



Community Foundation *of the* Dan River Region

541 Loyal St · Danville, VA 24541 · 434.793.0884 · www.cfdr.org

AGENDA FINANCE COMMITTEE MEETING

**November 20, 2023
12:00 P.M.**

Welcome and Chairman’s Remarks.....Kerri Burchett, Chairperson

August 28 and September 25, 2023 Minutes.....Kathy Milam, Executive Director

Financial Report.....Vince Kania, Jr., Treasurer

Investment Analysis Review and Discussion.....Seth Lynn, Dahab and Associates

Old Business.....Scott Barnes, President

- New IMA account to increase interest earnings

Cash Availability.....Kendra Floyd, Accountant

Insurance Review.....Kerri Burchett

990 Review.....Kerri Burchett

Audit Planning.....Kerri Burchett

Policy Review-Financial Policy & Procedure.....Kerri Burchett

Adjournment.....Kerri Burchett

Next meeting scheduled for February 12, 2024 at 12:00 p.m.



Community Foundation *of the* Dan River Region

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Finance Committee Meeting Minutes

August 28, 2023

12:00 PM; In-person and Virtual Meeting

Present: Kerri Burchett, Scott Barnes, Vince Kania, Jr., Bill Riddle, Lisa Johnson-Knight, Kunal Patel, Nina Beth Thornton, Kendra Floyd, Seth Lynn, Carole Holland and Kathy Milam

Absent: Jennifer Hiltwine

Welcome: Kerri Burchett, Chairperson, welcomed everyone and called the meeting to order at 12:00 PM.

Investment Analysis, Discussion, and Target Allocation Revision: Kerri opened with the new recommended target allocations, which were revised after examination by Scott, Vince, Seth and Kathy after the May Finance Committee meeting. The new, recommended target allocations proposed for board adoption are as follows:

Large Cap	25%
Mid Cap	20%
Small Cap	10%
International Equity	20%
Emerging Markets	5%
Private Equity	5%
Real Estate	5%
Fixed Income	10%

Seth Lynn, DAHAB Consultant, spoke in more depth about the reasons behind the changes to the asset mix. He reminded us that our goal is to beat 8.5% in investment returns annually. He said DAHAB runs many simulations of outcomes with various asset mixes. He said change to our allocations is triggered by two things: first, private equity has dried up; second, emerging markets, especially China, which is the largest component of emerging markets, is very volatile. We need to reduce China exposure. We reduced emerging market exposure by half and private equity by half. We will put more money into large and mid-cap stocks.

Following full board approval, the asset mix above will replace the allocation targets established in 2015. On a Kania/Patel motion, all approved the new allocation targets.

Seth shared his perspective on The Foundation's 2Q 2023 investment performance. He said it was another decent quarter and we were up over 4%. He said he does not know where the market is going.

Large cap stocks are doing well. He said Nvidia (NVDA), an A.I. company, is the hottest stock in the world. He said we are making money on our short-term investments. He said our long-term numbers are better, but have not caught up to our aggressive 8.5% earnings goal. We are trailing by \$3.8 million. He stated our fund grew by \$2.5 million. He said our active managers did pretty well. He emphasized that index funds have done quite well and have added value to our holdings. He said real estate lagged, but Boyd Watterson did okay. He said to plan on more turbulence in the market and to stick to our knitting.

Minutes: Minutes from the May 23, 2023 meeting were presented. On a Kania/Johnson-Knight motion, the minutes were approved by all.

Old Business: The annual Board Endowment payout was discussed. Kathy explained that historically the payout is transferred internally to the Admin. Fund. However, since other internal transfers of payouts to CFDRR are now treated like other undesignated gifts to The Foundation, with 30% to Board Endowment and 70% to Unrestricted Community Fund, a decision regarding how to handle the Board Endowment Fund was needed. Because the original intent of the Board Endowment Fund was to support The Foundation's operations, it was decided to continue having its payouts go to the Admin. Fund.

