

The Aubrey Foundation

Fiscal Policies & Procedures

Accounting Procedures

Policy: The organization uses the cash basis of accounting. The cash basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded when received or paid out. This method of recording revenue and expenses is with regard to date of receipt or payment of cash.

Procedures:

- Throughout the fiscal year, expenses are recorded into the month they are received. The books are closed no later than the Friday before the first Executive Board meeting after the close of the month. Invoices received after closing the books will be counted as a current-month expense.
- At the close of the fiscal year, this rule is not enforced. All expenses that should be accrued into the prior fiscal year, are so accrued, in order to ensure that year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 30 days after the end of the fiscal year.
- Revenue is always recorded in the month in which it was received.

Journal Entries

Policy: Journal entries will be required for all Aubrey Foundation purchases. Responsible parties will record them within a week of the purchase as determined by the Treasurer.

Procedures:

- Each purchase will be recorded regardless of payment method by all Foundation Members (Executive Board, General Board, and/or Committee Members).
- The Treasurer will review all Journal Entries on the 15th and 30th of each month.
- If there is confusion or conflict with a given Journal Entry, the Treasurer will resolve it with the responsible purchasing party within a week of review.

Bank Reconciliations

Policy: All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 days of the close of the month.

Procedures:

- All bank statements and cancelled checks will be opened, reviewed and initialed by the Treasurer upon receipt.
- Once reviewed, bank statements are e-filed through Bank of America.
- If there is a conflict with a bank statement the Treasurer will call Bank of America to resolve.

Monthly Close

Policy: The books are closed by the Friday before the first Executive Board meeting of the following month.

Procedures:

- The Treasurer will review all Journal Entries, bank statements, committee budgets, and any other necessary documents.
- The Treasurer will update the Foundation's yearly financial ledger.

- The Secretary will oversee closing the books and assist if necessary.

Recordkeeping

Policy: All Financial Documents are filed for a minimum of 10 years. Documents are filed through the Bank's E-File or in the Treasurer's Binder.

Procedures:

- All Bank records are filed through Bank of America's E-File system.
- All Tax records are filed in the Treasurer's binder.
- All annual financial statements are filed online and in the Secretary's file archive.
- Filing is done monthly by the Treasurer and Secretary.
- Financial records can be shredded after a minimum of 10 years by the Treasurer and Secretary.

Internal Controls

Lines of Authority

Policy: The Executive Board has the authority to create and propose the Annual Budget. The General Board has the authority to approve the Financial Policy and the Annual Budget and review the annual spendings. The Executive Board has the authority to approve expenses in accordance with the approved budget.

Procedures:

- Each Committee Chair(s) will propose a annual committee budget to the Executive Board.
- The current year's Executive Board will create the Annual Budget in January, which will be sent to the General Board for approval by January 31st.
- Committee Budgets
 - The Committee Chair(s) will approve all expenses in that given committee's budget.
 - Each Committee Chair is responsible for monitoring and maintaining its committee's budget.
 - All committee members will be responsible for recording their expenditures through journal entries.
- The Executive Board will develop the fiscal policies for the General Board's approval.
- The fiscal policies will be reviewed annual by the Executive Board.
- The Executive Board has the authority to propose changes to the fiscal policies. All changes must be approved by the General Board by majority vote.

Segregation of Duties

Policy: The organization's financial duties are distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- The Treasurer and Secretary have access to the Bank Account.
- The Treasurer, Secretary and (a) Marketing Chair will have a debit card and check signing rights.
- Closing of major event financials (Cigar Night & Purple for Pappas 5K) will be done with the Treasurer, Secretary and Event Chair(s).

- Committee Chairs are responsible for updating their committee's financial documents by the 15th and 30th of each month.

Physical Security

Policy: The organization maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, and other valuable property.

Procedures:

- The Treasurer and Secretary will hold the checkbooks in a secure location.
- The Treasurer and Secretary will have financial passwords to access accounting information. Passwords are changed annual and/or on an as needed basis by the Treasurer.
- Cash for Events
 - Before events, cash will be withdrawn by the Treasurer or Secretary and given to the most Senior Board Member at the event.
 - During events, cash will be stored in the TAF cash box(es). The most Senior Board Member will be held accountable and responsible for all cash flow at event.
 - The most Senior Board Member will return all cash to the Treasurer (or Secretary if needed) as determined by the Treasurer.
- All bank deposits are made regularly and on an as-needed basis.

Financial Planning & Reporting

Budgeting Process

Policy: The organization's Annual Budget is prepared by the Executive Board at the start of each fiscal year. The General Board will receive the Annual Budget by January 31st and will approve it within 5 business days. The budget is revised during the year if necessary and will again be approved by the General Board.

