

CHECKLIST FOR PRODUCING YOUR FINANCIAL STATEMENTS

Each year, Centraide analyzes the financial statements of all the agencies it supports according to its evaluation criteria for good governance and sound management.

On the whole, the agencies supply audited financial statements of high quality that meet our information needs. However, year after year, we find some regularly occurring errors and deficiencies. By taking care to eliminate these, you will avoid unnecessary delays in the analysis process.

Below is a checklist designed to help you accomplish this. We invite you to peruse it and then forward it to the person responsible for producing your financial statements.

The annual financial statements provide your agency with an important information, planning and financial resource management tool. Accordingly, we encourage you to ensure they meet accounting standards for not-for-profit organizations.

Centraide's reporting requirements specify that you must submit your audited financial statements to us no later than four months after the end of your fiscal year.

- **FINANCIAL STATEMENTS: AUDITED AND CONSOLIDATED**
Your financial statements must be audited. Only agencies with a total budget below \$50,000 may submit annual financial statements produced internally.
- **FINANCIAL STATEMENTS: AUDITED, SIGNED AND IN GOOD FORM**
The identifying information on the signatories of your financial statements must include their first name and last name, written in printed or capital letters, as well as their signature, their position on the board of directors, and the date on which they signed.
- **INTERNALLY OR EXTERNALLY RESTRICTED FUNDS**
Agencies with internally or externally restricted funds on their balance sheet must provide all pertinent information on these funds, including their source and the specific purpose for which they are intended. The same applies to deferred contributions. This information facilitates the close monitoring these contributions require, especially to ensure they will be used for their intended purposes.

We remind you of Centraide's regulation stipulating that agencies carrying an unrestricted, or internally restricted, accumulated surplus equivalent to or exceeding six months of average monthly expenses will have its grant reduced unless it can satisfactorily justify this situation, or can sufficiently reduce this unrestricted surplus within a time frame that Centraide deems reasonable. Centraide will also question the relevance of renewing the totality of its annual financial support to the agency if the latter's accumulated surplus is double or more Centraide's annual grant to the agency.

- **AFFILIATED FOUNDATIONS OR AGENCIES**
Agencies that are affiliated with a foundation or another agency must notify Centraide of this fact in the notes to their financial statements, and supply the relevant financial information. As well, they must provide Centraide with a copy of the financial statements of the affiliated foundation or agency.
- **COMPLETE AND DETAILED INFORMATION**
It is important that the information on your revenues and expenses be as complete and detailed as possible. The more complete and detailed this information, the better your financial statements will serve you as a budget planning tool.
- **ERRORS AND OMISSIONS**
The people responsible for producing your financial statements must ensure that they contain no errors or omissions, such as incorrect totals, missing information, or amounts that don't match up. Some annual financial statements submitted to Centraide contain at least one, and sometimes several, of these kinds of errors or omissions. In that regard, it is important to point out that the amounts appearing in your financial statements must be identical to the corresponding amounts in the form you submitted to Centraide.
- **NOTES TO FINANCIAL STATEMENTS**
Notes to financial statements are an important and often neglected source of financial information. It is important that these notes contain appropriate information on all subjects that will allow the reader to gain an accurate understanding of the financial information that appears in the financial statements—especially information on internally or externally restricted funds, affiliated or controlled agencies, deferred contributions and fixed assets.

If your auditor produces a list of recommendations, other comments or notes related to the analysis of your financial statements, a copy must be shared with Centraide. Please also make sure to provide any other type of appendix related to your financial statements.

Thank you for your worthwhile cooperation.

**The direction
Social Development Teams**

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