



## **BRYN MAWR NEIGHBORHOOD ASSOCIATION**

### **FINANCIAL MANAGEMENT POLICY**

#### **A. Preface:**

This Financial Management Policy (“Policy”) describes the rules, procedures, and processes for managing the finances of the Bryn Mawr Neighborhood Association (“BMNA” or “Association”), and the handling of funds, assets, and cash. All responsibility for the financial well-being and management of funds for the Association resides ultimately with the Board of Directors (“Board”).

#### **B. General Financial Management**

1. **Treasurer:** The Treasurer shall be responsible for overseeing all financial and fiscal matters for the Association. The Treasurer may delegate various duties described in this Financial Policy to another, such as a bookkeeper, as approved by the Board.
2. **Financial Communications:** All communications involving the Treasurer are to be received and sent from the registered corporate office or from email addresses within the BMNA.org domain set up for that purpose and not from any individual’s personal street or email address.
3. **Fiscal Year:** The Association’s fiscal year shall be January 1 – December 31.
4. **Budget:** The annual budget of estimated income, estimated expense, and planned capital expense shall be set and approved by the Board at its December meeting, but no later than its January meeting.
  - i. **Deviation:** Any substantial deviation from the approved budget during the fiscal year must be explicitly approved by the Board.
  - ii. **Budgetary Authority:** Sections of the revenue or expense budget may be delegated by the Board to various officers or committee chairs for management through the fiscal year. Anyone responsible for a budget section holds the budgetary authority for that section and will be responsible for collecting revenue or authorizing expenditures under that section. That person will report to the Board on any substantive financial activity under that section. The Treasurer is responsible for overall assurance that funds are always available before purchases are made.
5. **Operational Processes:** The Treasurer will devise any details in process to accommodate or be a part of this Policy. The Treasurer will also devise and maintain any forms, paper or electronic, to help manage those processes.
6. **Asset Management:** The Board shall establish strategies and plans to most effectively invest and manage the Association’s various restricted and unrestricted assets.
7. **Financial Reporting:** A quarterly summary report of the financial condition of the Association shall be presented by the Treasurer at the first regular meeting of the Board after the end of each fiscal quarter, and an annual summary report presented at the first regular meeting of the Board after the end of the fiscal year and at the annual meeting. The report shall include an income or profit/loss vs budget summary and a year-to-date balance sheet.

8. **Property:** Title to all property shall be held in the name of the Association. Inventory tags shall be provided and tracked for all material property.
9. **Restricted or Designated Gifts:** The limitations and restrictions upon any grant, gift, donation, bequest or device shall be observed unless it shall be determined by the Board that changes in conditions or other reasons shall have rendered the application of the gift, donation, bequest, or device for the purpose provided illegal, unnecessary, or impractical, or that the purposes of the gift, donation, bequest, or device have been fulfilled or become impossible to be fulfilled. In such event, said funds shall be administered for such other purposes of the Association as will best carry out the intentions of the donor or testator and as may be sanctioned by law.

### C. Taxes and Government Filings

The Treasurer will be responsible for filing income tax returns and all government annual registration filings for the Association. The Treasurer will work with the provided City accountant to complete all tax filings, state filings to maintain the Association's corporate status as an exempt charitable/educational organization, and any other registrations needed.

### D. Receipts

1. **Authorization:** Any revenue, contributions, grants, or cash bequests or gifts made to the Association shall be accepted or collected by an authorized person and transferred to the Treasurer, or the Treasurer's designate, for deposit in an approved bank account.
2. **Deposits:** All funds of the Association shall be deposited to the credit of the Association under such conditions and in such banks as shall be designated specifically by the Board or as specified in this policy.
3. **In Kind Contributions:** Items of non-negligible value donated to the Association shall be accounted for with a best estimate of equivalent cash value and recorded in the books as revenue. A corresponding expense will be recorded when the item(s) are used or disposed.

### E. Expenditures

1. **Orders for Payment:** All checks and orders for payment and access to assets of the corporation shall be executed as specified in this policy. All orders and purchases shall be in the name of the Association.
2. **Purchase Authorization:** Any funds to be disbursed by the Treasurer must first be authorized by the officer or committee chair having budgetary authority for that expenditure. Authorization must be in writing, either in hardcopy or electronic mail. Large purchases must be authorized by the Board as described in Section F. All purchases must be made according to the Purchase Process included in Appendix A.
3. **Payment Authorization:** All invoices to be paid must first be authorized by the purchaser according to the Payment Process in Appendix B.
  - i. **Checks:** All disbursements shall be made by the Treasurer or other authorized signatory from the Association's bank accounts. The Treasurer, President, and optionally the Vice-President, shall be made signatories on all accounts where Association funds are held.
  - ii. **Credit Cards:** The Association may choose to maintain a corporate credit card that shall be in the name of the Association with the primary card containing the name of the Treasurer. The Board may authorize secondary corporate cards to be issued to other officers, directors, or employed or contracted staff as appropriate or beneficial. Secondary cards are to be used for small and medium purchases only within the limits of the credit level on that card.

