

Ice Age Trail Alliance, Inc.
Financial Procedures Policy
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1.0 Background and Purpose

An effective system of internal controls is necessary in order to ensure proper accounting for financial transactions, accurate and timely reporting to management and the Board, and compliance with governing laws and regulations. Financial policies are one element of an effective system of internal controls. This document prescribes the financial policies used by the Alliance.

A second objective of this policy is to consider the risk of fraud within the Alliance's operations, and to address the risk by designing procedures that support an effective system of internal controls around financial reporting.

2.0 Authority for this policy

IATA Board of Directors

3.0 Personnel with Financial Responsibilities

Treasurer
President
Executive Director
Program Director
Accountant (contract)
Administrative Assistant
Chapter Coordinators
Chapter Treasurers

4.0 Cash Disbursements

All cash disbursements are supported by vendor invoices or (in the case of employee reimbursements) by a detailed expense report. Vendor invoices are approved for payment by the Executive Director or, in the case of program-specific purchases, by the appropriate Program

Director. The Executive or Program Director documents approval by signing or initialing the invoice, and identifying the account and program charged.

Employee expense reports detail all claims for reimbursement, are supported by receipts for purchased items, and are signed by the employee. The Executive Director approves (and initials) all expense reports. Expense reports submitted by the Executive Director are approved by the President, and such approval is documented.

All credit card purchases are supported by written receipts. Receipts are turned into the Administrative Assistant, who attaches them to the credit card invoice when received in the mail. The Administrative Assistant assigns credit card charges to the proper accounts and programs. The Executive Director approves (and initials) payment of monthly credit card statements. Further, the credit card statement for the Executive Director is approved monthly by the President.

Invoices and expense reports are input into Quickbooks by the Administrative Assistant. Using Quickbooks, the Administrative Assistant prepares checks periodically and presents them to the Executive Director or in his/her absence to an alternate authorized check signer, along with supporting documentation, for signature.

Authorized check signers are:

- Executive Director, Treasurer, or President

Disbursements must be consistent with the Check Processing Procedure that is updated annually with the Alliance's Finance Committee.

Upon payment, the Administrative Assistant files paid invoices, with check copy attached, in the paid invoices file. The Administrative Assistant puts signed checks in the mail.

Check stock is maintained by the Executive Director and stored in the Executive Director's locked filing cabinet.

5.0 Cash Receipts

The Administrative Assistant and/or Executive Director opens the mail on a daily basis and restrictively endorses all checks. Assigned staff enters receipt information into the donor database and totals receipts at least twice a week. Between deposits, checks and cash are secured in a cash box in a locked drawer. The Administrative Assistant prepares the bank deposit and assigns account codes for entry into the accounting records. The Executive Director and Accountant review all deposits. The Executive Director or Administrative Assistant delivers it to the bank. The Administrative Assistant records the deposit in the accounting records.

Credit card and on-line receipts are posted to the accounting records by the Administrative Assistant. The Administrative Assistant receives notification electronically of all such receipts. Credit card and on-line receipts are reviewed monthly by the Accountant.

6.0 Bank Accounts and Reconciliation

Corporate accounts: The Accountant receives monthly bank statements, reviews the statements and check images on-line (or copies of canceled checks returned with statements) for unusual or suspicious transactions, and investigates such transactions. The Accountant reconciles bank accounts on a monthly basis.

Chapter accounts: The Administrative Assistant receives bank statements and reconciliations from each chapter, which prepares monthly reconciliations. The Administrative Assistant posts revenue and expense transactions into the accounting records based on information provided by the chapter, and reconciles the accounting records with the monthly chapter reconciliation.

7.0 Financial Reporting

The Accountant prepares financial reports for management on a monthly basis, and submits these reports to the Executive Director for review. The Treasurer reviews the monthly reports. Quarterly the Treasurer reviews the reports with the Finance Committee and then summarizes the reports and presents a summary to the full Board.

