
Financial Policies – Approved 2004

Access to Records by Members

It is the policy of the organization to allow members to inspect the following records of the organization:

1. IRS Form 990
2. Original applications for tax-exempt status
3. Audited financial statements
4. Monthly financial reports

Annual Leave Payments

~~It is the policy of the organization to allow employees to carry forward no more than 20 unused vacation and 20 unused personal days. Unused leave earned in excess of this amount and not used will be lost.~~

~~The maximum amount of annual leave paid to a terminating employee will be the amount of leave carried forward (not to exceed 40 total days), plus the amount of accrued but unused leave earned during the year of termination.~~

Audit Committee

~~If there is to be an audit committee:~~ It is the policy of the organization to maintain an audit committee consisting of the organization's treasurer, chief staff executive, chief financial officer, and volunteer committee members. The treasurer will chair the committee, ensure corrective action is taken when necessary, and report on audit committee action to the board of directors.

Bank Reconciliations

It is the policy of the organization to address bank statements to the chief staff executive, who will ~~do an initial review of checks that cleared during the prior month, give to the accountant.~~

Within 24 hours, the chief staff executive will forward the bank statement to the ~~staff~~ accountant responsible for bank reconciliations. This individual cannot be a check signer. The staff accountant will answer any questions posed by the chief staff executive and prepare the bank reconciliation within 7 days.

Bid Requirements

It is the policy of the organization to require bids for the following expenditures:

Printing	Three bids are required for all printing expenditures exceeding \$10,000.
Capital Purchases	Three bids are required for all capital purchases exceeding \$102,000.
Inventory Purchase	Three bids are required for all inventory purchases exceeding \$10,000 except for Maps-
Professional Services	Professional services, including CPA firms and law firms, will be evaluated every 3-5 years, and requests for proposals will be prepared and sent to qualified firms in the same field.

The decision to approve a vendor will be made jointly by the appropriate staff manager and the chief executive officer or chief financial officer.

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Chart of Accounts

It is the policy of the organization to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts must be updated on a routine basis.

Capitalization; capitalization of property and equipment purchases begins with any future asset purchase costing more than \$410,000 be capitalized and depreciated over the assets' estimated useful lives.

Check Disbursements

It is the policy of the organization to keep unused check supplies safeguarded under lock and key. Individuals responsible for preparing checks return all unused checks to be under lock and key at the end of each day.

All check disbursements will require approved invoices or expense vouchers and will have a completed Check Request Form attached. The resulting checks will be signed by a management level person not requesting the check.

See "Check Request" Form

Signed checks that have not been mailed or distributed will be put under lock and key at the end of each day.

Check Endorsement/Stamp

It is the policy of the organization to endorse checks with a stamp(s) as follows:

For Deposit Only Full Organization Name Bank Name Account Number

Check Register

It is the policy of the organization to provide the check register to the Treasurer, on a monthly basis, or as requested by the Treasurer.

Check Signers

It is the policy of the organization to give check-signing authority to the following positions:

- Chief Executive Officer
- ~~Vice President of Member Services~~ CIO
- ~~Chairman of the Board~~
- ~~Chair Elect~~ President
- ~~Secretary~~ Treasurer

Checks issued for payment of the organization's debts ~~in excess of \$5,000~~ will require two signatures, ~~except for those recurring expenses that remain the same each month, such as rent and health insurance and the CEO and CIO cannot sign together.~~

Additionally, individuals involved with check preparation and bank reconciliations are prohibited from having check-signing authority.

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Collection Procedures

It is the policy of the organization to complete member orders and forward an invoice with the merchandise. Invoices for services will be sent immediately following completion of the service.

On or about the first day of each month, statements will be mailed to members.

If 60 days have elapsed without payment, a staff person will be assigned to follow up on the account.

If 120 days have elapsed without payment, the account will be turned over to the organization's collection agency.

Computer Passwords

It is the policy of the organization to assign unique computer passwords to each individual who has access to the computer system.

Passwords of terminated employees will be canceled immediately.

All passwords will be changed quarterly.

A master record of employee passwords will be maintained by the chief staff executive and the director of the management information system.

Contract Signing Authority

It is the policy of the organization to grant authority to sign contracts to the chief executive officer or the chief financial officer, as long as the financial implications of the contract are included in the organization's budget.

If the financial implication of signing a contract is not included in the organization's budget, board of directors' approval is required before authority to sign the contract is granted.

