Accounting Information system in the CPC

CPC has hired r2 Accounting to support the National organization *and* the Regions and Branches in providing better financial reporting and digital financial documents storage.

> *The purpose of an accounting information system (AIS) is to collect, store, and process financial and accounting data and produce informational reports that managers or other interested parties can use to make business decisions. Although an AIS can be a manual system, today most accounting information systems are computer-based.*
>
> accountingedu.org/accounting-information-systems/

1. Why do we need an accounting information system?

There is, in essence, only one Pony Club, this means that board members at the National level are responsible for activities within all Regions and Branches. One of these responsibilities is the fiduciary duty. There are several reasons to improve our financial reporting throughout the organization.

More secure data – The systems offer the functionality of storage and backup of your financial data and documentation. It takes advantage of password-protected login, firewall-protected servers, and bank-level encryption technology. Since remote data centres have better security than most small businesses or private computers, we are better protected against data loss and privacy issues.

Improved collaboration – It creates the opportunity to share and collaborate on the same data.

Automated workflows – Online connection to bank account information and the use of *DEXT* will reduce the need for manual entry of information.

Standardization – Reports from Branches and Regions are easily understood and comparable. They all use the same chart of accounts and this makes it easier to read and compare financial reports and offers an option to combine these reports in an overall report per Region and even Nationally.

Transferability – With changing roles between people, their associated access can be easily transferred. The successors will have access to the data and documentation that has been provided by previous treasurers.

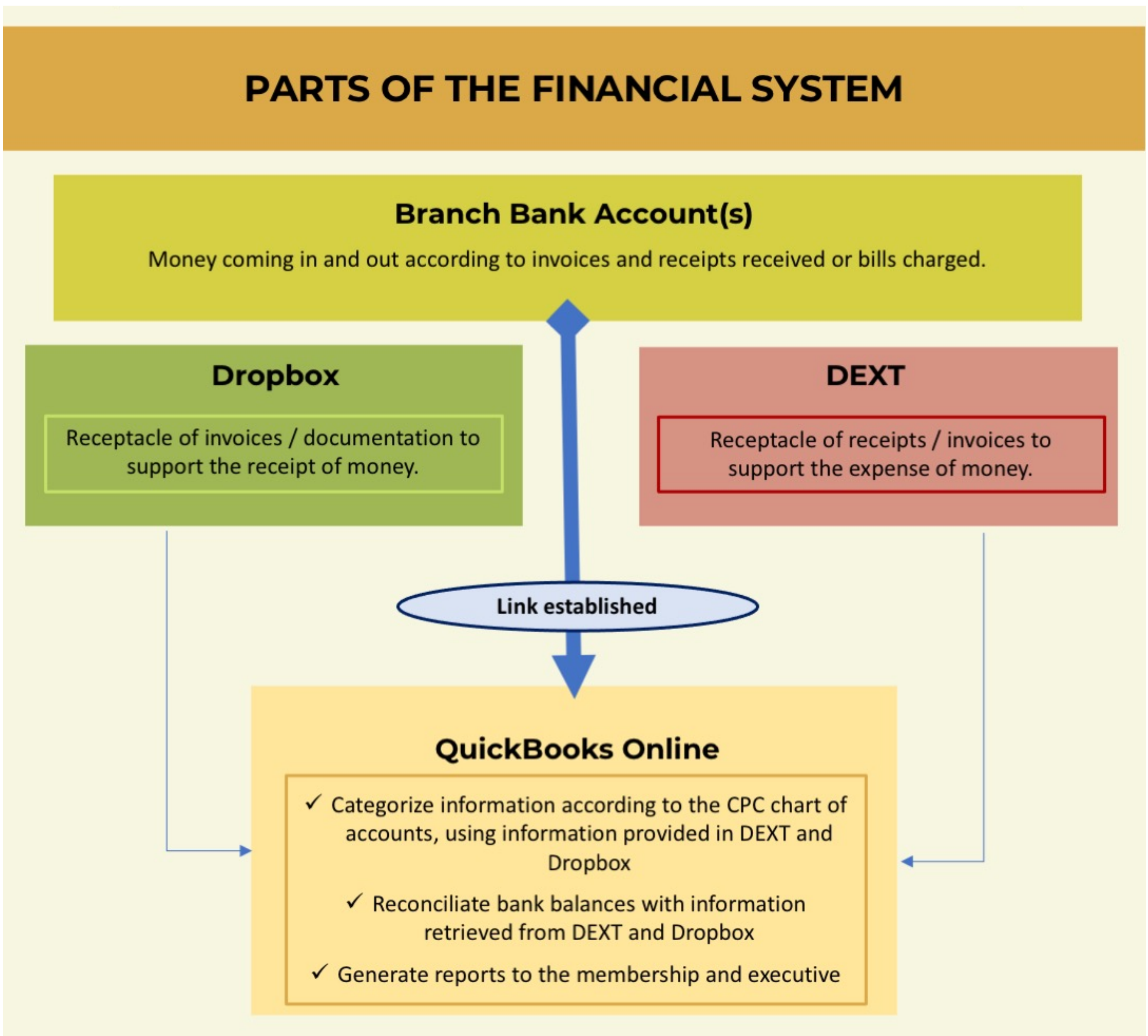
Support – Bookkeepers at r2 support the process of data entry, reporting and introductions to the system for new board members and officers (treasurers).

2. The software systems that work together to form the CPC accounting system

In this paragraph we discuss the Information Technology Structure and Software in place to support the CPC accounting information system.

The Information Infrastructure consists of a set of three systems that, together with your Branch's bank account forms the pillars of our accounting system, supporting the treasurers in performing their tasks.

Treasurers receive login credentials to access these three software systems: Dropbox, DEXT and QuickBooks online.