Financial Report: Vince asked Kendra how the audit was going and she replied that it is going well. Vince remarked that the Balance Sheet is up significantly. The Foundation's assets are up \$5 million. He noted \$3.77 million in earnings. He noted that administrative expenses are on target. The financial statements are in good shape. Payables have been moved to one time per month. He said the Admin. budget is okay. A strategic goal is to free up money from Admin. fees to increase staffing, invest in the office, and start doing some of our own funding. He said we have the money for this. On a Patel/Thornton motion, all approved the financial report as presented.

Investment Fee Comparison: Kendra said the Investment Fee Comparison is an annual spreadsheet she prepares. These fees compose a significant part of The Foundation's expenses. She noted the fees have dropped a little bit. She commented, and Seth concurred, that MREP 2008 Distressed and Private Advisors are closing out.

Cash Availability: Kendra reviewed the July 31, 2023 report and said The Foundation is in a good place with cash balances for now, but we will need additional funds for year-end grant payouts. The amount needed is currently unknown as it could be impacted by large gifts this fall.

Policy Review: The committee reviewed the Pledge Booking Policy. Vince's comment related to the materiality test, which will change every year by the amount of assets. On a Kania/Patel motion, all approved the Pledge Booking Policy with no revisions.

AMNB Merger: Kerri mentioned the upcoming merger of AMNB and Atlantic Union Bank anticipated in early 2024.

Seth asked for notice when The Foundation Board approves the new target allocations. He also asked for notice if/when we receive gifts of \$1 million or more.

With no further business, the meeting adjourned at 12:55 p.m.

Respectfully submitted,

Kerri Burchett
Chairperson



Kerri Burchett
8/30/23

CFDRR Allocations	Approved June 22, 2015	Target
Large Cap Equity		20%
Mid Cap Equity		15%
Small Cap Equity		10%
International Equity		20%
Emerging Markets		10%
Private Equity		10%
Real Estate		5%
Fixed Income		10%



**Community
Foundation**
of the
Dan River Region

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Minutes

**Finance Committee Meeting for Audit Review
September 25, 2023, 3:30 P.M.**

Present: Kerri Burchett, Scott Barnes, Bill Riddle, Kunal Patel, Vince Kania, Lisa Johnson-Knight, Jennifer Hiltwine, Kendra Scott, Kathy Milam, and Stephen Gay and George Brooks, guests

Absent: Nina Beth Thornton

Stephen Gay and George Brooks, auditors, met with the Finance Committee members to review the completed audited Financial Statements for Fiscal Year 2023. Harris, Harvey, Neal & Co., LLP (HHN) gave The Community Foundation of the Dan River Region a clean, unqualified opinion. Mr. Gay explained their opinion, emphasizing the strong oversight of the board of directors, strong employees, and strong internal controls. There are no issues with fraud or material areas.

Mr. Gay asked if the financial statements should continue to be called consolidated, as they also include Community Foundation Properties, LLC. Although there is nothing left in the LLC at present, it was previously agreed that it will remain open because we may receive other gifts of real property. It was agreed to leave consolidated in the title of the financial statements.

Mr. Gay stated that The Foundation's bookkeeper, Kendra Floyd, does a very good job. He said that going forward, she can make the June revenue and expense entries.

While The Foundation does not carry a lot of risk, there is a lot of testing by the auditors. HHN carefully tests scholarships and grants dispersed against grants voted. They confirm distributions with the corresponding fund agreement. They look at distributions of greater than \$20,000, then an additional random selection. They check that grantees are spending the grants as they are supposed to. They test to determine that each fund receives the correct amount of interest and revenue, and test fees to ensure accuracy.

Mr. Gay reviewed finances over the most recent two fiscal years. He noted that the American National Bank money market account is earning 1.2%. He suggested moving this to a higher interest bearing account.

Mr. Gay briefly commented on Note 2. Investments, and Note 3. Fair Value Measurements, on pages 12, 13 and 14 of the audit. He gave The Foundation four bound copies of the audit, and said the 990 will be completed very soon.

