



106 W. Calendar Avenue, Suite 177

LaGrange, Illinois. 60525

[www.visionfortomorrow.org](http://www.visionfortomorrow.org)

## **Fiscal Policy and Procedures - September 8, 2021**

**PURPOSE:** The purpose of this policy is to:

- Protect the assets of the Vision for Tomorrow Foundation (VFT)
- Ensure the maintenance of accurate records of the organization's financial activities
- Provide a framework for VFT's financial decision-making
- Establish operating standards and behavioral expectations
- Serve as a training resource for VFT Board members and volunteers
- Ensure compliance with federal, state, and local legal and reporting requirements

### **I. GENERAL PRACTICES**

This policy was drafted after consideration of the risks associated with the various aspects of our financial operations to enact policies and procedures designed to minimize those risks.

The Board will review these policies each year to consider whether the risks have changed.

**Such changes may include:**

- receipt of grant monies for the first time or receipt of grants with restrictions
- a change in the laws regulating our nonprofit
- hiring of employees or contractors
- a major change in our programs

If so, the Board will identify any new risks and adopt appropriate procedures to minimize those risks. The Board shall consult with a professional if necessary to ensure that it is properly addressing the risks.

As much as possible, the Board seeks to separate the responsibilities for fiscal roles so that at least two individuals fulfill these roles. It is particularly important that the same person does not authorize, execute and monitor any transaction. At each step of handling funds, the organization shall ensure that more than one person verifies that the step is done correctly.

## **II. RECEIPT OF FUNDS**

### **POLICY**

All funds, whether cash or check, which the organization receives will be deposited intact into the bank account, with no monies removed to make payments or for other purposes.

All cash receipts should be deposited into the bank as soon as possible. This allows for a complete accounting and independent verification of what happens to our funds.

Communications from donors that establish restrictions on the use of their contributions will be saved. If we believe that a donor has restricted the use of funds in a conversation, we will follow up and get written confirmation of the donor's intent.

## **PROCEDURES**

1. Receipt of Checks by the Treasurer. The Treasurer maintains a list of all checks received and notifies the President of the Board of the date, amount, and source.
2. The Treasurer maintains a copy of all bank statements.
3. Acknowledging Donations. While IRS rules require that we acknowledge all donations that are more than \$75, our policy is to provide written acknowledgement for every gift we receive. The President or Treasurer shall respond to each donation with a letter thanking the donor for their generosity:
  - If the gift was cash (which includes a check), the letter should include the amount of the gift and state that the gift was cash.
  - The letter or email should include the statement: "Thank you for your

contribution of \$\_\_\_\_\_, received on \_\_\_\_\_, 20\_\_.

[PICK ONE: “No goods or services were provided in exchange for your contribution” or “In exchange for your contribution, we gave you \_\_\_\_\_ whose fair market value was \$\_\_.”)

In addition to thanking our donors and providing documentation, the donor needs to deduct the contribution. The acknowledgment letter may alert donors whose amount is misstated to contact us to correct the error.

### **III. DISBURSEMENT OF FUNDS/USE OF CORPORATE PROPERTY**

#### **POLICY**

Make all disbursements from the organization’s funds by check or with corporate credit card. This allows us to track how our funds are spent, who is spending them and who is authorizing expenditures.

#### **PROCEDURES**

1. Opening Bank Accounts. Bank accounts may be opened only upon authorization by the Board of Directors.

- All bank accounts must be opened with the organization’s employer identification number (EIN).
- The Board shall approve the authorized signers on the organization’s

bank accounts.

2. Check Authorization. All invoices will be forwarded immediately to the Treasurer for review and authorization to pay.

- The Treasurer will review all invoices for mathematical accuracy, agreement with a written invoice, conformity to budget or Board authorization and compliance with grant fund requirements.
- The Treasurer will code the invoice with the appropriate expense or chart of accounts line time number and other information as needed for accounting purposes.
- By approving an invoice, the Treasurer indicates that he/she has reviewed the invoice and authorizes a check.
- The Treasurer is responsible for timely follow-up on discrepancies and payment.

