



## **Fiscal Policies & Procedures**

***The Fiscal Policies and Procedures shall be reviewed annually by staff and the Finance Committee. Any necessary policy adjustments or changes shall be submitted to the NCECF Board of Directors for approval.***

Contents

- I. INTERNAL CONTROLS ..... 1
  - A. Lines of Authority ..... 1
  - B. Segregation of Duties..... 1
- II. ACCOUNTING PROCEDURES..... 3
  - A. Basis of Accounting ..... 3
  - B. Chart of Accounts ..... 3
  - C. Bank and Credit Card Account Reconciliations ..... 3
  - D. Monthly Close ..... 3
  - E. Year End Close..... 5
- III. FINANCIAL PLANNING, MONITORING, AND REPORTING ..... 5
  - A. Budgeting Process..... 5
  - B. Internal Financial Reports ..... 6
  - C. Internal Financial Review..... 7
  - D. Audit..... 7
- IV. REVENUE AND ACCOUNTS RECEIVABLE ..... 7
  - A. Revenue Recognition ..... 7
  - B. Customer Invoice Preparation ..... 8
  - C. Cash Receipts and Deposits ..... 8
  - D. Financial Obligations..... 9
- V. EXPENSES AND ACCOUNTS PAYABLE ..... 9
  - A. Contracts & Procurement ..... 9
  - B. Payments to Vendors..... 10
  - C. Employee Expenses ..... 10
  - D. Payroll..... 11
- VI. ASSET MANAGEMENT ..... 12
- VII. RECORD RETENTION..... 13

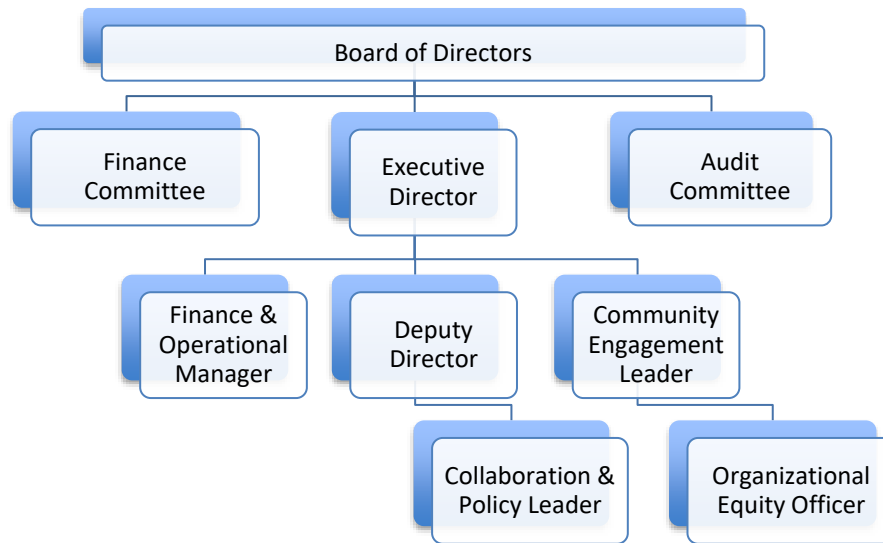
## I. INTERNAL CONTROLS

---

NCECF employs a system of internal controls to ensure assets are properly safeguarded and financial reporting is timely and reliable. This document outlines the policies and procedures that comprise that system of internal controls.

### A. Lines of Authority

Proper lines of fiscal authority shall be maintained based on the following Organizational Chart.



### B. Segregation of Duties

NCECF shall maintain an Organizational Chart with delineated financial roles and responsibilities per position, as described briefly below, and specifically in the following pages. The Executive Director and Finance & Operational Manager shall review the Organizational Chart at least annually to ensure that assigned financial roles and responsibilities are distributed among multiple people. This helps to ensure maximum protection of the organization's assets from fraud and abuse while also considering efficiency of operations.

