

# NWYS Board Policy:

# Finance

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| Purpose |

**Fiscal Year:** The fiscal year is from January 1 through December 31.

# Accounting System

**Accounting Records:** The accounting records will be kept at the Northwest Youth Services office.

**Monthly Financial Statements**: The financial statements will be prepared by the Executive Director or their appointee to insure GAAP (Generally Accepted Accounting Principles) are followed.

**Bank Statements**: The bank statements will be opened and reviewed by the Treasurer to maintain a separation of duties.

**Payroll**: The payroll is prepared by the Northwest Youth Services staff and reviewed by the Treasurer once a quarter.

**Cash**: The transfer of funds from the checking, savings or reserve fund is overseen by the Executive Director and the Treasurer.

**Chart of Accounts:** The Finance Committee will approve any changes in the chart of accounts and financial statement presentation.

# Annual Audit/Review

**Annual Audit and Review:** An annual Audit or Review of Financial Statements shall be performed by a certified public accountant. The Board of Directors shall decide each year on a Review or Audit of Financial Statements. The Finance Committee shall choose the certified public accountant.

# Compliance with Federal and State Laws

**Compliance with Federal and State Laws:** The Finance Committee shall oversee the preparation and filing of the Internal Revenue Service Form 990 Return of Organization Exempt from Income Tax for each fiscal year. This Tax Return will be filed by the due date, or approved extended due date. In addition, any and all required state and federal information or tax returns will be filed in an accurate and timely manner.

# Budget

**Budget:** The Budget will be prepared by the Executive Director or their appointee and presented to the Finance Committee for approval. The Finance Committee will present the recommended Budget to the Board of Directors for Approval.

# Deposited Funds

**Deposited Funds:** Northwest Youth Services funds shall be deposited in such banks or financial institutions as may be designated by the Finance Committee.

# Check Signing Authority

**Check Signing Authority:** The signature of the Executive Director, Board President or Treasurer is required for all checks, with the exception of checks made out to the Executive Director, which shall be signed by the Board President or Treasurer.

# Insurance Coverage

**Insurance Coverage:** Adequate insurance will be carried, coverage to include Northwest Youth Services facility, staff, officers and other volunteers where applicable. Liability coverage covering members of the Board of Directors will also be carried. Any private vehicle used for Northwest Youth Services business must be properly licensed and insured by the vehicle owner.

**Depreciation Policy:** Assets purchased or received as a donation that are valued over $500 will be capitalized and depreciated over the useful life of that asset. Any item valued under $500 will be expensed.

# Expense reimbursement

**Expense Reimbursement:** The Executive Director may approve and pay reimbursable expenses for staff and volunteers within the Board approved budget. All reimbursement requests must be submitted within 30 days of the incurrence of the expense, or payment may not be made.

# Conference and Staff Training Budget

**Conference and Staff Training Budget:** Advance approval by the Finance Committee will be required if staff plans to attend a Conference or training that is in excess of the budgeted amount.

# Donated Stock or Donated Investments in Marketable Securities

**Donated Stock or Donated Investments in Marketable Securities:** The Treasurer will review stock and investment donations and ascertain when to sell the stock or marketable securities.

**Procurement Policy:** NWYS adheres to applicable federal and state guidelines with regard to the procurement of goods and services, including the Procurement Standards in OMB Circular A-110.

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| Financial Management and Investment Policy |

NWYS will allocate unrestricted funds in the following manner:

1. Fund operating expenses and fundraising goals as outlined in the annual budget as approved by the Board of Directors.
2. Maintain a minimum of 10% of NWYS’ annual budget in operating cash accounts to ensure that monthly payroll and other Agency expenses can be met.
3. Pay off any revolving debt, meeting any qualification that a minimum balance remain in order to keep the account open
4. Surplus unrestricted funds will be split equally between (1) paying down long-term debt and (2) building three months’ of annual budget reserves maintained in short-term investments as described below:

Short-term investments may include fully insured obligations of a federally insured bank, such as savings account, bank money market funds, and Certificates of Deposit, not to exceed the FDIC depository insurance limit and other instruments, if approved by the Northwest Youth Services Board of Directors. Short-term investments shall be evaluated by the Finance Committee annually based on the following criteria, listed in order of priority:

* Safety
* Liquidity
* Revenue

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| Reserves Management |

Reserves are not to be used for normal operating expenses or program growth. Funds deposited into the reserve account shall be accessed only through approved board action.

Use of reserve funds can be considered in emergency situations such as, but not limited to, unanticipated discontinuation of previously promised grant funds to continue program activities for a defined period until alternative funds are found or program is thoughtfully wound down.

Once the minimum reserve balance is achieved and maintained, reserves in excess may be committed to an endowment fund through board action.

**Long-term Pledges and Promises:** The Finance Director and the Executive Director will meet at least annually (at year-end) to determine all outstanding pledges and promises to give and consider whether each is conditional or unconditional, ensuring that all unconditional are properly recognized in the year received.

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| Consistent Documentation of Preparation and Review |

To ensure that controls are being practice and to document the review of those controls:

* Treasurer will initial and date bank statements received directly from the bank upon confirmation that the statements received by staff, and used for reconciliation, are identical to the ones received by the Treasurer.
* Treasurer will initial and date bank reconciliations upon review of the reconciliation and requested documentation for transactions reviewed.
* Treasurer will initial and date credit card statements received directly from the bank upon confirmation that the statements received by staff, and used for reconciliation, are identical to the ones received by the Treasurer.
* Treasurer will initial and date credit card reconciliations upon review of the reconciliation and requested documentation for transactions reviewed.
* Executive Director will initial and date each monthly processed payroll report and any special processed payroll reports.
* Executive Director will initial and date all monthly paid time off reports.

# Security

**Security:** All check stock must be kept in a secure (i.e. locked office) location at Northwest Youth Services. Access to this check stock must be limited to the Executive Director and the Treasurer, or their appointees. A physical inventory of check stock must be provided to the Finance Committee once each year.

Any computer station that has financial or client information stored on it must have limited access.

All payroll and client files must be in a secure location with limited access.

A backup copy of all computer records must be made at least once a week and removed from the premises. This backup must be kept in a secure off-site location and monitored by the Executive Director.