

New Hampshire Orchid Society Financial Management Policy

Revisions:

2/8/2003

Initial Approval: Charles M. Crisler

Purpose:

This policy is intended to set forth the guidelines for managing the financial assets of the New Hampshire Orchid Society (known as the society). As described in the bylaws, the society has a mission to provide education, support and awareness of orchids to the general public. The Board of Directors of the society has a legal responsibility to manage all of the assets of the society, including the financial assets, to support this mission. This policy provides a mechanism for financial accountability and control required for the Board to manage the financial assets of the society.

Requirements:

The following are key requirements of this policy:

- A system of 'checks and balances' will be followed to prevent any single person from misusing any of the monies of the society.
- Income and expense accounts shall be tracked separately. All financial transactions will be tracked against specific accounts and actual expenses and incomes for each account tracked against the budgeted amounts. Any special accounts, such as endowments, shall be maintained in separate accounts and included in all financial reports.
- A financial investment strategy shall be implemented and reviewed as necessary to maintain sufficient funds for day-to-day operation while maintaining all funds possible in protected or reserved accounts.
- Monthly reports shall be submitted to the Board of Directors detailing all expenses against accounts, expense progress against budget, all incomes against accounts, all account balances and projections of near and far term expenses.

- An annual summary report of expenses and a projected budget for the following year shall be submitted to the Board of Directors and the general membership.
- Conformance of the society to this policy must be verified through an internal audit.

Personnel:

The following individuals and groups shall implement this financial management policy:

- The main person responsible for the financial management of the society is the Treasurer, an elected member of the Board of Directors. The Treasurer is the principal financial manager, whose duties include maintaining the society's Chart of Accounts, preparing deposits, tracking income and expenses against budget, signing checks, preparing reports, preparing financial statements for state and federal agencies, as required, insuring accuracy of the financial records and preparing subsequent budgets for approval by the Board of Directors and the general membership. If required, for a limited time period, the President may appoint a board member to serve in the capacity of the Treasurer. Additionally, when the Treasurer is not available, the Secretary may sign checks.
- A bookkeeper is responsible for maintenance of the accounts. This includes preparing all checks, updating balances and reconciling bank statements, all on at least a monthly basis. This position is separate from the Treasurer and is filled by appointment by the President with the advice and consent of the Board of Directors.
- The Board of Directors is responsible for approving all invoices for payment, scrutinizing financial reports and transactions for accuracy and insuring a reasonable operating budget and cash flow.

Operations:

The following rules govern the operations of the financial management of the society:

- The Treasurer shall meet all of the duties for their position contained in the society's bylaws.
- The Treasurer is required to pick up the mail at the Society's P. O. Box to retrieve checks, invoices and other financial instruments. From these, the Treasurer will prepare the monthly manifest.
- Requests submitted for reimbursement must conform to the Reimbursement and Travel Expense Reimbursement policy. This policy defines what expenses are eligible for reimbursement and defines the requirement for reimbursement. Reimbursements requests that do not meet these criteria will not be honored.
- The Board of Directors must approve payment for all invoices.
- All checks must be made payable to either a specific individual or company for an approved or invoiced amount with an explanation or the invoice number in the memo field. The Board of Directors must approve any exceptions to this rule (for example, if the exact amount is not known before hand) before the check is prepared with a specific maximum dollar amount, unless an exception is made by a majority of the general membership for a well-known activity.
- When a situation arises that required immediate reimbursement, the Board of Directors may approve the documented request and the Treasurer may manually prepare a check. This should only be a rare and exceptional case.
- All deposits must be made no more than 48 hours from the time of receipt of money. The Treasurer may designate another person to deliver the money to the bank. This may require access to the night deposit services of the bank.
- A record of all deposit preparation must be made that lists the different source or accounts for the income and must be permanently retained for comparison against the deposit receipt and the monthly bank statement. This deposit preparation record will be used for verification and tracking to insure accurate posting of income to accounts for audit purposes. Those members who prepare the deposit must sign a deposit preparation record. At least two members are required to prepare all deposits.
- A manifest shall be submitted to the Board of Directors itemizing all payments. This will include the payee, amount, account, original invoices and an explanation of the transaction. The board will then approve payment of the manifest, possibly as amended. The manifest

will be kept a part of the financial record and a copy of the manifest summary will be added to the official minutes, giving traceability of when each payment was authorized. A copy of the approved manifest summary will be forwarded to the bookkeeper to trigger payment of invoices.

- Monthly financial statements must be submitted to the Board of Directors and available to the general membership. These statements will list all account balances, expenses by account and significant individual expenses, expenses against budget, income by account and significant individual income, income against budget, projections of expenses for the future 6 months by month, projections of income for the future 6 months by month, projected cash flow for the future 6 months by month and account balances for the future 6 months by month. These reports will often span 2 fiscal years.
- All bank statements must be made available to the Board of Directors and general membership in the first meeting after the statement is received and then within 10 working days of a request.
- All special income, such as endowments, shall be maintained in special, discrete accounts and not mingled with any other money. Financial statements must include all of these accounts with a separate listing of the income and expenses of each of these special accounts.
- The Treasurer will make a 'read-only' copy of the electronic version of the actual financial files available on request to any member. Members requesting these files must supply their own copy of the accounting software in use.
- The Treasurer is responsible for filing all financial documentation as required for federal and state agencies.
- The Treasurer shall maintain a record of all donations made to the society and will provide receipts as required.
- The Treasurer may appoint a comptroller for special events.
- Annually, following the close of the fiscal year, the President shall appoint a group of at least 3 members to audit the financial transaction of the society. This audit is intended to verify the financial transactions of the society and to verify compliance with the approved financial management policy. It is also intended to discover problems with the policy and subjects that are not covered by the policy that should be covered. This deliberately open-ended charter is intended to be used to address all aspects of the financial accounting of the

society. This group will submit a written report of their findings, including suggestions for changes to the policy, to the Board of Directors and the general membership.