On a Riddle/Patel motion, all approved the Consolidated Financial Statements for June 30, 2023.
Respectfully Submitted,

Kerri Burchett, Chairperson

Kerri Burchett
9/27/23

11/06/2023
11:30 AM

Financial Statement Consolidated
Community Foundation of the Dan River Region
Balance Sheet
Statement of Financial Position
September 30, 2023

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	September 2023	June 2023	September 2022
ASSETS			
Petty Cash	68.70	97.98	100.20
Checking	194,125.23	164,079.30	147,000.21
Credit Card Checking	989.25	4,008.96	5,334.70
Money Market Checking	2,994,007.77	2,695,491.79	2,627,669.47
Certificates of Deposit	109,162.05	107,192.82	106,907.70
Life Insurance	16,963.21	16,963.21	15,954.26
Investments in Equity Pool	48,083,495.40	46,545,391.01	40,176,226.66
Prepaid Expenses	20,778.58	18,080.17	17,105.68
Furniture and Equipment	33,579.02	33,579.02	33,779.02
Accum. Depreciation-Furniture	(33,362.50)	(33,316.09)	(33,015.03)
Computer Software	21,334.29	21,334.29	21,334.29
Accum. Amortization - Software	(19,186.94)	(18,736.43)	(17,199.79)
Real Estate - Office	323,014.18	323,014.18	323,014.18
Accum. Depreciation - Office	(200,140.19)	(197,083.64)	(187,914.00)
Accrued Interest Rec.	37,499.10	27,310.07	35,335.92
Total Assets	51,582,327.15	49,707,406.64	43,271,633.47
LIABILITIES			
Grants Payable	195,464.81	0.00	185,281.50
Total Liabilities	195,464.81	0.00	185,281.50
FUND BALANCES			
Fund Balance - Historic Gifts	45,706,760.85	41,402,685.84	40,057,289.82
Fund Balance - Net Earnings	3,243,952.75	6,812,171.76	697,603.61
Fund Balance - Available	2,436,148.74	1,492,549.04	2,331,458.54
Total Fund Balances	51,386,862.34	49,707,406.64	43,086,351.97
Total Liab & Fund Balances	51,582,327.15	49,707,406.64	43,271,633.47

11/06/2023
11:33 AM

Financial Statement Consolidated
Community Foundation of the Dan River Region
Profit & Loss Statement
Statement of Activities
For the three months ending September 30, 2023

Page 1

	Current Month	YTD Current	YTD - Prior Year
REVENUES			
Gifts & Bequests (Historic)	67,008.12	4,303,060.01	101,745.00
Gifts & Bequests (Avail)	250.00	250.00	3,882.28
Inter-fund Gifts (Historic)	0.00	1,015.00	1,000.00
Inter-fund Gifts (Avail)	0.00	20,926.00	68,066.00
Ordinary Income	0.00	40.00	5.00
Interest/Dividend Income	165,500.07	198,571.11	195,779.90
Realized Gain/Loss	0.00	(2,764.57)	(50,013.92)
Unrealized Gain/Loss	(2,039,636.14)	(1,999,241.61)	(2,339,491.56)
Admin Fees	5.00	117,015.55	119,297.62
Total Revenues	(1,806,872.95)	2,638,871.49	(1,899,729.68)
TRANSFERS			
Spend Pol Trans-Net Earn	0.00	1,623,442.00	1,518,739.00
Spend Pol Trans-Avail	0.00	(1,623,442.00)	(1,518,739.00)
Transfers - Hist Gifts	0.00	0.00	(24,635.28)
Transfers - Avail	0.00	0.00	24,635.28
Total Transfers	0.00	0.00	0.00
EXPENSES			
Grants Voted	192,403.48	719,541.63	698,929.53
Investment Mgt. Fees	3,919.76	22,878.92	32,543.69
Administrative Fees	5.00	117,015.55	119,297.62
Salaries	14,059.54	49,380.92	48,985.63
Employee Benefits	2,535.68	9,073.61	8,481.14
Insurance	(139.00)	291.00	333.00
Utilities and Fuel	430.76	1,021.96	1,631.39
Telecommunications	276.69	830.00	830.37
Legal & Consult. Services	0.00	25.00	100.00
Accounting Services	2,986.17	9,159.51	8,966.58
Office Supplies	29.28	637.73	906.85
Mailing Expense	512.82	1,087.50	461.13
Building Maintenance	100.00	4,903.00	1,307.37
Promotion	1,455.20	2,579.84	958.79
Printing & Reproduction	106.75	151.55	548.14
Dues & Subscriptions	0.00	1,250.00	1,000.00
Software/Comp/Web Maint.	4,751.74	14,237.84	13,178.52
Meetings	1,147.12	1,357.16	1,383.45
Staff Training	0.00	199.00	0.00
Conference and Travel	0.00	0.00	50.00
Other Expenses	58.60	240.60	382.38
Depreciation Exp	1,184.49	3,553.47	3,735.81
Total Expenses	225,824.08	959,415.79	944,011.39
Furniture & Equip	0.00	0.00	587.10
Net Activity	(2,032,697.03)	1,679,455.70	(2,844,328.17)