Procedures:

- The Executive Board will work together to ensure that the Annual Budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- The Treasurer will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- The Executive Board will present a draft budget to the General Board by January 31st.
- The General Board shall review and approve the recommended fiscal year budget within 5 business days of receipt. The budget shall contain revenues and expenses forecasted by Foundation and individual Committee needs.
- The General Board will review the past year's budget at its last fiscal year's Board meeting

Internal Financial Reports

Policy: The organization prepares regular financial reports on a monthly basis. All reports are finalized no later than the Friday before the first Executive Board meeting after the close of the prior month.

Procedures:

- The Treasurer is responsible for producing the following year-to-date reports by the Friday before the first Executive Board meeting: Statement of Financial Position, Statement of Activities, Budget v. Actual, and updated Cash Flow Projection.

- Committee Chairs will be responsible for having their financial documents updated by the 15th and 30th of each month to ensure the Treasurer is able to prepare the above documents.
- The Executive Board will review financial reports each month, and the Executive Board will present reports to the full General Board at the General Board meetings.
- A variance of 10% or \$50, whichever is less, in expenditure above the approved Annual Budget must be authorized by the Executive Board.
- If the total expenditure varies by more than 10% of the reserve in the overall Annual Budget, approval by majority vote of the General Board will be required.
- Failure to obtain prior approval may not be reimbursable.

Tax Compliance Exempt Organization Returns

Policy: The annual 990N, CRI 300R, and w-9 is completed and submitted by the Treasurer in conjunction with the CPA firm within the first quarter.

Procedures:

- The Treasurer will prepare and review all tax documents.
- The Treasurer will submit all required forms and documents to the CPA firm.
- Upon receipt, the Treasurer will file with the Secretary who will make it available to the General Board.

Revenue & Accounts Receivable

Revenue Recognition

Policy: All sponsorships and donations will be recorded when received and presented in the Financial Ledger.

Procedures:

- The Treasurer reviews all revenue and indicates on the letter or copy of the check how the revenue shall be recognized. If there is a question or uncertainty about how to recognize a particular contribution, the Treasurer will ensure that the donor is contacted to clarify the intent of the contribution.
- The Treasurer is responsible for posting revenue to the yearly financial ledger in accordance with the determination made by the Executive Board.
- A formal tax letter will be sent by the Treasurer to every receivable at or exceeding \$100.

Cash Receipts

Policy: The Aubrey Foundation's funds can be received and processed via mail (cash and/or check), online, Square transactions, etc.

Procedures:

- The Treasurer receives and opens all mail and posts receipts in the accounting system.
- Checks are copied via E-File and/or filed by the Treasurer in the Financial binder.
- Checks are endorsed before depositing by the Treasurer on an as-needed basis.
- All Cash and Checks will be kept with the Treasurer until depositing.

Deposits

Policy: All bank deposits are made within a week of receipt.

Procedures:

- The Treasurer (and Secretary when needed) will prepare and review bank deposit slips.
 - The Treasurer (and Secretary when needed) will take the checks to the bank or mobile deposit.
 - The Treasurer will review all bank receipts and file in the Financial Binder.
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Expenses and Accounts Payable**Purchases & Procurement**

Policy: All purchases must be approved by the Executive Board and/or the Committee's respective Chair(s).

Procedures:

- The Executive Board has the authority to authorize purchases within the operational Annual Budget of the Foundation.
- Committee Budgets
 - The Committee Chair(s) will approve all expenses in that given committee's budget.
 - Each Committee Chair is responsible for monitoring and maintaining its committee's budget.
 - All committee members will be responsible for recording their expenditures through journal entries.
- A photocopy of all (itemized) receipts must be received by the Treasurer within 7 days of purchase.

Independent Contractors

Policy: The Aubrey Foundation uses independent contractors on an as-needed basis.

Procedures:

- Contracts may be established by an Executive Board Member.
- Said Executive Board Member is responsible for ensuring the contract is withheld.
- No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its Executive and General Board members, committee members or other private persons.

Invoice Approval & Processing

Policy: All invoices must be approved by the Executive Board and/or the Committee's respective Chair(s). All approved invoices will be received by the Treasurer within 7 days of receipt. All invoices will be paid within 30 days of receipt by the Treasurer.

Procedures:

- Invoices and bills will be opened and reviewed by the responsible Executive Board member. The Treasurer will be notified immediately of any unexpected or unauthorized expenses.
- Invoices are then routed to the Treasurer for authorization prior to payment being issued. If there is a conflict or concern the invoice will be presented for approval to the Executive Board.
- Copies of all invoices paid will be filed electronically and/or in the financial binder for a minimum of 10 years.

Disbursements

Policy: All vendors are required to submit an itemized invoice to secure payment of goods and/or services.