Control Over Checks and Cash

~~It is the policy of the organization that all incoming mail will be imprinted with a date and time received stamp.~~

~~checks arrive in the mail, whoever opens the mail gives them to the CIO or his designee to run a tape, which is then given to CEO who in turns gives to the accountant. The checks are then given to the bookkeeper who enters them into the Rapattoni system as a daily A/R batch, stamping the back with the appropriate bank account. Accountant runs a tape, checks the total against the batch total in Rapattoni, gives CEO a copy of the tape to compare to tape given to by CIO or his designee. Bookkeeper runs the checks through the depositing machine which transmits the checks as a batch to the Northbrook Bank, then keeps the checks in a locked drawer in her desk. Checks are shredded after three months. Checks received will be noted on the Daily Checks Received Log Form, which will include the date, the name of the payer, the date of the check, the amount of the check, and the invoice number if applicable. Checks will be endorsed before they are given to finance. Once the checks have been recorded and the log signed by the employee, the checks and a copy of the log will be personally delivered to the responsible person in finance, who will sign for checks received. The original Daily Checks Received Log Form will be given to a senior nonfinancial executive and retained until the annual audit. The log copy included with the checks will also be retained until the annual audit. All checks received will be deposited within two banking days.~~

See "Daily Check Log" Form

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CPA Firms

Audited Financial Statements

It is the policy of the organization to direct the chief executive officer to distribute the audited financial statements to the board of directors and to ~~the Finance Committee organizations entitled to receive a copy because of contractual agreement~~. The decision to publish the statements or otherwise make them available to the membership will be made by the board at its meeting following the issuance of the statements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the chief executive officer or the chief financial officer.

The Engagement Letter

It is the policy of the organization to review the draft of the CPA engagement letter before it is signed to ensure it covers matters important to management.

The Management Letter

It is the policy of the organization to disseminate a copy of the CPA management letter to the Board of Directors and to discuss the letter with representatives of the auditing firm. Staff shall be directed as to the appropriate action required to correct deficiencies addressed.

Distribution of the management letter to individuals or firms other than those entitled to a copy by contractual obligation is left to the discretion of the chief executive officer or the chief financial officer.

Selection of Firm

It is the policy of the organization to contract with the CPA firm selected to audit the organization for a period not to exceed three years.

At the end of this period the organization's treasurer, with the assistance of staff, will interview a minimum of three CPA firms specializing in auditing not-for-profit organizations and make a recommendation to the board of directors for final selection. Re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost effective.

Additionally, the contract awarding the audit to the CPA firm for a three-year period will have a clause allowing the organization to contract with another firm before the end of the contract period if the current firm provides unsatisfactory service or if the financial condition of the organization prohibits the expense of a full audit.

Depreciation

It is the policy of the organization to depreciate fixed assets other than real property and electronic equipment using the straight line method over a 10-year period.

Real property will be depreciated using the straight line method over a 30-year period.

Electronic equipment will be depreciated using the straight line method over a 3-year period.

Capitalized repairs and improvements will be depreciated using the straight line method based on an analysis of the time the repair or improvement is expected to improve the property.

Fully depreciated fixed assets will remain on the organization's statement of financial position until they are disposed of or otherwise deemed worthless.

Federal Identification Number

It is the policy of the organization to have the organization's Federal Identification Number- ~~guarded~~ printed on its invoices, statements, and any other document that may trigger a customer's request for this information.

~~Finance and other Department Employee Orientation~~

~~It is the policy of the organization for all new employees to participate in the New Employee Orientation Program. Every new employee will spend a minimum of 30 minutes with each department director or designee who will explain the department's function and introduce the new employee to everyone on the department's staff.~~

Financial Statement Preparation and Distribution

It is the policy of the organization to prepare and distribute monthly financial statements that will include the Balance Sheet and the Income Statement. These statements will be prepared and distributed within 15 working days after the close of the month.

The statements will be distributed to the board of directors, the budget and finance committee, the chief executive officer, the chief financial officer, and department directors.

Insurance

It is the policy of the organization to have an independent insurance consultant review the organization's insurance policies to ensure coverage and limitations adequately meet the needs of the organization, members, and employees.

Investment Policy

It is the policy of the organization to have a comprehensive Investment Policy (separate from these policies) that is reviewed annually by the finance committee and approved at least every 3 years by the Board of Directors.

IRS Forms

Form 990

It is the policy of the organization to allow public access to IRS Form 990.