#### 1. **Organizational Equity Officer or Community Engagement Leader (or if unavailable, another staff member)**

- Picks up mail, opens, files in appropriate location if required, and distributes to appropriate staff member

#### 2. **Finance & Operational Manager**

- Overall responsibility for posting transactions into the accounting system, maintaining the chart of accounts, and tracking restricted funds
- Reviews, inputs, and tracks all expenditures, revenue, and reconciliations of bank and credit card accounts in a timely manner
- Reviews payroll for accuracy; submits 401k contributions
- Monitors program budgets and expense allocations
- Monitors and makes recommendations for assets, cash flow, and purchasing
- Prepares and reviews all monthly financial reports for presentation
- Participates in developing an annual budget
- Tracks contracts, grant reporting, and donor letters of acknowledgement
- Reviews and responds to mail relevant to fiscal matters and operations

- j. Makes bank deposits
  - k. Reviews, revises, and maintains internal accounting controls and procedures
- 3. Executive Director**
- a. Reviews and approves all bills
  - b. Reviews and approves all contracts
  - c. Reviews and approves all grant submissions
  - d. Reviews and approves payroll
  - e. Reviews and approves bank reconciliations
  - f. Processes all inter-account bank transfers
  - g. Reviews and approves monthly financial reports
  - h. Participates in developing an annual budget
  - i. Completes and sends donor letters of acknowledgement
  - j. Oversees the adherence to all internal controls
- 4. Finance Committee**
- a. Reviews and approves financial reports and information prior to presenting to the Board
  - b. Reviews and approves the annual budget and revisions prior to presenting to the Board
  - c. Reviews and approves the Fiscal Policies & Procedures annually prior to presenting to the Board
  - d. Reviews and advises staff on internal controls and accounting policies and procedures
- 5. Audit Committee**
- a. Reviews and approves the annual audit and form 990 prior to presenting to the Board
  - b. Assists with and approves the selection and contract with an audit firm to complete the annual audit
- 6. Board of Directors**
- a. Reviews and approves annual and periodic financial statements and information
  - b. Reviews and approves the annual budget and revisions
  - c. Reviews and approves the annual audit and form 990
  - d. Reviews and approves any additional expenditures not in the approved budget
  - e. Reviews and approves the Fiscal Policies & Procedures annually

## II. ACCOUNTING PROCEDURES

---

The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards. All accounting policies and procedures are completed and filed electronically, unless otherwise noted.

### A. Basis of Accounting

The organization uses accrual accounting and a fiscal year ending December 31. The accrual 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 as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash. The organization also adheres to coding according to natural and functional classifications.

### B. Chart of Accounts

NCECF maintains a chart of accounts to provide financial reports in accordance with GAAP. NCECF staff reviews and updates, as needed, the chart of accounts at least once per year.

### C. Bank and Credit Card Account Reconciliations

Bank reconciliations shall be completed within 30 days after close of statement. Credit Card reconciliations shall be completed within 15 days after close of statement.

#### 1. Finance & Operational Manager shall:

- a. Obtain monthly bank and credit card statements from online portal
- b. Review the general ledger, supporting documents, and follow-up with the payee (if necessary) to determine why items over 90 days old have not cleared the bank or credit card account
- c. Make and document necessary corrections for outstanding items and reconcile statements to the general ledger
- d. Provide to the Executive Director a detailed reconciliation report, bank and credit card statements, and supporting reconciliation documents

2. The Executive Director shall review and approve the reconciliation reports and return to the Finance & Operational Manager to file. As part of the review, the Executive Director shall verify all checks received per the Deposit Log have been deposited (see Cash Receipts section below).

3. The Finance & Operational Manager shall file the Executive Director's approval and send electronic payment of the credit card bill in a timely manner.

### D. Monthly Close

The Finance & Operational Manager closes the general ledger each month by the last day of the following month. Expenses incurred during the month and invoiced by the 15<sup>th</sup> of the following month shall be accrued, including depreciation, payroll, vacation, and prepaid expenses. Revenue earned during the month in which a signed grant or contract agreement has been received by the 15<sup>th</sup> of the following month shall be accrued in accordance with GAAP.

The Finance & Operational Manager shall complete the following procedures before compiling the monthly Financial Reports which are to be approved first by the Executive Director and then the Board Treasurer. To complete the following tasks, the Finance & Operational Manager shall review reports such as time sheets, payroll reports, tax and wage report, profit and loss, balance sheet, trial balance, and any external report needed.