3. Duties of Check Signers. All checks will be signed by the signers designated by the Board of Directors. Prior to signing a check, a check signer will do the following:

- Compare the check to the original invoice or the Treasurer's note to pay the expense. Compare the amount on the check to the amount on the invoice or note.

- Be sure that the Treasurer has initialed the invoice. This is to protect against the risk that you are paying based on a copy of the bill that has already been paid.
- Check the date on the invoice or the Treasurer's note against the date of signing the check. If the difference is more than 60 days, get written approval from the Treasurer before signing the check. This is to mitigate the risk that the organization is paying the same expense twice.

4. Prohibited Practices. In no event will:

- invoices be paid unless approved by the Treasurer
- blank checks be signed in advance
- checks be made out to "cash," "bearer," etc.

5. Online Payments. If we make online payments, we will make arrangements with the bank that allows the Treasurer to have online access to the account. We will also arrange with the bank to be sure that only the individuals the Board has authorized as check signers will be permitted to authorize the payment of bills electronically. In addition to the monthly reconciliation. The Treasurer will periodically spot-check the account to compare the bank automatic payments with the vendor statements.

#### **IV. EXPENSE REIMBURSEMENT**

##### **POLICY**

In proper circumstances, Board members, employees and volunteers are entitled

to be reimbursed for expenses that they incurred on behalf of the organization.

To receive reimbursement, you must meet the following requirements:

- Your expense must have been authorized in advance by the Board.
- Your expense must have been incurred for goods or services purchased for the organization.
- If your expense is for travel, the travel must be for work related to the organization and be pre-approved by the Board.

We will reimburse no more than the standard mileage rate for business use of a car as established by the IRS. The organization will reimburse (actual) meal expenses incurred in direct connection with the organization's business, not to exceed the per diem rate established by the IRS.

## **PROCEDURES**

To be reimbursed for expenses:

1. **Documentation.** You must provide reasonable documentation showing the date, amount and what the expense was for. Credit card receipts and store receipts that do not describe the purchase are not reasonable documentation. Your receipt must describe the purchase.
2. **Other Reimbursement.** Your voucher must reflect reimbursement from sources other than ours.

3. **Timely Submission.** You must submit your documentation with a request for payment within 30 days from the date the expense was incurred.
4. **Overpayment.** If we overpay you, you must return any excess reimbursement to the Treasurer immediately.

## **V. PURCHASING**

### **POLICY**

All purchases made on behalf of the organization must be made pursuant to the Board-approved budget or Board rules.

### **PROCEDURES**

The Treasurer may authorize purchases of \$500 or less which conform to the Board's budget. The Board must approve purchases above this amount. The Board must authorize any purchase which does not conform to the Board's budget.

## **VI. CREATION OF CORPORATE OBLIGATIONS**

### **POLICY**

The organization will not authorize the use of debit cards for any purposes. The



Board will determine whether there is a compelling need for the organization to obtain one or more credit cards. If the Board determines that credit cards are needed, the Board will authorize specific individuals to utilize a corporate credit card. A corporate cardholder may use the credit card only for official purposes directly related to the needs of the organization.

*The cardholder may not use a corporate credit card for personal purposes, even if he or she plans to reimburse the organization.*

VFT credit cards may be issued to:

- Treasurer
- President, Board of Directors
- Others as deemed necessary and appropriate by the Board of Directors

Credit cards issued to VFT personnel and volunteers will be canceled immediately when the cardholder resigns his/her position or has demonstrated irresponsibility in the use of an organization-issued card.

The following purchases are not allowed on the corporate credit card:

- Personal purchases
- Cash advances or loans
- Payroll advances
- Purchases for other organizations
- Alcohol
- Personal entertainment

- Fuel for personal vehicles
- Purchases from a business you own or operate unless pre-approved by the Board
- Any item inconsistent with the mission and values of the organization

Individual purchases shall not exceed \$300, and aggregate monthly purchases shall not exceed \$500 without prior approval from the Treasurer.