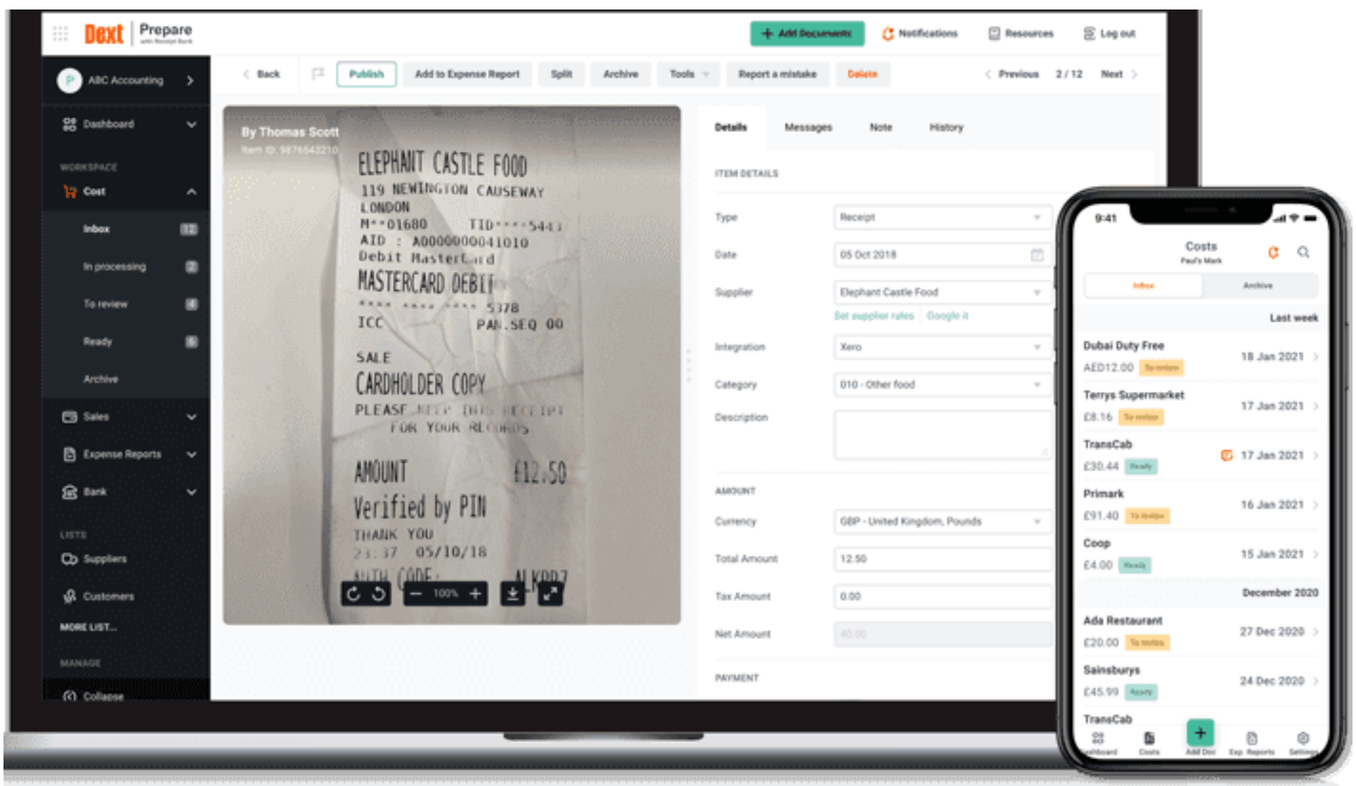


2.1 DEXT – storage of receipts and invoices for expenditures

The DEXT system allows for upload of receipts and invoices. They can be uploaded through a picture (on a mobile device), in an e-mail or a regular upload of the document on a desktop computer.

After the document has been uploaded, the system automatically extracts information such as amount, taxes, date and vendor and imports it into QuickBooks online.

A copy of the receipt or invoice is stored in the system and available for the amount of time required according to good accounting practices.



After the invoice or receipt has been submitted additional notes can be added to the entry, such as a short description, a tag to be added to the entry to be able to report on a specific event and whether the invoice was paid already.

2.2 Dropbox – storage of receipts and invoices for income

Dropbox is a web-based file storage system. Each Branch and Region is assigned their own folder where they can ‘drop’ or copy the receipts associated with money that came in.

For the branches this may mean that they will have to create a receipt for members that have paid their membership fees or clinic fees, even if this was normal practice previously and the Regions will have to provide invoices for income from Branches or individual members.

These invoices or receipts support the bookkeepers at r2 to assign the income to the correct category according to the chart of accounts.

Templates for invoices are available on the internet in any format you would like to use (word, excel, etc.).

RECEIPT

Date: May 2022
Receipt #: 007

From:
Pony Club members

To:
Cochrane Pony Club

Description	Quantity	Unit Price	Total
XC clinic	1	$ 45.00	$ 45.00
XC clinic	1	$ 45.00	$ 45.00
XC clinic	1	$ 45.00	$ 45.00
XC clinic	1	$ 45.00	$ 45.00
XC clinic	1	$ 45.00	$ 45.00
XC clinic	2	$ 45.00	$ 90.00
		Total Amount Due:	$ 315.00
Payment Method: E transfer		Amount Paid:	$ 315.00

An example is also available on the CPC’s Google drive. You can make a copy of the sheet to be able to use it for yourself.

https://docs.google.com/spreadsheets/d/1vgHWV79i-nNU9QGnqyWbhF53bTeMxb7rrH0jdwbGlEY/edit?usp=sharing

2.3 QuickBooks online – reconcile with the bank account and reporting

QuickBooks online is the accounting software used by the bookkeepers at r2. In this software application receipts and invoices from DEXT and Dropbox are reconciled with information imported from the connected bank accounts. The entries are categorized according to the CPC chart of accounts. Treasurers also have access to QuickBooks online and will use this access to double check the itemization by r2 and to generate the necessary financial reports.

2.3.1 Chart of accounts

A central chart of accounts helps with the reporting of Branch and Regional finances in a consistent way, that is easily comparable across all branches and regions.

Categories necessary as a basis for policy and budgetary decisions have been prescribed by the National organization for reporting, such as member fees, testing costs and income, coaching fees, venue fees, examiner fees and official fees. The current chart of accounts (May 2023) is available in appendix 1. Updates may be made periodically.

Canadian Pony Club – Chart of accounts list

Assets	Liabilities	Equity / Net Assets	Income	Expenses
1000 Cash	2000 Accounts Payable	3000 Deferred Revenue	4000 Events	5000 Events
1100 Investments	2050 Accrued Liabilities	3400 Opening Balance Equity	4200 Grants / sponsorship	5200 Grants / sponsorship
1200 Accounts Receivable	2200 Taxes Payable	3500 Restricted Funds	4400 Membership	5400 Membership
1300 Inventory		3900 Retained Earnings	4600 Testing	5600 Testing
1400 Prepaid Expenses			4800 Donations	5800 Donations
1600 Capital Assets			4900 Store Sales	6000 Accounting / Legal / Professional fees
			4950 Interest / Other	6100 Advertising / promotional
				6200 Dues, Memberships, subscriptions
				6500 Salaries and wages
				6600 Subcontractor fees
				6700 Insurance
				6800 Bad debts
				6900 Interest and bank charges
				7000 Office, general admin.
				7100 Supplies
				7200 Meals, entertainment
				7400 Travel

2.3.2 Establish a connection to your bank account

By connecting your Bank account to QuickBooks online you create an automated bank feed. This enables data to instantly be imported from your bank account(s). This saves time and improves data accuracy.

In order to allow a bank feed into QuickBooks Online, r2 accounting will need a login to your bank account.

This has to be a username and password combination specifically assigned to the r2 accountants.

Do not give them your personal login credentials!

r2 accounting is bound by a non-disclosure agreement with CPC and carries professional liability insurance, so sharing 'view only' access to your bank account is covered under our contract with r2 accounting.

Most banks would allow you to set up an extra user on your account that is assigned a specific set of permissions for that user (role). <u>They would need admin privileges without signing authority only.</u>

If you are unable to establish a connection between your bank account and QuickBooks online, monthly statements will have to be uploaded to you Dropbox. This creates an extra task for yourself and the r2 bookkeeper, so we strongly advice you to connect your account to QuickBooks online.

For new Branches we suggest they sign up with one of the banks that have been successful in setting up this link, such as RBC, TD, Scotiabank, CBC and BMO, several credit Unions and in Alberta, ATB Financial.

2.3.3 Use of 'tags'

Sometimes a branch of Region might want to see the results of a specific show or clinic. As it is impossible to have a chart of accounts that would reflect every single event that is hosted within our organization. To be able to still see the results of a single event you can use tags on your entries.