1. Payroll Allocations:
  - a. Review each employee's monthly time sheet to identify the percentage of time spent on each project
  - b. Complete Payroll Allocation excel and format for upload into accounting system
  - c. Upload into the accounting system and confirm accurate data transfer of time allocations to appropriate projects (uploads payroll allocations as journal entries)
  
2. Payroll reconciliation:
  - a. Compare account balances in the general ledger to the payroll reports.
  - b. Research and resolve any differences
  - c. Document the payroll reconciliation and maintain related reports
  
3. 401k reconciliation:
  - a. Verify employer and employee contributions between the external monthly 401k contributions report and the payroll summary report
  - b. Verify the total employer contributions agree to the total 401k retirement expense recorded in the general ledger (per the monthly payroll report)
  - c. Research and resolve any differences
  - d. Document the 401k reconciliation and maintain related reports
  
4. Paid-Time-Off (PTO) accrual:
  - a. Review staff time sheets to determine if PTO was taken during the month and record in PTO accrual excel:
    - i. Enter total PTO taken in the month
    - ii. Verify the employees' hourly rate is correct
    - iii. Verify the calculated current month PTO expense is correct
    - iv. Post a manual journal entry to record the current month PTO expense in the general ledger
    - v. Verify the ending PTO balance on the trial balance and balance sheet agree to the calculated ending amount in PTO accrual excel
  
5. Prepaid Expenses:
  - a. Review current month expense transactions to identify any new material (items \$1000 or more) prepaid expenses for the month and add to the prepaid expense excel
  - b. Review and update each prepaid expense to calculate the current month expenses (including, but not limited to, prepaid insurance, warranties, subscriptions, and domain registrations). Post manual journal entries to record the current month expense in the general ledger
  - c. Verify the ending prepaid expense balance on the balance sheet agrees to the calculated ending amount in prepaid expense excel
  
6. Depreciation Expense:
  - a. Review current month expense transactions to identify any new purchases that must be capitalized in accordance with the Asset Management policy in section VI (more than 1-year life expectancy and \$1000 or more in value)
  - b. Complete the Asset Inventory and Depreciation excel:
    - i. Remove or add any equipment changes communicated during the month
    - ii. Verify the accumulated depreciation for each asset does not exceed the cost

- iii. Calculate total current month depreciation and post a manual journal entry to record in the general ledger

7. Indirect:

- a. For awards that accept indirect, review direct cost total at the end of the month
- b. Use Indirect excel to calculate indirect amount to allocate to each grant
- c. Post manual journal entry to record current month indirect allocation

8. Revenue:

- a. Review the deferred revenue account to determine if there is a balance. If so,
  - i. Follow-up with staff and contractors to determine the percentage of remaining work as of the end of the period, and invoice as necessary
  - ii. Update the deferred revenue excel to track the amount of revenue to be recognized
  - iii. Post a manual journal entry to record revenue for the month
- b. Review on-line donation accounts weekly and notify Executive Director if donation was received. Monthly, verify whether payment was received and recorded and post a manual journal entry to record the receivable and corresponding revenue for the month if needed.
- c. Review email correspondence to identify any new grants or contracts for the month and verify revenue has been properly recorded

9. Financial Reports:

- a. Review monthly accounts receivable and payable, the trial balance, balance sheet, and budget vs actual
- b. Verify that account balances are properly classified based upon their account type and class and review for reasonableness
- c. Research and correct any discrepancies identified and begin prepping the Financial Report package, as described in III.B

**E. Year End Close**

NCECF's Fiscal Year is January 1<sup>st</sup> through December 31<sup>st</sup>. The Finance & Operational Manager closes the general ledger for year-end prior to audit. Expenses incurred by year-end and invoiced or prepaid until the books are closed for the year shall be accrued, including depreciation, payroll, vacation, and prepaid expenses. Revenue earned by year-end for which a signed grant or contract agreement has been received shall be accrued in accordance with GAAP until the books are closed for the year. The Finance & Operational Manager shall record all manual journal entries before the general ledger is closed for the year.

### **III. FINANCIAL PLANNING, MONITORING, AND REPORTING**

---

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as without donor restrictions or with donor restrictions.

**A. Budgeting Process**

NCECF's budget is prepared and approved annually. The budget is prepared by the Finance & Operational Manager in conjunction with the Executive Director. The budget is to be reviewed and

approved first by the Finance Committee and then by the Board. The budget may be revised during the year only if recommended by the Finance Committee and approved by the Board.

