

Nonprofit Financial Policies & Procedures

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Queer Theatre, Inc. Financial Policies & Procedures

Purpose

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

- protect the assets of NPO;
- ensure the maintenance of accurate records of NPO's financial activities;
- provide a framework of operating standards and behavioral expectations; and,
- ensure compliance with federal, state, and local legal and reporting requirements

Exceptions to written policies may only be made with the prior approval of the Board of Directors. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted every one year.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

Roles

Managing Director

The Managing Director has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. The MD has whatever authority as may be designated by the Board of Directors, including:

- making spending decisions within the parameters of the approved budget
- employing and terminating personnel
- determining wage levels
- creating and amending operating procedures and controls
- making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- entering into contractual agreements within board designated parameters

Policies and procedures which are not specifically addressed by this document may be determined by the Managing Director when the financial impact is not over \$1000 for any fiscal year. The Board of Directors must approve any unaddressed policy or procedure with an impact of over \$1000.

General accounting policies

The accounting system follows general accepted accounting policies (GAAP).

Financial statements are prepared using the accrual basis of accounting.

The fiscal year is July 1 through June 30.

Administration

Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The Managing Director (or other designee) has primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated.

The accounting records are updated regularly and subject to the oversight of the Managing Director or Board of Directors or its designate on at least a monthly basis.

A filing system accessible to the Managing Director is maintained for all financial records. This filing system may be electronic or paper, or both.

Professional financial service providers are reviewed annually. For 2023 these are:

- Accounting software: QuickBooks

- Payroll services: none
- Banking: LMCU
- Accountant: Lend-a-Hand Accounting

Budgets

The annual budget for the fiscal year is prepared by the Managing Director working closely with the appropriate staff.

The Board of Directors approves the budget annually, prior to the beginning of the fiscal year if possible.

The budget is compared to the monthly financial statements in order to monitor the actual results.

The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions. The Board of Directors approves proposed changes in the budget which exceed \$1000.00 or 50% of the line item, whichever is greater.

Financial Statements

Monthly financial statements are completed and presented to the Finance Committee within 30 days of the close of the period.

A financial overview and Profit & Loss Statement through the end of the previous month are provided to the Board of Directors at each Board meeting.

Banking

General

The Managing Associate chooses a financial institution which provides the most appropriate services for the lowest cost. The location of the financial institution is taken into account.

Separate bank accounts are maintained for operating expenses and savings. No more than \$100,000 shall be on deposit at any one financial institution in order to not exceed FDIC insurance limits.

The operating account maintains sufficient funds to meet all anticipated expenditures. Generally, a balance between \$500 to \$2,500 is sufficient.

The savings account is used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

Deposits

Whenever possible, persons receiving funds are other than the person tabulating and preparing the deposits.

In general, deposits are made weekly. Amounts greater than \$5000 are deposited by the next business day.

All funds are deposited in an assigned financial institution, with the exception of petty cash (see 9.0 Petty Cash). The deposit receipt is stored in Google Drive

Check Signing

The Board appoints the check signers. Usually these are the Treasurer, the President, and the Managing Associate.

Blank checks are never signed in advance.

Petty Cash

A petty cash account is kept at the discretion of the Managing Director. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

Petty cash disbursements are limited to \$100.00.

Total petty cash funds do not exceed \$200.00, except where more funds are needed for change at fundraising events. When funds drop below \$50.00, the Managing Director may replenish the account by completing a requisition form for a check written to NPO. Alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the NPO bank account. Full documentation for this deposit should be retained.

Petty cash can be disbursed only with the approval of the MD. Actual funds are managed and kept in a locked, fire-resistant box.

The petty cash account is reconciled prior to replenishment and at least monthly.

Disbursements

Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements.

Invoices are paid in a timely manner, generally weekly, and before late penalty charges apply.

Two check signers are required for checks greater than \$500

No checks may be written to "cash" or "bearer."

Reimbursements

A requisition form is prepared and approved when requesting personal reimbursement for NPO expenses. Relevant invoices and receipts are attached.

Account Reconciliations

Bank reconciliations are done monthly.

Large Purchases

Purchases greater than \$500 are approved by the Managing Director.

Purchases greater than \$1,000 are approved by the Board of Directors.

Conflict of Interest

Purchases of goods or services are not made from any employee or director of the organization. Members of the Board of Directors declare any conflict of interest with regard to financial terms.

Purchase of personal items for employees or directors is not made.

Donations

Donated capital assets are recorded at fair market value if it can be reasonably estimated.

The nature and amount of the donated capital assets is disclosed.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

APPENDIX A—Business Record Retention Schedule

Accident Reports and Claims (settled cases)	7 years
Accounts Payable Records	7 years
Accounts Receivable Records	7 years
Audit Reports	Permanently
Articles of Incorporation	Permanently
Annual Audit Reports	Permanently
Bank Statements and Reconciliations	3 years
Budgets	10 years
Bylaws	Permanently
Cash Receipt Records	7 years
Checks (cancelled)	7 years
Checks for important payments such as taxes, special contracts, etc. should be filed with the papers pertaining to the transaction and kept	Permanently
Contracts & Leases (expired)	7 years
Contracts & Leases (active)	Permanently
Corporation Reports	Permanently
Correspondence with vendors	1 year
Correspondence (general)	3 years
Correspondence (legal)	Permanently
Disbursement Requests	7 years
Deposit Slip Duplicates	2 years
Employee Records (after termination)	Permanently
Employment Applications	3 years
Financial Statements	Permanently
Fixed Assets Records	Permanently
Grant Award Letters	10 years
Insurance Records, Accident Reports, Claims, Policies, Certificates	Permanently
Invoices	7 years
Leases (after expiration)	6 years
Journals	Permanently
Minutes	Permanently
Payroll Records	6 years
Property Records	Permanently
Purchase Orders	7 years
Tax-exempt status documents and all documents and correspondence dealing with the IRS	Permanently