

Potomac Valley Audubon Society

Financial Policy

Board Reviewed and Recommended to Membership March, 2023
Membership Approved July, 2023

Table Of Contents

Purpose.....	3
Authority.....	3
Responsibilities.....	4
Financial Transactions with Insiders.....	6
Budget.....	6
Gift Acceptance and Spending Policy.....	6
Reserve Fund Policy.....	6
Investment Policy.....	7
Asset Protection.....	7
Indemnity.....	7
Addendum I – Financial Limits.....	7

Financial Policy

Purpose:

The Financial Policy is intended to:

- Protect the assets of the Potomac Valley Audubon Society
- Put in place basic accounting, billing, and cash control policies and procedures
- Ensure the maintenance of accurate records of the organization's financial activities
- Create a framework for operating standards and behavioral expectations
- Ensure compliance with all federal and state procedures and state procedures and reporting requirements

Authority

The Board of Directors is ultimately responsible for the financial management of all activities. The Board of Directors has the authority to execute any policies it determines to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state, and local law. The Board of Directors will approve budgets, audit, and IRS Form 990. The Financial Policy will be approved by the PVAS membership as stipulated in its bylaws. Related policies and appendices to the Financial Policy are approved by the Board. The board delegates administration of the Financial Policy and supporting policies to the Executive Director but reviews operations and activities regularly.

The Executive Director is responsible for the day-to-day financial management of the organization and is guided by written Financial Procedures. The Financial Procedures are the responsibility of the Executive Director, created, updated, and reviewed periodically by the Executive Director, the Treasurer, and the Finance Committee. It shall ensure an appropriate level of internal financial controls and security of data and assets.

The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.

The Executive Director and members of the Executive Committee are authorized to sign checks and approve withdrawals from PVAS accounts. Drafts on PVAS accounts in excess of the amounts stated in Appendix I, require explicit prior approval by the Board.

The Executive Director is authorized to enter into contracts for goods and services that have been approved by the Board as a part of the budget in accordance with the stipulations on Request for Quote (RFQ's) (see Appendix I). The Board must authorize any contracts outside of these parameters.

The Executive Director is authorized to manage expenses within the parameters of the overall approved budget. Variances and the reason for these variances will be reported to the Executive Committee and the Finance Committee.

The Board of Directors must approve any use of Board restricted funds prior to expenditure of said funds.

The Treasurer has the authority to recommend the auditor to the board, perform regular, in-depth reviews of the organization's financial activity, and oversee the development of the annual budget. The Treasurer reviews bank reconciliations prepared by the Bookkeeper.

Bookkeeping and accounting services may be provided by a contracted individual who is hired and supervised by the Executive Director. This person will make bookkeeping entries, prepare checks for signature, and perform bank reconciliations to be reviewed by the Treasurer. The bookkeeper does not approve expenditures or sign checks.

Responsibilities

The Executive Director shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Notify the Board of Directors when unrestricted cash is below three months regular operating expenses. (Unrestricted is cash net of donor restricted and board restricted funds.)
- Report the financial results of PVAS operations including but not limited to membership dues, contributions, interest, sales, grants, and all other income according to the schedule established by the Finance Committee, but at least at each full Board of Directors meetings.
- Pay all obligations and file required reports in a timely manner.
- Record and track fixed assets in accordance with the Fixed Asset Policy.
- Limit vendor purchase terms to prudent and necessary levels, but not to exceed 30 days.
- Apply for grants or gifts from individuals or donor organizations to support the mission of the organization.

- Ensure that the assets of PVAS are adequately protected and maintained. To protect and maintain assets:
 - Acquire insurance (property, casualty, liability) against losses to the organization as directed by the board to levels indicated in consultation with suitable professional resources.
 - Plan and carry out suitable protection and maintenance of property, building, and equipment.
 - Avoid actions that would expose the organization, its board, or its staff to claims of liability.
 - Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
 - Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

The Executive Director may:

- Award scholarships and/or sponsorships to adults, youths, or organizations aligned with the mission of the organization.
- Accept and establish Endowments and Restricted Funds from donors whose gifts support the mission of Potomac Valley Audubon Society.
- Establish electronic means of paying regular obligations for payroll and recurring payments that fall within the budget approved by the Board of Directors.

The Executive Director shall **not**:

- Serve as a personal guarantor on any loan or financial obligation taken by PVAS.
- Make contractual commitment for bank loans, corporate credit cards, vehicle or equipment lease, or real estate (purchase or lease) without specific approval of the Board. This does not preclude the Executive Director from executing agreements for short-term operating rentals.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.
- Periodically review and adjust financial limits stated in the Addendum to this Policy.

The Board of Directors shall **not**:

- Serve as a personal guarantor on any loan or financial obligation taken by PVAS.

Financial Transactions with Insiders

No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be paid for by credit card or be reimbursed according to per diem and with the exception of alcohol.

In no case shall PVAS borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.

Budget

Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with requirements of funding sources as necessary. Operating budget is a projection of the income and expenditures of the organization over a fiscal year. A capital budget allocates money for the acquisition or maintenance of fixed assets such as land, buildings, and equipment. The operating budget should be balanced using reasonable assumptions of income and expenses within the fiscal year. Budgets should be consistent with board-approved priorities, long-range organization goals, and specific five-year objectives.

The Executive Director shall:

- Submit operating budget to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year.
- Update capital budget annually to define projections and sources for capital needs.
- Have the capacity to make Budget Revisions that deviate from the spending plans captured in organizational plans to address non-budgeted expenditures with the approval of the Executive Committee or full Board.

Gift Acceptance and Spending Policy

PVAS will accept gifts of stock or other negotiable instruments, contributions of goods or services other than cash that are related to the programs and operations of PVAS, and real property guidelines and requirements described in its separate Gift Acceptance and Spending Policy.

Reserve Fund Policy

PVAS will maintain an operating reserve fund that is set aside to provide a cushion against unexpected events, losses of income, and large unbudgeted expenses per the guidelines and requirements described in its separate Reserve Fund Policy.

Investment Policy

PVAS will manage its financial assets in accordance with its separate Investment Policy.

Indemnity

PVAS shall purchase and maintain insurance to indemnify any person who is or was serving at the request of PVAS as Directors and Officers against any liability asserted against the person and incurred by the person in any such capacity or arising out of the person's status as such. No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined either by a court of competent jurisdiction or, in the absence of such a determination, by PVAS acting on the advice of counsel.

Appendix I – Financial Approval Limits

Second Signature Limit	Dollar amount at or above which a second signature is required on a draft instrument (e.g. check, withdrawal request)	\$1,000
Approval of Non-budgeted expenses	Dollar amount at which the Executive Director may not approve in excess.	\$1,000
Approval of Non-budgeted expenses	Dollar amount at which the Executive Committee may not approve in excess.	\$5,000
Approval of Non-budgeted expenses	Dollar amount that must be approved by the full board of directors	Over \$5,000.
RFQ Limit	Contractual dollar amount at or above which Request for Quotes from a minimum of 3 sources are required before approving a contract. RFQ's should include sufficient detail, itemization, and consistency for comparison.	\$10,000

In the case of recurring electronic payments (e.g., internet, health insurance, utilities, payroll), prior to initiating the automatic draws, the financial limits outlined in Appendix I shall dictate the appropriate approval. Subsequent scheduled electronic payments do not require individual approval.