



Sample Fiscal Policies

Fiscal Responsibilities

EveryNonprofit is a California domestic nonprofit, public-benefit corporation. Its financial management policies are established by the Board of Directors which has fiduciary responsibility.

The Board of Directors may delegate limited authority over its financial affairs to the Treasurer who functions as the Chief Financial Officer and to the appropriate staff of the organization; however, the Board retains full responsibility and fiscal authority. The Treasurer works directly with the Executive Director to oversee the management of fiscal procedures and regularly reports on financial position and investments to the full Board. The Executive Director is the staff person responsible for day-to-day operations of EveryNonprofit and accountable to the Board of Directors.

The following fiscal policies and procedures have been approved by the Board of Directors November 200x.

Revenue

EveryNonprofit is an association of organizations and individuals with organized charitable giving programs. The mission is to connect, inform, develop, and inspire a diverse group of foundations and corporations to stimulate effective philanthropy in the Southern California region. As a membership organization, EveryNonprofit depends on annual membership support to meet 75% of its core operating needs. The remainder of revenue is expected to derive from program fees, co-sponsorships, and grants.

Commitment Authority

It is the policy of EveryNonprofit to grant authority to make commitments, authorize payment of invoices, and/or sign contracts to the Executive Director, as long as the full cost of the commitment has been included in the board-approved budget. If the financial implications of entering into a commitment, approving an invoice for payment, and/or signing a contract are not included in the budget, the Board of Directors' approval is required before the commitment can be made; approval authority is given to the Chair or another Board designated Board member. The Executive Director has the authority to enter into multi-year contracts when the commitment has been included in the board-approved budget and the total cost does not exceed \$10,000, except in the case of leases and capital expenditures. Approval authority of leases and capital expenditures is given to the Chair or other Board designated Board member.

In all matters in which services or products valued at \$10,000 or above are to be purchased or contracted, even when such purchases or contracts are included in an approved budget, the Executive Director is to solicit at least two, and preferably three,



bids from qualified providers. The Executive Director should seek recommendations from the Chair or other designated Board member before committing to a provider.

Disbursement Authority

It is the policy of EveryNonprofit to give disbursement, including check-signing authority, to the Chair, Vice-Chair, and Treasurer of the Board of Directors, as well as the Executive Director. The Executive Director shall not sign any checks made payable to self nor authorize any other non-approved disbursement to self. All disbursements require approved invoices or expense vouchers. A check in excess of \$3,500 requires two signatures, one of which may be that of the Executive Director unless the Executive Director is the payee. The person who approved the invoice or expense voucher may not sign a single signature check.

Record Keeping

A copy of every check or other disbursement is attached to the corresponding invoice and kept for a period of seven years.

Reserve Fund

The purpose of the Restricted Reserve Fund is to ensure EveryNonprofit's future stability and capability of providing services to its members and the philanthropic community. The Restricted Reserve Fund consists of assets segregated as the "restricted funds" on EveryNonprofit's balance sheet, and separate from those necessary to the management and operations of the organization. It is intended to maintain a Restricted Reserve Fund equal to approximately 3-months' worth of cash for operations (an average of 25% of the operating budget). The Reserve Fund will normally only be utilized in extraordinary circumstances as authorized by the Board of Directors.

As operating surpluses permit, it is the goal of the Board of Directors to increase the Restricted Reserve Fund to approximately 6-months' worth of cash operations (an average of 50% of the budget). Over time, it is the intent to build a Strategic Reserve equal to \$20,000. The purpose of the Strategic Reserve would be to allow the Board the flexibility to approve special projects that were not previously planned for during the approval of the budget. Board approval is required to access any of the various reserve funds.

Investment Objectives

The primary objective of these funds is to preserve principal, to ensure liquidity, and to provide for long-term real growth of principal and income without inappropriate risk.

Operating funds of EveryNonprofit may be invested in interest bearing checking accounts; money market accounts; and/or certificates of deposit. Such investments and/or underlying securities shall be either insured by the U.S. Government or be of prime or the highest investment grade quality with maturities not to exceed one year without the Board's approval. EveryNonprofit makes it a practice not to keep excess funds in the checking account, maintaining a balance to meet approximately 30- to 60-days of expenses. The Executive Director will ensure that investments provide sufficient liquidity and access to approximately three months of the operating budget. In consultation with the Treasurer, the Executive Director should make the determination of investment allocation, timing, and instruments, as well as providing adequate liquidity.



Review Requirements

- **Financial Statements:** It is the policy of EveryNonprofit to prepare quarterly financial statements, including a Statement of Financial Position (actuals versus budget) and Membership Revenue Statement. Statements will be distributed to the Chair, Treasurer, and Board of Directors on a quarterly basis.
- **Variance Reports:** The Executive Director will prepare quarterly variance reports for the Board of Directors that explains any significant variances in expenditures and revenue compared to budget in each line item.
- **Investments:** The Treasurer will review the asset allocation (and performance of all investments), and will report findings to the board at least once a year.
- **Policies:** It is the expectation that the Board will review these policies annually.

Annual Budget

The Executive Director will prepare an annual budget that is approved by the Board of Directors before the start of the fiscal year. The budget will present revenue and expense projections for the fiscal year and an estimate of cash flow needs, showing the timing of revenue and expenses. In the case of significant revenue shortfalls or budget deficits the Executive Director may present, at least semiannually, budget modifications to the Board projected for the remainder of the fiscal year.