

Financial Policies

A. General Principles

***All policies stated herein shall always be subject to and subordinate to applicable laws, specifically including local, state and federal laws as amended and in effect.**

B. Board of Directors Responsibilities

Conflicts of Interest: Board members and all staff comply with the Artisan's Asylum Conflict of Interest policy. Any board member who has any financial involvement whatsoever with Artisan's Asylum shall declare and make full disclosure of such dealings with Artisan's Asylum. Any Artisan's Asylum Board member who has any financial interest in, or any dealings with Artisan's Asylum must abstain from any votes regarding such business. All board members and the Executive Director shall complete, no less than annually, the Conflict of Interest Disclosure Form and Related Party Questionnaire.

Review of Financials: The Board will meet at least quarterly to review and discuss Artisan's Asylum financials including balance sheet, budget versus actual profit and loss, fundraising project reports, and program service reports.

Annual Budget: In collaboration with staff, the Treasurer or other designated Board member will present an Annual Budget for review and approval by the Board. The budget shall draft both a Summary and a Detailed Annual Budget with the Summary presented for approval by the Board of Directors and placed in the Public File.

Annual Review: A formal Financial Review, in compliance with IRS regulations, will be conducted annually and presented to the Board of Directors for review and ratification.

Treasurer Role: The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors. Any actions taken by the Treasurer shall be reported via email to the Board and noted at the board meeting. Each month the Treasurer shall review each of the organization's bank statements.

C. Staff Responsibilities

Executive Director Role: The Executive Director shall ensure that the assets of the Artisan's Asylum are adequately protected and maintained. The Executive Director ensures that sound bookkeeping and accounting procedures are followed and controls in place. The Executive Director shall avoid actions that would expose the organization, its Board, or staff to claims of liability. The Executive Director shall ensure that the organization complies with all rules, regulations and laws regarding reporting, taxation and withholding payments.

Management: The Executive Director shall work with the Board and other staff to secure adequate funding for the operation of the organization and monitor cash flow. The Executive

Director is responsible for the payment of all obligations and to file required government, donor and other reports in a timely manner.

Reporting: With any appropriate staff, the Executive Director provides the Board with comprehensive reports no less than quarterly on the revenues and expenditures of the organization including but not limited to balance sheet, budget versus actual profit and loss by month and quarter, fundraising project reports, and program service reports.

Executive Director Authority and Items Needing Board Approval:

- *Expenditures:* The Executive Director is authorized to approve expenditures within the parameters of the overall approved budget, reporting to the Treasurer and/or Board of Directors on variances and the reason for these variances. The Board of Directors must approve any expenditure or contract outside of the approved Annual Budget.
- *Contracts:* The Executive Director is authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters. All equipment leases and all contracts with a financial value greater than \$5,000 require Board approval. Any item to be purchased by the Artisan's Asylum which exceeds \$5,000, including professional services, requires that Management investigate at least 3 different sources for such products or services and contract.
- *Check Signing:* The Executive Director is authorized to sign checks up to \$2,500 and checks for routine expenses such as rent, utilities, and recurring instructor compensation. Other checks for amounts greater than \$2,500 shall require the signature of the Treasurer or Board Chair.
- *Credit:* With approval from the Board, the Executive Director may open a credit card account for purchases within the approved budget. Card balances will be paid off each billing cycle. Individual invoices for each charge shall be maintained for all credit card purchases. Vendor credit accounts are to be limited to prudent levels and submitted monthly for review by the Treasurer.

D. Staff Day-to-Day Operations

Staff shall maintain a detailed Master Chart of Accounts for the tracking of all Artisan's Asylum payables and receivables.

Artisan's Asylum day-to-day financial operations shall be compiled in the office on the accrual basis. The records must be supported by source documentation such as cancelled checks, invoices, contracts, travel reports, donor letters, in-kind contribution reports and personnel activity reports. All deposits will be tracked by maintaining copies of deposit slips, checks and bank deposit receipts.

Cash deposits shall be made in a timely manner. No more than \$500 in cash shall remain undeposited.

All financial records and supplies such as blank checks will be kept secure in a locked file. Passwords on related accounts and files shall be changed at least quarterly and upon employment termination of relevant staff.

Use of the Artisan's Asylum credit/debit card is restricted to the Executive Director and staff person assigned to purchasing. A detailed receipt must be submitted for each purchase on accounts.