There is a limit of 300 tags in the system, so if you can reuse some of the tags that were already created, please do so. Examples of a tag could be silent auction under the "Donation and fundraiser" accounts, but there would be no need to create a tag called 'donation', as this is already an account in the chart of accounts (4801 / 5801).

Whenever a certain tag is widely used throughout the organization r2 will evaluate whether this would become an additional account under the chart of accounts, making tagging unnecessary for that specific purpose. In rare instances you will find an account number that will be created for a specific Region only.

2.3.4 Running reports

The treasurer has the ability to generate different reports for different timeframes and for different tags if required. The most common reports will be:

- Profit and Loss
- Balance sheet
- Profit and Loss by Tag Group

As all branches are under the same QuickBooks Online account for every province, make sure to choose the correct 'location' filter to filter out the results for your Branch only.

For information on how to view your financial information and generate a report please read appendix 2.

3. Support from r2 accounting

r2 accounting has assigned a bookkeeper specifically to support and manage the Pony Club books. They will take the information from the bank accounts, DEXT and Dropbox to assign entries to the appropriate account. If you have questions or concerns around the itemization of your books, contact r2 accounting at: r2Access@r2Accounting.com

4. The software systems links and access

Setup for access to the DEXT system:

Step 1 – r2 accounting will create a DEXT user profile for you using the e-mail address you use for your Pony Club office

Step 2 (optional) – Download the DEXT app to your phone from your phone's app store

Step 3 – You will receive an invite to join DEXT via e-mail

Step 4 – Accept the e-mail invite either from your computer or on your phone and follow the steps to login to the DEXT app

More information on DEXT is on their website: www.dext.com

How to Set Up Dropbox:

Step 1 – r2 accounting will send you a link via e-mail that will take you directly to the Dropbox folder you will use to store supporting information

Step 2 – Keep that link and use it whenever you have supporting documents for income items that you need to submit

How to Use Dropbox:

Step 1 – Locate the supporting document for the income item on your computer

Step 2 – Click the link to your club's Dropbox folder

Step 3 – Drag and drop the supporting document file into the Dropbox folder

More information on Dropbox is on their website: www.dropbox.com

Treasurers have an account on QuickBooks online to view their account information and run the reports required to report to their members and the Region.

How to Set Up QuickBooks Online:

Step 1 – You will receive an invitation from r2 accounting to join your region's QuickBooks installation

Step 2 – From your computer, accept the invitation, create a password

How to Use QuickBooks Online:

Step 1 - Go to www.quickbooks.intuit.ca

Step 2 – Hover over 'sign in' and select 'QuickBooks Online'

Step 3 – Enter your e-mail and password

Step 4 – Select 'Reports' from the tab on the left

Step 5 – From here you can run any number of financial reports depending on the information you are looking for

More information on QuickBooks Online is on their website: www.quickbooks.inuit.ca

5. Handover of duties

A new treasurer should contact:

- ✓ National treasurer via e-mail
- ✓ r2 accounting via e-mail (r2access@r2accounting.com)
- ✓ Read this Finance system handbook

Transfer banking authorities

- ✓ When a branch has a bank account with **2 signing authorities**, the new and old treasurer work together to have the old treasurer removed and have access and authorization granted to the incoming treasurer
- ✓ When a branch has a bank account with **1 signing authority** available, this bank account should be closed, a new bank account is to be opened that requires two signing authorities and the old and new treasurer work together to transfer any funds to the new bank account.

Appendix 1 Chart of accounts

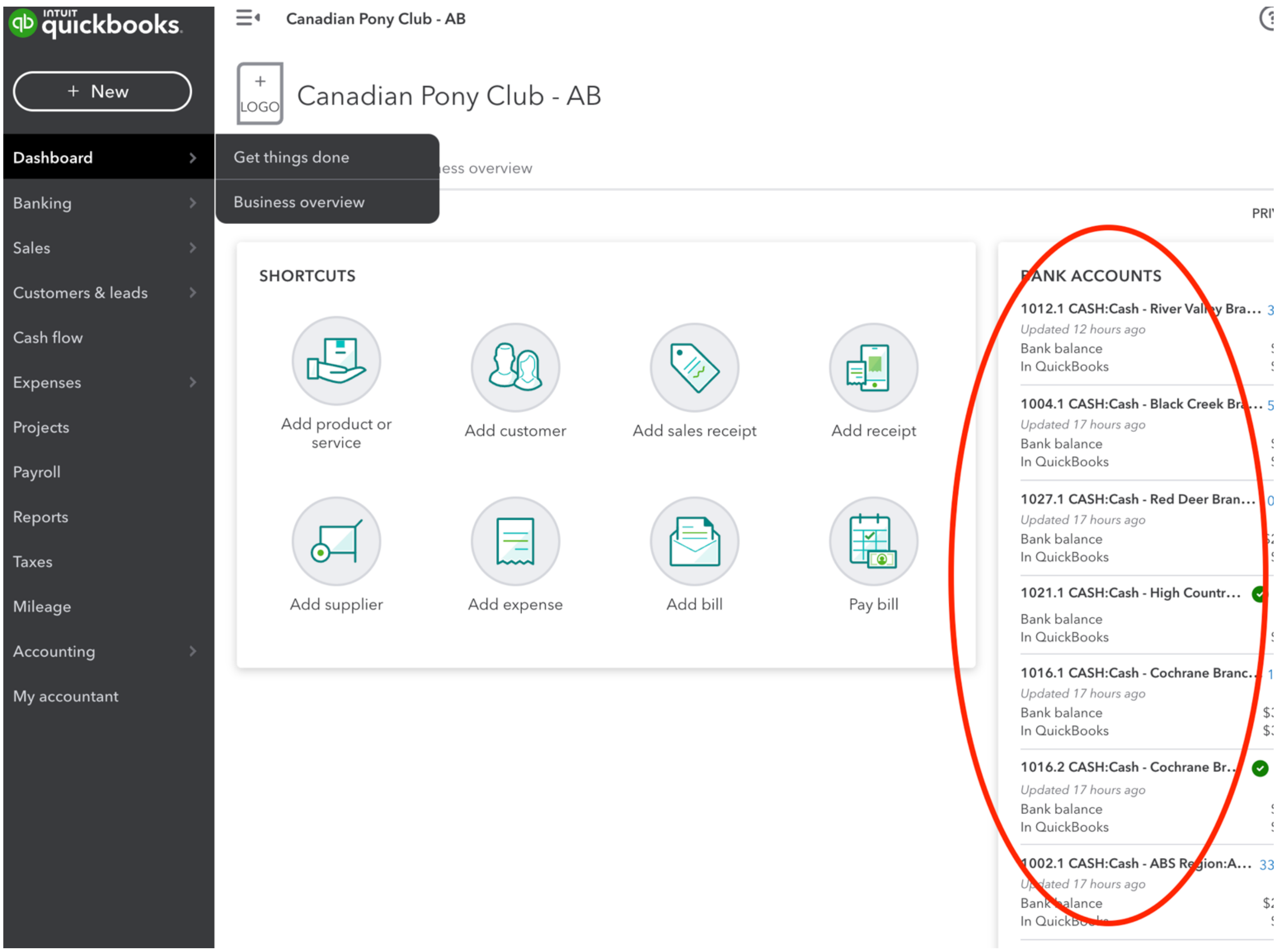
Account #	Account	Description
1000	CASH	
1001 – 1099	CASH: Cash in each branch	*Balance in each separate bank account*
1100	INVESTMENTS	
1200	Accounts receivable	
1300	Inventory	*Balance recorded at cost of items purchased*
1400	Prepaid expenses	
1600	Capital Assets	*Buildings, equipment etc*
2000	Accounts payable	
2010	Accounts payable: Accounts payable	
2050	Accrued liabilities	
2200	TAXES PAYABLE	
3000	DEFERRED REVENUE	
3000	DEFERRED REVENUE: deferred revenue	
3400	Opening balance Equity	
3500	Restricted Funds	*Funds that can only be used for specific purposes (sometimes a prerequisite of donations)*
3900	Retained Earnings	
4000	EVENT INCOME	
4005	Event Income – Other	*Event income (participant fees) for each individual discipline. Combined events, such as championships, zone and festivals that cover several disciplines will be placed under 4005 if fees are combined. If fees for these shows are separated by discipline, use the specific discipline.* *Conference is used for fees paid to attend a national conference (used mostly at a national level)* *Event income for Clinics may include clinics on other topics that are not defined under one of the disciplines, such as cross country or stable management.*
4010	Event income – Conference	
4020	Event income – Dressage	
4030	Event income – Show Jumping	
4050	Event income – PPG	
4050	Event income – Tetrathlon	
4060	Event income – Quiz	
4070	Event income – Rally	
4080	Event income – Clinic	
4090	Event income – Camp	
4200	Grants / sponsorship income	
4201	Grants / sponsorship income – from CPC	*Grants received from the National office*
4400	Membership income	
4401	Membership income: Head fees	*Includes National, Regional and Branch fees*
4600	Testing income	
4601	Testing income: testing fees	
4800	Donation and fundraiser income	
4801	Donation & fundraiser income: donations received	

