1. Fiscal Year: The fiscal year of the organization shall be January 1 to December 31 of each year.
2. Budgeting Timeline: The LNA Board will review and approve the fiscal year budget for the upcoming year prior to the beginning of the new fiscal year.
3. Audit Policy: The organization shall cause an external audit, financial review, or agreed upon procedures to be conducted annually. The process used shall be based on requirements from funders and the requirements of Minnesota State Law.
4. FASB Compliance: LNA will use generally accepted accounting principles consistent with government approved accounting standards.
5. Commitment Policy: Unbudgeted expenses under $2 ,000 will be disbursed at the discretion of the Executive Director. The Executive Committee shall approve all proposals for disbursement for unbudgeted expenses of $2 ,000 and above. Grant expenditures for grants accepted during a fiscal year shall be considered budgeted expenses.
6. Disbursements: No disbursements shall be generated without approved originating documents. The Bookkeeper generates the disbursements from the originating document and the Executive Director approves all disbursements made by the Bookkeeper.
7. Disbursements can be made through Petty Cash, a check from the Office Checking Account, a check from the Main Checking Account, a Debit Card, or electronic payment. The Executive Director is authorized to establish automatic electronic payments for recurring budgeted expenses. In each case, the Executive Director shall approve the disbursement. In addition, in each case, a receipt or invoice must represent or accompany the originating document.
8. Check Signing: Executive Committee members, the Executive Director, and the Finance Director shall be the signers on LNA accounts. Two signatures are required for each check, with the exception of the Office Checking account, which requires one signature (the Executive Director’s or the Finance Director’s). No authorized signatory shall execute any disbursements payable to him/herself.
9. Payroll: Payroll will be prepared as semi-monthly paychecks, including all quarterly and annual payroll reports, including 941, W-2 and MN withholding, Unemployment and workers compensation reports. Payroll is processed on a semi-monthly basis on the 15th and last day of the month. In order to ensure that funds are in employees’ accounts on payday, payroll must be processed two business days before the pay date. Permanent part-time employees estimate hours for the days not yet worked. At the end of the pay period, adjustments are made on the timesheets, if necessary. These adjustments are processed on the next payroll. The Executive Director reviews these adjustments when the timesheets are reviewed each payroll.
10. Timesheets will be available for review by Board members as requested; requests must be made to the Executive Director. The Executive Director will review timesheets for each payroll and designate approval by initialing the Payroll Summary page.
11. Payroll allocations will be performed quarterly. Allocations are based on budgeted payroll expenses derived from grant and program budgets. Records of payroll and other allocated expenses will be maintained by the Bookkeeper with other financial records.
12. Payments to Contractors: Any contractor compensated by the corporation shall provide the corporation with verifiable tax identification information. No disbursement of funds shall occur until this information is provided.
13. Check Receipts: When possible, the Fundraising Coordinator will open contribution checks and the Housing Coordinator will open all rent-related checks and these checks will then be forwarded to the Bookkeeper who will prepare and make bank deposits. Copies of all deposits will be kept on file by the Bookkeeper.
14. Bank Statements: The Bookkeeper will conduct bank reconciliations on all LNA bank accounts on a monthly basis. The Bookkeeper will initial and date each reconciliation when completed. The Executive Director and Treasurer will review the reconciled bank statements on a monthly basis and document the review by initialing and dating the monthly Balance Sheet accompanying the reconciliations.
15. Reporting to Board of Directors: On a monthly basis, the LNA Board of Directors will receive and review financial statements for the organization.
16. Ownership of Records: All journals, notes, budgets and financial records are the property of LNA and will be kept at the LNA offices. These records are considered open to the public and will be made accessible on-site within a reasonable time frame for public inspection as requested.
17. Expenditure of Reserve Funds: The Executive Director is authorized to spend up to 20 percent of the operating reserve fund for cash flow purposes without Board approval. Board approval is required if the funds are not to be paid back within 90 days.
18. The Executive Director is authorized to spend up to $1,000 from the capital reserve account for capital expenditures without Board approval.
19. Assumption of Debt: The Executive Director is authorized to obtain an organizational credit card with a limit of up to $5,000 without Board approval. The Board shall be informed of any balance carried for longer than the grace period on the card.
20. The Board shall be required to approve any new lines of credit, mortgages, or other forms of debt. The Executive Director shall inform the Board whenever existing debt agreements are modified.
21. Fixed Assets Policy: Fixed assets include such items as land, buildings, and equipment that are tangible in nature with a useful life of greater than one (1) year. Fixed assets with a cost equal to or more than $5,000.00 are capitalized and depreciated.