

# NESTUCCA VALLEY COMMUNITY ALLIANCE



## MANUAL FOR FISCAL POLICIES & PROCEDURES

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**Adopted**  
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## I. PURPOSE OF THE MANUAL

This manual has been designed as a reference for the Board of Directors of the Nestucca Valley Community Alliance (NVCA). NVCA was incorporated in 2010 in the state of Oregon as a non-profit corporation. It is classified as a 501(c)(3) Corporation by the Internal Revenue Service in January, 2012 (retroactive to October 4, 2010).

The manual includes fiscal policies established by the Board of Directors and fiscal procedures designed to implement those policies and provide simple methods to transact the organization's business affairs. The manual will be updated bi-annually or as needed to reflect changes and clarifications in policies and procedures. The NVCA President will ensure that copies of the manual in use are updated and outdated policies and procedures are removed.

## II. FISCAL MANAGEMENT POLICIES

- A. GAAP: Except when noted, NVCA follows Generally Accepted Accounting Principles for nonprofit organizations.
- B. Adherence to Federal Standards: By reference, the NVCA incorporates all provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations" as pertains to federal funds.
- C. Accrual Accounting: NVCA utilizes the accrual basis of accounting in which revenues are recorded in the period in which they are earned and expenses are recorded in the period in which they are incurred regardless of when cash is received or disbursed. Income from restricted grants and contracts is recorded in the period in which the restrictions have been met through proper expenditure of the funds and/or the required services have been provided.
- D. Deferred Revenue: NVCA records Deferred Revenue when restricted funds are received in advance of the provision of the services or incurring of expenses for which the funds are provided. Deferred revenues may be reclassified as Temporarily Restricted Revenues on the audited financial statements, which are presented in accordance with FASB 116 and FASB 117.
- E. Grants Administered for Other Organizations: Grants administered on behalf of other organizations are recorded as Grant Revenue or as Other Liabilities depending on who made the decision to share the grant and to the extent that NVCA has discretionary control of the grant. If NVCA decides to send part of a grant to another entity, the grant is recorded as revenue and the portion sent on is recorded as an expense to grants for other organizations. Similarly, if a grantee or grantor has asked NVCA to act as a fiscal agent with supervisory responsibility for grant administration, the grant will be recognized as revenue and expensed. If the grant proposal requested an amount for another entity, or if the decision to share the grant was in any way not NVCA's, the portion of the award that goes to the other entity is recorded as a liability, not as income.

- F. Equipment, Furnishings, and Real Property: NVCA records equipment with a useful life of more than one year and cost of more than \$1000 as an asset. Equipment with useful life under one year or cost of \$1000 or less is recorded as a supply expense.

Equipment purchased with restricted grant monies is coded to the fund providing the money during the fiscal year, so that the purchase may be easily tracked for reporting to the grantor.

Depreciation expense and an allowance for depreciation is recorded for all equipment, furnishings, and real property owned by NVCA.

- G. Donated Materials, Equipment, and Services: NVCA tracks in-kind gifts of equipment as in-kind contributions. Donated equipment is recorded at the fair market value on the date of donation. Fair market value is the price at which the item would be sold by a willing buyer to a willing seller. Donated material which does not meet the definition of equipment is not tracked in accordance with FASB 116.

Volunteer time of professionals in their professional capacity is tracked as "in-kind revenue" and "in-kind expense." Other volunteer time is not tracked in accordance with FASB 116 as it relates to federal funds.

- H. Inventory: The NVCA Treasurer maintains an inventory record of fixed assets valued at \$1000 and above and an inventory of supplies and equipment valued at \$500 or above. The inventory records shall be updated annually and shall include a description or name of the item, model or serial number, purchase date, value or cost at purchase, current appraised value if known, and location in the NVCA records.

Equipment procured with federal funds shall be disposed of in accordance with 40 CFR 30.34 (f).

- I. Cost Allocation: When applicable, NVCA will develop an annual written cost allocation plan to fairly allocate shared costs among the various functions performed by the organization. The written cost allocation plan will be utilized as the basis of negotiation of costs with funding sources.