4802	Donation & fundraiser income: fundraiser earnings	
4900	Store sales	
4901	Store sales: inventory sales	*For use at National only*
4950	Interest and other income	
4951	Interest and Other Income: Interest Income	*Interest earned on bank accounts*
5000	EVENT COSTS	
5005	Event costs – Other	*Event costs (prizes, office, facility, clinicians, officials) for each individual discipline.* *See further descriptions on Income 4000 accounts. The intent of these cost accounts is to be able to see if disciplines are running at a profit/loss and the volume of activity supporting the PC curriculum.*
5010	Event costs – Conference	
5020	Event costs – Dressage	
5030	Event costs – Show Jumping	
5040	Event costs – PPG	
5050	Event costs – Tetrathlon	
5060	Event costs – Quiz	
5070	Event costs – Rally	
5080	Event costs – Clinic	
5090	Event costs – Camp	
5200	Grants / sponsorship paid	
4400	Membership costs	
5401	Membership costs: Head fees to CPC	*Payment of the National membership fee portion to National. For Branches this also includes payment of the Regional membership fee portion to the Region*
5402	Membership costs: affiliate memberships	
5600	Testing costs	
5800	Donations & fundraisers	
5801	Donations & fundraisers: donation expenses	*Expenses incurred to receive a donation*
5802	Donations & fundraisers: fundraiser expenses	*Expenses incurred to host a fundraiser – note that open shows will be defined as 'events; in the financial system*
6000	Accounting, legal and professional fees	*Expenses for the use of supporting professionals outside the equestrian field such as bookkeepers, lawyers, etc.*
6100	Advertising/promotional	*Costs for attending an expo, printing flyers, banners, branded shirts or blankets, etc.*
6200	Dues, memberships and subscriptions	*E.g., Subscriptions with a website host, sales apps, member and event registration apps, magazine subscriptions.*
6500	SALARIES AND WAGES	
6510	Salaries and wages: salaries	*Salaries for employees*
6520	Salaries and wages: contributions	
6600	Subcontractor fees	*Fees for (un)mounted instruction and any other services on a contractor basis. Fees that can be attributed to a certain event such as a judge for a dressage show would go under "Events costs 5020" Costs for Examiners go under testing costs 5600*
6700	Insurances	
6800	Bad debts	

6900	Interest and bank charges	*Charges for use of bank services such as transfers and cheques*
7000	Office / general admin expenses	*General costs such as paper and prints, postage. But also the purchase of timers, walkie talkies measuring tapes and wheels to support your program.*
7100	Equipment and supplies	*Small equipment and supply purchases that are not for a specific event. May include reference books, paint for jumps, timers, cleaning supplies, etc.*
7200	Meals and entertainment	
7300	Facility expense	*Expenses to rent or maintain a facility for your regular education program or meetings. Facility fees for a show or clinic will be included in 5000 Accounts.*
7400	Travel	*Any travel costs that that are reimbursed by the Branch or Region Region to attend meetings, pick up purchased inventory or equipment. Travel costs relating to attending an event, testing, or conference will be included in 5000 Accounts.*

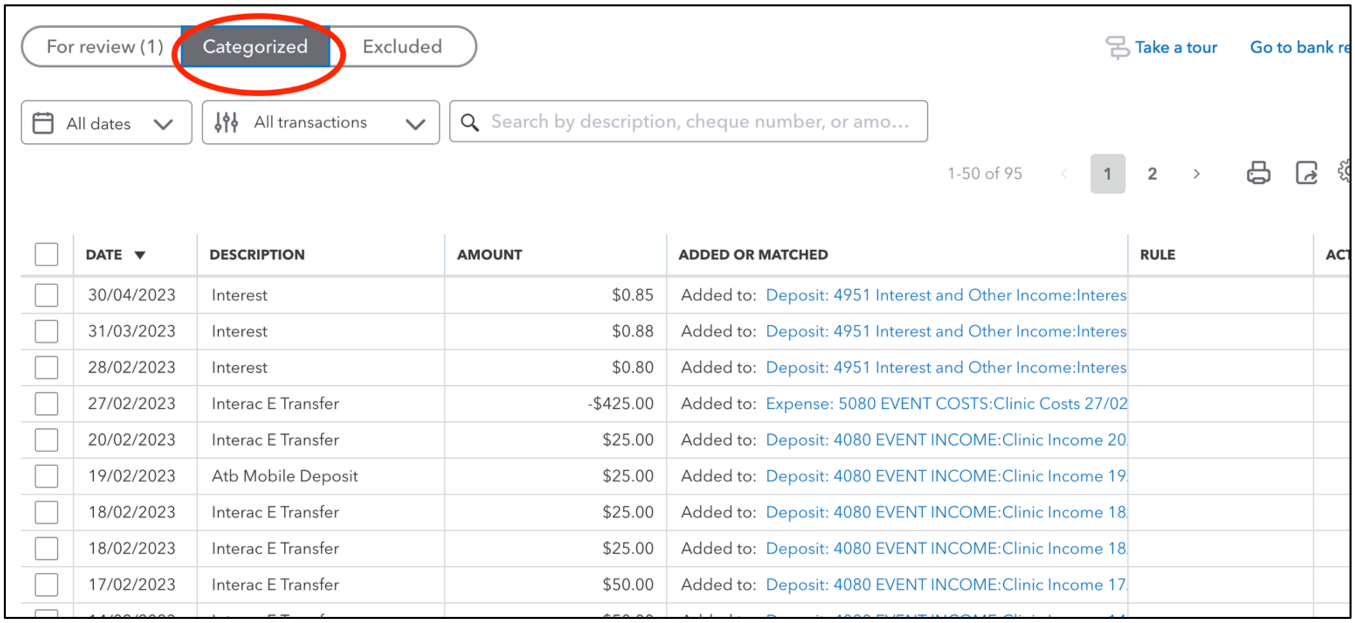
Appendix 2 Viewing, Tagging and Generating Reports

After logging into QuickBooks Online you will land on the homepage of the application, the dashboard. On the right side of the screen, you will see all the accounts that are available for viewing.