1. The Finance & Operational Manager shall work with the Executive Director and staff to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
2. The Finance & Operational Manager shall ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
3. The Executive Director, Finance & Operational Manager, and the Board Treasurer shall present a draft budget to the Finance Committee at its last meeting of the fiscal year or at its first meeting of the new year.
4. The Finance Committee shall review and approve the budget and recommend for approval to the Board.
5. The Board shall review and approve the budget at its first meeting of the fiscal year.
6. As part of the budget approval process each year, the Board shall vote to establish the Discretionary amount NCECF shall contribute to the employee 401k, in addition to the required Safe Harbor contribution of 3%.

**B. Internal Financial Reports**

The organization prepares financial reports on a monthly basis. All reports are finalized no later than 30 days after the close of the prior month. The NCECF financial reporting package includes a Balance Sheet, Budget to Actual, Profit & Loss Comparison to Previous Year, Statement of Cash Flows and Cash Flow Calendar, Accounts Receivable Detail Report, and a long-term Award Tracking Report. Beginning in the third quarter each year, the Budget to Actual report includes expense and revenue projections through the end of the year.

1. After closing the books for the month (section II.D.), the Finance & Operational Manager:
  - a. Generates from the accounting system the Balance Sheet, Budget to Actual, Profit & Loss Comparison to Previous Year, and Statement of Cash Flows
  - b. Manually prepares the Accounts Receivable Detail, Cash Flow Calendar, and Award Tracking Reports
  - c. Adds notations, organizes, and assembles the Financial Report package and sends to the Executive Director for review and approval
2. The Executive Director:
  - a. Reviews the Financial Reports
  - b. Follows-up with the Finance & Operational Manager to answer any questions or make any necessary corrections
  - c. Notifies the Finance & Operational Manager when the reports are approved
3. The Finance & Operational Manager forwards the Financial Reports to the Board Treasurer for review.
4. The Board Treasurer:
  - a. Reviews the Financial Reports
  - b. Follows up with the Finance & Operational Manager to answer any questions or make any necessary corrections
  - c. Notifies the Finance & Operational Manager when the reports are approved
5. The Finance & Operational Manager files the reports and approvals appropriately.



6. At each Finance Committee meeting, the most recent month's Financial Reports are reviewed and approved. At each Board meeting, the most recent Financial Reports approved by the Finance Committee are presented and approved by the Board.

**C. Internal Financial Review**

To strengthen the internal control process throughout the year, the Board Treasurer shall review backup documents for transactions on a quarterly basis (beginning in 2021).

1. The Finance & Operational Manager shall send Accounts Receivable and Accounts Payable reports to the Board Treasurer on a quarterly basis (March 31, June 30, September 30, December 31).
2. The Board Treasurer shall choose 5-10 transactions at random from each and notify the Finance & Operational Manager.
3. The Finance & Operational Manager shall provide backup documents (receipts, invoices, contracts, etc.) to the Board Treasurer for selected transactions.
4. Approval and communications from the Board Treasurer will be filed appropriately.
5. If there is a discrepancy, the Finance & Operational Manager and Board Treasurer shall work together to correct, or if further discussion is needed, the issue shall be brought to the Finance Committee.

**D. Audit**

NCECF shall contract with an independent audit firm each fiscal year.

1. The Executive Director, in collaboration with the Finance & Operational Manager, shall present at least three bids for audit services to the Audit Committee for selection and approval, at least every five years.
2. The Audit Committee shall select and approve the contract with the audit firm.
3. Upon audit, the Finance & Operational Manager, Executive Director, and Board Treasurer shall meet the requests of the auditor in order to complete the audit and Form 990 effectively.
4. Audited Financial Statements:
  - a. Upon receipt of the draft of the Audited Financial Statements, the Audit Committee shall review and approve the draft and then schedule a presentation to the full Board.
  - b. The Board shall receive and review the Audited Financial Statements in conjunction with a presentation from the Auditor and vote to approve.
5. Form 990:
  - a. Form 990 shall only be filed after the Board approves the Audited Financial Statements.
  - b. The Audit Committee shall review and approve Form 990.
  - c. After Audit Committee approval, the Board shall receive Form 990.
  - d. The Board Chair shall sign Form 990 before filing.

**IV. REVENUE AND ACCOUNTS RECEIVABLE**

---

**A. Revenue Recognition**

Revenue is received by check, cash, or direct deposit. Revenue shall be recorded in accordance with GAAP. Contributions are credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts.