All bank accounts including online accounts such as Paypal as well as credit accounts will be reconciled monthly.

Petty cash will be maintained in the office in an amount not to exceed \$250. The Petty Cash Account will be summarized monthly with all receipts and disbursement forms attached. Disbursements will be debited to the appropriate accounts and the Petty Cash Account will net/net and remain at \$0.

Artisan's Asylum financial activities shall be reported by the Treasurer and/or Executive Director monthly within 30 days of the end of *each quarter*.

A copy of all quarterly financial Summary Reports and Annual Financial Reviews shall be maintained in the Artisan's Asylum Public File.

No transactions will be "back-dated" after the close of a quarter, without full disclosure to the Board of Directors.

Payroll will be maintained on a summary basis with separate, individual timesheet reports for each staff person, including the Executive Director.

A formal Financial Review by an appropriately licensed consultant will be conducted annually and presented to the Board of Directors for review and ratification. This review shall be in compliance with all government requirements.

An annual inventory shall maintain a record of all owned and leased assets along with depreciation schedule. The inventory shall detail item specifications, source and date of acquisition, valuation, condition at date of receipt and current condition, and other relevant information.

E. Purchasing

Any item to be purchased by the Artisan's Asylum which exceeds \$5,000, including professional services, requires that Management investigate at least 3 different sources for such products or services.

Any product purchased by Artisan's Asylum which exceeds \$500 in value shall be capitalized and maintained in a detailed inventory.

No equipment shall be leased without approval of the Executive Director. Any equipment for lease exceeding \$5,000 in valuation must be approved by the Board of Directors before acceptance.

Staff shall maintain a purchase order system and records that provides verification from more than one staff person.

- Purchase Order requests submitted by staff or designated volunteer shall include vendor information, cost, needed delivery date, etc. for Executive Director approval.
- Upon delivery, items shall be immediately inspected by designated staff with packing list verified and submitted to designated staff.
- Vendor Invoice compared to packing lists.

F. Expense Reimbursement

All expenses related to the organization should, wherever possible, be paid directly to vendors. On occasion, staff, Board members, and other volunteers may accrue out-of-pocket expenses related to the activities of the Artisan's Asylum within the board approved budget. Appropriate receipts must be submitted. Reimbursement must be reviewed and approved by the Treasurer or Executive Director. For any reimbursement, checks may not be signed by the payor.

Board members are expected to bear all costs, including those travel-related, associated with attending meetings and conducting any other governance responsibilities. On some occasions, when a board member is unable to bear such costs, in whole or in part, for extraordinary expenses such as attending conferences, reimbursement for travel or attendance fees may be approved by the Board of Directors.

G. Contributions and In-Kind Gifts

All donors will be listed with contact information and contributions tracked. Donations will be publicly acknowledged in Artisan's Asylum materials as appropriate.

Donors will receive acknowledgement in a timely and appropriate manner.

Artisan's Asylum may accept contributions of goods or services other than cash that are related to the programs and operations of the Asylum with the approval of the Executive Director. Goods not related to the programs and operations of the Asylum as well as non-cash items such as stock must be reviewed and approved by the Board of Directors before acceptance. Recording the value of the contribution shall be consistent and in compliance with accounting standards.

H. Assets, Donated and Leased Equipment

All purchases or donations of equipment over \$500 shall be capitalized and recorded as assets.

All assets of the Artisan's Asylum shall be recorded and verified no less than annually through an inventory. The inventory shall include all purchased, donated and leased equipment in service in the organization.

Acceptance of donated and leased equipment relevant to the Artisan's Asylum's operations must be approved by the Executive Director before acceptance. Leased equipment valued at more than \$5,000 requires Board approval. Lease agreements must be in compliance with policies set forward by the Board of Directors.

Depreciation of capital assets will not exceed seven years for furniture and equipment or three years for computer and other technology equipment.

Any equipment, furnishings, and other assets deemed to be no longer usable by the Artisan's Asylum shall be designated as surplus with the approval of the Board of Directors. Surplus items that have a market value shall be used for trade-in or for sale. Whenever possible items without tangible value shall be recycled. Items designated as surplus shall be documented in the organization's inventory.

I. Fiscal Calendar

The fiscal year of Artisan's Asylum is July 1 through June 30.

The annual budget shall be approved no later than 45 day from the end of the previous fiscal year. As part of the annual budgeting process the board shall review the ranges of staff compensation and the salary and performance of the Executive Director.