11/06/2023
11:31 AM

Financial Statement Consolidated
Community Foundation of the Dan River Region
Adminstrative Budget vs. Actual Monthly
Statement of Activities
For the three months ending September 30, 2023

	Current Month	YTD Actual	Annual Budget
REVENUES			
Gifts & Bequests Available	0.00	0.00	5,000.00
Interfund Gifts Available	0.00	20,926.00	25,926.00
Ordinary Income	0.00	0.20	0.00
Interest and Dividend Income	3,691.80	9,822.45	15,000.00
Realized G/L	0.00	(13.72)	0.00
Unrealized G/L	(10,440.15)	(8,290.11)	0.00
Admin Fees	5.00	117,015.55	396,305.00
Total Rev	(6,743.35)	139,460.37	442,231.00
trans			
Total Transfers	0.00	0.00	0.00
EXPENSES			
Salaries	14,059.54	49,380.92	204,557.00
Employee Benefits	2,535.68	9,073.61	45,214.00
Insurance	(139.00)	291.00	5,500.00
Utilities & Fuel	430.76	1,021.96	5,000.00
Telecommunications	276.69	830.00	3,460.00
Legal & Consult. Services	0.00	25.00	5,000.00
Accounting Services	2,986.17	9,159.51	49,050.00
Office Supplies	29.28	637.73	2,200.00
Mailing Expense	512.82	999.05	3,500.00
Building Maintenance	100.00	4,903.00	8,000.00
Promotions	1,455.20	2,579.84	30,100.00
Print & Reproduction	106.75	151.55	2,350.00
Dues & Subscriptions	0.00	1,250.00	3,600.00
Software/Comp/Web Mt Exp	4,751.74	14,237.84	61,300.00
Meetings	1,147.12	1,357.16	1,500.00
Board Development	0.00	0.00	1,500.00
Staff Training	0.00	199.00	2,000.00
Conference and Travel	0.00	0.00	2,000.00
Furniture and Equipment	0.00	0.00	5,000.00
Other Expense	75.00	353.30	1,400.00
Total Expenses	28,327.75	96,450.47	442,231.00
Net Activity	(35,071.10)	43,009.90	0.00

Community Foundation of the Dan River Region
Cash Balances
As of October 2023

Account title	10-31-23 Value	Interest Rate	Annualized Interest	Used in rebalance	Account Description
Cash Available Non-Endowed					
AMNB - Checking	\$ 238,288.63	0.05%	\$ 119.14	Y	Used to pay operating expenses, including payroll deductions for the paid staff, as well as approved grants. Deposit of admin fees or grant amounts from funds made through the rebalance process.
Edward Jones Certificate of Deposit	\$ 109,162.05	3.30%	\$ 3,602.35		matures 8/18/2025
AMNB Money Market - non-endowed	\$ 3,081,380.97	1.20%	\$ 36,976.57	Y	Used for all gift deposits. No checks are written on this account. Withdrawals made through the rebalance process to invest gifts or cover grants.
First Citizens Credit Card Checking	\$ 739.25	-	\$ -		Receives gifts made by credit card through Network for Good. Money is periodically transferred by written check to the AMNB non-endowed money market.
Total Non-Endowed Cash Available	\$ 3,429,570.90				
Cash Available Endowed					
AMNB money market - endowed	\$ 1,358,740.14	1.20%	\$ 16,304.88	Y	Used as a pass-through for all deposits and withdrawals from endowed funds.
AMNB IMA account	\$ 222,410.04	5.02%	\$ 11,164.98		Cash portion maintained in this investment account
AMNB Peregrine Custody Account	\$ 22,853.53	1.82%	\$ 415.93		Cash portion maintained in this investment account
BOA Trust cash balance	\$ 53,058.76	5.27%	\$ 2,796.20		Cash portion maintained in this investment account
Total Endowed Cash Available	\$ 1,657,062.47				