1. The Finance & Operational Manager shall:
  - a. Notify the Executive Director of all revenue received
  - b. Review the award agreement and any correspondence received to determine the nature of the revenue
  - c. Designate and record revenue as with donor restrictions or without donor restrictions according to the award stipulations, and assign to the appropriate program in the accounting system
  - d. If there is uncertainty about how or where to recognize a particular contribution, the Finance & Operational Manager shall consult the Executive Director.
  - e. Update the Grants Tracking excel, the Acknowledgement Tracking excel, and the CRM system with relevant information about the contribution
2. The Executive Director shall send the donor a letter of acknowledgement, as appropriate.

**B. Customer Invoice Preparation**

All awards are reviewed according to the stipulated billing period found in the initial award documents, (monthly, quarterly, etc.) to capture all billable time and expenses and ensure a regular healthy cash flow for the organization.

The Finance & Operational Manager shall:

1. Gather relevant expense documentation, prepare the invoice, and submit to the Executive Director and program lead for approval
2. Following approval, the Finance & Operational Manager sends the invoice to the customer no later than the last day of the following month or according to the award billing dates
3. As part of the monthly reconciliation process, the Finance & Operational Manager reviews an Accounts Receivable Aging report and alerts the Executive Director of any outstanding invoices.
4. The Executive Director determines appropriate collection efforts for outstanding invoices.

**C. Cash Receipts and Deposits**

For the purpose of this policy, cash includes currency and checks. Cash receipts and deposit slips including cash must be totaled and reconciled by two different staff. Receipts must be logged immediately and checks must be stamped immediately with the “For Deposit Only” restrictive endorsement. Cash must be locked securely until deposit. Cash must be deposited within 5 business days of receipt.

1. The Organizational Equity Officer or Community Engagement Leader receives checks in the mail and shall:
  - a. Stamp the check with the “For Deposit Only” restrictive endorsement
  - b. Log the check into the Deposit Log including the check date, check number, date received, amount, and payor
  - c. Scan and file a copy of the check and any correspondence received with the check
  - d. Notify the Executive Director and the Finance & Operational Manager there is a deposit to make
2. The Finance & Operational Manager shall:
  - a. Deposit the check or cash at the bank within 5 business days of receipt
  - b. Scan and file the deposit receipt
  - c. Record the deposit in the accounting system and attach a copy of the check and deposit slip to the transaction

3. At the end of the month, the Executive Director shall verify that all deposits logged into the Deposit Log for the month have been deposited in the bank account (see Bank and Credit Card Account Reconciliations II.C).

**D. Financial Obligations**

If the need arises for NCECF to seek loans, leases, or other financial obligations, the Executive Director shall present information pertaining to the need, purpose, and terms of the obligation to the Executive and Finance Committees. At the recommendation of the Executive and Finance Committees, the Board shall approve the acceptance and use of the obligation prior to NCECF signing documents and incurring indebtedness. An authorized bank signer shall sign all required documents (Executive Director, Board Chair, or Board Treasurer).

**V. EXPENSES AND ACCOUNTS PAYABLE**

---

All expenditures less than \$25,000 shall be considered approved if they are included in the Board approved budget or a granted award budget. Any expenditure not approved in a budget shall be reviewed and approved by the Finance and Executive Committees prior to purchase. Any expenditure \$25,000 or more shall require two signatures/approvals, whether the expenditure is disbursed via paper check or electronically. The Executive Director, Board Chair, and Board Treasurer are authorized bank signers. The Executive Director and Finance & Operational Manager shall review bank signature authorizations when there is a change in Board members or Board member roles.

**A. Contracts & Procurement**

Any purchase in excess of \$5,000 for the purchase of a single good shall have 2 quotes. Single contracts for services over \$10,000 should have bids from at least 2 contractors, if possible.

Sole Source purchases are allowed for expenditures (goods or services) which are clearly and legitimately limited to a single (sole) source of supply or for special services where a unique background or education must apply and/or is designated by a funder.

The procurement process is as follows:

1. Staff member requesting goods or services shall submit a request and documentation of bids or sole source justification to the Executive Director for approval.
2. The Executive Director shall review and approve the request, and notify the staff member of approval.
3. If the type of purchase request is:
  - a. *A purchase of goods*, the staff member shall complete the transaction with the vendor or send the request to the Finance & Operational Manager to complete the transaction  
OR
  - b. *A contract for service* for \$600 or more, the staff member shall complete a Contract using the Contract Template and follow these steps:
    - i. Prepare contract with contractor and send to the Finance & Operational Manager for review
    - ii. After review, send the contract to the contractor and Executive Director for signature and request a W-9 from the contractor
    - iii. Upon signature, staff member shall provide the executed contract to the contractor and file the contract and associated documents in the appropriate folder

iv. The Contract Amendment Template shall be used if an amendment is later required, following steps 3.b.i-iii for completion.

