

**Kingfield Neighborhood Association Financial Policy**  
**Effective February 14, 2007**

**I. PURPOSE**

The purpose of this Financial Policy is to define responsible financial policies for the Kingfield Neighborhood Association (KFNA). The Kingfield Neighborhood Association has been and will continue to be entrusted with funds in order to improve our neighborhood. These financial policies and procedures define how we will maintain and spend these funds. The KFNA must be accountable for the use of the funds, and must ensure that decisions about how they are spent are made openly and democratically, in accordance with the Association's bylaws, contracts with the City of Minneapolis, agreements with its funders, and resolutions passed by the citizens of the neighborhood and their representatives.

The financial policies we define reflect the values that inspire our work in the neighborhood: clear and open communication, accountability and respect between individuals and among committees, and empowerment of the citizens of our neighborhood. This Policy will be reviewed annually by the KFNA Executive Committee and may be amended by a vote of the Board of Directors as necessary.

**II. FINANCIAL OVERSIGHT**

The Executive Committee is responsible for oversight and management of the financial functions of the KFNA and, as such, shall serve, with a quorum, as the Financial Oversight Team (hereinafter "Financial Oversight Team"). In consultation as necessary with the Executive Director and any Bookkeeper, the Financial Oversight Team shall 1) ensure that the KFNA's financial management is conducted so as to minimize the potential for impropriety or wrongdoing, including periodic reviews of this policy; 2) recommend to the Board of Directors an annual budget for the KFNA consistent with the goals of the organization; 3) assist the KFNA Committees, Task Forces, and working groups as necessary to develop their annual project budgets, including review of Scopes of Service prepared pursuant to an NRP plan; and 4) Assist the Executive Director as necessary with budgeting, accounting, asset management, auditing, reporting, fundraising, grantwriting, or other financial issues in compliance with this policy.

**III. BUDGET**

An organizational budget shall be prepared by the Executive Director and reviewed by the Financial Oversight Team on an annual basis. The organizational budget shall be presented to the KFNA Board of Directors before the close of the fiscal year, which is defined by the KFNA By-Laws. The organizational budget shall include both general operating costs and specific project costs. Project Budgets shall be prepared by the Executive Director, or other KFNA staff supervised by the Executive Director, in consultation with the affected committee or task force. The Executive Director shall monitor and maintain estimated spending by project, and report to the Board when such project costs are anticipated to exceed budget. In such an event, budget revisions or changes of scope shall be made by the Board as necessary.

## **IV. ACCOUNTING**

### **A. Accounting Practices**

All accounting activities of the KFNA shall be consistent with current Generally Accepted Accounting Principles (GAAP).

### **B. Segregation of Duties**

Financial management duties shall be segregated to minimize the potential for or appearance of any wrongdoing. The following are specific requirements:

- 1) Bank statements of the KFNA shall be reviewed and reconciled by a person other than the person who has written the checks reflected in the statements;
- 2) All deposit totals shall be verified by two separate persons; and
- 3) No check shall be made payable to the person who signed it.

The Financial Oversight Team and/or the Executive Director may adopt additional requirements as necessary to retain segregation of duties.

### **C. Payroll**

A payroll time log will be maintained by each employee in a format provided by the Executive Director. The Executive Director shall review the payroll time log of each employee on a monthly basis, allocate the hours of each employee to the appropriate contract and/or grant, and submit the hours for payment. The KFNA President is responsible for approving the time log of the Executive Director on a monthly basis. Payroll tax obligations, if any, will be paid to a depository bank according to federal and state law.

### **D. Invoices and Expense Reimbursements**

All Invoices submitted directly to the KFNA must be reviewed and coded to the proper account(s) by the Executive Director prior to approval for payment.

Any KFNA employee or member of the Association may request payment for an expense of the Association by submitting a Payment Request Voucher to the Executive Director. All Payment Request Vouchers must be reviewed and coded to the proper account(s) by the Executive Director prior to approval for payment. The Voucher will not be paid unless the expense is within the approved budget, a receipt is attached, and the voucher is completed in full.

No person is authorized to make any expenditures on behalf of the KFNA, including without limitation payment of Invoices or reimbursement of expenses through Payment Request Vouchers, in an amount between \$50.01 and \$1000.00 without the prior knowledge and approval of the Executive Director or in an amount greater than \$1000.00 without the prior knowledge and approval of the Financial Oversight Team, unless the expenditure is consistent with a contract or project budget approved by the Board of Directors. The Executive Director shall ensure that all

properly-submitted Invoices and Payment Request Vouchers are timely paid by check drawn on a KFNA bank account. The payment terms for all Invoices and Payment Request Vouchers shall be paid net cash, unless specified otherwise by contract.

**E. Reports and Reconciliation of KFNA Bank Accounts**

The Executive Director shall ensure that financial statements are prepared for the KFNA Board of Directors on a monthly basis, unless there are special exceptions. These financial statements shall include: (1) an Income and Expense report for the month and year-to-date and (2) a Balance Sheet for each account. In addition, the Executive Director shall ensure that all bank accounts are reconciled regularly, but at least on a quarterly basis. .