Procedures:

- All vendors will submit the required itemized invoice to the responsible Executive Board member.
- The responsible Executive Board member will submit the invoice to the Treasurer.
- The Treasurer will prepare, sign, and mail the check, or complete online payment.
- Expenditure records will be kept in Journal Entries and the yearly financial ledger.

Cash Box

Policy: For community and major Foundation events, an approved amount of cash will be stored in the designated cash box(es). The most Senior Board Member will be responsible and accountable for the cash and following all procedures. The cash boxes are stored with the Treasurer and Secretary.

Procedures:

- All cash requests will be made to the Treasurer at least 1 week prior to the event.
- The Treasurer or Secretary will take the approved amount of cash out of the bank account and deliver it to the most Senior Member (event point person) before the event. The cash will be stored in the assigned cash box.
- The cash will be recorded as follows:
 - Note of original cash value before the event by denomination.
 - Note of all incoming monies will be made by the most Senior Member separately as labeled below as a Journal Entry:
 - Cash
 - Checks
 - Square transactions
 - Registrations versus donations
- The record and cash and checks will be received by the Treasurer within 1 week of the event.
- The Treasurer will record all cash box transactions in the yearly financial ledger.
- The Treasurer will deposit all cash and checks within 1 week of receipt.

Expense Reimbursements

Policy: Any Foundation member can be reimbursed for an approved transaction with appropriate receipt.

Procedures:

- To request reimbursement, the Foundation member must submit paid itemized receipt to the Treasurer within 10 days of purchase.
- Any reimbursement request that is not received after 90 days of purchase will be void.
- The Treasurer will authorize all reimbursement requests and the Secretary will authorize reimbursement requests for the Treasurer.
- All reimbursements requests are processed through the Treasurer and distributed via check by the Treasurer (and Secretary when necessary).

Credit Cards

Policy: There will be three Foundation debit/credit cards issued to the Treasurer, Secretary and Marketing Chair. The card is to be used for all approved Foundation expenses.

Procedures:

- A photo/printed copy of all receipts will be collected by the Treasurer and filed in the Financial Binder.
- The responsible party will enter the debit/credit card charges as a Journal Entry.
- The Treasurer will record all charges in the yearly financial ledger.
- All debit/credit card statements are reconciled regularly by the Treasurer and reviewed through the yearly financial ledger by the Executive Board.
- If an unrecognized charge appears in the bank statement, the Treasurer will reconcile the charge with the bank and the cardholder in question.

Expense Allocations

Policy: The Aubrey Foundation's Executive Board will develop a Annual Budget to determine its cost allocation. The Treasurer in conjunction with the Executive Board will maintain the cost allocation system. The General Board will review and approve the annual financial budget. Should a change be necessary the Executive Board will present it to the General Board for approval.

Procedures:

- Costs are allocated by the Executive Board members during the Financial Meeting in January based on previous year's expenditures and future projections.

Asset Management

Cash Management

Policy: The Aubrey Foundation will keep all money in one account that is accessed by the Treasurer and Secretary. Other professional advice is sought on an as-needed basis with the CPA firm and/or Financial Advisor.

Procedures:

- The Aubrey Foundation will utilize Bank of America as their sole banking entity.
- The Treasurer and Secretary will have access to the bank account. In addition, the Marketing Chair will have signatory rights and hold a debit/credit card.

Operating Reserve

Policy: The target minimum operating reserve fund for the organization is 50% of the annual operating costs. The calculation of the annual operating costs includes all recurring predictable expenses.

Procedures:

- The amount of the operating reserve will be calculated each year by the Executive Board and approved through the Annual Budget by the General Board and recorded in financial reports.
- The operating reserve will be funded with surplus unrestricted operating funds.
- The status of the operating reserve is monitored and reported to the General Board by the Treasurer.
- To use the operating reserves, the Executive Board will submit a request to the General Board. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve (12) months to restore the operating reserve fund to the target minimum amount.

Philanthropy Budget

Policy: The maximum Philanthropy budget for The Aubrey Foundation is determined by the Annual Budget. The Philanthropy budget all Foundation sponsored scholarships, and granting requests that align with the Foundation's mission.

Procedures:

- The Executive Board has the authority to approve and allocate the money in the gifting reserve as requests are made.
- Gifting requests may be made by board members, community members, other organizations and/or Foundation sponsored scholarships. Examples may include, but are not limited to: one-time gifts or requests, special grants, or special appeals.
- All requests will be reviewed by the Philanthropy Chair(s) and approval will be given by the Executive Board and the Scholarship Committee respectfully.
- If there is a conflict, the Executive Board will seek counsel from the General Board.

*This section refers to the -- in the budget.