

4.1 FINANCIAL POLICY

Policy #: 4.1

Original Policy Number: 100

Original Policy Created: 9-95

Date Reviewed: 9-98; 10-02, 1-06, 9-08, 08-10, 9-11, 4-14

Revised: 1-06, 9-08, 5-15, 6-17

Approved: 4-06, 9-08, 12-11, 4-14, 5-15, 6-17

PURPOSE

The IAFN is committed to responsible financial management. The entire organization including the board of directors and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of IAFN.

The policy and procedural guidelines contained in this statement are designed to:

1. Protect the assets of IAFN
2. Ensure the maintenance of accurate records of IAFN's financial activities;
3. Provide a framework of operating standards and behavioral expectations; and,
4. Ensure compliance with federal, state, and local legal and reporting requirements.

PERSONS AND AREAS AFFECTED

The CEO of IAFN has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors (BOD). Exceptions, changes or amendments to written policies may only be made with the prior approval of the BOD at any time. A complete review of the policies shall be conducted every two years.

The COO, every Director, and designated staff with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

LINE OF AUTHORITY

Board of Directors have the authority to develop, change or execute any policies (existing or new) it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state, and local law.

Treasurer and the Finance Committee have the authority as designated by the Board of Directors to suggest the auditor; perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; and recommend the allocation of investment deposits to the Board of Directors.

CEO has the authority as designated by the Board of Directors to make spending decisions within the parameters of the approved budget and policy regarding spending limits; create and recommend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into

contractual agreements within board designated parameter; design the organization's accounting system; make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions within the parameters of the approved budget and policy regarding spending limits; employ and terminate personnel; and make recommendations regarding the allocation of expenses.

INVESTMENT POLICY

The investment objectives of IAFN, in order of importance, shall be the **safety** of principal, **liquidity**, and a competitive **rate of return**.

General Investment Guidelines

IAFN's Finance Committee shall have **primary responsibility** for the administration of the investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s)..

All monies received shall be placed directly into an account which is solely the account of IAFN and which is insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC), the National Credit Union Administration, or the Securities Investor Protection Corporation (SIPC). The money must be in the name of IAFN and for the business of IAFN to be placed into the account. The financial institution holding the account must be approved by the Board and this approval must be documented.

Acceptable accounts include: interest-bearing savings accounts and checking accounts which will preferably be interest-bearing, as well as suitable investment accounts which should also be interest bearing accounts.

The following investments, with the general allocation target of a balanced portfolio, are acceptable, upon documented Board approval:

- Insured savings and checking accounts (as stated above) and certificates of deposit.
- Uninsured, but low risk investments—Treasury notes and bonds of government agencies; and
- Money market funds, balanced cash/fixed income/equity mutual funds, fixed income and/or equity mutual funds, fixed income and/or equity unit investment trusts, fixed income and/or equity exchange traded funds.

Analysis of the investment by the CEO will be detailed in an annual report (provided by the investment advisor) and can include: the individual investment holdings, the rate of return on the portfolio, projected amount of earnings (if possible); as well as the asset allocation of the investment portfolio. If the investments are in other than a federally insured bank, the analysis must, to the extent possible, also consist of a description of the investments held. To the extent possible, for equity investments, socially-appropriate investments consistent with the visions of IAFN should be considered. No direct investments in individual equity positions will be made in entities deemed non-socially conscious by the IAFN BOD. Any deviation or change in the approved mix or type of investments will be approved by the BOD.

FINANCIAL CONTROLS AND OPERATING PROCEDURES

OPERATING PROCEDURES

The **CEO** will work with an outside accounting individual or firm to maintain accurate company financial records. Bookkeeping support may be provided by staff (in-house or contractual) as designated. Monthly reports shall be made to the CEO and Treasurer covering, at a minimum, receipts, disbursements, receivables, and payables.

The **CEO or designated person** will be required to include budget comparisons in periodic financial reports to the Treasurer and the Board and will follow IAFN Accounting Procedure noted in this policy. Standard Journal Entries should be reviewed by the CEO for reasonableness for posting to the general ledger.

The **Treasurer** will be required to provide quarterly budget reviews.

The **Board of Directors** will be required to secure a comprehensive independent audit every two years or as required by grant funding requirements.

