



# **CADAC ACCOUNTING TEMPLATE**

## **-User Guide -**

### **Summary**

1. Important Note about Financial Statements Page 1
  
2. Using the *CADAC Accounting Template* Page 1
  - a. Continuing to use an existing Chart of Accounts
  - b. Adapting or creating a Chart of Accounts to this template
  - c. Using Excel to record financial transactions
  
3. What You See in the *CADAC Accounting Template* Page 3
  - Tab 1 – Balance Sheet Accounts
  - Tab 2 – Revenue Accounts
  - Tab 3 – Expense Accounts
  - Tab 4 – Project Accounting
  - Tab 5 – FS: Financial Position
  - Tab 6 – FS: Operations
  - Tab 7 – FS: Revenue Schedule
  - Tab 8 – FS: Expense Schedule
  - Tab 9 – Excel Records
  
4. Detailed Instructions for Using the *CADAC Accounting Template* Page 4
  - Tabs 1, 2 and 3: Chart of Accounts
  - Tab 1 – Balance Sheet Accounts
  - Tab 2 – Revenue Accounts
  - Tab 3 – Expense Accounts
  - Tab 4 – Project Accounting
  - Tab 9 – Excel Records

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## **GUIDE TO USING THE CADAC ACCOUNTING TEMPLATE**

The *CADAC Accounting Template* serves three purposes:

1. To expand upon the definitions of revenues and expenses in the *CADAC Financial Form* by providing a list of items that should be included on specific lines of the form.
2. To provide a tool to adapt or set up a Charts of Accounts to align it with the *CADAC Financial Form* to ease the process of transferring budgets and financial results to the form. For smaller organizations, the *CADAC Accounting Template* provides an Excel template for recording financial transactions.
3. To provide a template to help prepare Financial Statements that, if followed, will allow organizations and CADAC to more easily reconcile the data on the *CADAC Financial Form* with the statements and lead to less follow-up by CADAC staff.

### **1. Important Note about Financial Statements**

Regardless of whether your organization prepares an Audit, a Review Engagement, or a financial report compiled by internal or external accountants, the financial statements belong to management, not the accountant or auditor. As such, the accountants and auditors should respond to your needs in the way the statements are presented – the level of detail, the terminology used, how revenues and expenses are grouped, etc.

Your decisions about the best presentation of the organization's financial statements should respond to the needs of your financial stakeholders. For arts organizations, usually the most important stakeholders are the funding agencies that provide operating support. Other key stakeholders are banks, other financial lenders, large creditors, corporate sponsors and major donors.

The *CADAC Accounting Template* includes a template for financial statements that indicates the minimum level of detail desired by the funding agencies using CADAC.

### **2. Using the CADAC Accounting Template**

There are three parts to this section. Refer to the one that responds to your situation:

- A. If you will continue using an existing Chart of Accounts
- B. If you plan to adapt or create a Chart of Accounts from this template
- C. If you use Excel to record financial transactions

The *CADAC Accounting Template* has 9 tabs referenced in the instructions. They are as follows:

1. Chart of Account items for assets, liabilities and accumulated surplus/deficit or net assets
2. Chart of Account items for revenues
3. Chart of Account items for expenses
4. Sample formats for Project accounting
5. Template for the Statement of Financial Position or Balance Sheet
6. Template for the Statement of Operations or Income Statement
7. Template for a Schedule of Revenues for financial statements

8. Template for a Schedule of Expenditures for financial statements
  9. Template for recording financial transactions using Excel
- A. Continuing to use an existing Chart of Accounts
1. Refer to the information on Tabs 1, 2 and 3 to determine how to assign your organization's accounts to the appropriate lines on the *CADAC Financial Form*.
  2. Refer to the information on Tabs 5, 6, 7 and 8 to compare your organization's current financial statements to the minimum level of detail required for CADAC. Work with your accountant or auditor to adjust the presentation of the financial statements to meet these requirements. If preferred, the level of detail included on Tabs 7 and 8 can be integrated into the Statement of Operations on Tab 6.
- B. Adapting or creating a Chart of Accounts to this template
1. Refer to the information on Tabs 1, 2 and 3 to assign account numbers to relevant items, using account names that reflect the activities and operating structure of your organization.
  2. Develop a Chart of Accounts that has sufficient detail for your internal budgeting, monitoring and reporting needs.
  3. The *CADAC Accounting Template* does not show details for tracking revenues and expenses on a project by project basis. See detailed instructions to explain how to adapt the template to include this feature and refer to the samples on Tab 4.
  4. Refer to the information on Tabs 5, 6, 7 and 8 and work with your accountant or auditor to prepare financial statements that meet the minimum level of detail required for CADAC. If preferred, the level of detail included on Tabs 7 and 8 can be integrated into the Statement of Operations on Tab 6.
- C. Using Excel to record financial transactions
1. This tool is intended for organizations with little financial complexity. Usually there are a small number of revenue and expense items, and the organization functions on a cash basis with few adjustments prepared by an accountant at the end of the year.
  2. Adapt the template on Tab 9, using revenue and expense names that reflect the activities and operating structure of your organization. Add or delete items, ensuring there is sufficient detail for your internal budgeting, monitoring and reporting needs.
  3. Provide your accountant with the information on Tabs 5, 6, 7 and 8 to aid him/her in preparing the financial statements that meet the minimum level of detail required for CADAC. The level of detail included on Tabs 7 and 8 can be integrated into the Statement of Operations on Tab 6.