This access will be provided at the organization's headquarters at a time mutually agreeable between the organization and the individual requesting the inspection. Requests for copies of Form 990 may be denied, and Form 990 will not be mailed under any circumstance without the approval of the chief executive officer or the chief financial officer. A Log of Form 990 Inspections and Distributions will be maintained.

~~See "Log of IRS Form 990" Form~~

Form 990-T

It is the policy of the organization to deny requests to inspect IRS Form 990-T because it is confidential information.

Form 1099

It is the policy of the organization to complete IRS Form 1099 for all individuals and vendors receiving \$600 or more from the organization. Those authorized to have company credit cards must give the receipt, the names of those present and the purpose of the gathering. If there are not receipts the person will receive a 1099 for the expenses.

~~A Log of Vendor Federal Identification Numbers will be maintained.~~

Loans Prohibited

It is the policy of the organization to prohibit loans to employees and members under all circumstances.

Lobbying Expenditures

It is the policy of the organization to advise members of the nondeductible portion of their dues payments by indicating the nondeductible percentage in the organization's newsletter (annually), in membership brochures, and in membership renewal forms.

Logo

It is the policy of the organization to include the organization's logo on all forms used by the organization.

Mailing List Sales

~~It is the policy of the organization to NOT sell membership mailing labels and email addresses. Members upon request may receive mailing labels as a membership benefit. Under no circumstances may the emails be given out to anyone beyond input into NRDS system, as long as the product or service is of interest to the membership. A discount will apply if the purchaser is a member of the organization. (See separate policies governing these issues)~~

Mandatory Vacations/Leave

It is the policy of the organization to require employees to take at least one week (five consecutive days) vacation annually. However, no more than 20 cumulative vacation days may be carried forward to the next year.

If an employee does not cooperate with this policy, leave will be scheduled at management's discretion. See Leave Accrual Payment Policy in this manual.

Petty Cash Fund Disbursements

It is the policy of the organization to NOT maintain a petty cash fund

~~Postage of \$500.~~

~~It is the responsibility of the chief financial officer and that person's designee to ensure that the petty cash fund is under lock and key at all times.~~

~~Disbursements from the petty cash fund may only be made for approved expenditures. A receipt must accompany every disbursement. The receipt must be signed by the person receiving the cash and the person disbursing the cash.~~

~~The petty cash fund will be replenished as needed and at the end of every month. The petty cash fund replenishment check will be made out to the individual primarily responsible for maintaining the fund, with the word "agent" following that person's name. The expenses will be reviewed and the resulting check will be signed by another responsible party.~~

~~Postage Log~~

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It is the policy of the organization to maintain a postage log and to charge the appropriate functions for actual postage used. Employees are prohibited from using the organization's postage meter for personal mail without prior approval of a staff manager and reimbursement made at the time of use.

Public Access to Records

It is the policy of the organization to allow the public access to Form 990.

This access will be at the organization's headquarters at a mutually agreed upon time.

The CEO, the CFO or the VP of Member Services of the organization will remain in the presence of the individual(s) requesting access to this information. Individuals will be allowed a reasonable amount of time to review the form, but access to copying machines and the like may be denied.

The original of Form 990 will remain at the organization's headquarters without exception.

[See Form 990 Policy included in this manual.](#)

Telephone Expenses

~~It is the policy of the organization to require employees to maintain telephone logs to account for any personal long distance telephone calls. Employees are required to reimburse the organization for personal telephone calls.~~

Temporary Employment Agencies

It is the policy of the organization to use temporary employment agencies to supplement the work force during peak periods. Use of temporary employment agencies requires an approved Request for Temporary Employee Form.

Fees paid to hire the employees of temporary employment agencies are included in the contract labor line item in the financial statements.

See "Temporary Help Request" Form

Unrestricted Net Assets

~~It is the policy of the organization to include board designated funds with unrestricted net assets on the Balance Sheet. A supplemental Statement of Board Designated Funds Activity will be distributed with the financial statements.~~

~~See the Board Designated Funds section of this manual.~~

Voided Checks

It is the policy of the organization to maintain a Voided Checks Log and document every check that has been voided, regardless of the reason.

If voided checks are physically available, they will be stamped "VOID" and filed in the organization's Voided Checks File.

If voided checks are not physically available, the organization's copy of the bank's stop-payment order will be filed in a Stop-Payment Order File.

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