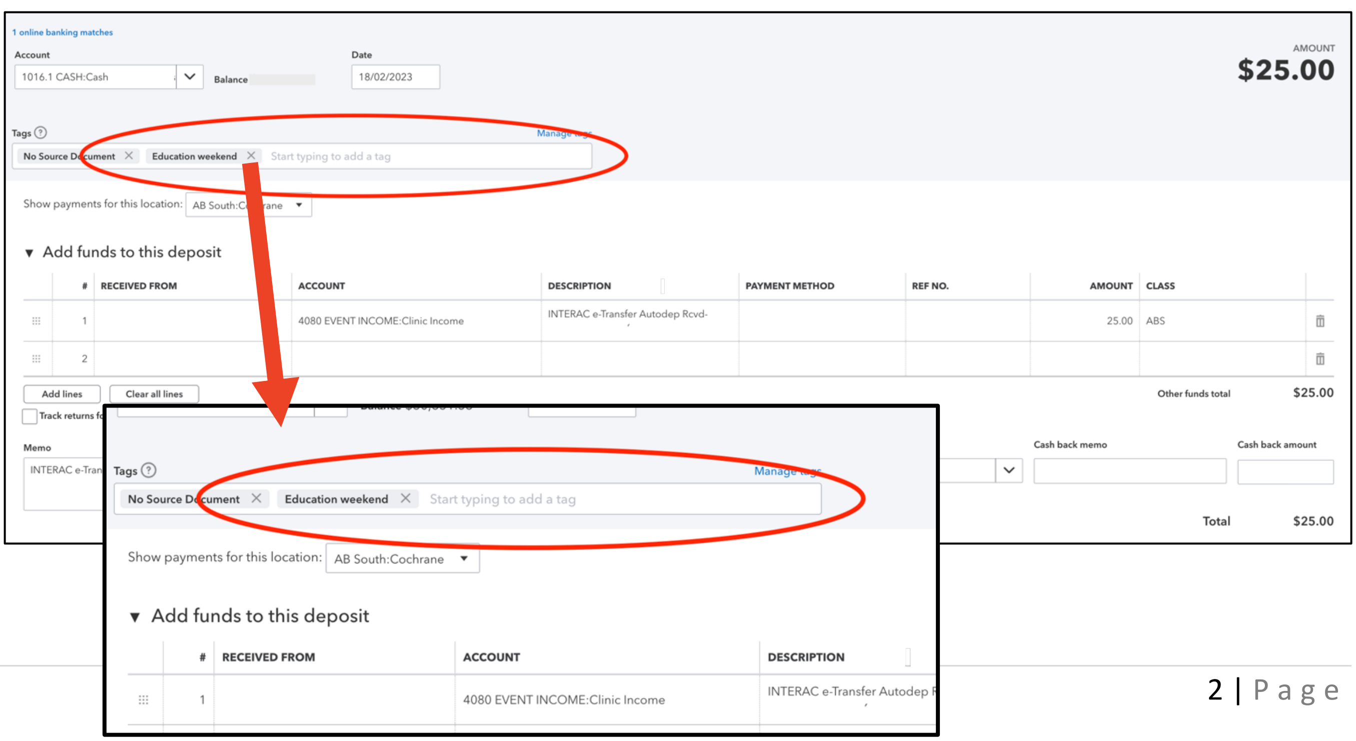
Clicking on your branch's account number will take you to the banking information (CASH) for your specific bank account – there will be more accounts under your branch's name if you manage more than one account.

This will look something like this:



Be sure to click on the label ‘categorized on the top of the sheet, as those that are still ‘for review’ will not have the option to view the individual entry. The items ‘For Review’ still need to be categorized by the support staff from r2 and will in time move to the ‘Categorized’ list.

If you would like to add tags to the different entries here, you can click on the blue text in the list. This will take you to the individual entry, where you can add and delete tags.

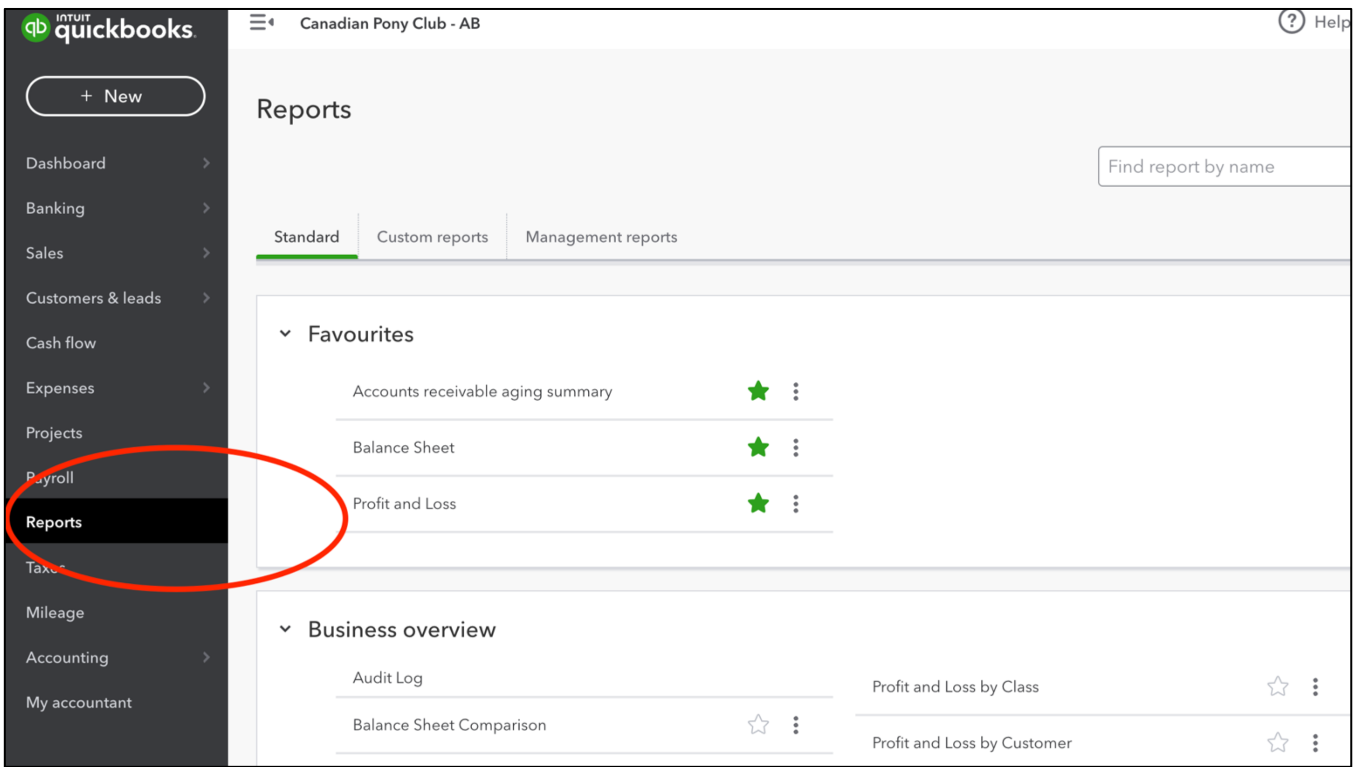


When adding tags, double check if there is already a tag that might be useful for your specific purposes, before adding a new tag to the list. You can find a list of tags already in use by clicking on "manage tags"