### 3. **What You See in the CADAC Accounting Template**

All pages of the *CADAC Accounting Template* can be printed on legal-sized paper.

#### Tab 1 – Balance Sheet Accounts

Column A: Headings and placement for Total amounts

Column B: Sub-headings for placement for Sub-total amounts

Column C: Names of accounts

Column D: divider line

Column E: Line number on *CADAC Financial Form* where the account should be reported

Column F: Description related to the line number on the *CADAC Financial Form*

*(Note: for printing and ease of reading the template, column F can be hidden. Click the + sign above column G to view column F. Click the – sign to hide the column.)*

#### Tab 2 – Revenue Accounts

Column A: Headings and placement for Total amounts

Column B: Sub-headings and placement for Sub-total amounts

Column C: Names of accounts

Column D: divider line

Column E: Line number on *CADAC Financial Form* where the account should be reported

*(Note: for printing and ease of reading the template, column F can be hidden. Click the + sign above column G to view column F. Click the – sign to hide the column.)*

Column F: Description related to the line number on the *CADAC Financial Form*

Column G: divider line

Column H: Category on the Schedule of Revenue to which the account should be allocated

Column I: divider line

Column J: Category on the Statement of Operations to which the Category on the Schedule of Revenue (and therefore the account) should be allocated

#### Tab 3 – Expense Accounts

Column A: Headings and placement for Total amounts

Column B: Sub-headings and placement for Sub-total amounts

Column C: Names of accounts

Column D: divider line

Column E: Line number on *CADAC Financial Form* where the account should be reported

*(Note: for printing and ease of reading the template, column F can be hidden. Click the + sign above column G to view column F. Click the – sign to hide the column.)*

Column F: Description related to the line number on the *CADAC Financial Form*

Column G: divider line

Column H: Category on the Schedule of Expenditures to which the account should be allocated

Column I: divider line

Column J: Category on the Statement of Operations to which the Category on the Schedule of Expenditures (and therefore the account) should be allocated

#### Tab 4 – Project Accounting

Same as Tab 2

#### Tab 5 – FS: Financial Position

Shows the minimum level of detail required by CADAC in order to reconcile an organization's Statement of Financial Position to the financial data on its *CADAC Financial Form*.

#### Tab 6 – FS: Operations

Shows the minimum level of detail required by CADAC in order to reconcile an organization's Statement of Operations to the financial data on its *CADAC Financial Form*.

#### Tab 7 – FS: Revenue Schedule

Shows the minimum level of detail required by CADAC in order to reconcile an organization's Schedule of Revenues to the financial data on its *CADAC Financial Form*. If your financial statements are very simple, you may not need this schedule, if there is sufficient detail in the Statement of Operations.

#### Tab 8 – FS: Expense Schedule

Shows the minimum level of detail required by CADAC in order to reconcile an organization's Schedule of Expenditures to the financial data on its *CADAC Financial Form*. If your financial statements are very simple, you may not need this schedule, if there is sufficient detail in the Statement of Operations.

