



The Frederick Center Financial Control Policies

1. Financial Reports

Accounting transactions for The Frederick Center (TFC) will be reported in accordance with Generally Accepted Accounting Principles. Financial reports will be presented to the Board monthly. Reports must include both a transactional report showing balances, and a budget versus actual spending report. All affiliated programs are required to follow these policies in order to be considered part of TFC.

2. Budget

Annually, the Executive Director, in conjunction with staff and applicable Board committees, will develop a budget. The Finance Committee will consolidate, review and recommend the budget to the Board for approval. The Board will annually approve the budget by a majority vote prior to the start of the new fiscal year.

3. Audit

TFC and its affiliate programs will have a financial audit process recommended and performed annually by an Audit Committee. The annual audit report will be presented to the Board for approval by the end of the third fiscal month following the end of the fiscal year.

4. Internal Control of Assets

4.1. Cash/In-kind Receipts & Acknowledgments

One assigned TFC rep with no banking signature authority, or any two assigned TFC reps, must be present to retrieve and open mail. Two assigned TFC reps must be present to open an event/donation cash box. One person maintains a Bank Deposit log listing all cash or checks received. The log is to be signed by all assigned reps present. The receipts are either deposited immediately or placed in a secure location until such time a deposit can be made. Deposits are to be made no later than 10 business days after receipts are received. The Treasurer, Executive Director or identified staff person will deposit the receipts. Copies of deposit slips and copies of the log are given or mailed to the Treasurer within 14 days of the deposit and must be included with the month-end bank statement reconciliation.

Unless a cash donation/payment is made at an event using a cash box, all cash transactions require the payee to receive a receipt. Copies of cash receipts are to be included as part of the month-end bank statement reconciliation.

For in-kind (non-cash) tangible donations two unrelated authorized TFC representatives must be knowledgeable about receipt of the item, with one person maintaining a log. The log is to be signed by both parties, and used to send acknowledgments to the donors. The items are to be kept in a secure location until disposition by TFC.

TFC's donation acknowledgments provide a value for tax deduction purposes only on gifts of cash or publicly traded securities. Acknowledgments will not document the value of non-monetary donations. The Treasurer will be responsible for having acknowledgments sent.

All checks must be payable to The Frederick Center, Inc.

All ACH/Square/PayPal and other online expenditures and income must be documented with a copy of the online receipt and included with the monthly bank statement reconciliation.

Securities are valued at the average high/low price on the date of transfer out of the donor's brokerage account or date of certificate delivery to the office.

Mutual funds are acknowledged at the gift date's Net Asset Value (NAV).

4.2. Cash Transaction Authorizations

It is not standard policy of The Frederick Center to pay cash for products or services purchased by the organization. All cash disbursement requests require written approval of the Executive Director and/or affiliated committee Board member overseeing the budgeted item.

Cash disbursements over \$1,000 require authorization by two Board members.

4.3. Petty Cash, Check Stock and other negotiable instruments

Petty cash will be maintained at the minimum level required to assure payment of small urgent purchases that cannot be readily accommodated within the regular check cycle or TFC's credit arrangements. Petty cash will be reconciled and replenished at least once a month.

Petty Cash, unused (blank) check stock and other negotiable instruments such as credit cards and program service items (vouchers, gas cards, bus passes, etc.) shall be kept locked and under the control and responsibility of the Treasurer or a designated board or staff member.

4.4. Event and Donation Cash Boxes

Event and donation cash boxes are managed by a Board member, the Executive Director, a Program Coordinator, or a designated staff member.

Cash box contents are reconciled at the conclusion of the event or at some other agreed upon time by the cash box manager. Opening of the box must follow the procedures documented in the "Internal Control of Assets" section above.

4.5. Capital Assets

A record of capital assets is to be maintained in sufficient detail to identify each item, its location, cost, source, and disposition. This is the responsibility of the Finance Committee. Guidelines for federal funding require capitalizing assets and their life-extending improvements if they have expected utility of more than 1 year and cost more than \$1,000. During the fiscal year, TFC expenses long-lived assets as Non-Capitalized Equipment if the item costs less than the \$1,000 threshold. At year-end these items are reviewed and, if significant, may be reclassified as assets to comply with generally accepted accounting principles.

4.6. Purchasing

4.6.1 Limits of Authority

Purchases of \$500 or above, or of an unusual nature, must be specifically authorized in advance by the Executive Director or a Board member. Purchases under \$500 must be pre-approved by the Executive Director, a Board member, or the pertinent Program Coordinator with an approved budget covering the purchase.

The Executive Director or a designated board or staff person may only use The Frederick Center credit card account/s after approval by the Board.

Purchases crossing dollar value thresholds can not be divided into two or more smaller purchases in order to bypass limits of authority.

Staff is prohibited from using TFC's credit history or purchasing sources for personal purchases.

4.6.2 Grant Funded Program Spending

To limit The Frederick Center liability if funding is discontinued, sponsored programs committing to multi-year contracts for goods or services will have a clause inserted in those contracts stipulating that payment beyond the current budget period is contingent on continued funding.

When purchasing products or service for any externally program, TFC will follow the grantors purchasing requirements, if any.

Formal, competitive bidding is required for procurements over \$10,000. Capital equipment, service contracts and other significant single items costing less than \$10,000 and more than \$500 will be purchased using an information price, features, quality comparison survey. This survey may be conducted by the Finance Committee, program committee members, or designated staff by phone, computer, or in person.

4.7. Disbursements

Receipt of goods and services and agreed upon price must be confirmed by the purchasing/receiving party prior to payment.

Program disbursements must have written documentation and approval of the Program Coordinator prior to being paid.

All other disbursements require written approval of the Executive Director and one board member, or of two board members.

TFC pays from an original, faxed, or emailed invoice only, and will not pay based on a statement. The Executive Director or Board Chair must authorize exceptions.

4.8. Reimbursement of Vehicle Mileage

All submissions are to be made on the Expense Reimbursement Form. The reimbursement rate is determined by the Board.

Program Coordinators: Mileage reimbursement is automatically applicable when traveling for the purpose of leading their own regularly scheduled program meeting, as an invited presenter or leader of another TFC program meeting, or to a meeting specifically requested by the Board. It is not automatically applicable when attending outings, planning meetings, TFC events, or when representing TFC at non-TFC events. If an exception or gray area occurs, prior approval must be received from the Executive Director or Board Chair.

Non-Program Coordinators: Mileage reimbursement is only applicable in special pre-approved circumstances when asked by the Board to represent TFC as an attendee or as a presenter at a non-TFC event.

Compensation is paid only for miles traveled from a specific location to the specific location of the applicable TFC activity, and then returning to the origination. There is no reimbursement for one-way trips, or for trips using the TFC activity as a stopping point between other destinations.

The Expense Reimbursement Form must contain the activity name, activity location, date of the activity, driver's origination, total mileage, amount to be reimbursed, and mailing address of person submitting the form.

Forms can be handed or emailed to the Treasurer, or sent to the TFC mailing address. Checks will be mailed to the address stated on the Expense Reimbursement Form, or delivered in person if this is more efficient.

4.9. Sales and Selling

Prices for TFC-sponsored program and event products and services are established by the Board and/or program committees and must be adhered to. The Board and/or program committee may also authorize a discounting schedule as well as the rationale or conditions that must be met to use any discount.

TFC assets, inventories, and other tangible items cannot be sold or given away without explicit Board approval.