	October 31, 2023
	<u>Current Balance</u>
<u>Cash Available Non-Endowed</u>	
American National Bank-Checking	\$ 238,288.63
Edward Jones-Certificate of Deposit 3.3% interest, matures 8/18/2025, balance as of 09/30/2023	\$ 109,162.05
American National Bank Plat. Money Market-non-endowed	
Administrative fund	\$ 618,195.81
Emergency fund	\$ 157,671.10
Temporary funds	\$ 119,476.76
Endowed funds - restricted	\$ 1,575,077.64
Endowed funds - unrestricted	\$ 610,959.66
First Citizens Credit Card Checking, 09/30/2023	\$ 739.25
Total Non-Endowed Cash Available	\$ 3,429,570.90

	<u>Current Balance</u>
<u>Cash Available Endowed</u>	
American National Bank-Endowed Money Market	\$ 1,358,740.14
AMNB Investment Management Account Cash & Equivalents, 09/30/2023	\$ 222,410.04
AMNB Peregrine Custody Account, 09/30/2023	\$ 22,853.53
BOA Trust Cash/Currency cash balance, 09/30/2023	\$ 53,058.76
Total Endowed Cash Available	\$ 1,657,062.47

Estimated Endowed Upcoming Cash Needs

December endowed grants	\$ 201,000.00
Community Impact funding (from endowed)	\$ 514,000.00
January - quarterly fees	\$ 120,000.00
Total Endowed Upcoming Cash Needs by December 31	\$ 835,000.00

CFDRR Insurance Policy Summary 2024

Updated by CLL 11/6/2023

Name of Insurance Company	Policy Dates	Type of Insurance Coverage	Premium Paid	Date Paid	Notes
Affinity Nonprofits Insurance	1/8/2023 to 1/8/2024	Directors & Officers	\$1,008.00		Renews Nov. 2023
Arch Insurance Group					requested renewal on 11/6; expect it 11/7 via email; removed Cullen as contact
Policy #: NFP0130859-05					
Bankers Insurance	1/8/2024-1/8/2027	Commercial Crime	614.00 annually		Renews in Jan. 2024
Cincinnati Insurance Co.					pay with Credit Card online/
Account #: 1000559298					Terri Payne-Bankers Ins. - 1-304-431-7036
Policy #: 0601116					
Banker's Insurance					
Hanover Insurance Group	2/21/2023 to 2/21/2024	Business Owner's General Liability	\$2,574.00		Billed by Citizens Insurance Company of America; renews February 21, 2024
Customer ID: COMMFOU-02					
Policy #: OBRH443172					
American Zurich Insurance	7/30/2023 to 7/30/2024	Worker's Compensation	\$524.00	6/1/2023	Debited by Outstaffing <u>via ACH</u> ; renews June 2024
Workers Compensation					
Policy #: 6ZZUB-5N08167-1-22					



Community Foundation of the Dan River Region

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Financial Policies and Procedures

Board Approved ~~June 12, 2023~~

Governance

The organization is governed by a Board of Directors which meets quarterly to assist the **Executive Director** in operating the organization. The **Treasurer** and **Finance Committee** review financial matters and advise the Board.

Deposit Accounts

The organization currently maintains four bank accounts: ~~an~~ an operating checking account (Community Interest Checking-AMNB), a general “deposit” account (Business Premium Money Market-AMNB), a “credit card” checking account (Basic Business Checking-First CitizensBank), and an endowed flow thru ~~account-~~ (Business Premium Money Market-AMNB).

