

FINANCIAL POLICY

Dec. 2020 Edition



I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at Water Walkers, and to ensure financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All of Water Walker's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director and the Board of Directors.

II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews Executive Director's performance annually and establishes the salary
4. Appoints one member of the board executive committee (outside of the executive director) to be an authorized signer on the bank account
5. Reviews all non-budgeted expenditures over \$5,000
6. Reviews and advises staff on internal controls and accounting policies and procedures
7. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor

Executive Director

1. Reviews and approves all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. Reviews and approves all grant submissions
5. Makes any inter-account bank transfers

6. Reviews and approves all reimbursements and fund requests
7. Is on-site signatory for all bank accounts
8. Reviews completed monthly bank reconciliations
9. Oversees the adherence to all internal controls
10. Opens mail and makes bank deposits

Director of Development

1. Assists Executive Director with the development of annual and program budgets
2. Manages all grant applications
3. Monitors grant reporting and appropriate release of temporarily restricted funds
4. Initiates donor tax receipt and gift acknowledgements letters.
5. Overall responsibility for gift and donor entry into customer management system (CRM), Kindful.

Administrative Assistant

1. Processes all timesheets and payrolls
2. Overall responsibility for all personnel files
3. Processes checks

Bookkeeper

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Maintains general ledger
3. Prepares monthly financial reports
4. Reconciles all bank accounts
5. Monitors program budgets
6. Monitors and manages all expenses
7. Assists Executive Director with other accounting duties on an as-needed basis

Certified Public Accountant

1. Prepares year-end financial reports
2. Advises bookkeeper on an as-needed basis
3. Reviews journal entries at year-end
4. Submits year-end reports

III. Chart of Accounts and General Ledger

Water Walkers has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Bookkeeper is responsible for maintaining the Chart of Accounts and revising as necessary. The [Chart of Accounts](#) is linked to this manual as an addendum.

The general ledger is automated and maintained using our accounting software, QuickBooks Online. All input and balancing is the responsibility of the Bookkeeper with final approval by the Executive Director.

The Executive Director should review the general ledger on a periodic basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Direct donor contributions
2. Fundraising activities

The cash receipt process is:

All incoming mail is opened by the Executive Director. Any checks or cash are deposited by the Executive Director, who gives written notification to the Director of Development and Bookkeeper of the amount, check number, and payer information. The Bookkeeper attaches any receipt to the transaction in QuickBooks Online.

All cash donations will be recorded by the Director of Development in the donor database, Kindful. A thank you letter and tax receipt will be sent to the paying party if an address is available.

V. Inter-Account Bank Transfers

The Executive Director will make any necessary bank transfers. The Bookkeeper monitors the balances in the bank accounts to determine when there is a shortage or excess. The Bookkeeper recommends to the Executive Director when/if a transfer should be made. The Bookkeeper confirms the transfer during month-end reconciliation.

VI. Cash and Check Disbursements

Cash and check disbursements are generally made for:

1. Employee and volunteer reimbursements
2. Miscellaneous office or admin expenses

Disbursements are processed by the Administrative Assistant and approved by the Executive Director.

Requests for cash or check disbursements are submitted to the Executive Director. A receipt must be submitted for a cash or check disbursement.

The Bookkeeper will record the following in the accounting software (QuickBooks Online):

1. Scan receipts
2. Immediately enter any manual transaction
3. Note any reimbursement or purchase request

VII. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit/debit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which Water Walkers receives funds.

Any employee with a Water Walkers card will be responsible for retaining receipts from purchases, either as a hard copy, digital copy, or email.

1. The employee will retain any physical receipt and scan it into QuickBooks Online (via the app).
2. If the employee receives a digital receipt, they are responsible for sending it to the Bookkeeper via email.
3. The employee is responsible for letting the Bookkeeper know of any unusual charges.
4. At the month-end reconciliation, the Bookkeeper will match all uploaded receipts to the corresponding charge and will categorize to the correct expense account.
5. The Bookkeeper will contact the employee for any expense they do not have a corresponding receipt for, or for any expense in which the expense category is unclear.
6. All receipts will be saved in QuickBooks Online.

The Executive Director's credit card usage will be provided to the Board of Directors upon request.

VIII. Accruals

Water Walkers reports on a cash basis and typically does not have any accruals. Some accruals may be necessary for any payments made or received after year-end.

