FISCAL POLICIES AND PROCEDURES

SECTION 1.1 – FINANCIAL RECORDS AND REPORTING

- Colorado Nonprofit Association's fiscal period begins January 1 and ends December 31.
- The financial records of the organization shall be maintained on an accrual basis of accounting in accordance with generally accepted accounting principles.
- All financial records of the organization must be properly maintained in a locked cabinet or area with limited access by only fiscal staff and the President and CEO.
- The CEO and/or Vice President of Development will be given all correspondence from any financial institutions unopened. Upon opening the documents, the CEO and/or Vice President of Development will initial the documents as an indication that he/she has reviewed them.
- The bookkeeper will submit to the Board Treasurer the CEO's credit card purchases along with the supporting receipts or invoices indicating expenditure explanations on a quarterly basis. The Board Treasurer will indicate his/her approval of the expenses by signing the credit card reconciliation.
- The CEO or VP of Development will receive the payroll reports directly from the payroll service. The CEO or VP of Development will review the reports to determine that the pay rates for all employees are as authorized and hours worked by hourly employees are reasonable.
- On a monthly basis, the bookkeeper will reconcile the accounts receivable detail ledger to the general ledger, and the bank reconciliation to the general ledger.
- The accounts receivable detail ledger will be reviewed monthly to determine that the balances are appropriate. Amounts that are owed to members will be refunded. The bookkeeper will give the Accounts Receivable detail ledger to the CEO on a monthly basis for his/her review.
- The purpose of the accounting system is to systematically record, summarize, and report all financial transactions of the organization. The system shall be designed so that all aspects of Colorado Nonprofit Association 's operations are included in the system.
- Effective control and accountability must be maintained for all assets of the organization, including cash, investments, fixed assets, and other assets. Colorado Nonprofit Association must adequately safeguard all assets of the organization and assure that all assets are used for authorized purposes.

Section 2.1 – Cash Disbursements

- All disbursements are to be made by issuing checks drawn on the established agency cash accounts.
- No checks may be made out to "cash". A Petty Cash account of $150 will be maintained in the office of the Operations Manager and balanced monthly.
- Where appropriate, the request for disbursement must be supported by original documentation that justifies the purpose of the disbursement and is attached to the request.
- Authorized check signers must be re-affirmed annually by the Board of Directors.
- Checks drawn for less than $2,500 must be signed by one of the following: a member of the Board of Directors, the President and CEO, or an authorized staff person. Checks over $2,500 but less than $10,000 must be signed by two of the above individuals. Checks over $10,000 must be signed by two authorized check signers, one of which must be a member of the Board of Directors.
- The staff person (other than the President and CEO) that is designated to be an authorized check signer may not have any responsibilities related to the recording of financial transactions or the maintenance of financial records of the organization.
- The organization should carry a fidelity bond or appropriate insurance coverage for any director, officer, or employee who handles agency funds.
- Expense reports from the President and CEO must be approved by an officer of the Board of Directors.

Section 3.1 – Purchase and Contracts

- All purchases over $250 must be pre-approved by a supervisor. Any written authorization from the supervisor will suffice, including email correspondence between the requesting employee and the supervisor. This purchase level should also apply to routine purchases made by credit card.
- Employees shall submit receipts to the bookkeeper for ALL credit card uses.
- Unbudgeted purchases greater than 10% over the line item on the budget require prior authorization by the Finance Committee.
- The Board of Directors must approve or specifically authorize an officer of the Board or the President and CEO to enter into a contract, lease, or commitment for the organization that is longer than one year and over $3,000.
- The organization should obtain and document at least three competitive bids for all purchases of goods and services greater than $3,000.
- The Colorado Nonprofit Association capitalization threshold is $1,500.

Section 4.1 – Cash Advances or Other Payments to Staff

- Cash advances are paid to staff at a rate of $50 per day only if the staff person is traveling out of town on business for the organization. An expense report is due from the staff person within five days of their return.
- The organization will reimburse staff for reasonable business expenses incurred in connection with the business of the organization that have been properly approved and are submitted for payment with proper documentation.
- No loans or advances on payroll will be made to a staff person.