OR

- c. A *contract for service* for less than \$600, the staff member shall complete a *Purchase Agreement* using the Purchase Agreement Template, and follow these steps:
- i. Prepare Purchase Agreement, send to vendor for signature, and request W-9
  - ii. Sign Purchase Agreement and provide the executed copy to the contractor and file in the appropriate folder
  - iii. Notify Finance & Operational Manager of completed Purchase Agreement

## **B. Payments to Vendors**

Payments to vendors are paid by e-payment or check via the online bill pay system, but may also be paid by paper bank checks. Checks written directly to the Executive Director or to pay the credit card assigned to the Executive Director must be approved and signed by the Board Chair or Board Treasurer. Payments to vendors are processed within 30 days of receipt or as indicated on the vendor's invoice.

1. Staff members who incur a bill, shall:
  - a. Receive and review the bill
  - b. Write the funding source on the bill (which program to bill to)
  - c. Place the bill in the bill folder for payment
2. The Finance & Operational Manager shall review bills in the bill folder weekly, and:
  - a. Enter bills into the accounting system
  - b. Attach a copy of the bill to the transaction along with any supporting documentation
  - c. Sync the accounting system with the online bill pay system
  - d. Confirm the bills and new vendors transferred accurately
  - e. Approve bills in the bill pay system and notify the Executive Director of bills to be approved
  - f. Executive Director shall review and approve bills, and notify the Finance & Operational Manager upon approval
  - g. Finance & Operational Manager shall send bills to be paid through the bill pay system and file the paid invoices in the vendor file
  - h. If the bill is over \$25,000 and is neither included in the Board approved budget nor is included in a new award budget, it shall be approved by two bank signers before payment.
  - i. If a paper bank check must be written:
    - i. The Finance & Operational Manager shall notify the Organizational Equity Officer to write the check.
    - ii. The Organizational Equity Officer shall obtain the necessary authorized bank signer signature(s), mail the check to the vendor, and file a copy of the check in the vendor file.

## **C. Employee Expenses**

NCECF expects employees to act responsibly and professionally when incurring and submitting costs.

Receipts and/or documentation are required for all expense reimbursement requests and credit card purchases.

### **1. Employee Credit Card Purchases**

Employees shall primarily use their NCECF issued credit card to make any business-related purchases. If the credit card is unavailable at the time of purchase, an employee may personally

make a purchase and request reimbursement. If a purchase is not already included in the Board approved budget or a granted award budget, employees shall obtain advance consent from their supervisor before incurring the expense, no matter the payment method.

All staff members who use NCECF credit cards must sign a Business Credit Card Agreement, which is collected and maintained by the Finance & Operational Manager. This agreement stipulates that any charges not approved are the responsibility of the employee and NCECF has the right to determine whether or not a charge is applicable to business of the organization. NCECF prohibits the personal use of the NCECF credit card and any misuse of the credit card may be cause for termination. Each card is the property of NCECF and must be surrendered upon termination of employment.

When making a credit card purchase, a staff member shall:

- a. Bear in mind price, timeliness of delivery, and quality of product needed to reach the desired purpose
- b. Ask the Finance & Operational Manager for the current credit card balance prior to purchase, so as not to exceed the limit
- c. After purchase, write the funding source at the top of the receipt and place the receipt and any approval required in the Credit Card Receipts folder. Upon monthly close of the credit card statement, the Finance & Operational Manager reviews and records the receipts in the accounting system and follows the credit card reconciliation and payment steps in II.C

## **2. *Employee Expense Reimbursements***

When a business credit card is unavailable, a staff member shall be allowed to make a business purchase with personal funds and request reimbursement. The Finance & Operational Manager shall process the Expense Reimbursement Form according to bill pay section V.B.2.

Expenses eligible for reimbursement include, but are not limited to, air fare, lodging, travel and conference/meeting expenses, transportation, meals, tips, or purchases made in relation to the business of the organization. NCECF does not pay for local travel to and from the office. If employees use their vehicles for business travel, mileage shall be reimbursed as per the current IRS Standard Mileage Rates and for appropriate parking fees. NCECF shall not be responsible for fuel, maintenance, traffic, or parking violations of a personal vehicle.