1. The “operating” account, an interest-bearing checking account, is used to pay operating/administrative expenses, including payroll deductions for the paid staff. Checks on this account require two authorized signatures, usually the **Executive Director** and members of the **Executive Committee**.
2. The “deposit” account is used for all general gifts and deposits. No checks are written on this account. Transfers are made to the “operating” account and/or endowed flow thru account when necessary to cover expenses.
3. The “credit card” checking account receives gifts made by credit card, whether in person or online gifts through Network for Good. The ~~Donor Services~~ Finance Manager is authorized to write a check for the **Executive Director**’s approval and signature from this account to the “deposit” account as needed to transfer funds in excess of \$200.
4. The “endowed flow thru” account is used for all deposits and withdrawals from the endowed funds. No checks are written on this account. Transfers are made by the ~~Donor Services~~ Finance Manager or **Executive Director** to the “operating” and/or “deposit” account when necessary to rebalance the funds. Receipt of investment earnings distributions and capital call requests require approval from the **Executive Director**.

5. The ~~Donor Services~~Finance ~~Manager~~ can rebalance as needed between the four bank accounts, with approval from the **Executive Director**.
6. If the organization receives any special grant awards that require maintenance of a separate checking account, additional accounts will be opened.

Investment Accounts

Investment accounts may be maintained for longer-term investments and funds are transferred between accounts as authorized by the Finance Committee. The Executive Director and any one Authorized Officer as specified in the Foundation's Banking Resolution has Board authority to enter into new investments and to rebalance investment accounts as directed by the Finance Committee.

Receipt and Handling of Funds

The **Executive Director** or ~~Grant and Scholarship Administrator~~Finance Manager receives the mail, sorts, and distributes it. The ~~Grant and Scholarship Administrator~~Finance Manager records all checks, cash, online credit card contributions, and any other negotiable financial instruments received in a password-protected deposit log, notes any restrictions and any designations. The Finance Manager makes copies of the checks received. When cash is received, the **Executive Director** and ~~Grant and Scholarship Administrator~~Finance Manager will both be present to record the receipt. The ~~Donor Services Manager~~Foundation Administrator makes deposits and enters donations into the computerized accounting software (FIMS) using the printed deposit log. In the absence of one of the staff members, the other two staff members will perform those duties. ~~The Donor Services Manager makes copies of the checks received and enters receipts into the computerized accounting software (FIMS).~~ Checks are listed on the proper deposit form. The completed deposit slip, daily log, and checks are forwarded to the **Executive Director** for review. One copy of the deposit record is made for accounting. The ~~Donor Services Manager~~Foundation Administrator takes deposits to the bank when completed and approved. at least weekly. ~~The Donor Services Manager~~Foundation Administrator prepares acknowledgments and any additional correspondence to supporters. ~~The Executive Director reviews email correspondence from an online donor vendor for any contributions received electronically. When contributions are received online, the Executive Director forwards them to the Grant and Scholarship Administrator who will record them, note any restrictions and any designations, and print the donor information form to give to the Donor Services Manager for entry in FIMS and an acknowledgment to the donor.~~

Disbursements and Purchases

Prior authorization of all routine operating expenditures in excess of \$1,000 shall be supported by written documentation.

Payments: The **Donor Services-Finance Manager** receives invoices from vendors and prepares checks for routine and recurring expenses and without additional specific authorization from the Board. The **Executive Director** reviews all invoices and signs checks, and an Authorized Officer, as specified in the Foundation's Banking Resolution signs checks. Unbudgeted disbursements above \$1,000 are considered and approved by the Executive Committee.

Facsimile Signatures: Pursuant with the Banking Resolution ~~adopted~~-approved by the Board of The Community Foundation of the Dan River Region at its June ~~21, 2021-12, 2023~~ meeting, the Board approves the use of facsimile signatures for any ONE Authorized Officer (one signature must be the actual signature of one Authorized Officer) as required to complete a financial transaction in accordance with the current Banking Resolution. The Authorized Officer whose signature is being affixed to the financial transaction must provide in advance written authorization for use of his/her facsimile signature for that transaction. The use of facsimile signatures is NOT permitted for check disbursements as specified in the "Payments" paragraph of the Financial Policies and Procedures.