#### Tab 9 – Excel Records

Column A: Headings and placement for Total amounts

Column B: Sub-headings and placement for Sub-total amounts

Column C: Names of accounts

Column D: divider line

Column E: Line number on *CADAC Financial Form* where the account should be reported

*(Note: for printing and ease of reading the template, column F can be hidden. Click the + sign above column G to view column F. Click the – sign to hide the column.)*

Column F: Description related to the line number on the *CADAC Financial Form*

Column G: divider line

*(Note: Click the + sign above column L to view columns H to K. Click the – sign to hide the columns.)*

Column H: Category on the Schedule of Revenue or Expenditures to which the account should be allocated

Column I: divider line

Column J: Category on the Statement of Operations to which the Category on the Schedule of Revenue or Expenditures (and therefore the account) should be allocated

Column K: divider line

Columns L to W: Months 1 to 12

Column X: Place to record accounting adjustments

Column Y: divider space

Column Z: Total for data entered in columns L to X

#### 4. **Detailed Instructions for Using the CADAC Accounting Template**

##### Tabs 1, 2 and 3: Chart of Accounts

- Before you start, make a copy of the *CADAC Accounting Template* and work from this version. Save the original document for future reference.

- Examine the account categories and select, delete, repeat, adapt or add accounts to meet your organization's needs. Delete unnecessary items. Repeat those for which you require separate entries within a general category. Adapt category names as necessary. Add categories that are specific to your organization and which fit with that group of accounts (you might want to examine other sections of the template to confirm that the item is not included elsewhere).
- Sub-headings and sub-totals are suggestions only. It may be useful for your organization to add sub-categories with sub-totals for other accounts in the template. On the other hand, organizations using fewer accounts may not require the suggested break-down in some categories.
- Assign account numbers to your customized list of accounts and sub-accounts.
- Many accounting software programs include the ability to allocate revenues and expenses to projects so that you can produce Project Reports in addition to financial reports showing the combined total allocated to those accounts. The account totals are used for entering data on the *CADAC Financial Form*. If it is necessary to include project break-downs within your organization's Chart of Accounts, refer to Tab 4 for examples for doing this.
- Refer to Column E on Tabs 1, 2 and 3 to determine how to assign your organization's accounts to the appropriate lines on the *CADAC Financial Form*.
- Note: If editing the *CADAC Accounting Template* in preparation for setting up or adjusting your own Chart of Accounts, IT IS IMPERATIVE THAT YOU DELETE OR INSERT FULL ROWS when you delete or add accounts in the template in order to maintain alignment with CADAC line numbers and the relationship to the Financial Statements.
- For future additions to your Chart of Accounts, refer to the original *CADAC Accounting Template* to help determine where best to place new accounts.

#### Tab 1 – Balance Sheet Accounts

- Typically, the Chart of Accounts will have separate accounts for each department or staff person's petty cash and cash floats, as well as for each bank account and GIC or other investment holdings.
- "Cash suspense" is intended for capturing errors or unreconciled amounts relating to deposits and payments.
- For asset accounts described as "Due from ...", you may prefer to move these to the liabilities section and rename them as "Due to ..." if your organization more commonly owes money to the other entity. Similarly, the "Due to ..." liability accounts may be better placed in the assets section.
- Capturing data for preparing GST/HST and provincial sales tax reporting can be done in different ways. As well, depending on the type of organization, there are different rules for calculating GST/HST refunds and remittances. The *CADAC Accounting Template* reflects the methodology seen most often in sample Charts of Accounts from arts organizations. Your accountant is in the best position to customize these accounts and provide guidance on how to track GST/HST and sales taxes for your reports.
- The section for Inventory can be deleted if it's not relevant to your organization.
- The section for Capital Assets is very detailed to include a broad range of possible assets that could be capitalized. For organizations with few capital assets, the break-downs can be eliminated.
- The sections for capitalizing Creative Works and Productions and for Intangible Assets may not be relevant to your organization and can be deleted.

- The section for Funds and Reserves is very detailed to demonstrate the range of possibilities. This section may be used by organizations who want to keep their restricted funds separate from the cash balances available for their regular activities. For most arts organizations, restricted funds are included in bank accounts or investment accounts. Note that the Endowment Funds listed here are only for those organizations that manage and control those funds, which is a rare scenario. Endowments that are overseen by separately incorporated foundations are not included in the arts organization's assets, though should be referenced in the notes of the financial statements.
- The section for Accumulated Surplus (Deficit) or Net Assets is very detailed to include a broad range of possibilities. For organizations with few net asset categories, the section can be simplified. However, it is important to separate amounts that have been officially designated or restricted for specific uses by government programs, by external donors or other contributors, and by the organization's Board of Directors. As well, it is important to separate the portion of net assets that are invested in the items listed under the section of Capital Assets, Creative Works and Productions, and Intangible Assets. This will ease the preparation of the *CADAC Financial Form*. As well, for internal financial management purposes, this separation will better indicate the resources available for the organization's future programming activities.