- J. Restricted Funds: Grants and contracts from grantors who restrict the use of funds are recorded in separate funds during the year. The use of restricted gifts is linked to the purpose specified by the donor/grantor. A separate fund is established for each restricted funding source which utilizes line item budgets. Expenses which fulfill the restrictions of the donor/grantor are recorded in that donor/grantor's fund. Separate bank accounts are not required for each restricted funding source. Internal financial statements are presented using a fund accounting format; year-end audited financial statements are presented on a Net Assets basis, using Unrestricted, Temporarily Restricted, and Permanently Restricted classes of Net Assets in accordance with FASB 117.

- K. Functional Expense: NVCA will utilize distinct cost centers to record costs of its distinct program and management functions as its operations diversify. When implemented, each cost center will contain the specific expense account line items needed to record the specific expenses of performing its respective functions.
- L. General Ledger: NVCA maintains a complete double-entry General Ledger reflecting the complete chart of accounts and segregating costs by function and by restricted funding source requirements.
- M. Budget: The Board of Directors adopts a comprehensive organization -wide budget for each fiscal year. The budget reflects all anticipated revenues from all sources and all anticipated expenses. Board of Directors adoption of the budget constitutes authorization for NVCA to incur budgeted expenses.
- N. Financial Reports: The of Directors receives reconciled financial reports at regularly scheduled Board meetings. The reports are presented to the Board of Directors by the Treasurer, who has reviewed them with the contracted accounting services provider. The financial reports facilitate identification of restricted and unrestricted funds and comparison of actual revenues and expenses to budget.
- O. Audit: The Board of Directors selects an independent CPA to conduct an audit of all financial statements of NVCA as indicated in the NVCA By-Laws. The auditor is required to present the results of the audit to the Board of Directors or a designated Board of Directors committee. If more than \$500,000 in federal funds is expended during the fiscal year then an audit in accordance with OMB Circular A-133 will be requested from the independent CPA firm hired to conduct the annual audit of NVCA funds.
- P. Interest Bearing Accounts: NVCA places funds in interest bearing accounts whenever practical and permissible by funding source agreements.
- R. Line of Credit/Borrowing: As operations diversify, the Board of Directors will approve the establishment of a line of credit from an approved financial institution. The President and the Treasurer of the Board of Directors will be authorized to draw on the line of credit during times of short term cash flow difficulties.
- S. Records Retention: NVCA will retain all financial records, supporting documents, statistical records and any records pertinent to grant awards for a period of seven years. Records for real property and equipment shall be retained for seven years after disposition. NVCA will have three back-up copies of all electronic records: one to be stored with the NVCA treasurer's records, one to be stored by the contracted accounting services provider, and one to be stored at an off-site location. Back- up copies of all electronic records will be done quarterly.
- T. Public Availability of Financial Documents: NVCA's current financial documents including audited financial statements and IRS Form 990 are available upon request made to the Board of Directors. Upon request to the Board of Directors, hard copies of financial documents will be made available to the public at a nominal fee.

- U. Electronic Bill Pay: NVCA may pay known, routine, monthly expenditures (such as utility bills), via the bank's "Bill Pay" electronic debit service. All purchase and disbursement procedures apply to invoices/bills paid electronically, including processing invoices, payment vouchers and authorized signatures on payments.

### III. PURCHASES AND DISBURSEMENT PROCEDURES

- A. Purchases: Authorization by the Board of Directors is required prior to all purchases exceeding \$1000 that are not considered as routine expenditures or approved line items in existing grants. Standing authorization for routine expenditures such as utilities, office supplies and copier maintenance or any line item in an existing grant is provided by Board of Directors approval of the annual budget. If requested, the Board may require authorizations for any expenditures of any amount, including routine expenditures or approved lines in specific grants to ensure that expenses are reasonable, allocable and allowable per the terms of the grant and the cost principles of the granting organization.

Committees desiring to make purchases outside the standing authorization items must submit a written request to the Board of Directors, describing the item briefly, cost of the item and the reason for the purchase. Alternatively, with prior and specific approval of the Board of Directors, a committee may purchase the item with their own funds and submit a written request for payment, complete with receipt, to the Treasurer who will prepare a reimbursement check. If requested, written approval may apply to routine expenditures or approved lines in specific grants.

