**Clare Housing Financial Policies**

**PURPOSE**

This document provides guidance to the Board of Directors, Finance Committee and Clare Housing staff in accordance with the financial governance policies as established by the Board of Directors.

1. **GENERAL**

* The Board of Directors delegates administration of the financial policies to the Executive Director and reviews financial statements at each meeting of the Board of Directors.
* The Executive Director has responsibility for financial management and has the authority to arrange his/her team to meet the organization’s financial needs.
* Financial duties and responsibilities will be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts, etc.
* These policies will be reviewed annually by the Finance Committee, updated as appropriate, and documented as updated and approved.

1. **HUMAN RESOURCES**
2. SALARIES

* The Board of Directors negotiates and sets the Executive Director’s compensation package on an annual basis.
* The Executive Director sets and approves the salaries for all program and administrative staff.
* Performance Evaluations will be documented and conducted on an annual basis.
* Personnel action forms are entered in MACC Commonwealth’s (MCW) electronic HR management system by the appropriate manager to document changes in salary and wage rates. All changes are approved by the manager’s supervisor and executive director. New hires are entered into the system by MCW.

1. BENEFITS

* The Operations Director will work with MCW each year to ensure Clare Housing’s benefit package remains competitive and cost effective.
* The Executive Director reviews and approves any changes to Clare Housing’s benefit package.

1. PERSONNEL FILES

* Current job descriptions will be maintained for all employees.
* MCW will maintain a secured personnel file for each employee, containing all appropriate documents as required by law.

1. **PURCHASING**
2. PURCHASES up to $3,499

* All purchases must be approved by the appropriate manager prior to purchase being made, with the exception of ongoing expenses such as groceries, resident transportation, substitute caregivers, mileage expenses, and utilities. The appropriate manager is responsible for reviewing receipts for unusual and/or excessive purchases on a weekly basis.

1. CAPITAL EQUIPMENT & PURCHASES OVER $3,500

* All purchases over $3,500, including contracts for services, must be approved in advance by the executive director.
* Purchases over $3,500 are required to undergo a competitive bid process which requires at least three bids prior to selecting a vendor unless prior approval by the executive director has been obtained. The process will include clear specifications and will not contain features/requirements which unduly restrict competition.
* The appropriate manager will be responsible to ensure all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and will be responsible for timely follow up of these purchases.
* Purchases over $3,500 will not be fragmented or reduced to separate components to avoid the bidding process.
* The Executive Director is authorized to approve all purchases up to $20,000; a board of director’s resolution is required for all purchases over $20,000.

1. CONSULTANTS

* The Executive Director is authorized to approve consultant and contracted service agreements up to $20,000; a board of director’s resolution is required for all contracts over $20,000.
* The Finance Committee will annually approve the auditor’s contract.
* A certificate of insurance, if required, and W-9 form will be maintained for all consultant and contracted services.
* Consultant/contracted services will be paid for as work is performed or as required in the contractual agreement.

1. **CASH DISBURSEMENTS**
2. CHECK AUTHORIZATION

* The Executive Director, Program Director and four members of the executive committee of the board of directors are authorized to sign checks.
* Signature cards will be updated within five days of a change in authorized signers or immediately upon the termination of the executive or program director.
* Signature cards will be scanned and retained in electronic format.

1. CHECKS

* Blank checks will be kept in a secure location. Access keys will be controlled by the Operations Director.
* Voided checks will have VOID written boldly in ink on the face of the check and have the signature line defaced. Voided checks will be kept on file.
* In no event will: blank checks (without a date or payee designated) be signed in advance; made out to cash or be prepared on verbal authorization unless approved by the Executive Director.
* In the event it is necessary to issue a replacement check in an amount greater than $50, a stop payment will be ordered at the bank on the original check.

1. CREDIT CARDS

* Credit cards are issued to appropriate staff upon approval of the Executive Director.
* Credit cards are returned and authorized users are updated immediately upon the termination of any employee holding a credit card.
* Original documentation and/or receipts are submitted to the Operations Director for reconciliation of credit card statement and subsequent payment within a week of receiving the statement from the operations department. The holder of the credit card will document the purpose of the expenditure on the receipt.

1. PETTY CASH

* Each community care home maintains a small petty cash fund with a maximum balance of $100. The fund is replenished on an as needed basis and receipts/documentation of expenditures must be included/reviewed prior to the replenishment of the fund.
* Employees are not allowed to borrow cash from the petty cash fund.
* See the Foster Care 245D Policy and Procedure Manual for the full policy.
* Checks are cut monthly for laundry money and for personal needs. The appropriate manager must sign off on the request. All Personal Needs money must be signed for when the caregiver takes custody, and again when it is given to the resident.

