

Capital Resource Conservation & Development Area Council, Inc. Financial Policy

Financial activities of Capital Resource Conservation & Development Area Council (Capital RC&D) will be administered under the guidance of several financial policies. These include the Financial Policy, the Procurement Policy, Letter of Credit Policy, and Fiscal Sponsorship Policy. Also guiding financial procedures are the Check Signing Procedures and Cost Allocation Plan.

The Capital RC&D will perform financial record keeping using the accounting program QuickBooks Premier. Records will be verified through an annual audit or review by an outside accounting firm. Modifications, if any, may be made by the Program Administrator who will provide financial reports to the Executive Director.

The Financial Policy of the Capital RC&D will be reviewed annually by the Council's Business Affairs Committee (BAC).

Fiscal Year

The Capital RC&D will have a Fiscal Year of October 1 – September 30. Grants and other programs will have other dates to be considered and their guidelines will be observed.

Audit

1. When a nonprofit organization receives financial assistance from a state or local government, the state or local government may prescribe audit requirements specified in a regulatory agency's audit guide. In addition, audits may be needed to satisfy requirements of private grantors, program and/or governmental agencies, for state charitable registrations, or as a requirement of affiliation with a national or regional organization and/or association.
2. When engaging an independent audit, the BAC will select the auditor, oversee the organization's audit preparation, and cooperate with the auditor. At maximum, every three to five years the BAC must submit an RFP to qualified accounting firms to ensure the best price and service. The BAC will report findings to Council. If there are any serious problems exposed through the audit process, the auditor can communicate this with the Committee. The Committee can also meet with the auditor to discuss the management letter, which recommends procedural improvements.
3. Following completion of the audit the BAC will review the completed audit report and meet with the auditor to discuss the report. The audited financial

statements will be available on the Capital RC&D website and be provided to a funder, bank or other appropriate entity that requests the information. A minimum charge for reproduction and postage may be requested prior to delivery.

Budgeting

1. The BAC will present a draft of an annual operating budget constructed by the Executive Director at the July Council Meeting for Council approval at the September Council meeting. This approved budget will be subject to modifications on a quarterly basis. Separate budgets for projects and standing committees will be established and maintained.

2. The budget will include an annual list of pre-approved budgetary expenses with which the Program Administrator may pay upon receipt of invoices. This list may include project or grant expenses contained in their individual budgets.

3. If an increase in expenses or a decrease in income results in a projected year end deficit, the Executive Director must notify the BAC and Executive Committee promptly.

4. Any changes to an already approved budget must be approved by the full Council.

Record Security in QuickBooks

1. QuickBooks should be password protected. Access to log onto the computer itself should also be password protected. Computer log-in password must be different than the QuickBooks log-in password. A copy of the access code can be found in a sealed envelope in the locked safe and will be available to the Treasurer and Executive Director.

2. QuickBooks data and any other important computer data will be backed up bi-weekly on two storage devices. One will be kept on OneDrive or another cloud storage system and one will be stored on the Executive Director's computer.

3. The Executive Director, Council Chair, BAC members, authorized check signers, and any other authorized Council member should have access to QuickBooks on a view-only basis.

Management of Accounts Receivable

1. All checks received should immediately be stamped as deposit only and logged into a journal by the Executive Director. Program Administrator will deposit checks in a timely manner.
2. Any cash received should be recorded in a carbon cash receipt book with the original going to the donor. Deposit of cash should be made within 24 hours.
3. The Program Administrator should fill out the deposit slip, record receipts into the accounting system and physically/electronically deposit funds to the bank at least weekly, to minimize any funds maintained on hand. Any undeposited funds should be stored securely.
4. Checks deposited should be photocopied and filed, with any related support attached, and should be maintained in date order. If there is no documentation, Program Administrator will make a note for the file stating the source of and reason for the deposit.
5. All deposits will be recorded in QuickBooks and attributed to a specific class and account.

Management of Accounts Payable

1. A Petty Cash fund is currently set at \$250 and replenished when it reaches a \$20 balance. When cash is removed for small purchases, a petty cash book is used to record date, amount & reason. Fund is replenished by check, and receipts with corresponding vouchers become back-up for the check. The accounting system tracks payments and reimbursements.
2. Checking Account
 - a. Disbursements will be processed on a bi-weekly basis.
 - b. The payment will be documented in a Check Authorization sheet as described in the Check Signing Procedures listed in Appendix B.
 - c. The Program Administrator will generate the check, attaching it to the supporting documents for approval and signature by authorized signer.
 - e. Board member charged with check authorization should not approve checks without all of the supporting documentation attached and Executive Director's initials indicating the review was completed.
 - f. Program Administrator or other staff member will stamp invoices paid before mailing checks. Check authorization list, check stub and related support should be filed by check number in the appropriate binder in the Program Administrator's office.

g. Three people will have signing authority for Council checks: the Chairperson, Treasurer, and Executive Director. For continuity the Executive Director should be the regular signer. All accounts require only one (1) signature on the check.

h. Capital RC&D Corporate credit card expenditures fall under the guidance of the Procurement Policy. Payment process should include the following steps: 1. Receipts for all credit card charges must be turned in promptly to the Program Administrator, 2. The Program Administrator is charged with independently opening the credit card statement and reconciling the charges with receipts, 3. All credit card payments must be paid on a timely basis to avoid any late fees or interest charges.