The Board of Directors is required to be familiar with the terms and conditions dictated by each grant and must determine, before giving approval that the expenses are reasonable, allocable and allowable per the terms of the grant and the cost principles of the granting organization and before payments are made. In the case of Federal grants, the Board of Directors must be familiar with the guidelines established in OMB Circular A-122.

- B. Processing Invoices: All invoices/statements from outside vendors will be routed to the Treasurer who will review them to determine whether they are covered by a standing authorization, included as a line item in an existing grant or whether a written request has already been submitted for the item.

Once a project budget request is approved or standing authorization is available, the Treasurer will prepare the check or electronic bill payment voucher for signature. The Treasurer assembles invoices and bills and will process them in accordance with each invoice's due date or discount date. Payments will not be made from statements without corresponding receipts or invoices.

- C. Check Preparation/Electronic Bill Pay: Voided checks are marked VOID. The original check is retained in the VOID check file. Alternatively for routine expenditures, electronic bill payment may be utilized with an approved payment voucher. A copy of the payment confirmation shown on the bank account statement(s) and approved vouchers will be filed with contracted accounting services provider.

- D. Check Signatures: The Board of Directors authorizes check signers through Board action recorded in approved Board meeting minutes. All check signers must review the documentation attached to the checks prior to signing the checks or authorizing electronic bill payments.
- E. Filing Paid Invoices: Once checks or approved electronic bill pay vouchers have been signed, the invoice, written check request, and account coding form is filed. Reimbursements to committees/committee members are filed by committees/committee member in the vendor files, treating committees/committee members as vendors. When applicable, copies of invoices will be placed in appropriate grant files.
- F. Travel Expense Procedures: Any and all organizational travel expenses must have prior approval by the Board of Directors. Mileage reimbursement, using the current, standard IRS rate, includes the cost of gasoline and wear/tear. Separate gasoline costs will not be reimbursed.
- G. Employee Reimbursable/Other Expense Procedures: In order for an employee to be reimbursed for appropriate business expenditures paid for with the employee's personal funds the NVCA Personal Reimbursement Form must be completed and submitted for approval to the Treasurer. Each expenditure must be accompanied by the original receipt.

All requests for reimbursement of personal expenditure must be initiated within 60 days of the expenditure. After the necessary approvals have been received the Treasurer will order a reimbursement check to be prepared on the next scheduled payment processing day. NVCA will not reimburse an employee for personal items or services.

#### **IV. PROCEDURES FOR RECEIPT AND DEPOSITS FOR CASH AND CHECKS**

- A. Funds Received at the Office: The Secretary will pick up the mail, sort and log all checks or cash received in the mail prior to giving them to the Treasurer. The Treasurer shall initial the Secretary's log upon receipt of the funds.

The information received with grant checks from funders, including any check stub or correspondence, is passed on to the Treasurer. When cash payments are received, the Treasurer records the cash receipt in the cash receipts/accounts receivable journal.

Grant Funds deposited via Electronic Funds Transfer are verified during monthly bank account reconciliation.

- B. Maintaining the Cash Receipts/Accounts Receivable Journal: The Treasurer maintains cash receipts/accounts receivable journal. The journal lists the date received, payer, invoice number where applicable and amount of each receipt. Amounts received through out-of-office collections procedures are entered in the cash receipts/accounts receivable journal with appropriate receipt number references. Cash receipts which lack a receipt number are entered with the words, "Cash sale," or "Cash Donation" including notation of the source of the funds.

- C. Cash and Checks Received Outside the Office: Any additional funds received by members at meetings or events held outside the office will be given to the Treasurer who will record them on the cash receipts/accounts receivable journal.
- D. Bank Deposits: The Treasurer will prepare all bank deposits. The Treasurer compares the bank deposit total to the cash receipts/accounts receivable journal total and reconciles any differences before deposit. A deposit should be made at least every other week, and always on the last working day of the month.
- E. Bank Reconciliation: The Treasurer produces the cash receipts /accounts receivable journal and submits it to the contracted accounting services provider. The contracted accounting services provider prepares the reconciliation and refers any discrepancies to the Board of Directors..