FINANCIAL REPORTING

- Annual budgets are prepared by the Treasurer, Finance Committee, and CEO and presented to and approved by the Board by October 31st of the preceding year.
- Quarterly Financial Reports are provided to the Treasurer and the Finance Committee within 30 days of the close of the period.
- Detailed Financial Reports are provided to the Board of Directors quarterly or when necessary.
- Audits will be conducted by an independent CPA.
- Copies of these reports will be made available to the public.
- The Fiscal Period for the organization shall be January 1 to December 31.

SAFEGUARDING ASSETS

- The CEO shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board of Directors are implemented and maintained.
- The Treasurer & Finance Committee shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly represent its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- All excess cash will be kept in an interest bearing account.
- Bank statements are promptly reconciled on a monthly basis within 7 days of receipt of statement by IAFN staff.

- Documents on all securities and fixed assets will be kept in a locked fire-proof file and scanned for digital archiving. Inventory records will follow the IAFN Capitalization Policy.
- Appropriate insurance for all assets will be maintained.

PAYROLL CONTROLS

- All requests for personnel records, job references and credit inquiries will be referred to the CEO or Finance Director when authorized by CEO or CEO is not available, who shall maintain such records and be responsible for the confidential maintenance of such records.
- The CEO or designee will generate the payroll register, payroll checks and tax deposit checks, and send them to the appropriate staff. The CEO or designee will review the payroll register for proper processing. Direct deposit for payroll is required for all staff.

POLICIES ON DISBURSEMENTS

- The CEO has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to and including \$2,500 with the exception of the CEO's personal expense reimbursement items which must be approved by a Board member having check signing authority. The deliberate splitting of vouchers or invoices which have the sole purpose or effect of meeting the parameters of this authority is expressly prohibited.
- Expenditure requests will be initiated in writing or through online bill payment system and approved within specified authority by the CEO.
- The CEO approves check requests after comparing to supporting documentation. Finance director processes all invoices and back-up documentation through online bill payment system. CEO and treasurer (when required) approve and CEO processes payment through online bill payment system.
- One signature, plus written (email is acceptable) approval by an additional authorized check signer is required on all organizational checks over \$2,500. All invoices are approved through online bill payment system and any invoice over \$2,500.00 is required to be approved by the treasurer in system prior to the CEO approving and releasing payment to the vendor/contractor.
- All disbursements, except petty cash, are made via Automated Clearing House (ACH) or check when ACH is not applicable through online bill payment system and are accompanied by substantiating documentation.
- All checks are accounted for monthly.
- Vendors and contractors are requested to set-up their bank information in online bill payment system to allow for ACH payments from the IAFN. International vendors and contractors are not eligible for ACH transfer so will receive a check issued out of system.
- In order to provide reimbursements for independent consultants, a contract, W9 (if contractor is new) and email address must be submitted to the finance director along with the department to which expenses should be coded prior to the start of the contract. A complete breakdown of covered expenses with a list of individuals who will qualify for reimbursement must be provided to the finance department prior to the start of the project. All submitted invoices and expense reports must be reviewed and approved by the lead staff person assigned to the project.

- All voided checks or uncleared checks are tracked and processed through online bill payment system and synced with current accounting software.
- No checks may be written to "cash" or "bearer".**
- Blank checks are stored in a secured location.
- Invoices are indicated as paid by the online bill payment system software and synced with the QuickBooks Software. All invoices and back-up documentation are scanned and sent to online bill payment system for proper storage. **Blank checks may never be signed in advance except with permission of the CEO & Treasurer**
- Any check that summarily exceeds 10% in excess of the approved annual budget for the activity must be approved by the BOD.

POLICIES ON RECEIPTS

- A copy of all receipts is made for deposit file documentation and will be attached to a copy of the deposit slip and retained for our records.
- All checks are stamped with "Deposit only" stamp immediately upon receipt.**
- All cash receipts are recorded on pre-numbered duplicate receipts.
- The Finance Director or HR and Finance Coordinator will be responsible for preparing the documentation on receipts for deposits and for making weekly deposits.
- Copies of all receipts are given to the Finance Director, who prepares the detailed cash listing to be posted to the general ledger (amount, date received, account number, etc.)
- This listing is compared to the designated staff's cash journal to ensure all postings equal amounts deposited.
- A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing for CEO review during reconciliation of the monthly finances and transactions.
- Finance Director will provide statements of deposits to the Treasurer and/or Finance Committee when requested.