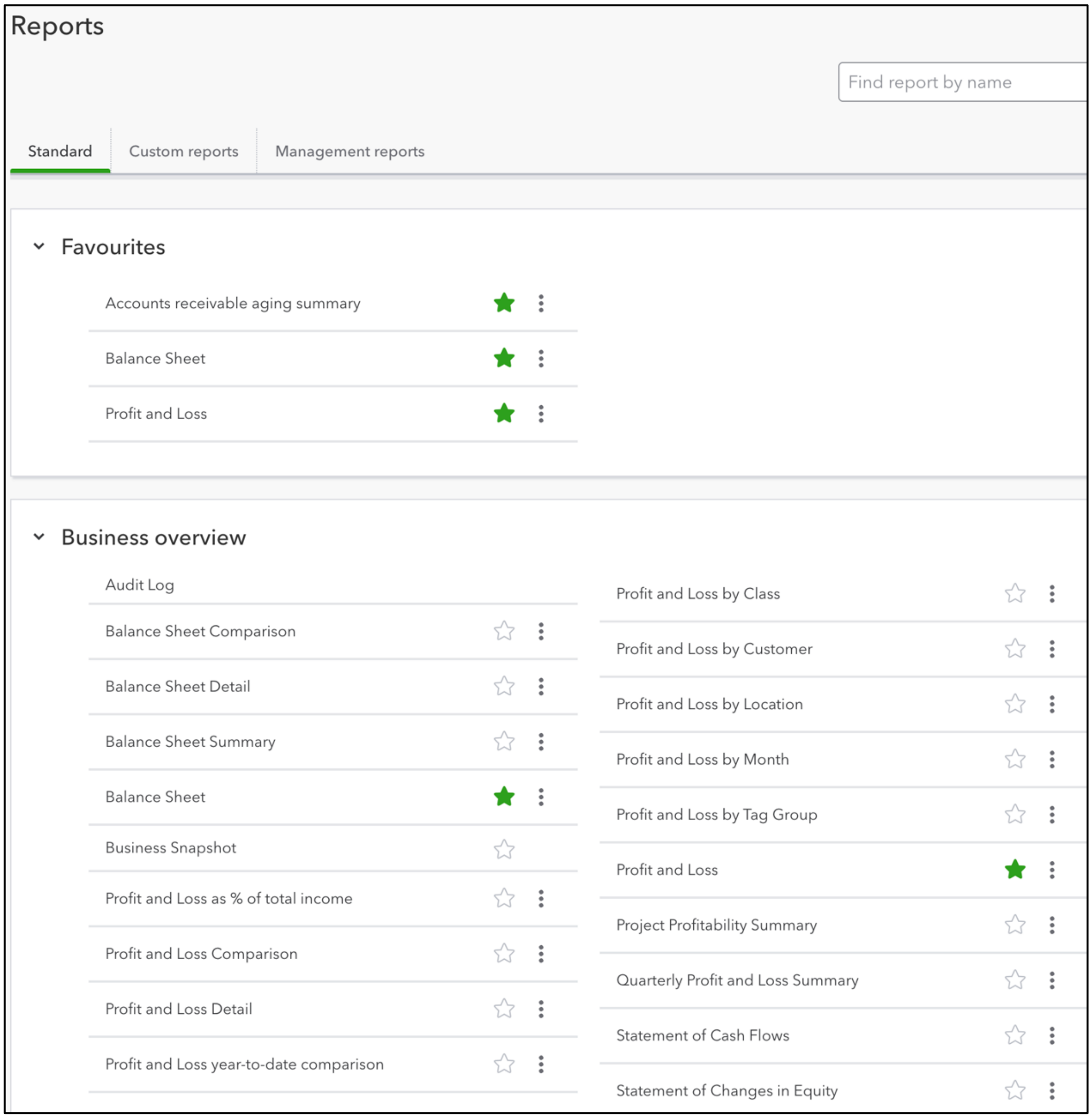
GENERATING REPORTS

In order to report back to your (board) members you will need to generate reports from the accounts. The most commonly used reports will be the balance sheet, profit loss and profit loss by tag group.

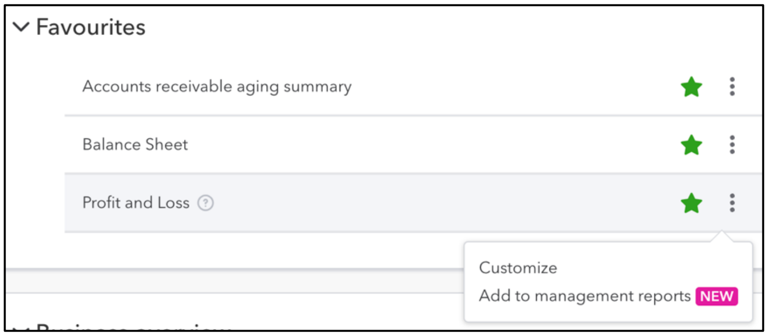
To get into the reports tab you can click on 'reports on the left-hand side of the home screen:



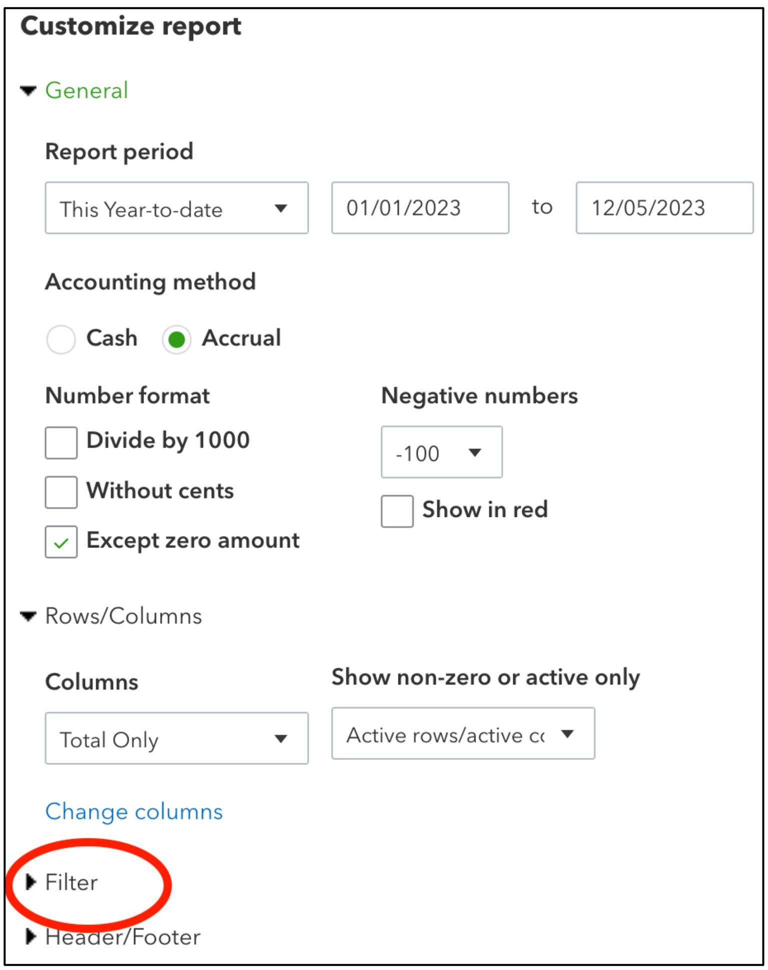
This will bring you to the different options available to generate a report.