Tracking: The **Donor Services Manager-Foundation Administrator** is the custodian of the operating and grants checks. The **Grant and Scholarship Administrator-Manager** posts the grant applications in preparation for the **Donor Services-Finance Manager** to process. The **Donor Services-Finance Manager** processes all checks in the accounting software for signature. Supporting documentation for disbursements is required. Documentation is attached to check stubs prior to submitting checks for signature. The **Donor Services-Finance Manager** inputs disbursement information into the computerized accounting software (FIMS) while preparing the checks. The supporting documentation and check stub are then filed by vendor. Similar supporting documentation is maintained for all online drafts. An expense reimbursement form is available for those seeking reimbursement. No blank checks are issued.

Capital Asset Purchases: The **Executive Director** and the Chair of the Finance Committee shall make or authorize purchases of Capital Assets for the organization. Given the organization's limited resources, efforts are made to ensure acquisitions are at the lowest cost for the best quality. Several bids will be obtained prior to the purchase of Capital Asset (\$5,000 value) to ensure price analysis, quality assurance, and competitive bidding of vendors. Capital Assets costing \$5,000 or more are capitalized for the depreciation schedule. Property control is maintained through records that include asset description, cost, purchase date, source of funding, location and condition. A physical inventory of property is conducted annually. Organization office building is locked to protect against theft.

Credit Cards: The organization maintains a credit card, which is held by the **Executive Director**. Prior approval of all expenditures and use of the organization credit card is granted by the **Executive Director**, per established guidelines of the organization as outlined in these financial policies and procedures. A receipt must be presented for purchases when the credit card is returned to the **Executive Director** so that purchases may be entered in FIMS by the **Donor Services-Finance Manager**. Credit card statements are monitored monthly to match purchase receipts with total statement charges. Personal purchases using the organization credit card are not allowed.

Travel: Travel expenditures for the **Executive Director** shall be approved by a member of the Executive Committee. Advance approval by the **Executive Director** in writing is required for all business-related travel. Travel expenditure reimbursement requests are submitted to the **Executive Director** for review and approval using a travel reimbursement form (requires reporting type, purpose, mileage, meals and lodging information) to ensure that only necessary and reasonable expenses are incurred. Receipts must be attached for all expenses for which reimbursement is requested. Travel expenditures incurred by the **Executive Director** are submitted to the ~~Donor Services~~ **Finance Manager** using these same procedures. Any exceptions to these standards must be justified and receive prior approval by the **Executive Director**.

Mileage: The Board of Directors may choose in the annual budget to provide a mileage reimbursement for employees expected to incur driving expenses. Mileage will be reimbursed at the rate set annually by the Internal Revenue Service

Employee Reimbursements: It is the policy of the Organization to reimburse employees for expenses incurred on behalf of the organization. All requests for reimbursement should be itemized on a reimbursement request and accompanied by associated receipts. Employee use of personal funds for organizational expenses, however, is discouraged. An organization credit card ~~or advance check~~ obtained from the ~~Donor Services-Executive Director~~ **Manager** should be used for organization expenses, if possible.

Special Grant Awards: When the Organization receives a special grant award, funds will be deposited according to the grant's requirements. Costs are allocated to budgeted categories/subcategories and charged directly. The financial report and associated requests for reimbursements on reimbursement type grants is completed monthly, upon the Executive Director's review of expenses and according to grant standards.

Staff and Payroll

The Organization's staff is comprised of the **Executive Director** and other staff members. Payroll administration and documentation is contracted through a third-party payroll processor. The paid staff members receive paychecks every other Friday after submitting time sheets before the pay date.

An employee orientation is conducted for new hires. It includes 1) completion of a W-4, VA-4, and I-9 which are kept in their personnel files; 2) instruction on time attendance documentation; and 3) review of any employee policy manual maintained and available in **Executive Director's** office. Employees complete new W-4's as needed when withholding changes

All employees complete a payroll time sheet, recording daily hours worked and noting any leave time (paid time off) used, if the employee has been approved for paid time off. The employee signs as certification of accuracy and the **Executive Director** approves. The **Executive Director** periodically compares employee time sheets with corresponding payroll records.