#### Tab 2 – Revenue Accounts

- Even if you do not need to create full Project Reports for your organization's activities, it is often useful to add sub-categories and a sub-total to ticket sales and admissions, as well as revenues from co-productions, tours, circulation of exhibits and other activity-based categories in order to monitor the results on a project by project basis.
- Organizations with complex revenue structures for their training programs or membership dues should consider adding sub-categories and a sub-total for these accounts. (CADAC lines 4150 and 4155)
- Bartering or Exchange of Service revenues should only be included in your accounts if your organization has a formal arrangement and there is a paper trail that can verify the value of the bartered or exchanged services. (CADAC line 4160)
- In-Kind Donations should only be included in your accounts if the amounts can be proven through an agreement or can be reasonably estimated based on fair-market value. As well, they must be for goods or services that relate to the mandated activities of the organization. For example: a donation of printing services for producing marketing materials can be accounted for as an in-kind service; however, the donation of a cruise to Spain, which is auctioned at a fund-raising event, is not considered a typical service required for "doing business". The donor can receive a charitable tax receipt for the value of the cruise, but it should not be included in your organization's financial records as an in-kind donation. Note that the value of time donated by volunteers is not recorded in the financial accounts, though the financial statements could include a note reporting the number of donated volunteer hours. (CADAC line number 4335)
- For public sector revenue, it may be useful to add accounts for each type of project funding that your organization receives. (CADAC lines 4420, 4425, 4430, 4460, 4465, 4480, 4520 and 4530)
- In order to reconcile your financial statements with government agency records, it is important to recognize the full amount of public sector funding in the appropriate account. Amounts that are deferred to future years or brought forward from prior years should be recorded in a separate

account. For the *CADAC Financial Form*, amounts relating to deferred grants will be included with “other” public funding amounts. (CADA lines 4435, 4495 and 4530). There should be a note in the financial statements identifying previously deferred amounts that are recognized as revenue in the year and amounts that have been deferred to future years.

### Tab 3 – Expense Accounts

- Several sections of expenses start with a list of personnel positions that work in that area of activity. The list is not exhaustive, but it should provide enough guidance to help you decide where to add positions that are not mentioned. The *CADAC Financial Form* requires a separation between personnel who are hired as employees who receive employee benefits and are subject to payroll deductions, and those who are hired as independent contractors who may have some negotiated benefits but do not have payroll benefits and deductions. In adapting the *CADAC Accounting Template* to your Chart of Accounts, you will first need to classify each person or position into the employee or contract categories.
- For personnel who handle multiple responsibilities that cross over into two or more expense categories, for reporting on the *CADAC Financial Form*, it is necessary to distribute the personnel costs to each of the categories. This can be done on an ongoing basis each time a person is paid, or you can collect the full amount of a person’s payments in one account and then pro-rate the amounts periodically throughout the year or as part of the year-end adjustments.
- Similarly, the *CADAC Financial Form* requires that the benefits paid on behalf of your personnel are assigned to the category in which they work. Again, this can be done on an ongoing basis or collected in one place and reallocated periodically throughout the year or at year-end.
- Short-term rentals (hourly, daily, weekly) of performing and exhibiting venues for your organization’s events, studios and storage spaces should be included in Performance, Exhibition and Production Expenses (CADAC line 5140). Short-term rentals related to other programming activities should be included in the appropriate section (CADAC lines 5145, 5150, 5155 and 5160).
- Long-term leases and owned facilities should be included in the section for Facility Operating Expenses. (CADAC line 5225)
- Short-term rentals, long-term leases and ownership costs related to separate administrative facilities should be included in Administrative Expenses. (CADAC line 5515)
- The costs associated with box office services engaged on a short-term basis should be included in the appropriate section (CADAC lines 5140, 5145 and 5150). The cost of providing box office services as part of facility ownership or long-term lease should be included in Facility Operating Expenses (CADAC line 5215).
- Volunteer management and costs are included in different categories and should be selected according to the activities that involve the volunteers. (CADAC lines 5125 or 5130 with 5140 and/or 5145; 5405 or 5410 with 5414 and/or 5420)

### Tab 4 – Project Accounting

- Refer to the samples on this tab if it is necessary to include project break-downs within your organization’s Chart of Accounts. Typically projects would be designated for specific creative, production and performance or exhibition activities.