Just running a report, without customization will yield the result of activities in all branches together. This will most likely not be what you are looking for, so in order to generate a balance sheet or profit and loss report you will need to customize your report.



You can do so by clicking on the three dots next to the type of report you would like to generate (in the left example the profit loss report) and choosing the option 'customize'.

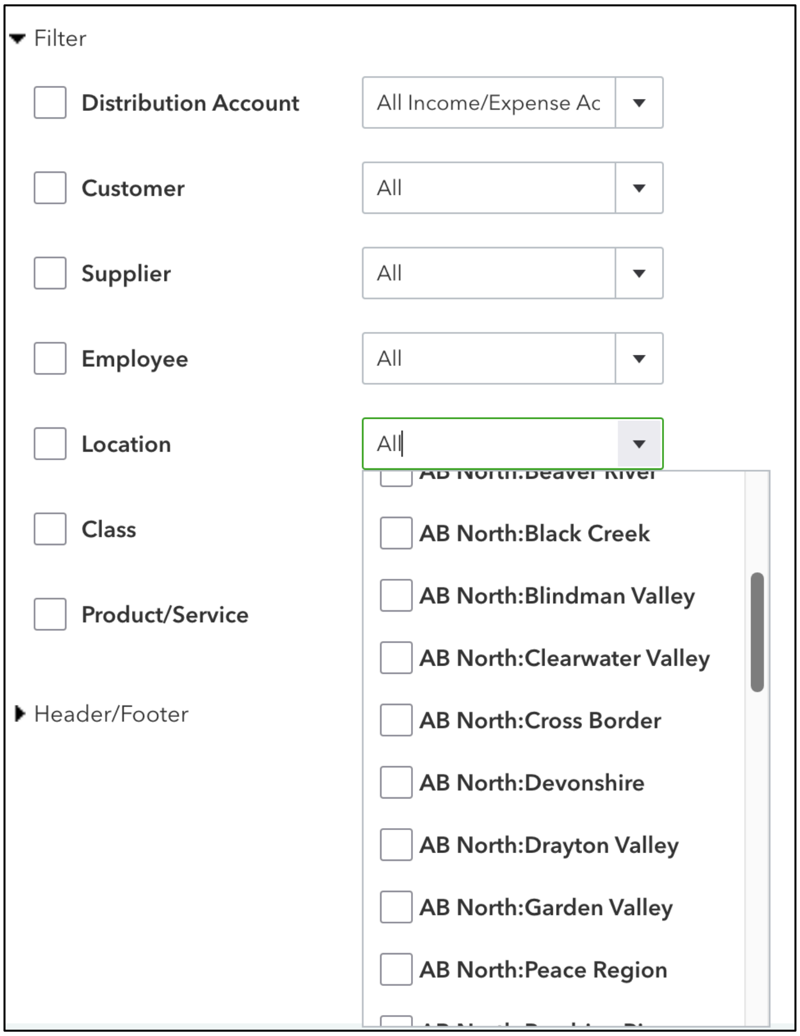


Under the customization option you will find several options to filter results.

First of all, you can choose a certain date range. There are several pre-set options such as year to date, last quarter, last year, or you can choose a custom time frame.

To be able to see a report that only covers your Branch's information you will have to filter the results.

Clicking on 'filter' gives you a list of further description to filter you results with.



In this case we are looking for the results from one particular branch. This information can be filtered out through choosing 'location'.

Here you can pick your Branch's bank account(s) and create reports for your Branch only.

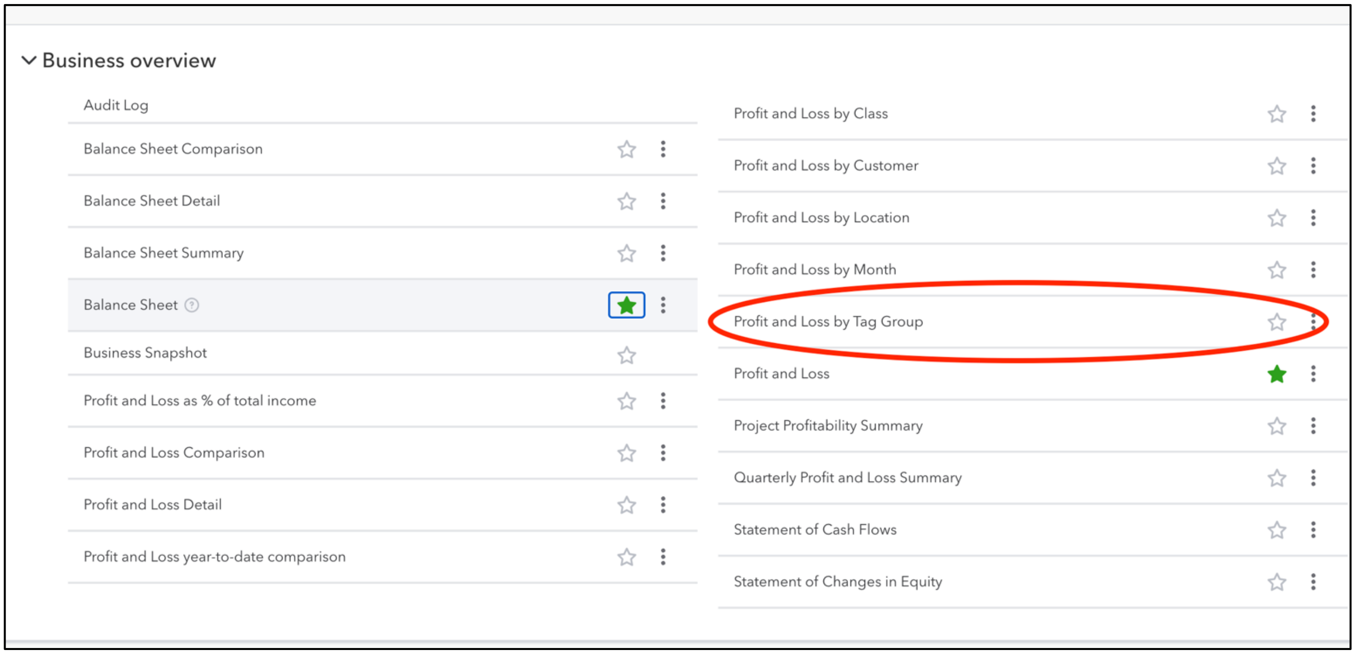
If you are looking for more specifics you could also use customer or supplier, but the filter you will use most will be 'location'.