The **Donor Services Manager** submits payroll hours to the payroll processor to prepare payroll drafts from the operating account. Foundation employees are co-employees of the payroll processor who makes the payroll tax deposits as required and prepares the required quarterly reports for state and federal payroll taxes. The payroll processor also completes any annual federal and state payroll reports and prepares W-2's and any 1099's after the final December paychecks for distribution in January

Financial Information Processes

The Foundation may either employ or contract with a third-party Accountant to prepare daily, monthly, quarterly, and annual accounting services as needed:

Daily: The **Accountant** maintains the General Ledger to ensure that all revenue and expense transactions are recorded properly within the funds; provides support to staff with regards to handling gifts and grants; processes transfers and checks as needed; monitors the budget on an ongoing basis; and works with the payroll processor to ensure compliance with applicable state and federal employment laws

Monthly: The bank statements (with images of cleared checks) are sent directly to the **Executive Director**, Treasurer, **Donor Services-Finance Manager**, and **Accountant**, who reconciles the bank statements to the computerized general ledger balances and prints a copy of the reconciliation reports. The reconciliations are reviewed and initialed by the **Executive Director** and the **Donor Services-Finance Manager**. The total receipts per the deposit log are reconciled with the receipts per FIMS each month. Calls are made to the recipients of any checks that have not cleared the bank after three months to determine if the check has been received. ~~(Grant and Scholarship Administrator will follow up on grant checks and Donor Services Finance Manager will follow up on grant checks and expense checks).~~ If the organization has received the check, a request is made to deposit the check so that it may clear. In the occasional event when a check has not been received, the check is voided in FIMS and a new check is issued. If necessary, the **Donor Services-Finance Manager** will contact the bank to stop payment on the lost check.

Available monthly investment information is received by the **Executive Director**. The statements and monthly transaction information is then given to the Accountant, who reconciles the investments to the information in FIMS. The reconciliations are reviewed and initialed by the **Executive Director** and **Donor Services-Finance Manager**.

The **Accountant** submits to the **Executive Director**, Treasurer and Finance Committee Chair the following monthly reports 1) a statement of financial position reflecting ending account balances for assets, liabilities, and net assets, 2) a statement of operating activities that reflects the monthly revenues and expenses per line item as they correlate to the budget along with year-to-date amounts, and 3) an administrative actual versus budget statement. The Finance Committee and Executive Committee review and approve the quarterly financials before presentation to the Board.

Quarterly: The **Accountant** reconciles and adjusts the investment information in FIMS to the quarterly report from the investment consultant to record unrealized and realized gains or losses and dividends earned. The Finance Committee reviews the quarterly investment report.

Annually: An annual audit is arranged by the Finance Committee. The **Accountant** prepares the schedules and other information for the annual audit and information tax return (Form 990) to assist the CPA firm. The CPA firm presents the audit report to the Finance Committee for review and recommendation to the Board.

Budget

The **Executive Director**, along with the **Accountant**, prepares a draft of the annual budget and presents the budget to the Finance Committee for approval and recommendation at the final fiscal year-end Board meeting. The approved budget is then presented at the Executive Committee and Board meetings. Financial reports (statement of financial position and statement of operating activities), prepared by the **Accountant** and approved by the Finance Committee are presented at the Executive Committee and Board meetings. The actual revenues and expenditures are shown compared to budgeted amounts to provide for budget analysis and variance explanation.

Insurance Coverage

The Foundation carries the following insurance coverage – Directors and Officers Liability Insurance, Commercial Crime Insurance and Business Owner’s Liability and Property Insurance. The Finance Committee reviews the renewals of the policies annually. The Finance Committee shall make recommendations for any changes in coverage to the Executive Committee for final approval by the Board.

Consultants and Subcontractors

Evaluation of in-house capability is conducted prior to obtaining external assistance. Requests for contractual services specify the nature and scope of activities and are solicited to ensure competitive bidding and reasonable costs/fees. Contracts for consulting services are approved by the Board of Directors.

Financial Policy and Procedures Amendments

Either the **Executive Director** or the Finance Committee may propose amendments to the policy with amendments being first considered and approved by the Finance Committee and then forwarded to the Executive Committee and Board.

Acknowledgment: Adapted from policies developed by Harry D. Dickinson, PhD, CPA, and Bishop, Farmer & Co., LLP (formerly known as Bowling, Franklin & Co, LLP). Used with permission.

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