## V. PROCEDURES FOR ACCOUNTS RECEIVABLE

- A. Payments from grantors: Payments from grantors received in the mail are opened by the Secretary, who routes them to the Treasurer for deposit. The Treasurer codes the receipt to the correct fund and account. If it is a cost reimbursement on a grant or contract, the payment is credited against the Grants receivable account in the appropriate fund. Grants and contracts which send an equal monthly payment are treated in the same way as cost reimbursable grants and contracts. Payments are credited against Grants receivable, and revenue is recorded based on actual expenses incurred. Grant payments received in advance of the grant period are coded to a deferred revenue account in the appropriate fund. (These funds may be reclassified as Temporarily Restricted revenue by the auditor for the year end audited financial statements.)
- B. In Kind Donations:
  - 1) For planned in-kind donations valued by the donor at less than \$100, the Donor will provide a receipt with notation of the intended donation, including his/her signature, address (mailing and email) and date of donation. NVCA will in turn provide a receipt for the donation for the donor's tax purposes.
  - 2) For planned in-kind donation valued by the donor at \$100 or more, the donor will provide a quote detailing the donation (materials, billable hours, etc.) and indicate on the quote what portion of the quoted amount will be a donation, if applicable. When the donation has been received in full, NVCA will in turn provide a receipt for the donation for the donor's tax purposes.
- C. Pledges/Sustaining Donations: Pledges are recorded as funds received. NVCA Treasurer will monitor pledges and work with the Board of Directors to follow-up on pledges not being fulfilled.

## VI. BILLINGS, REQUEST FOR PAYMENTS AND FISCAL REPORTS TO FUNDERS

- A. NVCA will maintain a list of grantors (pledges made, grants received, other misc. commitments, etc.). The contracted accounting services provider will generate a report monthly showing progress of outstanding grants. Should there be any outstanding receivables the contracted accounting services provider will prepare and mail a notice to the grantor. The Treasurer will include this report in his/her Treasurer's Report to the Board of Directors at regularly scheduled meetings.

## **VII. PAYROLL PROCEDURES**

**Not applicable at this time (01-09-14)**

## **VIII. DAILY CASH BALANCE**

**Not applicable at this time (01-09-14.)**

## **IX. GENERAL LEDGER**

The General Ledger will be prepared and maintained by the contracted accounting services provider.

## **X. FINANCIAL STATEMENTS**

The monthly financial statements include a Balance Sheet and Income and Expense Report. The Income and Expense Report includes both the current month and the year to date amounts and a comparison to budget. Separate revenue and expense statements by grant and contract (fund) are prepared to facilitate monitoring the various grants, and statements which break out costs by cost center (functional statements) are also provided.

The Treasurer has primary responsibility for monitoring the financial statements and alerting the Board of Directors to financial issues. The Board of Directors is responsible for assuring overall compliance with grant and contract agreements, and consequently must monitor the financial activity for each grant/contract and take corrective action if issues occur.

NVCA will contract with an accredited CPA firm to produce audited financial statements on a periodic basis as determined by the Board of Directors.

The contracted accounting services provider will complete IRS form 990 and Oregon State form CT-12 on behalf of the organization at the close of each fiscal year. The Form 990 and CT-12 will be provided to the Board of Directors for review and approval at a minimum of one week prior to the filing deadline. Once any necessary changes are made, the forms will be signed by the President and submitted by the filing deadline.

## **XI. BUDGET PREPARATION AND REVISION PROCEDURES**

The Treasurer and Finance Committee will prepare NVCA's organizational budget for each fiscal year, by fund, cost center, and line item. The budget is presented to the Board of Directors for discussion and approval.

Revisions to the annual budget are necessary when significant new funding sources are received. The Treasurer prepares budget revisions, including both the new funding source budget and any changes to other budgets caused by changes in cost allocations. The revisions are reviewed and approved by the Board of Directors

Written approvals will be sought for revisions to specific grant budgets directly from the appropriate awarding agency by the Board of Directors. These requests will be sought prior to grant specific deviations from the original scope of work or costs detailed in the grant award.

Written requests by the Board of Directors will also be made if it becomes necessary to change the expiration date of a grant award.