1. WIRE TRANSFERS

* Outgoing wire transfers are initiated by the Operations Director through the appropriate bank.
* Only the Executive Director may approve outgoing wire transfers.

1. BANK RECONCILATIONS

* The Operations Director will reconcile the bank statement once a month.
* The Executive Director shall verify the reconciliation of the bank accounts on a monthly basis and initial and date to indicate review.
* On a quarterly basis, the board treasurer will review all monthly bank reconciliations and initial and date to indicate review.
* On all checks outstanding over 360 days, the Operations Director should take appropriate action according to the “Escheatment Laws” of Minnesota.

1. PAYROLL TAXES

* MCW is contracted to prepare and transmit the quarterly and yearly payroll tax reports and W-2 forms. The Operations Director is to verify payroll tax report preparation on a quarterly basis.
* MCW is contracted to submit payroll taxes after each bi-weekly pay period. Payment of the tax submission is to be verified at least monthly by the Operations Director during bank account reconciliations.

1. **TRAVEL EXPENSES**

* Mileage to and from an employee’s residence will not be reimbursed by Clare Housing.
* Employees will be reimbursed for travel and other related expenses under an “accountable” plan. Under an “accountable” plan, expense receipts must be submitted for non-taxable reimbursement.
* The organization will reimburse no more than the standard mileage rate for the business use of a car as established by the IRS. Clare Housing will reimburse reasonable meal expenses incurred in direct connection with Clare Housing employment.
* The expense voucher and travel authorization is to be submitted within 10 days of travel completion for payment.

1. **PROPERTY**
2. EQUIPMENT

* Capital equipment shall be defined as all items (purchased or donated) with a unit cost of $1,000 or more and a useful life of more than two years.
* The operations director will maintain a fixed asset log; which shall contain a description of the item, date of purchase or acquisition, price or fair value of the item and its location.
* A fixed asset and depreciation schedule shall be prepared and reconciled at least annually for the audited financial statements.
* In no event are equipment sales or disposals to occur prior to the Executive Director’s authorization.
* The operations director is to be notified within 5 days of all equipment damaged, transferred, sold, or disposed.
* A physical asset inventory will be conducted by Property Maintenance staff on a bi-annual basis or when there is a change in the asset custodian.
* Property Maintenance staff are responsible for locating missing assets and filing report to Operations Director.

1. EQUIPMENT LEASES

* The Operations Director will review all operating leases prior to submission to the executive director for approval.
* All leases, clearly delineating terms and conditions, will be approved and signed by the Executive Director.
* The Operations Director will keep a copy of each lease on file.
* Upon approval, the Operations Director will make proper general journal entries for same.

1. REAL ESTATE PURCHASES

* All real estate purchases must be approved by the Board of Directors.

1. REAL ESTATE LEASES

* The Executive Director and Operations director will review all real estate (excluding Scattered Site Housing leases) leases prior to submission to the Board of Directors for approval.
* All leases, clearly delineating terms and conditions, will be approved by the Board of Directors and signed by two officers of the Board.
* The Operations Director will keep a copy of each lease on file.
* Upon approval, the Operations Director will make proper general journal entries for same.

1. **INSURANCE**

* Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and general liability, worker’s compensation, Directors & Officers Liability, employee dishonesty (in the amount of at least $25,000) and other insurance deemed necessary. Theft and casualty losses will be insured to at least 80% of replacement value.
* The Executive Director will carefully review insurance policies before annual renewal and presented to the finance committee for review.
* The Operations Director will maintain insurance policies in insurance files.

1. **ACCOUNTING**
2. GENERAL

* Clare Housing will maintain a current and accurate log of the chart of accounts, project/grant accounts and accounting classes.
* Clare Housing will utilize a double entry system for accounting purposes.
* Adequate documentation will be maintained to support all general entries.
* At the end of each month, the operations director will prepare a balance sheet, statement of activities, and statement of activities by department that will be reviewed by the executive director and the finance committee.
* The statement of activities report will include a comparison to budget.
* Clare Housing will maintain its accounting records on the accrual basis in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.

1. ACCOUNTS RECEIVABLE

* Supporting documentation will be maintained for account and pledge receivables.
* Account and pledge receivables will be recorded in the books and collected on a timely basis.
* Write-offs over $500 require approval by the Executive Director.
* Pledges Receivable are reviewed annually by the Executive Director and the Director of Community Outreach. Any pledges deemed uncollectible are written off directly.

