



NFRA FINANCIAL POLICY
Board Policy 2011-01

Drafted: Sept 30, 2011
Approved by the Board:

1. Purpose

The purpose of NFRA's financial policy is to ensure sound financial management through the establishment of clear, effective, and efficient procedures. This policy outlines the responsibilities of the parties involved, the development of annual operating budgets and reporting schedules, spending approval, check signing procedures, and the process for maintaining accurate records. NFRA is a distributed organization; therefore many of the processes will be conducted electronically.

2. Authority

The NFRA Board of Directors is responsible for the overall fiscal management of the organization. The Executive Director is responsible for the day-to-day financial management of the organization. The Executive Director will report on a regular basis to the Board of Directors and to the Treasurer and the Finance Committee on the status of the organization's finances.

The Executive Director is authorized to incur expenditures within the parameters of the Board-approved annual operating budget, or that are required, designated and approved by contracts or grants.

The Board authorizes the Executive Director to hire and supervise staff and independent consultants, with appropriate notice provided to the Board, and receive funds, pay bills, and maintain bank accounts.

3. Responsibilities

In order to meet these responsibilities within the Corporation's decentralized operating environment, the responsibility for a number of financial controls must be delegated to the Officers of the Corporation, and will rely on electronic communication (emails, telephone calls, etc) to review and approve certain aspects.

These specific responsibilities are specified as follows:

The Board of Directors shall:

- Approve an Annual Operating Budget at its annual fall meeting,
- Review financial reports at each meeting of the Board of Directors, and
- Provide adequate training to Board members to enable each member to fulfill their financial oversight role.

Executive Director shall:

- Maintain clear and up-to-date financial records for the organization,
- Reconcile monthly bank statements for review by the Treasurer,
- Provide quarterly reports to the Finance Committee and the Board of Directors on the financial status of the organization,
- Pay all obligations and file required reports in a timely manner, and
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate lease or purchase without specific approval of the Board.

The Treasurer of the Board of Directors shall:

- Receive the monthly bank statements in the mail from the Bank,
- Review all monthly bank statements and reconcile bank statements,
- Work with the Executive Director to prepare financial statements, and
- Report to the Board of Directors on the financial status of the organization at all of its Board meetings.

The Finance Committee of the Board of Directors shall:

- Have electronic access to the bank records,
- Review and approve monthly financial statements prepared by the Executive Director,
- Review and approve quarterly financial statements before submission to the full Board, and
- Prepare the annual operating budget for review by the Executive Committee and the full Board.

4. Fiscal Year

NFRA's financial records are maintained on an accrual basis of accounting with the approved fiscal year starting October 1st and ending on September 31st (Board Policy 2006-03).

5. Budget Process

The Annual Operating Budget guides the income and expenses for the organization for the fiscal year and shall be approved by the Board of Directors at their fall meeting. A change in a budget item of 10% or more requires review by the Finance Committee and approval of the Executive Committee.

6. Internal Financial Procedures

a. Accounting Software

NFRA uses QuickBooks accounting software. The accounting structure is based on a standard non-profit structure consistent with expectable accounting requirements.

b. The Executive Director is authorized to enter into contracts for activities that have been approved by the Board as a part of the annual operating budget or required by a grant or contract. The Board of Directors must authorize

any contracts outside of these parameters and all contracts with a financial value greater than \$15,000. This may be done by electronic vote of the Executive Committee. All invoices are subject to budget authority.

c. Cash Receipts / Accounts Receivable

Cash receipts (check or cash) shall be recorded in a deposit ledger and then immediately endorsed with a For Deposit Only stamp. Checks shall be photocopied. Cash should be verified by the documentation that accompanies the cash receipt. Copies of checks and cash documentation shall be attached to each deposit record and retained as part of the formal record of the organization.

d. Monthly Reconciliation of Bank Statements

At the end of each bank statement cycle, the Executive Director or staff designee shall reconcile the bank statements to be reviewed by the Treasurer or other Board designee. Written statements will be mailed directly to the Treasurer from the Bank. The Executive Director will have electronic access to the accounts for record-keeping purposes.

e. 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.

f. Financial Statements

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

g. Debit Card

The Executive Director retains the NFRA debit card for NFRA-related expenditures. The debit receipts for all purchases are recorded in the accounting package.

h. Payroll

Each employee shall fill out a Timesheet to record their hours and allocate them across various grant programs. This is printed monthly, signed by the employee, and approved by Executive Director. Payroll is managed through SeaView Accounting in Harpswell, ME.

i. Checks to the Executive Director

The Executive Director will work with the Treasurer to arrange for approved automatic deposit for paychecks. Checks payable to the Executive Director for travel and other direct expenses will be cut and signed by the Treasurer or Chair of the Board of Directors.

j. Audit of Financial Reports

The Board of Directors shall cause an audit of the books and records of NFRA to be conducted on a regular basis by an independent firm of certified public accountants. Level and detail of audit will be consistent with federal requirements related to the magnitude and nature of federal funding.

k. Grant and Contract Management

The Executive Director will ensure that NFRA adheres to all requirements of awards and contracts.