Such accruals may be:

1. Interest on loans/line of credit
2. Pledges
3. Expenses billed in December and paid in January

IX. Bank Account Reconciliations

1. All bank statements are downloaded by the Bookkeeper from our online banking institution (First Citizens Bank). The Bookkeeper reviews any unusual balances and/or transactions with the Executive Director.

2. The Bookkeeper compares the dates and amounts of deposits as shown in the accounting system and on the statement, inter-account transfers, rejected items, and cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Bookkeeper will verify the transactions are going to the correct Expense accounts, based on the type of transaction.
4. The Bookkeeper will verify the transactions are going to the correct Income accounts, based on the report provided by the Director of Development from the Donor Software (Kindful).
5. The Bookkeeper will investigate any transactions that are outstanding over three months.
6. The Bookkeeper will complete each month-end reconciliation through QuickBooks Online.
7. The reconciliation report will be available upon request for the Executive Director and Board of Directors.

XI. Property and Equipment

Property and equipment may include items such as:

1. Van
2. Boats
3. Watersports and recreational equipment
4. Computers and technology

It is the organization's policy to capitalize all items which have a unit cost greater than \$1,000. Items purchased with a value or cost less than \$1,000 will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Van	60 months
Boats	60 months
Watersports and recreational equipment	36 months
Computers and technology	60 months

1. A Fixed Asset Log is maintained in the accounting software by the Bookkeeper including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the CPA.

3. The CPA shall be informed in writing of any change in status or condition of any property or equipment.
4. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

XII. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, W-4 withholding authorization, termination data where applicable, a signed credit card use policy (if applicable), a signed job description reviewed annually for up-to-date roles and responsibilities, a signed Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Administrative Assistant.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Administrative Assistant.
3. The completed I-9 forms will be printed and kept in a secure location separate from the personnel files.
4. All personnel files will be kept secure in the online Employee Software (Gusto) controlled by the Administrative Assistant and accessed only by authorized personnel.

XIII. Payroll Processing

1. Time will be tracked by the Employee using Toggl software. The Employee will submit their time bi-monthly to the Administrative Assistant. The time will be approved by the Executive Director.
2. Any corrections to timesheets are to be made by the Administrative Assistant, at the direction of the Executive Director, directly into Toggl software.
3. Any changes to the standing information of the payroll register from the prior period including hiring of new employees, firing of employees, or changes in base pay rate will be accompanied by any required Tennessee regulation forms and written approval by the Executive Director before the change can be made.
4. The Administrative Assistant will process payroll bi-monthly, on the 15th and last day of the month, through the Payroll software Gusto.

5. Employees will be paid via direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub.
6. The Bookkeeper will review payroll expenditures and allocations monthly.
7. All quarterly federal and state payroll reports will be prepared and filed appropriately.
8. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

XIV. End of Month and Fiscal Year-End Close

1. At the end of each month and fiscal year end, the Bookkeeper will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, accounts receivable and payable accounts match outstanding amounts due and owed.
2. At the end of each month the Bookkeeper and Director of Development will reconcile the revenue against the accounting software (QuickBooks Online) and customer management software (Kindful).
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
4. Once the final fiscal year-end financial statements are run, reviewed, and approved by the CPA and Executive Director, no more entries or adjustments will be made into that year's ledgers.
5. At the end of the fiscal year, the outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the Executive Director and the Bookkeeper for their review and approval. The CPA will then file the return with the Internal Revenue Service by the annual deadline.
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XV. Financial Reports

The Bookkeeper will prepare the monthly and annual financial reports for distribution to the Executive Director, Director of Development, and the Board of Directors. The reports will include: balance sheet, statement of income and expenses, budget versus actual report the program, and any other requested reports.

Periodic and annual financial reports will be submitted to the Executive Director and Board of Directors for review.

XVI. Fiscal Policy Statements

1. All cash accounts owned by Water Walkers will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. No salary advances will be made without written approval from the Board of Directors.
3. Reimbursements for expenses will be paid upon receipt via check. Reimbursements to the Executive Director exceeding \$500 will be authorized by the Board of Directors.
4. Any non-cash gifts will be recorded and a letter acknowledging the donation will be sent to the donor.
5. The Executive Director and one designated Board member are the signatories on Water Walker's bank accounts. Checks over \$5,000 require approval from the Board of Directors.
6. Bank statements will be reconciled monthly.