To receive reimbursement, the staff member shall:

- a. Complete the Expense Reimbursement Form within 7 days of incurring the expense and forward the Form and associated receipts to the supervisor for approval
- b. Place approved Expense Reimbursement Form and receipts in the Bills folder
- c. Expect to receive reimbursement within 2 weeks of submitting Form

The Finance & Operational Manager will process the Expense Reimbursement Form according to the bill pay process in section V.B.2.

## **D. *Payroll***

Payroll preparation is administered by the Finance & Operational Manager with approval from the Executive Director. All additions, deletions, or changes require approval from the Executive Director.

1. Staff members submit a time sheet two times a month, 2 business days before the 15th for pay period 1<sup>st</sup> – 15<sup>th</sup> and 2 business days before the last day of the month for period 16<sup>th</sup> – 30<sup>th</sup>/31<sup>st</sup>.
2. Staff members shall sign and obtain signature on time sheets from their supervisor before submitting time sheets to the time sheet folder
3. Upon each payroll period, the Finance & Operational Manager shall:
  - a. Collect and review time sheets for missing information or errors
  - b. Enter any payroll changes into the payroll system that have been requested by employees (tax withholdings, 401k deductions, etc.)
  - c. Enter PTO taken and hours worked into the payroll system
  - d. Review that payroll has calculated correctly
  - e. Notify the Executive Director to review and approve payroll. If the payroll entries are correct, the Executive Director submits the payroll. If the payroll entries are incorrect, the Executive Director notifies the Finance & Operational Manager to make necessary corrections before the payroll is submitted.
  - f. After payroll submission, the Finance & Operational Manager shall:
    - i. Submit the payroll taxes for payment to the IRS via the accounting system, within 2 days of payroll submission
    - ii. Submit the 401k contributions via the 401k portal and record the expense in the accounting system, within 7 days of payroll submission

## **VI. ASSET MANAGEMENT**

---

### **A. Fixed Assets**

#### **1. Additions**

Property and equipment are stated at cost for purchased assets and at fair market value for gift or donated assets as of the date of gift or donation. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$1,000. Depreciation is calculated using the straight-line method with an estimated life of 5 years for equipment and 3 years for software.

- a. The Finance & Operational Manager shall identify newly purchased assets by reviewing expense transactions and invoices each month.
- b. NCECF staff shall notify the Finance & Operational Manager when assets are donated to NCECF.
- c. When asset additions are identified, the Finance & Operational Manager shall:
  - i. Update the Fixed Assets & Depreciation excel to include the asset number, name, acquisition date, acquisition cost, depreciation method, useful life, serial number, description, and location
  - ii. Attach a copy of the purchase invoice to the transaction in the accounting system
- d. As part of the monthly close duties, the Finance & Operational Manager shall calculate and record depreciation expense as outlined in section II.D.6.

#### **2. Dispositions**

Fixed assets that are not being used, beyond repair, or obsolete may be disposed. The Executive Director must approve the disposal and the method of disposal, which includes trade-in, donation to another non-profit organization, sale, or scrap.

- a. NCECF staff shall request in writing approval from the Executive Director to dispose of fixed assets, including the proposed method of disposal.

- b. The Executive Director shall:
  - i. Review and, if appropriate, approve the request and the method of disposal.
  - ii. If approved, notify the Organizational Equity Officer and the Finance & Operational Manager that the asset disposal has been approved.
  - iii. If not approved, notify the requesting NCECF staff.
- c. The Organizational Equity Officer shall:
  - i. Obtain the equipment, dispose of it in the manner approved by the Executive Director, and obtain a receipt, if applicable, for the disposal
  - ii. Notify the Finance & Operational Manager that the equipment has been disposed and provide the manner and date of disposal and the disposal receipt, if applicable
- d. The Finance & Operational Manager shall:
  - i. Record the disposal on the Fixed Assets and Depreciation excel
  - ii. Determine the fair market value on the date of disposal
  - iii. Post a journal entry to record the disposal in the general ledger, including any calculated gain or loss based on the fair market value on the date of disposal

### **3. Annual Inventory**

A list of fixed assets (Fixed Assets & Depreciation excel) shall be maintained by the Finance & Operational Manager as property and equipment is added and disposed of. The Organizational Equity Officer shall conduct an annual inventory during the last 30 days of the fiscal year to confirm that the list of assets is accurate.