Purchasing

Purchasing process and policy is described in the Procurement Policy.

Bank Accounts

1. All transfer of funds from one Council bank account to another requires documentation.

2. For grants requiring "separate interest bearing accounts" the Council will rely on a savings accounts to meet the grant requirements of a separate account and the accounting system to track the funds tied to grants related to programs, unless other arrangements are required by the grant.

3. Account Reconciliation

a. The RC&D Program Administrator downloads the bank statements each month and reconciles using QuickBooks.

b. The Executive Director and Council Treasurer will use a Bank Statement Review Form to indicate that they have reviewed each monthly statement after it has been reconciled.

4. Access to Check Stock

a. All check stock will be secured at all times in a locked cabinet located in the RC&D office.

Order of Events at Month End for Financial Management

The following is an outline of the order of the monthly procedures.

1. After the bank statements are received, the Program Administrator reconciles all checking/savings accounts.

2. The Executive Director reviews all applicable QuickBooks reports to ensure project budgets are not overspent.

3. The monthly/quarterly grant reports/requests for payments is prepared using QuickBooks class reports. The Executive Director reviews all programmatic and financial reports before filed with the Grantor.

Reports to the Board

1. Financial Reports will be reviewed by the BAC before submission to the Board at each Board meeting.

Corporate Tax Filings

1. The Council will file a 990 form when income exceeds the limit set by the IRS. The three most recent years of completed 990 tax returns will be maintained in the office and on the organization's website.

2. The Council will file associated reports with the PA Bureau of Charitable Organizations. Completed forms will be maintained in the office.

Payroll

1. Submission of work/time records shall be completed and signed by the employees of the Council, using the accounting system time tracking function.

2. Time records for employees should reflect the actual hours worked by an employee and use of accumulated leave.

3. Expense reimbursement forms should be submitted on a bi-weekly basis with the time records. Delay in requesting reimbursement should be avoided and old reimbursement requests made for expenses covered by a closed grant will not be reimbursed unless the employee has discussed this issue with the Executive Director or Program Administrator and received approval.

3. Payroll is issued biweekly.

4. Changes to payroll data, such as wage increases, will be input by the Program Administrator upon receipt of the approved documentation. Payroll submission is reviewed by the Executive Director.

5. Federal payroll tax returns, both quarterly and annual, will be prepared using the software program. State and local payroll returns are prepared using information in QuickBooks.

Grants

1. All grant proposals and grant budgets will be reviewed and approved by the Council prior to acceptance.
2. Unless limited by the grantor, an administrative fee will be included in each proposal budget. Currently, the federal OMB de minimis rate of 10% of modified direct costs is used for proposals. Review of the adequacy of that rate should be done on an annual basis. Such fees, when received, will be placed in the operating fund of the Council, as will funds remaining at the completion of a project or event, unless directed otherwise by the grantor. These funds may be retained as administrative revenue.
3. Capital RC&D Council and staff will comply with all policies and procedures related to any grant, law or legislation related to all contracts for funding.

Contracts with Service Providers and Subcontractors

Capital RC&D requires all service providers, contractors, and subcontractors to sign a contract stating the scope of the work, reporting requirements, fees to be paid, timeframe of project, and all deliverables. Each contractor/subcontractor will be required to supply the Council with a completed W9 and Certificate of Liability Insurance coverage. See the Procurement Policy for more detail.

General Liability and Professional Liability Insurance

Project leaders working with any contractors/subcontractors should make sure that the Council is additional insured on the contractor's liability insurance policy. In addition, Capital RC&D must carry general liability and professional liability insurance coverage.

Davis-Bacon Compliance

1. For all construction, etc., covered by the Davis-Bacon Act, all laborers and mechanics employed by grantees or sub grantees to work on construction projects financed by Federal assistance must be paid wages not less than those established for the locality of the project by the Secretary of Labor.
2. Capital RC&D will insert the appropriate contract provisions regarding the Davis-Bacon Act in all applicable invitations for bid/requests for proposal, and resulting contracts, for federal funded projects.
3. Capital RC&D will require all contractors and sub-contractors to which the Davis-Bacon Act applies to certify all salaries and wages in compliance with the Act. Appropriate personnel of Capital RC&D will examine the payroll records of such contractors on a sample basis to determine compliance with the Davis-Bacon Act for all federally-funded projects.