Financial reports include:

- Statement of financial position (balance sheet)
- Statement of activities (profit-and-loss statement), current month and year-to-date (compared to budget and the prior year)
- Statement of restricted funds (annually in January)
- Restricted cash summary

For purposes of internal and external financial reporting, the Alliance's equity in property purchased with funds that restrict the use of the property, including proceeds from its eventual disposal, is treated as restricted. That is, the value of such property, net of related debt (if any) is recorded in temporarily restricted net assets.

For purposes of internal financial reporting, operational revenue and expenses are segregated from large and infrequent property transactions (acquisitions or disposals of fee lands and easements). The Alliance does not capitalize the purchase of easements, since easements do not provide an economic benefit to the Alliance. Rather, they are recorded at cost as an expense in the period of acquisition. For the same reason donated easements are not recorded in the accounting records.

The Alliance's fiscal year is the calendar year. Management prepares, and the Board tentatively approves the Alliance's annual budget before the beginning of each fiscal year. The final budget is approved by the Board in January of that year.

8.0 Cost Allocation

Direct expenses are charged directly, where feasible, to the program or activity benefited. Personnel expenses are allocated monthly to programs and activities based on staff timesheets. The Accountant is responsible for preparing and posting the allocation of indirect expenses.

9.0 External Audits

The Alliance contracts with an external auditor to audit financial statements on an annual basis. The Executive Director proposes, and the President and/or Treasurer approves hiring of the external auditor. The Finance Committee or the Board meets with a representative of the external audit firm upon completion of the audit. The audited financial statements and associated letters are distributed to the Board.

10.0 Payroll

The Alliance contracts with a service organization to prepare payroll and remit payroll taxes. The Executive Director provides information to the service organization needed to maintain employee files and prepare payrolls. The Executive Director reviews timesheets and enters payroll registers

bi-weekly prior to payment for propriety. The Accountant reviews payroll registers and posts payroll transactions to the accounting records on a monthly basis.

11.0 Investments

All cash not needed for use in current operations is invested in financial instruments or funds approved by the Board of Directors. These instruments or funds are of two types:

- A cash or near-cash reserve in an amount sufficient to pay for unbudgeted purchases or expenses.
- Long-term investments for remaining funds. Such investments may include mutual funds that invest in stocks or bonds.

Recommendations for all new or updated investments must be in compliance with the Alliance's Endowment Policy. The Board must approve all investments. The Executive Director may transfer funds between investments, subject to Board approval.

The Board may from time to time designate certain unrestricted funds for specific purposes.

12.0 Procurement

Purchases in excess of \$10,000 must be authorized by the Executive Committee of the Board of Directors. The Executive Committee must also approve contracts for services in excess of this amount.

The Executive Director is responsible for obtaining competitive quotes for all purchases in excess of \$10,000.

Purchases of furniture and equipment in excess of \$1,500 are capitalized and depreciated over the asset's useful life.

13.0 Security

Essential electronic records are maintained on the Alliance's file server. The server is backed up nightly to external drive attached to the Alliance's server and to an offsite backup server.

Essential paper records (bank statements, legal documents, annual financial records, etc.) are stored in file cabinets in the office.

Oversight of security is the responsibility of the Executive Director.

14.0 Chapter Procedures

14.1 For all chapter disbursements between \$1,000 and \$1,500 a copy of the invoice shall be provided to the central office. For chapter disbursements exceeding \$1,500, independent of the check preparation process, the central office shall verify that the amount was paid to the appropriate recipient by viewing the image of the canceled check plus supporting documentation and evaluating the disbursement for reasonableness. All disbursements by a chapter of \$1,500 or over must be pre-approved by the Executive Director.

14.2 For all chapter fundraising events that are expected to raise at least \$1,000, at least two individuals shall maintain custody of the cash for the duration of the event. At the conclusion of the event, both individuals shall count the cash proceeds together, record the amount of

proceeds, and sign a statement listing the total amount received. The funds shall be deposited in the chapter's account as soon as possible but within no more than 10 days. An individual from the central office, independent of the cash receipts process, shall trace the amount recorded to the amount deposited in the chapter's bank account.

15.0 Review and Approval of Financial Policies

The Board of Directors reviews financial policies periodically and approves changes recommended by the Finance Committee.