings: The finance and audit committee will record its activities and decisions in official committee minutes. A staff member will be responsible for preparing the minutes, which will be reviewed and approved at the subsequent meeting. Minutes shall include:

1. A list of actions arising from the meeting,
2. The individual(s) responsible for each action, and
3. The expected completion date(s) for each action.

15 (c) Frequency of Meetings: The committee will meet a minimum of ten times throughout the financial year.

15 (d) Duties of the Committee: At each meeting, the committee shall:

1. Review the minutes of the prior meeting.
2. Review bank transactions for the previous month.
3. Review credit card transactions from the previous month's statement.
4. Review credit card limits for reasonableness.
5. Review and comment on the Finance Report, which must summarize the day-to-date transactions and financial position for the previous month.
6. Verify and approve that all statutory payments (e.g., payroll withholdings) have been made on time and that there are no overdue obligations.

7. Provides analysis and commentary on the committee's compliance with this Finance Policy.
8. Support staff in preparing the quarterly budgets, including the operating and technology budgets.
9. Provide direction to auditors and act as a liaison between auditors and the Board.

Section sixteen

Audit

As a registered Canadian non-profit, RLRI is required to audit its finances annually.

16 (a) The auditor(s) will conduct the audit in accordance with Canadian Auditing Standards and will audit RLRI's compliance with Canadian Accounting Standards for Not-For-Profit Organizations.

16 (b) The draft audited financial statements will be reviewed by the Committee and recommended to the Board; approved by the Board, and presented at the Annual General Meeting.

16 (c) RLRI may request finance and accounting advice from the auditor in addition to the annual audit, as long as it does not create a question of independence relating to the audit.

16 (d) At each AGM, the RLRI Board approves the auditor for the following year. A competitive tendering process is conducted at least every three years, with Requests for Proposals sent to a minimum of four auditing firms across Canada.

16 (e) RLRI's annual audit shall also verify compliance with Canada Revenue Agency (CRA) requirements applicable to registered non-profits, including but not limited to maintenance of proper books and records, preparation of annual information returns, etc.

Section seventeen

Confidentiality



RLRI shall respect the confidentiality of employees' financial and personal circumstances at all times. Board members, staff, and volunteers must act in the best interests of the organization and are required to disclose and manage any conflicts of interest in accordance with RLRI's Conflict of Interest Policy.

Section eighteen Policy Revisions

This policy will be reviewed every two years and amended as necessary, or earlier in accordance with any forthcoming legislation or changes to the operations of the organization.

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