- iii. **Debit Cards:** The Association may choose to maintain a debit card associated with one or more of its depository accounts. This card shall be held and used by the Treasurer or other signatories to the accounts.
- iv. **Cash:** If cash is required for events or other purposes, all handling of cash is described in the Cash Management Process in Appendix C.
- v. **Expense Reimbursement:** Individuals may be reimbursed for small incidental expenses they may incur with their own funds. Private funds use and reimbursement are restricted to pre-approved expenses and limited to expenses of less than \$50 unless the Treasurer authorizes otherwise. The individual must complete and sign a provided Expense Reimbursement form and attach all receipts.

#### **F. Large Purchases and Contracts**

Contracts for services or purchases that commit the Association to an expenditure of **\$2,500** or more must be approved by the Board prior to purchase or contract signature.

#### **G. Competitive Bids**

All purchases or contracts greater than **\$5,000** are subject to competitive bids. At its discretion on a case by case basis, the Board may choose to exempt such purchase from this policy. The Board will consider whether to exempt competitive bids in a regularly scheduled meeting, special meeting, or action without a meeting, based on the circumstances, available vendors/service providers, and items or services to be purchased.

If purchases are to be subject to competitive bids, a Committee will be empowered to solicit those proposals and make recommendations to the Board for purchase or acceptance. Individual directors or staff are required to be independent of the bidders or they should remove themselves from the decision process.

The board reserves the right to select the best value proposal, recognizing that this may not always be the lowest bid. Additional consideration may be given to neighborhood-based or local businesses.

#### **H. Indemnification**

1. **General:** The directors, officers, and contracted staff or direct employees of this Association shall not be individually or personally liable for the debts or obligations of the Association and shall be indemnified by the Association against all financial loss, damages, costs, and expenses reasonably incurred by or imposed upon them in connection with or resulting from any civil or criminal action, suit, proceeding, claim or investigation in which they may be involved by reason of any action taken or omitted by them in good faith in their role on behalf of the Association.
2. **Insurance:** The Association shall provide and maintain Directors and Officers liability insurance on behalf of any person who could be indemnified pursuant to this Policy.

Initial adoption by the BMNA Board: April 8, 2015

Amended versions adopted: July 13, 2016, June 14, 2017

## **Appendix A: Purchase Process**

The purchaser must receive authorization from whoever has budgetary authority for the area of expense prior to any purchase.

Note: In all purchases, Minnesota Sales Tax should not be charged. A Form ST-3 stating BMNA's exemption is available on the BMNA web site.

Authorization can come from:

1. A completed Purchase Request Form, which should be used for larger purchases or multiple planned purchases associated with an event or project. The completed form should be sent to the authorizer with copy to the Treasurer. The authorizer will respond by signing the form and transmitting it to the Treasurer or by forwarding it as an attachment to the Treasurer with an approval in the body of the message. The Treasurer will intervene to halt the purchase if funds are not available.
2. Email request and notification, which can be used for smaller individual planned purchases. The request is sent to the authorizer who then transmits the authorization to the purchaser and Treasurer with the original request included.

Purchases may be made as follows in preferred order:

1. By purchase order (verbal or written), where the Association has credit accounts or the vendor is willing to deliver an invoice.
2. By payment at point of sale as follows:
  - a. By corporate check to be obtained by purchaser in advance. Check may be prefilled with an amount or, at the Treasurer's discretion, a blank amount to be completed at point of purchase.
  - b. By the main corporate credit card to be provided by coordinating with the Treasurer to deliver the card information at point of sale.
  - c. By secondary corporate credit card held by the purchaser. The card holder is responsible for managing payments to stay within the card limit.
  - d. By personal credit card or cash to be reimbursed. This only applies to small and incidental purchases within the limits stated in the Expenditures Section of this Policy.

## **Appendix B: Payment Process**

Payment will be made on presentation of an invoice or statement by the vendor. All invoices must be delivered to the Treasurer.

Prior to payment, an invoice must be examined and approved by the purchaser, or someone else knowledgeable, to assure the invoice is correct and that all goods or services were, or will be, satisfactorily delivered.

If an invoice is not available, payment may be made at point of sale if a detailed receipt is provided.

If the vendor or provider does not have a means to create a receipt, a Payment Receipt Form will be provided by the Association for completion and signature by the vendor or service provider.

Payments must be made by check or corporate credit card and never with cash unless authorized by the Treasurer.

Receipts, or receipt copies, must be sent to the Treasurer as soon as practical preferably within 2 days of purchase. Receipts can be photographed and sent via email to the Treasurer with subsequent delivery of the original later.

## **Appendix C: Cash Management Process**

The primary purpose of this process is to assure that no individual is left solely in undocumented possession of Association cash.

A cash box will be provided for all events where cash is required. It will contain a limited amount of cash to make change.

At all times during the event where the cash box is present, two people drawn from among directors or staff (or if not available, one of the two may be a non-director or staff person) must be present when collecting receipts and maintaining the cash box.

At the end of the event, it is not necessary to count the proceeds. After separating out funds to restore the original cash balance provided for change, proceeds shall be sealed in a provided envelope by both attendants and signed across the seal by both certifying that all proceeds are accounted for and included inside.

The cash box must be returned to the Treasurer at the end of the event, or no later than the following day. The Treasurer will provide the sealed envelope to the bank teller for counting. The Teller shall sign or initial the envelope or the counting machine receipt to indicate the envelope was received sealed.

The proceeds shall be deposited into the Association's bank account as a separate deposit(s) to allow clear tracking and audit.