POLICIES ON END OF QUARTER ACCOUNTING

Tate and Tryon prepare the quarterly financial statements which includes a dashboard report. A preliminary version of the financial statements is sent out to CEO to check for any variances, irregularities and to make sure that everything is in accord with budgeted revenues and expenditures. Any material changes from the preliminary review are incorporated to financial statements and then a final version is forwarded back to the CEO.

POLICY ON END OF YEAR ACCOUNTING

Tate and Tryon prepare the financial statement and sends to the CEO. The CEO approves the financial statements before being presented to the Board of Directors, which is responsible for approving the year-end financial statements.

ACCOUNTING PROCEDURES

RECEIPTS

- All check receipts are received through the mail by the HR and Finance Coordinator. All cash receipts are recorded in the database as applicable, copied and turned over to the Finance Director once completed. The Finance Director or HR & Finance Coordinator in Director's absence shall code all cash receipts according to the chart of accounts, and compare the cash deposit receipt with the listing of cash receipts for the week, to ensure that all cash receipts are deposited in the bank account. Staff then prepares a deposit summary sheet, attaching 1 copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip.
- Staff prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.
- Staff posts the cash receipts journal to the general ledger on a timely basis.

DISBURSEMENTS

- All invoices received are scanned, uploaded to online bill payment system for coding by the Finance Director and approved by the CEO on a weekly basis.
- Finance Director prepares all invoices for the approved expenditures, using online bill payment system..
- Staff is responsible for mailing all checks, when applicable.
- Invoices received via mail, once scanned and uploaded to online bill payment system will be filed in the corresponding month it was received in the Finance Director's office until the end of the year when files are pulled and moved to storage.
- Staff prepares the cash disbursements journal on a timely basis, using the check file.
- Finance Director posts the cash disbursements journal via the sync option in either QuickBooks or online bill payment system to the general ledger on a timely basis, using the cash disbursements journal.

PAYROLL

- All personnel salaries/wage rates are authorized by the CEO and/or the Board of Directors. All changes in employment are likewise authorized by the CEO and/or the Board of Directors.
- The CEO maintains all personnel records.
- The Finance Director reviews and approves all time sheets for employees.
- All payroll checks are recorded in the payroll register.
- The payroll checks and payroll register are prepared by the Finance Director and are submitted to the CEO for approval. Once the payroll checks are approved, funds will be available to all employees via direct deposit.
- All payroll tax checks are prepared at the time payroll is prepared. The payroll taxes are paid when due by Adams Keegan, PEO.

BILLINGS AND RECEIVABLES

- Rates for services and prices for goods are established by either the CEO or Board. The cost of membership dues are decided by the BOD.

- Staff prepares all billings and invoices on a timely basis. Records of bills/invoices are maintained in either organization's accounting program or the Association Management System (AMS). Receipts for credit card bills will be stored with each credit card statement. All credit card charges must have supporting documentation. Credit card transactions under 75.00 do not require a receipt.
- Staff records the billing/invoice in the accounts receivable ledger on a timely basis.
- Staff posts the accounts receivable ledger to the general ledger on a timely basis.
- Staff prepares a status report on all outstanding receivables and submits the report to the CEO who shares the report with the Treasurer and/or the Finance Committee as requested.
- Staff initiates collection procedures on all invoices where a good or service has already been received older than 30 days.
- All receivables records are maintained in a locked file cabinet or scanned for digital archiving. Electronic financial files will be password protected.

ONLINE BILL PAY

The utilizing of the IAFN's current financial institutions on-line bill payer services will be utilized in the following capacity:

- Reoccurring vendor payments such as but not limited to rental payments, contractors, credit card payments.
- Any vendor or customer in the case of a refund where approved by the **CEO** or **Treasurer** of the IAFN in a situation where there may be a delay in getting a check signed by a specified invoice due date.
- Bill pay payments will be processed through QuickBooks or the current accounting software that the IAFN is utilizing and the check number issued for tracking purposes for all payments will be "On-Line".
- All bill pay payments must be approved by the **CEO** either with a standing approval for the reoccurring monthly payments or on a case by case.
- All scheduled bill pay payments over the amount of \$2500.00 will be approved by the **CEO** and **Treasurer** of the IAFN as stated in the financial policy.
- All approvals either by **CEO** or **Treasurer** can be done via email or live initial.
- All bill pay schedule receipts and approvals by **CEO** &/or **Treasurer** will be scanned and filed in the Vendor's file in the IAFN's electronic filing system.

