

FINANCIAL POLICIES AND PROCEDURES - Reorganized

I. Accounting Procedures

- a. Basis of Accounting
 - i. FFC will maintain its accounting records on the accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.
- b. Journal Entries
 - i. Adequate documentation will be maintained to support all general entries.
- c. Bank Reconciliations
 - i. Bank statements will be received directly and opened by the Finance & Administration Manager.
 - ii. The Treasurer or Member of the Finance Committee will review the bank reconciliation statements monthly.
 - iii. On all checks outstanding over 90 days, the Finance & Administration Manager should take appropriate action to follow up with the vendor.
- d. Recordkeeping
 - i. Personnel Files
 - 1. The Finance & Administration Manager will maintain a personnel file for each employee, containing appropriate documents, such as the signed compensation agreement, approval of changes in compensation, and withholding forms for taxes and benefits.
 - 2. Original documents of personnel files will be kept in a locked file.
 - 3. The I-9 should be filed separately from the personnel file.

II. Internal Controls

- a. Lines of Authority:
 - i. The Board of Directors formulates financial policies, delegate's administration of the financial policies to the Executive Director and reviews operations and activities.
 - ii. The Executive Director has management responsibility including financial

management.

- iii. Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities.
- iv. A blanket employee dishonesty coverage in the amount of \$250,000 shall be maintained.
- v. Financial procedures will be reviewed annually by the Finance Committee. The Board of Directors must approve changes to the Financial Policies and Procedures prior to implementation.

b. Segregation of Duties

- i. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts, etc. Finance & Administration Manager will reconcile the bank accounts and print out the Reconciliation reports for the Finance Committee Member to review and approve. The Office Manager will distribute the Board Reports once approved.
- ii. All employees involved with financial procedures shall take vacations or leaves of 5 consecutive work days each year. During such periods, back-up personnel who have been cross-trained in their duties will perform their tasks.

c. Physical Security

- i. The Finance & Administration Manager will secure all blank checks. The President secures emergency blank checks in an off-site location noted in the Succession document.
- ii. Cash shall be locked in a secure location until taken to the bank.

III. Financial Planning & Reporting

a. Budgeting Process

- i. The Executive Director, Finance & Administration Manager and Finance Committee will prepare an annual financial budget.
- ii. The budget will be approved by the Board of Directors prior to the start of each fiscal year. The budget is revised during the year only if approved by the Board of Directors.

b. Internal Financial Reports

- i. The Finance & Administration Manager will prepare a Balance Sheet and

Income Statement that will be reviewed by the Executive Director, Treasurer and Board.

- c. Audit
 - i. If deemed necessary by the Board, the Board of Directors shall annually contract with an independent auditing firm a full audit of the books.
 - ii. The Finance Committee will approve the selection of the auditor.

- d. Tax Compliance
 - i. Exempt Organization Returns
 - 1. The Directors' Review of Annual Form 990 and Public Disclosure Policy shall be followed.
 - 2. Copies of Form 990 will be in the Finance & Administration Manager's files and will be easily accessible to the Executive Director and Treasurer.
 - ii. Quarterly and Annual Payroll Reports
 - 1. Finance Manager will prepare and transmit the payroll tax reports, W-2 forms, and 1099 forms.
 - 2. The Executive Director will verify/sign off for 941 payroll tax and preparation of the Quarterly 941.

IV. Revenue & Accounts Receivable

- a. Cash Receipts & Deposits
 - i. All checks will be immediately forwarded to the Finance & Administration Manager to be deposited via scanner to the bank on day of receipt. The Finance & Administration Manager will record the deposits in the accounting system and then forwarded to the Philanthropy Coordinator for Donor Perfect entry.
 - ii. A report will be printed by the Finance & Administration Manager that includes the source and amount of the receipt generated by the bank which includes total daily deposit amount.

- b. Grants Awarded to FFC
 - i. The Finance & Administration Manager will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. The Philanthropy Coordinator will maintain originals of all grants and contracts in a file.

- ii. The Philanthropy Coordinator will prepare and maintain on a current basis a Grant Summary.
- iii. The Philanthropy Coordinator will go over reporting of the grant with the Finance & Administration Manager and then review and approve all reports that need to go to funding sources for grants awarded to FFC.
- iv. It will be the responsibility of the Executive Director to ensure that all financial reports are submitted on a timely basis.

c. Accounts Receivable

- i. Documentation will be maintained for accounts receivable.
- ii. Accounts receivable will be recorded in the books and collected on a timely basis.

V. Expense & Accounts Payable

a. Payroll

i. TIME SHEETS

1. Each hourly employee will be responsible for completing a time sheet on the 15th and the last day of the month.
2. Completed time sheets (if applicable) will be dated and signed by the employee and then submitted to the Executive Director at the end of the last working day of each pay period.
3. No payroll checks will be issued without a completed time sheet. Does not apply to salaried staff.
4. Incomplete time sheets will be returned to the employee for correction.
5. Employees will be paid the 15th and last day of the month, deductions are itemized on each paycheck.

ii. PROCESSING

1. The Finance & Administration Manager will enter payroll, make direct deposit transfers, print payroll reports and have the reports for the Executive Director and Finance Committee member at month end close.
2. The Finance & Administration Manager is responsible for entering payroll reports into the accounting system.
3. Voluntary terminations will be paid on the regular pay date. Involuntary terminations will be paid on day of separation.
4. Paid Time off (PTO) will be accounted for every pay period

through Paycor.