Equipment Use and Storage

1. All equipment and supplies should be stored in a locked office when staff are not in the office. Equipment such as laptop computers, power point projectors, and GPS units should be stored in the designated filing cabinet in a locked office. Personnel files must be stored in a locked cabinet in a locked office.
2. If the use of this equipment requires that it is removed from the office, equipment should be signed out and signed in when returned.
3. If a person other than a Council employee requests to borrow equipment, he/she is required to fill out an Equipment Use Agreement when taking the equipment and sign it again when returned.
4. Depreciation of the value of fixed assets is determined by the Capitalization Policies for the Acquisition and Disposition of Company-Owned Fixed Assets. [EC – see last page of this document]

Appendix A

Other Items of Importance Requiring Regular Attention

ANNUALLY	MONTH TO BE DONE	RESPONSIBLE PARTIES
Prep/file 990	December-January	Accountant, Program Admin
Draft Budget	Aug	Business Affairs Committee
Draft Cooperative Agreement with NRCS	variable	Executive Director
Cooperative Agreement with NRCS Approved	variable	Council Members
Approve Budget	Sept	Council Members
Annual Budget-to-Actual Report	Nov	Executive Director, Program Admin
Donation Letters out to Members	January	Executive Committee and Executive Director
REGULAR/PERIODIC		
NRCS Monthly Invoice	Monthly	Program Admin, Executive Director
Update Annual Plan	Jan, March, June, Sept	Board & Ex Dir
Grants Reimbursement	Dictated by Funder-	Ex Dir & Program Admin
Pay Taxes	Jan, April, July, Oct	Program Administrator
Bi-monthly Financial Reports	Jan, March, May, July, Sept, Nov	Program Admin
BI-WEEKLY		
Timesheets		Staff
Paychecks		Program Administrator

Approved 3/21/14
Check Signing Procedures

1. The Chairperson and the Treasurer have approval authority for Council checks
2. The Chairperson, Treasurer, or the Executive Director have check signing authority
3. All checks will require only one signature
4. Disbursements will be processed on a bi-weekly basis
5. The Program Administrator will:
 - a) Generate the checks and attach to the supporting documents
 - b) Prepare a check voucher spreadsheet providing the following for each check issued:
 - 1) Check Number
 - 2) Check Date
 - 3) Payee
 - 4) Invoice Date
 - 5) Invoice Number
 - 6) Project(s) charged
 - 7) Amount (if more than one project, the amount charged to each project)
 - 8) Indicate if activity report was required, and if the activity report was received
 - 9) Provide space for the Executive director to approve
 - 10) Provide space for the designated Board member to approve
 - c) Forward check voucher spreadsheet with checks and supporting documentation to Executive Director for review and approval
6. Executive Director will review check and documentation and initial the check voucher spreadsheet for each check approved
7. Check voucher spreadsheet will be emailed to the designated Board member for review and approval
8. Designated Board member will:
 - a) Review each check
 - 1) If approved – initial the check voucher spreadsheet
 - 2) If there are questions or clarification is required:
 - a) Resolve issue with Executive Director or Program Administrator
 - b) If satisfied with clarification – initial the check voucher spreadsheet
 - c) If not satisfied – do not initial the check voucher spreadsheet for that check
 - b) Return by email check voucher spreadsheet
9. Executive Director will sign all approved checks and return to Program Administrator

10. Program Administrator will mail checks and file check documentation by check number

Approved 3/21/14 Council meeting

Capitalization Policies for the Acquisition and Disposition of Company-Owned Fixed Assets (NEW)

Fixed Assets are defined as non-consumable, tangible personal property having a useful life of more than one year procured by the company for the purpose of carrying out its business operations. These objects do not include those items purchased for resale. An item will have a purchase price of \$1,500 or greater for the purpose of qualifying as a capitalized asset and without taking into consideration the incidental costs incurred to have the items delivered, installed, licensed or to render as fully and legally operational for their use in the company's business operations. However, for accounting purposes, the total acquisition costs of the office equipment or furniture, will include the purchase costs or production costs plus the incidental expenses incurred to have the items delivered, installed, licensed or to render as fully and legally operational for their use in the company's business operations.

"Capitalize", "capitalizing" or "capitalization" means the fixed assets shall be included in the company's inventory list of fixed assets, whose total acquisition costs will be recovered throughout the years of its estimated useful life, by means of depreciation.

Useful life denotes the wear and tear and technological usefulness of the asset in carrying out a business process.

All other fixed asset items in which the purchase or production costs are less than \$ 1,500, and the useful life of which will not benefit the company for more than three years will be treated as outright expenses during the year that the expenses were incurred.

The company allocates the cost of its capitalized fixed assets over the years of their estimated useful life by using the straight-line depreciation method.