IAFN currently utilizes a bill pay service to process and record accounts payable transaction.

All vendor and contractor invoices with accompanying back up documentation are scanned &/or emailed into the online bill payment system for processing.

The HR and Finance Coordinator or Finance Director will process all invoices through the online bill pay system. This includes verifying charges, accurate coding and class assigning.

LIVE CHECKS

- Live checks will be used for but not limited to one time vendors or customers only when necessary.
- Live checks will be processed through QuickBooks or the current accounting software the IAFN is utilizing.
- Invoices will be processed and live checks will be printed when arrangements have been made to obtain the **CEO's** approval & signature in a reasonable amount of time to allow payment to be received by vendor and processed without possibility of late fees or penalties.
- All invoices and live check payments and approvals by **CEO** will be scanned and filed into online bill payment system **and all approvals will follow the online payment process.**

MONTH END ACCOUNTING PROCEDURE

- Staff shall maintain a record of all bank transactions, listing all checks disbursed and all receipts deposited on a weekly basis. Staff will conduct the bank reconciliation and forward to accounting firm upon completion.
- The CEO will resolve all discrepancies with the assistance of the staff, accountant, and the bank, if necessary. The CEO will report the resolution of the discrepancies to the Treasurer.
- The accountant will adjust the ledger as needed.

After the bank reconciliation is performed, Tate and Tryon will begin the month end accounting process.

- Monthly journal entries are entered into the database for items such as depreciation, deferred revenue and accrued expenses.
- All balance sheet accounts are reconciled monthly to help ensure that accurate statements are provided.
- Quarterly financial statements are prepared in a PDF version and forwarded to the CEO for preliminary approval.

END OF YEAR ACCOUNTING PROCEDURES

Annual financial statements will be targeted for closing within a period of six weeks after the year end date. The preliminary year-end report is given to the CEO for review. The general ledger will continue to be closed and the new fiscal year will be setup in QuickBooks. The year-end financial statements will be targeted for delivery to the CEO and the Board under a timeline to be set in advance by IAFN staff with approval from the CEO.

BUDGET PROCEDURE

The budget is based on a fiscal year. The CEO will commence the budgeting process for the following fiscal year in the fall of each year. Discussions between the CEO and Treasurer will precede the Board's consideration of the budget at the Board of Director's meeting.

In preparing the budget, the CEO is responsible for setting up a budget template which includes historical information and a place to note the upcoming year's budget and assumptions. Furthermore, CEO is responsible for monitoring the preparation of the budget and final review before submitting it to the board for review.

COMPUTER AUTHORIZATION AND BACK UP

The accounting software will have access controlled by unique user IDs and passwords.

The CEO will control which other personnel will be given passwords so that they can have access to the accounting software. Each user must have his/her own unique user ID. User IDs of former employees will be removed at the time of termination.

The accounting system is backed up on-line through the web based QuickBooks online software that is used on a daily basis.

ACCESS TO RECORDS AND RECORDS RETENTION

The records of IAFN are generally open to public inspection as may be required by law (e.g., IRS rules governing Form 990). However, certain information is not open to public examination and may only be released with the permission of the CEO or Treasurer. Questions in this area are to be handled by the CEO in consultation with the Treasurer and the Finance Committee.

Record retention is governed by various rules and statutes of limitations. Certain documents must be retained indefinitely, while others may have little use after a year. Any questions relating to record retention are to be handled by the CEO. See record retention policy.

FINANCIAL INFORMATION

Financial statements and other financial information are furnished by the CEO to the Finance Committee and Board of Directors as necessary and appropriate. This information is not to be made available to persons who are not authorized to receive it.

IRS FORMS

Payroll tax forms are not public information and will not be released.

The Treasurer will receive a copy of the Form 990 including significant schedules prior to the submission of the form to the Internal Revenue Service. The Form 990 will not be filed until the Treasurer has been sent the completed Form 990 and had 10 days to review and comment upon it.

The Form 990 (Public Inspection Copy) and Form 1023 are available to the public upon request and made available to IAFN Members within the IAFN Member Center (password protected page). Copies will be provided immediately in the case of in-person requests. Requests received

by written, phone, fax or e-mail means will be honored by directing the requestors to our website. IAFN reserves the right to charge a reasonable copying fee plus actual postage for multiple copies requested from the same individual or related group of individuals.