- There are two samples to examine, showing different ways to capture project details. The samples include several revenue accounts.
- Sample 1 demonstrates a format where the accounts are broken down into projects that are sub-totalled to show the total allocated to each account. The sub-total for that account is transferred to the *CADAC Financial Form*.
- Sample 2 demonstrates a format where each project has a series of accounts that are sub-totalled to show the total allocated to each project. To transfer the data to the *CADAC Financial Form*, you need to add together amounts that have been allocated to the same account for all projects. This is a more time-consuming exercise than the approach in Sample 1. When you insert accounts in the template for each project, it is imperative that you add full rows so that you maintain alignment with CADAC line numbers and the relationship to the Financial Statements.

#### Tab 9 – Excel Records

- The template includes some of the most common revenues and expenses for different types of organizations. Examine the descriptions and select, delete, repeat, adapt or add categories to meet your organization's needs. Additional revenues and expenses can be found on Tabs 2 and 3, which can be copied into the Excel Accounting Template. IT IS IMPERATIVE THAT YOU DELETE OR INSERT FULL ROWS when you delete or add categories in the template in order to maintain alignment with CADAC line numbers and the relationship to the Financial Statements.
- When adding rows for new categories, it will be necessary to copy the formula for column Z from another row.
- Change the column headings so that Month1 is the first month of your organization's fiscal year, followed by subsequent months, ending with the last month of the fiscal year.
- Each month, enter your revenues and expenses. Built-in formulas will calculate totals for monthly revenues and expenses, as well as the surplus or deficit for the month. As well, the formulas will calculate the cumulative surplus or deficit for the year to date and the totals for each revenue and expense category.
- It is important to remember that the surplus or deficit calculated on this template is only an approximation of the actual surplus or deficit. At the end of the year, your organization's accountant will need to make adjustments to comply with accounting standards, which will correct the totals and surplus or deficit. If you wish, you can enter the accountant's adjustments in column X so that your totals will match the financial statements prepared by your accountant.
- Refer to Column E to determine how to assign your revenue and expense items to the appropriate lines on the *CADAC Financial Form*.

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Art Gallery of York University	Ontario
Association des théâtres francophones du Canada	Ontario
Atlantic Ballet Theatre of Canada Inc.	New Brunswick
Baobab Tree Drum Dance community	Ontario
Calgary Fringe Festival	Alberta
Calgary Opera	Alberta
Calgary Philharmonic Orchestra	Alberta
Canada's National Ballet School	Ontario
Canadian Film Institute	Ontario
Canadian Music Centre	Ontario
Carousel Theatre for Young People	British Columbia
Centre Canadien d'Architecture	Québec
Conseil provincial de sociétés culturelles	New Brunswick
Decidedly Jazz Danceworks	Alberta
Edmonton Symphony Orchestra	Alberta
Fortier Danse-Création inc.	Québec
Fringe Theatre Adventures	Alberta
Globe Theatre Society	Saskatchewan
Green Thumb Theatre	British Columbia
La Troupe du Jour	Saskatchewan
Le Cercle Molière	Manitoba
Les Grands Ballets Canadiens de Montréal	Québec
MacKenzie Art Gallery	Saskatchewan
Musée d'art de Joliette	Québec
Musée des beaux-arts de Montréal	Québec
Musée national des beaux-arts du Québec	Québec
Nightwood Theatre	Ontario
Opéra de Montréal	Québec
Opéra de Québec	Québec
Opera Lyra	Ontario
Opera New Brunswick Inc.	New Brunswick
Pacific Cinematheque	British Columbia
Professional Association of Canadian Theatres (PACT)	Ontario
Queen of Pudding Music Theatre	Ontario
Regina Fringe Festival	Saskatchewan
Sage Hill Writing Experience Inc.	Saskatchewan

Sage Theatre	Alberta
Salon du livre de Toronto	Ontario
SAW Video	Ontario
The Citadel Theatre	Alberta
The Dance Umbrella Ontario	Ontario
The Power Plant	Ontario
Theatre Calgary	Alberta
Théâtre des Fonds de Tiroirs	Québec
Théâtre du Nouvel-Ontario	Ontario
Theatre Junction Society	Alberta
Théâtre la Catapulte	Ontario
Théâtre l'Escaouette	New Brunswick
Theatre Ontario	Ontario
Théâtre populaire d'Acadie	New Brunswick
Vancouver International Film Festival	British Columbia
Vancouver International Fringe Festival	British Columbia
Vancouver Opera	British Columbia
Vancouver Playhouse Theatre Company	British Columbia
Vertigo Theatre	Alberta
W.P. Puppet Theatre	Alberta
Heather C. Young, Young Associates - Finance for the Arts	Toronto
Jackie McAlpine, Small Theatre Administrative Facility - STAF	Toronto
Sam Marinucci, CA - Marinucci & Company	Toronto