Cash and non-cash transactions shall be recorded in the following documents: 1) Cash Receipts Journals to record all incoming cash transactions; 2) Cash Disbursement Journals to record all outgoing checks; 3) Non-Cash Receipts Journal to record non-cash transactions including in-kind gifts and merchandise; 4) General Journal to record corrections and adjustments; and 5) General Ledger to summarize transactions for the Journals above.

All revenue received by the KFNA shall be deposited in a bank account of the KFNA. The Treasurer shall ensure that all deposits made to bank accounts of the KFNA are recorded in the General Ledger. Deposits shall be promptly made by the Treasurer, and deposit slips returned to the KFNA office. The Executive Director shall endorse all checks immediately "For Deposit Only" and properly code all deposits in the General Ledger.

**V. ASSET MANAGEMENT**

**A. Fixed Assets**

All KFNA property with a basis of less than \$500.00 shall be expensed. All KFNA personal and real property with a basis equal to or greater than \$500.00 shall be capitalized and depreciated as a fixed asset. KFNA shall maintain a Fixed Asset Log for all fixed assets owned by KFNA.

**B. Depreciation**

Depreciation schedules shall be set based on straight line depreciation. Asset lives shall be consistent with Internal Revenue Service (IRS) guidelines.

**VI. GIFTS**

The KFNA shall record gifts of cash in the Cash Receipts Journal and provide the donor with a receipt documenting the donation for charitable tax-deduction purposes.

The KFNA shall record gifts of merchandise and in-kind services in a Non-Cash Receipts Journal and provide the donor with a receipt documenting the donation for charitable tax-deduction purposes. The value of the donated service or merchandise shall be determined by the

donor.

## **VII. AUDITING**

Audits or Agreed Upon Procedures Reviews shall be performed as required by the law or funding sources.

## **VIII. REPORTING**

The Executive Director shall arrange for the timely completion of all legally-required reports, including without limitation: 1) Federal and State tax returns filed with federal and state revenue departments as required by law; 2) 1099 forms provided to each individual paid for services under contract during a calendar year; 3) Charitable organization annual reports filed with the Charities Division of the Office of the Minnesota Attorney General; 4) 990 forms filed with the Internal Revenue Service upon the end of the fiscal year; and 5) W-2 forms provided to each employee, if any, and filed with the Federal and State revenue departments as required by law.

## **IX. FUNDRAISING AND GRANTWRITING**

The Executive Director shall annually develop and present for approval to the KFNA Board of Directors a Fundraising Plan. The Fundraising Plan may include, but is not limited to; grants, events, charitable solicitations, business sponsorships, and any other fundraising efforts. The Executive Director shall manage the Fundraising Plan, with assistance and participation by the Board of Directors as necessary.

The Executive Director shall review, edit, and submit all grant applications on behalf the KFNA, securing Board approval as required by any grant source or otherwise as appropriate. Any person who prepares a grant application for review, edit and submission by the Executive Director shall consult with him or her in advance concerning the focus of the grant and/or funding source. The Board of Directors shall approve the acceptance of all grants; a member of the Executive Committee or the Executive Director shall sign any grant agreement.

## **X. MISCELLANEOUS**

### **A. Financial Policy and Procedures**

The KFNA shall annually provide this policy to all new Board Members, Board Alternates, and KFNA employees, and shall through its Financial Oversight Team periodically review this Policy. In cooperation with any KFNA Bookkeeper and the KFNA Treasurer, the Executive Director may create and maintain written Financial Procedures as necessary to implement this policy.

### **B. Conflicts of Interest**

The KFNA shall have a Conflict of Interest Policy that all Board members, Board alternates,

Committee chairs, and employees complete and execute annually. The KFNA Executive Committee, in cooperation with the Executive Director, shall periodically review the Conflict of Interest Policy and recommend changes as necessary to the Board of Directors.

**C. Contracts**

Contracts may be negotiated by the KFNA Executive Director, a member of the Executive Committee, a Committee chair, or a representative designated to do such by the KFNA Board of Directors. The Board of Directors shall approve each contract with KFNA by approving the terms of the contract itself or by approving contract formation consistent with the budget and scope of a project approved by the Board. All contracts shall be signed by a member of the Executive Committee or the Executive Director.

**D. NRP**

Scopes of Service for Neighborhood Revitalization Program (NRP) funded projects of KFNA, and their accompanying budgets, shall be developed by KFNA employees in cooperation with volunteers on the particular Committee, Task Force, or working group planning the project. Scopes of Service shall be presented to the NRP Steering Committee for review and recommendation to the Board of Directors for approval. In considering all Scopes of Service, the KFNA Board of Directors should acknowledge and respect full community participation in the development of the project and its budget. Upon approval, the Executive Director shall deliver the Scope of Service to the City for review, commission the appropriate contracting agency, oversee the contracting process, and bring the final Scope of Service to the KFNA President for execution.

**E. Records Retention**

KFNA shall maintain Monthly and End of Year Financial statements, personnel records, audit reports, bank statements, budgets, submissions to the City of Minneapolis, and contracts for at least seven years.