- a. By the last day in November of each fiscal year the Finance & Operational Manager shall:
  - a. Review the Fixed Assets & Depreciation excel to ensure all information is recorded
- b. Provide this excel to the Organizational Equity Officer
- c. The Organizational Equity Officer shall:
  - i. Locate each and confirm the description, serial number, status, and location are correct
  - ii. Note any corrections directly on the report
  - iii. Sign, date, and return the completed report with corrections to the Finance & Operational Manager
- d. The Finance & Operational Manager shall:
  - i. Review the Fixed Assets & Depreciation excel for completeness
  - ii. Make any necessary changes to the excel and general ledger as applicable

## **VII. RECORD RETENTION**

---

NCECF takes seriously its obligations to preserve information relating to litigation, audits, and investigations.

The information listed in the retention schedule below is intended as a guideline and may not contain all the records the organization may be required to keep in the future. Questions regarding the retention of documents not listed in this chart should be directed to the Executive Director.

From time to time, the Executive Director may issue a notice, known as a “legal hold,” suspending the destruction of records due to pending, threatened, or otherwise reasonably foreseeable litigation, audits, government investigations, or similar proceedings. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the Executive Director withdraws the legal hold in writing.

<b>File Category</b>	<b>Item</b>	<b>Retention Period</b>	
Corporate Records	Bylaws and Articles of Incorporation	Permanent	
	Corporate resolutions	Permanent	
	Board and committee meeting agendas and Minutes	Permanent	
	Conflict-of-interest disclosure forms	4 years	
Finance and Administration	Financial statements (audited)	7 years	
	Auditor management letters	7 years	
	Payroll records	7 years	
	Check register and checks	7 years	
	Bank deposits and statements	7 years	
	Chart of accounts	7 years	
	General ledgers and journals (includes bank reconciliations)	7 years	
	Investment performance reports	7 years	
	Equipment files and maintenance records	7 years after disposition	
	Contracts and agreements	7 years after all obligations end	
	Correspondence — general	3 years	
		<i>Donation Records (includes a written agreement between the donor and the charity with regard to any contribution, an email communication or notes of or recordings of an oral discussion between the charity and the donor where the representative of the charity made representations to the donor with regard to the contribution on which the donor may have relied in making the gift.)</i>	7 years
	Insurance Records	Policies — occurrence type	Permanent
Policies — claims-made type		Permanent	
Accident reports		7 years	
Safety (OSHA) reports		7 years	
Claims (after settlement)		7 years	
Group disability records		7 years after end of benefits	
Real Estate	Deeds	Permanent	
	Leases (expired)	7 years after all obligations end	
	Mortgages, security agreements	7 years after all obligations end	
Tax	IRS exemption determination and related correspondence	Permanent	
	IRS Form 990s	7 years	
	Charitable Organizations Registration	7 years	



	Statements (filed with Minnesota Attorney General)	
Human Resources	Employee personnel files	Permanent
	Retirement plan benefits (plan descriptions, plan documents)	Permanent
	Employee handbooks	Permanent
	Workers comp claims (after settlement)	7 years
	Employee orientation and training materials	7 years after use ends
	Employment applications	3 years
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or three years
	Withholding tax statements	7 years
	Timecards	3 years
Technology	Software licenses and support agreements	7 years after all obligations end

### **Electronic Documents and Records**

Electronic documents shall be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule shall be maintained for the appropriate amount of time.

### **Emergency Planning**

NCECF's records shall be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping NCECF operating in an emergency shall be saved daily and archived to a cloud-based system on the NCECF Google Drive and Dropbox accounts.

### **Compliance**

The Executive Director and Board Chair shall periodically review the record retention procedures with legal counsel or the organization's certified public accountant to ensure that they follow new or revised regulations.

### **Document Destruction**

1. At least once per year, the Organizational Equity Officer and the Finance & Operational Manager shall review all documents (paper or electronic) and identify those that have exceeded the minimum time limit for retention and could be deleted or destroyed.
2. The Executive Director shall review and approve documents to be discarded.
3. The Organizational Equity Officer or the Finance & Operational Manager shall destroy the documents that the Executive Director has approved to be discarded by means of shredding.