Section 5.1 – Payments to Board of Directors

- No compensation will be paid to any member of the Board of Directors for services as a member of the Board. Reasonable expenses may be allowed for attendance at regular or special meetings of the Board or committees thereof as approved by the Board.
- Board members may be reimbursed for reasonable travel expenses submitted in writing within 30 days of attendance at a Colorado Nonprofit Association board of directors meeting, or committee thereof. Reasonable travel expenses may include airfare (not first class), airport shuttle service, taxi, and/or mileage reimbursement. Mileage will be paid at the prevailing IRS approved rate for round-trip mileage (in excess of 75 miles). Airfare will be reimbursed only for trips exceeding a two-hour, one-way driving time.
- The President and CEO will approve all payments in advance of reimbursement. Reimbursement will be made within 15 days of submission for reimbursement.
- No loans will be made to any member of the Board of Directors.

Section 6.1 – Cash Receipts and Deposits

- Cash receipts will be logged daily into a "Check Log" by the Development Assistant and/or his/her designee. A hard copy of the check log will be given to the CEO daily.
- Deposits will be made at least once per work week. A photocopy of the bank's deposit receipt will also be given to the CEO. The CEO will match the total from the check log to the total from the bank's deposit receipt, and initial them on the corresponding forms. The CEO will file the matching check logs and bank deposit receipts.
- Funds received by the organization will be deposited timely to the credit of the organization in a financial institution that the Board of Directors has authorized, provided however, that each institution in which funds are deposited must be an institution where such deposits are insured by an agency of the federal government.
- Procedures are to be in place to identify, evaluate, and to determine the acceptance of restricted contributions. Acceptance of unusual non-cash donations, such as charitable lead trusts, perpetual trusts held by third parties, charitable remainder trusts, charitable gift annuities, pooled income funds and donations of land, property, partnership interests, assets subject to lien, etc. need prior approval by the finance committee.
- All contributions should be acknowledged in writing within five business days of receipt.

- As a general rule, all stock gifts should be liquidated within three business days of receipt; any exceptions must be approved by the Treasurer or Board Chair.
- Cashing of checks out of currency receipts is prohibited.

Section 7.1 – Annual Audit Requirement

- The financial statements of the Organization will be audited annually.
- The finance committee will be responsible for determining the auditor selection criteria and proposal process and for performing that process. The finance committee will recommend for approval to the full board the auditing firm identified through the proposal process.
- The audit will go out for bid at least every three years though a change in auditors every three years is not required. Approval of the audited financial statements takes a vote of the full board.
- The finance committee will review the audited financial statements and recommendations of the auditor, as well as management's response to the recommendations. The finance committee will present the audit to Board of Directors with a recommendation to accept the audit.
- The Board of Directors reviews the audit, recommendations of the auditor, and management's response to the recommendations. The Board of Directors votes to accept or not accept the audit.

Section 8.1 – Budget

- An annual operating and capital budget will be established and approved by the Board of Directors.
- The actual operating results of the organization will be compared to the budget on a monthly basis and significant variances explained by management to the Board of Directors.
- The President and CEO may approve changes to the operating and capital budget without Board approval provided that:
    - Total budget amount does not change
    - The change in the category of the budget does
    - not change more than 10% (plus or minus) from the approved budget.

Section 9.1 – Borrowing

- Any action by and on behalf of the organization in borrowing money, establishing or canceling lines of credit, and or mortgaging, pledging, or authorizing liens on the property of the organization must be specifically authorized by the Finance Committee.
- The organization should maintain a line of credit agreement with a financial institution.
- Based upon staff recommendation, the Finance Committee must approve any borrowing against the line of credit. Any one officer listed on the line of credit agreement may contact the bank to draw on the line of credit. Staff will be responsible for paying down the line of credit as soon as funds are available and reporting back to the Finance

Committee or the Treasurer within two working days that this has been accomplished. Staff will update the Treasurer on a monthly basis if there is an outstanding balance on the line of credit.

Section 10.1 – Operating Reserve and Investments

- The Colorado Nonprofit Association maintains a separate "Operating Reserve and Investment Policy."

Section 11.1 – Conflict of Interest Policy

- The Organization will not enter into contracts or transactions with any other corporation, partnership, association, or other organization in which its directors are directors, officers, or have financial interest (there is potential conflict of interest) without prior approval by an affirmative vote of a majority of disinterested directors.