iii. BENEFITS

1. Payroll will be prepared in accordance with the personnel policies and benefit plan.

b. Purchases & Procurements

i. UNDER \$5,000

1. All expenditures over \$500 must be approved in advance by the Executive Director.
2. The Finance & Administration Manager is responsible to know if items ordered are within the budget and guidelines.

ii. OVER \$5,000

1. Will be required to undergo a competitive bid procedure.
2. All bid requests will contain clear specifications and will not contain features which unduly restrict competition.
3. The Office Manager will be responsible to ensure that all conditions and specifications of a contract, bid, or order are within the budget and guidelines and have been satisfactorily fulfilled and will be responsible for timely follow-up of these purchases.
4. The Office Manager will obtain at least 3 bids wherever possible unless prior approval by Executive Committee has been obtained.
5. Expenditure will not be fragmented or reduced to components of less than \$1,000 to avoid the bid process.

c. Independent Contractors

- i. Consideration will be made of internal capabilities to accomplish services before contracting for them.
- ii. Written contracts clearly defining work to be performed, terms and conditions will be maintained for all consultant and contract services.
- iii. The qualifications of the consultant and reasonableness of fees will be considered in hiring consultants.
- iv. Consultant services will be paid for as work is performed or as delineated in the contract.
- v. The Finance Manager will prepare 1099 returns for consultants or subcontractors paid \$600 or more in the calendar year by January 31st of the following year.

d. Invoice Approval & Processing

- i. All invoices will be immediately forwarded to the Finance Manager who will review all invoices for mathematical accuracy and validity.
- ii. The Program Manager or requestor will code the invoice with an appropriate expense or other chart of accounts line item number, class and job number (where applicable).
 1. By signing off on the batch, the Executive Director indicates that it has been approved per expenditure and bid procedures and the Finance Manager then issues a check.
 2. The Program Manager or requestor will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled
- iii. The Program Manager is responsible for notifying the Finance Manager regarding payment or billing discrepancies.
- iv. Authorized signers on FFC's accounts include the Executive Director, Board President, Vice President and Treasurer.

e. Cash Disbursement

i. CHECKS

1. All checks will be signed off by the Executive Director. Direct Deposit Payroll will be approved by the Executive Director.
2. Voided checks will have "VOID" written boldly in ink on the face and have the signature portion of the check black marked out by a permanent marker. Voided checks will be kept on file in the month they were voided.
3. In no event will:
 - a. invoices be paid unless approved by an authorized signer
 - b. blank checks (checks without a date or payee designated) be signed in advance
 - c. checks be made out to "cash", "bearer", "petty cash", etc. unless with express written permission by a member of the Finance Committee and approved and signed off by the Executive Director and Finance Committee.
4. In the event that it is necessary to issue a duplicate check for checks in an amount over \$50, a stop payment will be ordered at the bank on the original check.

ii. WIRE TRANSFERS

1. Wire transfers may be initiated by the Office Manager, Executive Director Board President, Vice President or Treasurer.
2. Wire transfers must be approved by two of the following: the Executive Director, President, Vice President or Treasurer.

f. Employee Expense Reimbursements

i. Travel Expenses

1. Each employee will complete an expense report if any traveling is done.
2. Mileage to and from residence will not be paid by FFC.
3. The expense report will be submitted within 60 days for payment, with a total, signed by the employee, authorized for payment by the Executive Director.
4. Reimbursement will be based upon current travel policies. Receipts must be attached to the expense voucher for lodging, common carrier transportation, and receipts for meals when required.
5. Incomplete expense reports will be returned.
6. Employees and board members will be reimbursed for travel and other related expenses at the rate set by the IRS. The Executive Director must approve employee travel and workshop expenditures prior to their occurrence. The organization will reimburse no more than the standard mileage rate for the business use of a car as established by the IRS. FFC will reimburse meal expenses incurred in direct connection with FFC.

ii. FFC Credit Card

1. The FFC Credit cards will be kept either in the locked filing cabinet in the safe or on hand in safe keeping with the designated users.
2. Only authorized staff will have an FFC CC. (Executive Director – 10,000, Transition to Adulthood Program Manager – 10,000, Program & Volunteer Manager – 850.)
3. Purchases over \$1000 must be approved as same for checks by the Executive Director.

4. Paper receipts or web payment printouts should be given to the Office Manager for reconciliation purposes of the individual Credit Cards.
5. The FFC CC will be reconciled each month.
6. The Executive Director must sign off on staff Credit Card statements and a member of the Finance Committee will sign off on the Executive Directors Credit Card Statement.

VI. Asset Management

a. Capital Equipment & Real Estate

i. Equipment

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$500 or more and a useful life of more than one year.
2. The Office Manager will maintain an asset schedule; which shall list a description of the item, date of purchase or acquisition, price or fair value of the item and its location.
3. A depreciation schedule shall be prepared at least annually for the financial statement.
4. The Office Manager will record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired.

ii. Real Estate

1. ZOM Office Condo: The Executive Director will review quarterly condo fee payments for their approval.

iii. Leased Equipment & Real Estate

1. The Executive Director will review all leases.
2. All leases, clearly delineating terms and conditions, will be approved and signed by the Executive Director.
3. The Executive Director will keep a copy of each lease on file.
4. The Consulting Accountant will be notified of each lease and lease specifications, and will make proper general journal entries for same.

iv. Insurance

1. Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and liability, worker's compensation, employee dishonesty and other

insurance deemed necessary.

2. The Executive Director and Finance Committee will carefully review insurance policies before renewal, the Executive Director will present at Finance Committee meeting prior to renewal.
3. The Office Manager will maintain insurance policies in insurance files and the Executive director will have access to these files.
4. Insurance policies will correspond to the calendar year whenever possible.