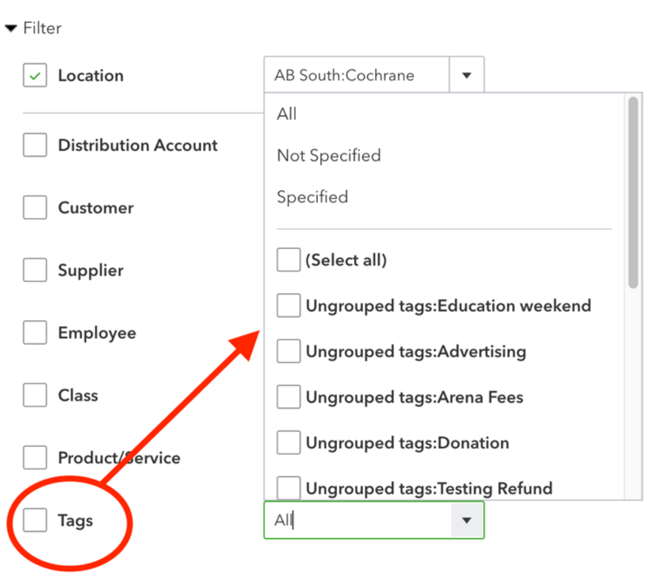
The result of a profit and loss report for a branch is shown below.

Profit and Loss
January - December 2022

	TOTAL
INCOME	
4000 EVENT INCOME	1,430.00
4060 Quiz Income	245.00
4080 Clinic Income	735.00
4090 Camp Income	6,650.00
Total 4000 EVENT INCOME	**9,060.00**
4400 Membership Income	
4401 Head Fees	2,925.00
Total 4400 Membership Income	**2,925.00**
4950 Interest and Other Income	
4951 Interest Income	11.42
Total 4950 Interest and Other Income	**11.42**
Total Income	**$11,996.42**
COST OF GOODS SOLD	
5000 EVENT COSTS	1,435.00
5010 Conference Costs	-300.00
5060 Quiz Costs	290.00
5080 Clinic Costs	630.00
5090 Camp Costs	5,524.02
Total 5000 EVENT COSTS	**7,579.02**
Total Cost of Goods Sold	**$7,579.02**
GROSS PROFIT	**$4,417.40**
EXPENSES	
6600 Subcontractor Fees	7,037.25
7000 Office/General Administrative Expenses	1,920.77
7300 Facility Expense	3,816.75
Total Expenses	**$12,774.77**
PROFIT	**$ -8,357.37**

As mentioned, you can also use 'tags' to link income and expenses to a specific event or type of event. In order to find a report according to your tags, you will need to choose the option 'profit and loss by tag group' as your reporting option.





You will again need to 'customize' this report for your specific branch (location) and you can also choose to run a report with a certain tag or combination of tags.

Not specifying a tag will show you a report with all tags you have use in the time frame specified.

See example below

Profit and Loss by Tag Group
January - December 2022

	BANQUET	FINALS
Income		
4000 EVENT INCOME		1,430.00
4080 Clinic Income		130.00
Total 4000 EVENT INCOME		**1,560.00**
Total Income	**$0.00**	**$1,560.00**
Cost of Goods Sold		
5000 EVENT COSTS		1,435.00
Total Cost of Goods Sold	**$0.00**	**$1,435.00**
GROSS PROFIT	**$0.00**	**$125.00**
Expenses		
7000 Office/General Administrative Expenses	1,072.07	
Total Expenses	**$1,072.07**	**$0.00**
NET OPERATING INCOME	**$ -1,072.07**	**$125.00**
NET INCOME	**$ -1,072.07**	**$125.00**

If you choose only one tag for this example (banquet), you get the results below

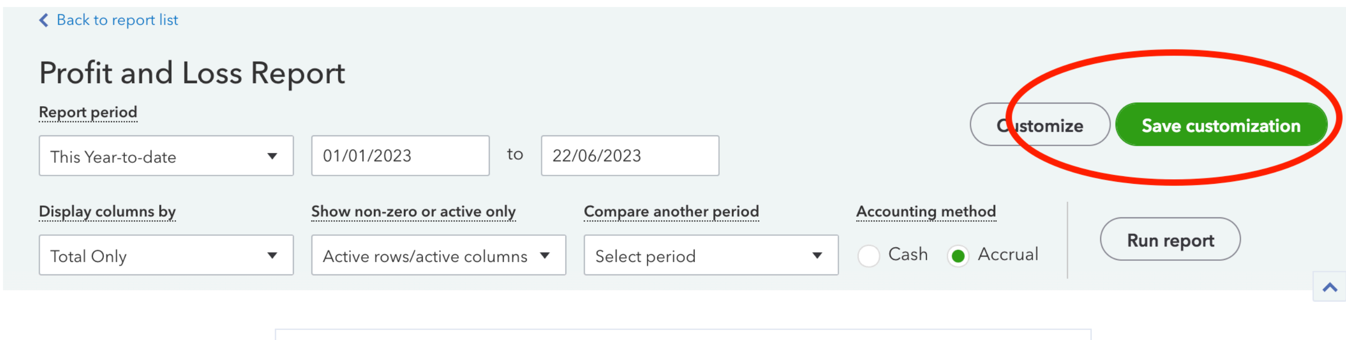
Profit and Loss by Tag Group
January - December 2022

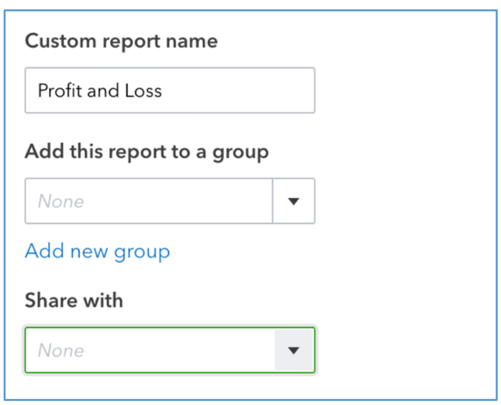
	BANQUET
Income	
Total Income	
GROSS PROFIT	**$0.00**
Expenses	
7000 Office/General Administrative Expenses	1,072.07
Total Expenses	**$1,072.07**
NET OPERATING INCOME	**$ -1,072.07**
NET INCOME	**$ -1,072.07**

Reports can now be printed, saved as a pdf or exported to Excel.

There is an option available to save your customized report for future use.

After you run the report you have an option to customize further or to save your customisation





You will get a pop-up screen asking you to fill out a report name and group

- Custom report name: complete with something intuitive
- Add this report to a group: This allows you to choose just your Branch name and not add it to the other branches' custom reports
- Share with:
  ALL (all branches and the regions within your Province) or
  NONE (just available to yourself)

For any questions, please contact the National office: info@canadianponyclub.org or r2 accounting: r2access@r2accounting.com