## **PROCEDURES**

In order to use the card, the cardholder must follow these procedures:

1. Cardholder Agreement. Upon issuing a corporate card to a cardholder, the cardholder must sign a statement that the cardholder has read and understands this Credit Card policy. (see below)
2. Advance Approval. The Treasurer and/or the Board must give advance written approval (including email notification) to make a purchase (see Purchasing and Creation of Corporate Obligation, above). The cardholder's purchase request should describe the purchase and cost.
3. Original Receipts. The cardholder must keep the original receipt that describes each purchase made on the card. The credit card receipt is not sufficient.
4. Notification. The cardholder will email the Treasurer within 7 days of use of the corporate credit card, submitting receipts and the Expense Detail Form.

This will allow the Treasurer to be aware of the cash that will be required to pay the credit card bill and alert the Treasurer to potential unnecessary use of the credit card.

5. Expense Form. Within 5 days after the end of the billing cycle, the cardholder must prepare and sign an expense detail form and attach original receipts and a copy of the purchase request. In the case of meals, the statement must include the names of all persons at the meal and a brief description of the business purpose, in accordance with IRS regulations.
6. Approval by Treasurer. The cardholder must send the expense detail form to the Treasurer for approval. The Treasurer shall review each purchase to ensure that it was reasonable, necessary and the best value for the organization. The Treasurer will reconcile the expense detail form to the credit card billing statement, authorize payment and follow up on any inconsistencies.
7. Notification of Loss/Theft. The cardholder must notify the bank and the Treasurer immediately in the event that the card is lost or stolen.

### **Cardholder Agreement**

I \_\_\_\_\_ have read the VFT Credit Card policies above and agree to abide by these requirements. I understand that failure to comply with these

policies will result in immediate cancellation of the card, and that I may be required to reimburse VFT for any charges not authorized by these policies.

Signed\_\_\_\_\_

Date\_\_\_\_\_

(A copy of this page/signature to be kept on file by the Treasurer)

## **VII. BANK RECONCILIATION AND ON-LINE MONITORING**

### **POLICY**

The Treasurer will monitor the organization's accounts regularly and will prepare a written reconciliation of all bank or investment accounts which proves that the balances presented on our financial reports agree with the records of the financial institution.

### **PROCEDURES**

1. **Records to Treasurer.** The Board of Directors or their designees shall provide the Treasurer with a copy of all records of deposits, disbursements (checks written), and other bank or credit card transactions for review.
2. **Bank Statement.** The organization will direct the bank to send the bank statements to the Treasurer.

3. **Reconciliation.** The Treasurer will reconcile the bank statement monthly. The reconciliation should be done within 21 days of receiving the statement, as follows:

a) Check all checks for correct signatures and number of signatures and protest to the bank any incorrect signatures.

b) Review the checks in the bank records to ensure that:

- The name of the payee, the amount of the check and the date of the check agree with the organization's accounting records;
- Whoever the check was made out to was the depositor of the check; and
- Each check has a valid signature.
- Compare the bank deposit records with our accounting records to determine whether each deposit recorded in the accounting records agrees with the bank record.
- List all outstanding checks. On all checks outstanding over 90 days, take appropriate action.
- List all deposits in accounting records not yet recorded by the bank.

4. **Online Banking.** Both the Treasurer and at least one other Board member or Board designee shall have online access to the bank account. Both the Treasurer and the Board-designee should review the account online on a weekly basis to check for identity theft that is diverting corporate funds.

5. **Return of Canceled Checks by the Bank.** The Board will determine whether it is necessary to direct the bank to return the canceled checks with the bank statement. If the Board determines that it will not require return of the canceled checks, it will establish procedures to ensure retention of the electronic images of the checks for at least 3 years.