1. **GRANTS AND CONTRACTS**

* The Executive Director will carefully review each award and contract to ensure compliance with all financial and programmatic provisions. Development staff will maintain originals of all grants and contracts in a file and forward copies of grants and contracts to the operations director who will prepare initial entries as appropriate to record each award.
* Payments for projects for which Clare Housing serves as fiscal agent shall be paid out within 30 days. See the Fiscal Agent section for additional details.
* The Operations Director will prepare financial reports and the development staff will prepare narrative reports to funding sources as required.
* It will be the responsibility of the development staff to ensure that all financial and narrative reports are submitted on a timely basis.
* All cash, check and credit card donations are initially deposited into the checking account.
* All stock gifts are sent to the Clare Housing brokerage account and sold as soon as possible.
* Non-Cash deductions are accepted on case by case basis as determined by the Commity Outreach Director.
* Clare Housing will record any in-kind gift the gift at the fair market value as of the date of the receipt. Donations with an easily ascertainable value are recorded at the amount the donor spent If the price is not easily ascertained, Clare Housing should record the value noted as the “quoted price in the active market” as available. Note that gift acknowledgements should describe the gift and the date received, but should NOT identify a dollar value in the acknowledgement.
* Clare Housing only records in-kind services that are professional in nature and that the organization would have otherwise had to pay for. These services are recorded at the fair market value hourly rate times the number of hours provided.

1. **Annual Operating and Capital Budgets**

* Clare Housing’s fiscal year is aligned with the calendar year beginning 1/1 and ending 12/31.
* The Operations Director will prepare the annual operations and capital budget in partnership with the Executive Director and leadership team.
* The Operations Director will ensure that budgets are on file and available for review by the finance committee and board of directors.
* The finance committee will review the annual operations and capital budgets and recommend approval to the Board of Directors for approval prior to the start of each fiscal year.

1. **LOANS**

* The Board of Directors will approve all long term (greater than 12 month) financial obligations.
* Long Term promissory notes, as prepared by the financial institution, will be forwarded to and signed by the Board Chair and another officer of the Board before funds are borrowed.
* The Executive Director and one member of the Executive Committee will approve all short term financial obligations exceeding 90 days.
* Short term promissory notes exceeding 90 days, as prepared by the financial institution, will be forwarded to the Executive Director and signed by Executive Director and one member of the Executive Committee before funds are borrowed.
* Copies of promissory notes will be forwarded to the Operations Director who will prepare initial journal entries appropriate to each note.

1. **TAX FILINGS & ANNUAL AUDIT**
2. FORM 990

* The Board of Directors will review and approve the 990 prior to its submission to the IRS and noting approval in the board meeting minutes.
* The original copy of Form 990 provided by the auditing firm will be retained by the operations department. An electronic copy of the completed Form 990 is to be retained on the shared drive.

1. AUDIT

* At least every five years the Operations Director shall both prepare and send requests for proposal to a minimum of 3 independent auditing firms or request that the current firm assign a new to audit partner to conduct a full audit of the books and prepare the organizations Form 990.
* The finance committee shall review proposals, select, and contract an independent auditing firm to conduct a full audit in a timely manner and prepare the organizations Form 990.
* An annual audit of the organization’s financial statements as well as related entities, will be conducted. The finance committee and board of directors will review and approve the annual consolidated audit, noting approval in the Board minutes.

1. **CONFLICT OF INTEREST**

Each director, officer, manager and member of a committee with board delegated

powers shall annually sign a Conflict of Interest form. The Executive Committee shall

regularly and consistently monitor and enforce compliance with this policy.

1. **FISCAL AGENT**

* The Executive Committee must authorize all fiscal agent arrangements, which are then approved by the board of directors.
* All fiscal agent arrangements will begin with a written agreement, stating the terms of the relationship and the purpose for the use of funds.
* Fiscal agent agreements will be limited to projects which are consistent with Clare Housing’s mission, strengthening the nonprofit sector, and that no real or perceived conflicts of interest exist with board or executive committee members.
* The Executive Director will establish a rate for indirect or direct costs to cover Clare Housing’s expenses of administering the temporarily restricted fund on behalf of the fiscal agent partner.
* Sponsored projects will be required to submit full and complete quarterly and year end reports to the executive director by the end of Clare Housing’s fiscal year, and must include: detailed expenses using budget categories for original grant; program accomplishments and activities; lobbying expenditures; amount of remaining funds.
* Any changes in the purpose for which grant funds are spent must be approved in writing by the Executive Director before implementation. Clare Housing retains the right, if a sponsored project breaches the fiscal sponsorship agreement, or if a sponsored project jeopardizes Clare Housing’s legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.
* Clare Housing’s Executive Director will submit quarterly reports to the Finance Committee on the status of active fiscal sponsorships.
* The Operations Director will file appropriate tax forms for sponsored projects, including IRS form 1099.

1. **RECORD RETENTION AND DOCUMENT DESTRUCTION**

* Accounting and finance records will be kept in accordance with the Clare Housing Record Retention and Destruction Policy and the Internal Revenue Code.