## **XII PROCUREMENT POLICY AND PROCEDURE**

NVCA procurement policy requires that all vendors including contractors, consultants, and suppliers be evaluated based on the following factors:

- cost,
- technical competence,
- reliability of timely deliveries,
- product/service quality and performance.

NVCA will not enter into contracts when the vendor is debarred, suspended, or excluded from State or Federal funded programs. When practical the vendor evaluations may be reviewed and approved by the Board of Directors subject to the dollar limits identified later in this policy.

In cases where Federal and/or State funds are involved, any applicable Federal or State laws, rules and regulations shall govern when the provisions of this procurement policy are in conflict with such laws.

When any procurement requires NVCA to commit to a signed contract with a vendor the NVCA President negotiates and executes the contract subject to the final approval of the Board of Directors. Any single procurement of \$5000 whether or not a contract is needed must have competitive bids from at least two vendors.

In the event procurement requires that a vendor have a unique expertise, or skill which cannot reasonably be matched in the marketplace then competitive bidding is not needed. In addition if the competitive bidding process causes a timing problem which would preclude the undertaking of a project the competitive process may be bypassed. In the latter circumstances when a signed contract is needed the NVCA President will notify the Board of Directors of the reason for bypassing the competitive bidding process when submitting the contract to the Board for approval.

Competitive bid selection follows the below procurement criteria whether or not contracts are needed:

- Procurements of \$ 1000 or less– the President is authorized to approve.
- Procurements over \$ 1000 – the President must inform the Board of Directors and receive the Board’s approval prior to awarding the approved vendor the contract/procurement. The contract/procurement can only be executed after approval by the Board of Directors.

### **XIII. CONFLICT OF INTEREST**

A conflict of interest occurs when an employee's or Board of Directors member's personal or financial interests interfere with, or appear to interfere with, his or her duties and responsibilities to the organization. Conflicts of interest can violate an employee's or Board member's responsibilities and loyalty to NVCA. Conflict of interest is to be avoided at all times.

If a Director or Officer has a financial or personal interest involving past or prospective clients, donors, vendors, employees or other businesses that may conflict with the interests of NVCA, the Board of Directors will make sure that:

- There is **full disclosure** by the officer or director regarding the conflict to the Board of Directors.
- Any Board member having knowledge of an undeclared conflict of interest must report the matter directly to the President.
- If such a matter is voted on at a Board of Directors meeting, the officer or director who may have a conflict of interest may not vote or lobby on the matter or be counted as part of the quorum at the meeting where the matter is discussed.
- If any transaction in which a Board member or officer has a financial or a personal interest, the Board of Directors will vote in the best interests of the organization and not for the interest or connection of the Board member.
- If payments are made to an officer or director, they shall not exceed fair market value.
- If an award is considered for an officer or director it must be made through a competitive process. The Board member must recuse themselves from all deliberations and decisions relevant to the award.
- Disclosures will be reflected in the minutes of meetings at which such votes are taken. The disclosure, abstention and rationale for approval shall be documented in the minutes of that meeting.
- Awards of federal funds shall adhere to OMB Circular A-122.

In the event a conflict of interest is discovered after the fact the Board of Directors will take corrective action.<sup>1</sup>

<sup>1</sup> A portion of the Conflict of Interest Statement, was paraphrased from the website [http://www.hurwitassociates.com/l\\_conflict.php](http://www.hurwitassociates.com/l_conflict.php), Copyright © 2008 Hurwit & Associates. All Rights Reserved

#### **XIV. WHISTLEBLOWER POLICY**

If any Board member, volunteer or employee reasonably believes that some policy, practice, or activity of NVCA is in violation of law, a written complaint must be filed by that person with the Board of Directors.

It is the intent of NVCA to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all Board members, volunteers and employees is necessary to achieve compliance with various laws and regulations.

NVCA will not retaliate against any Board member, volunteer or employee who in good faith, has made a protest or raised a complaint against some practice of NVCA, or of another individual or entity with whom NVCA has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

NVCA encourages Board members, volunteers and employees to bring to the attention of the NVCA Board of Directors any alleged unlawful activity, policy or practice and provide the NVCA Board of Directors with a reasonable opportunity to investigate and correct the alleged unlawful activity, policy or practice.

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