Financial Policies and Procedures

Cash Receipts

Cash receipts (check or cash) will be recorded in a deposit ledger and then immediately endorsed with a For Deposit Only stamp. Checks will be photocopied. Cash is verified by the documentation which accompanies the cash receipt. Copies of checks and cash documentation will be attached to each deposit record (see below).

Accounts Receivable

Accounts receivable balances will be reviewed quarterly by the executive director and finance committee chair with balances over six months written off unless extenuating circumstances related to future collectability apply. Each year MNA will budget for an accounts receivable allowance for doubtful accounts of 3-5% of AR balance (excluding grants receivable).

Deposits

Receipts should be deposited to an MNA account at least once per week. A copy of the deposit record and a copy of the corresponding check or cash documentation for each item should be retained. At the end of each bank statement cycle, the Treasurer or other Board designee will reconcile the deposit register and deposit records to the bank statement.

Bank Reconciliations

Bank statements are to be reconciled to the account/check register monthly. Reconciliations will be performed by the Executive Director or other staff designee and reviewed by the Treasurer or other Board designee.

Cash Disbursements / Accounts Payable

The Executive Director, the Treasurer, the Board Chair, and other Board members proximate to the MNA office as deemed appropriate shall be designated as signatories on MNA accounts. All invoices are subject to budget authority. Checks written on invoices above $5000.00 must have two signatures. Invoices of $2500.00 or greater must have written authorization from the Finance and Audit Committee. An exception to the requirement for
Finance and Audit Committee approval is allowed when the expense has been previously budgeted and approved by the Board of Directors. Only one signature, which may be that of the Executive Director, is required on the regular monthly rent per lease agreement and regular payroll checks of any amount documented by time sheets. This would apply to payroll for all staff, including the Executive Director.

There must be a signed statement on file by all employees or contractors who calculate and write checks (and anyone else who might write checks) that states “I am not allowed to change the Executive Director’s salary without approval by the Board of Directors.”

Capitalization

A capital asset is a piece of property that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of MNA’s activities.
3. The asset has a useful life of one year or more.
4. The cost of the asset is $500 or more.

Other Considerations:
1. The cost of a repair, which does not add value or prolong the life of an asset, will be charged as an expense.
2. The cost of an improvement, which prolongs the life of the asset or materially increases its value, will be capitalized.

Depreciation

The “straight line” method of depreciation should be utilized to depreciate assets, over the estimated useful lives.

Disposition of Assets

When assets are sold or otherwise disposed of, the assets and related accumulated depreciation will be removed, on an annual basis. The appropriate depreciation will be taken for the year of disposal.

Grant Receipts, Restriction Releases, and Allocation

The Executive Director has responsibility for seeing that revenue received is allocated in accordance with any restrictions placed on its use by the grantor or contributor. Generally, grant funds are accompanied by a letter or other documentation from the grantor which outlines any stipulations on use of the funding. This documentation, along with the proposal and budget sent as application for the grant, are used to guide the allocation of the grant revenue to various projects. These funds will be booked as temporarily restricted
assets. Multi-year grants receivable will be booked at present value. The discount used for calculating present value will be based on the current Federal Treasury Rate.

**Financial Statements**

The Executive Director and Treasurer will work together to prepare financial statements on a monthly basis. These statements will summarize all expenditures and receipts for the period covered and compare them to the approved budget. The monthly statements will be circulated to the Finance Committee as completed. The full Board will review the most up-to-date financial statements available at each Board Meeting.

**Line of Credit**

Montana Nonprofit Association will maintain an appropriate, board approved line of credit to ensure regular cash flow. The line of credit will be used solely for cash flow for operations expenses, not to handle a deficit and not for capital expenses, and will have a clear payback plan based on a current cash flow projection. LOC withdrawals up to $10,000 may be approved by the Executive Director. Withdrawals over that amount must be authorized by the Treasurer. All LOC activity shall be reported to the Finance Committee. If and when there is an outstanding balance on the line of credit, staff will update the Finance Committee on a monthly basis as to progress on the payback plan.

**Budget**

The Board of Directors is responsible for approving an annual budget at the regularly scheduled Fall Board meeting.

**Investment Policy**

MNA should limit the funds in its checking account to $10,000.00 or less. Any amount above $10,000.00 should be transferred to an interest bearing account or other investment vehicle approved by the Board. The MNA investment account will require two signatures for any withdrawal of funds.

**Accounting Software**

Setting up the MNA chart of accounts and computerized accounting system should be the responsibility of the Finance and Audit Committee. The Executive Director and other staff will be given appropriate levels of security authority for use of the computerized accounting system, while reserving design and oversight authority for the Treasurer or other Board designee.

**Credit Cards:**
The Executive Director is authorized to issue an organizational credit card to an employee under the employee’s name on an as needed basis. For each authorized employee, the credit card limit will be the reasonable minimum determined by the Executive Director based on anticipated credit card expenditures for that employee. No employee, including the executive director, will have a limit beyond $2000. The credit card may be used only for expenses on behalf of the Organization. In no circumstances may the credit card be used for personal purposes.

Credit card users shall prepare an expense reimbursement form relative to each statement cycle for each transaction on the credit card in accordance with the Organization’s expense reimbursement procedures. The expense reimbursement form, along with the original receipts and supporting documentation shall be signed by the authorized user, given to the Executive Director for review and approval.

In every case of credit card usage, the individual user will be held personally responsible in the event that a transaction is deemed personal or unauthorized. It is the policy of the Organization that any unauthorized or personal charges on the Organization’s credit card will be recovered through payroll withholding in the event the employee, officer, or director has not reimbursed the Organization within 10 days of being notified the charge was deemed personal or unauthorized. Misuse of the credit card may result in loss of credit card privilege and/or disciplinary action.