## **VIII. Annual Budget**

### **POLICY**

The Treasurer will prepare a budget annually. The budget is to be approved by the Board of Directors prior to the start of each fiscal year if possible. The budget is revised during the year only if approved by the Board of Directors.

### **PROCEDURES**

1. The Board will work to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
2. The budget shall contain revenue and expense forecasts.
3. The Board of Directors will review and approve the budget at its last meeting prior to the start of the fiscal year if possible.

## **IX. Tax Compliance**

## **POLICY**

VFT will comply with all IRS regulations regarding 501(c)3 organizations.

## **PROCEDURES**

1. The Treasurer will complete the annual Federal Form 990 by the date due each year.
2. A copy of this form will be made available to the public on the website.

## **X. Revenue & Accounts Receivable**

### **POLICY**

All grants and projects are invoiced each month to capture all expenses for the organization, or in accordance with the terms of the particular grant/contract.

### **PROCEDURES**

The Treasurer gathers relevant expense documentation, prepares all invoices, and submits to the Board for approval quarterly or more often as necessary.

## **XI. Recognition Policy**

All contributions will be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received

in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts.

## **PROCEDURES**

1. The Treasurer reviews all revenue, and indicates on the letter or copy of the check how the revenue shall be recognized (as earned, contributed, conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Treasurer will ensure that the donor is contacted to clarify the intent of the contribution.
2. The Treasurer is responsible for posting revenue to the Board.

## **XII. Purchases & Procurement**

### **POLICY**

Any expenditure in excess of \$2000 for the purchase of a single item should have bids from three (3) suppliers if possible. These bids will be reviewed by the Board and the bid award must be specifically approved in advance by the Board.

## **XIII. Expense Reimbursements**

### **POLICY**

Reimbursable expenses incurred by VFT Board members or volunteers may



include travel, equipment, supplies, expenses related to conferences or other organization-sponsored events, or other expenses as deemed necessary by the Board.

## **PROCEDURES**

1. The Board must specifically authorize any reimbursable expenses before they are incurred.
2. The VFT Expense Report must be used to request reimbursement.
3. This form must be submitted to the Treasurer within 30 days from the date of the expense, or within 30 days of the date indicated by the Board in advance of the expense.

## **Travel Expenses**

Reimbursable travel expenses may include flights or car for the purpose of attending a pre-authorized conference. Additional travel costs such as parking, shuttles/taxis, lodging, and meals may also be reimbursable. ALL travel expenses must be pre-authorized by the Board.

## **XIV. Credit Cards**

## **POLICY**

For additional information, also see VII Creation of Corporate Obligations.

VFT credit cards will be issued as specifically directed and approved by the Board. VFT credit cards are to be used for VFT business only.

## **PROCEDURES**

1. Receipts for reimbursable expenses will be submitted to the Treasurer via email, along with an Expense Report Form. The Treasurer will maintain an electronic folder with these documents.
2. Credit card statements are reconciled by the Treasurer, not the cardholder.
3. If an unrecognized charge appears, the Treasurer will contact the cardholder. If the charge appears to be fraudulent, the Treasurer will contact the credit card company. If a charge is made and is determined to not be related to organizational business, the cardholder will be held responsible for the charge and will be required to immediately reimburse VFT.

## **XV. Asset Management**

### **POLICY**

The Treasurer, with support from the Board of Directors, is responsible for

administering all financial accounts. No assets of VFT are to be invested without specific approval of the Board of Directors.

### **PROCEDURES**

- The Treasurer holds/maintains VFT bank accounts
- The Treasurer and President have access to the VFT bank accounts

### **Operating Reserve**

### **POLICY**

The target minimum operating reserve fund for the organization is six (6) months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as travel, program, and ongoing professional services.

### **PROCEDURES**

1. The amount of the operating reserve will be calculated each year after approval of the annual budget, reported to the Board and included in regular financial reports.
2. The operating reserve will be funded with surplus unrestricted operating funds.
3. The Board of Directors may from time to time direct that a specific source of revenue be set aside for operating reserves. Examples may include one-time

gifts or bequests, special grants, or special appeals.

4. To use the operating reserves, the Board of Directors will request an analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve (12) months to restore the operating reserve fund to the target minimum amount.

**Addendum:**

**Expense Reimbursement Policy**

*September 8, 2021*

See Also: Expense Reimbursement (Excel spreadsheet)

This policy is designed to assist VFT Board members and volunteers in reporting expenses incurred while conducting VFT activities.

VFT expects Board members and volunteers to act responsibly and professionally when incurring and submitting costs. The organization will reimburse for reasonable expenses on pre-approved business. These expenses may include travel fares, accommodations, meals, tips, and purchases made on behalf of the organization.

**General Guidelines**

- Board members and volunteers with a VFT business credit card are encouraged to use that card for pre-approved purchases.

- Original receipts are required for reimbursement of all expenses. These expenses include:
  - Original receipts for airplane/train travel
  - Credit card receipts
  - Detailed merchant receipts
  
- Receipts must be accompanied by an Expense Report form which outlines:
  - The nature of the expense
  - The name and titles of the individuals involved
  - The purpose for the expense
  
- Expense Reports must be submitted with receipts to the Treasurer.
  
- If a receipt is lost or cannot be obtained, a brief note as to the nature of the expense, the amount and the reason that there is not a receipt should be attached to the expense report.
  
- All expenses and Expense Reports must be submitted within 30 days to the Treasurer for payment. Electronic (scanned) copies of receipts are acceptable, and may be emailed along with the Expense Report to the Treasurer.
  
- The Treasurer will reimburse expenses within 30 days of receipt of an

Expense Report/accompanying receipts.

- Any excess reimbursement (above actual expenses) must be returned to the Treasurer within 30 days.
- Expenses outside the norm must include a detailed explanation in the Expense Report, including reason and cost comparison. For example: an individual attends a pre-approved conference, but chooses to stay in town for a few days after. While post-conference expenses aren't covered, the return flight is – but may be more expensive on a different day. Leader must provide a description of the difference in cost for the return flight. Leader is responsible for the difference in cost, and must reimburse VFT within 30 days.

*If expenses outside the norm are anticipated, contact the Treasurer to discuss before finalizing plans.*

## **Travel Guidelines**

- If Board members and volunteers use their personal vehicle for business travel, VFT will reimburse at current IRS mileage rate/mile as well as appropriate parking fees. VFT will not be responsible for traffic/parking violations.
- Board members and volunteers must fly economy/coach class with the lowest available airfare for travel.

- If a car rental is required, Board members and volunteers are requested to rent economy/compact vehicles. Board members and volunteers will be reimbursed for the fuel costs associated with renting a vehicle.
- Board members and volunteers will be reimbursed for reasonable hotel accommodations. Discounted room rates should be requested at the time of room booking.

### **Meals and Incidentals Guidelines**

- Cost of Meals and incidentals will be reimbursed when traveling on VFT-approved business.
- Meals will be reimbursed at actual cost based on receipts submitted to Treasurer, not to exceed the IRS-allowable guidelines.
- Examples of reimbursable “incidentals” include: gratuities, parking, Internet service, beverages, light snacks, bus or metro tickets.

### **Non-reimbursable Expenses:**

The following are examples of expenses that will not be reimbursed:

- Expenses not pre-approved
- Alcoholic beverages
- Tobacco or cigarettes

- Personal travel insurance
- Personal reading materials
- Childcare
- Toiletries, cosmetics, or grooming products
- Expenses incurred by spouses, children, friends or relatives
- In-room movies or video games
- Tickets for sporting activities/events, movies, theater or other shows

Any questions related to the content of this policy or its interpretation should be directed to the VFT Treasurer and/or to the Board.