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A vertical column of six small, colorful heart-shaped icons, each containing a different symbol or color, likely representing various social media platforms.

## FINANCIAL POLICIES AND PROCEDURES

Effective September 11, 2021

### **POLICIES**

#### **I. Purpose**

The purpose of this Financial Policy is to define responsible financial policies and procedures for the Windom Community Council (WCC). The WCC 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 WCC must be accountable for the use of the funds and must ensure that decisions about how they are spent are made openly and in accordance with identified community needs and priorities, the WCC's by-laws, contracts with the city of Minneapolis, and any agreements with other funders.

The financial policies we define reflect the values that inspire our work in the neighborhood: clear and open communications, accountability, and respect between individuals and among communities, and empowerment of the residents of our neighborhood. These policies and procedures will be reviewed annually by the WCC Executive Committee and may be amended by a vote of the Board of Directors as necessary.

#### **II. Definitions**

**Executive Committee (EC)** – defined as the board officers of President, Vice President, Secretary, and Treasurer, with one additional Member at Large to provide an odd number for voting.

**Treasurer** – The Treasurer is responsible for assuring: 1) financial records and accounts are kept in a manner that meets state law, IRS, and GAAP standards; 2) that the board is informed at least quarterly on the Council's financial position and budget-to-date actual status; and 3) public facing financial data is provided and tax filings are completed in a timely manner.

**Key Executive:** The Treasurer serves as the “Key Executive” for all Wells Fargo accounts. Key Executive is defined by Wells Fargo as the “Partner of an Owner” or “Authorized Signer” on a business account. The Key Executive must authorize any additional signers for the accounts based official Board actions.

**Fiscal Year (FY)** – defined as January 1 through December 31.

#### **III. Financial Oversight**

The Executive Committee shall 1) ensure that the WCC'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 this WCC consistent with the goals of the organization; 3) assist the WCC committees, Task Forces, and working groups as necessary to develop their annual project budgets, including review of Scopes of Service prepared pursuant to approved Neighborhood and Community Relations (NCR) plans or other grant or funding source

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plans to ensure that all budgeted expenses are allowable based on funding source; and, 4) introduce financial management proposals by a motion to the Board.

The Executive Committee shall delegate primary responsibility for oversight to the Finance Committee. This committee shall consist of the Treasurer, the one or two additional signatories on the bank accounts, and any other members deemed necessary by the Board.

#### **IV. Budget**

The Executive Committee will consider programmatic goals and financial objectives that reflect the WCC strategic plan outcomes, including community engagement, in planning for the annual budget to present to the Board. The Board must review and adopt the budget annually before the close of the prior fiscal year, as defined above. During the fiscal year, expenditures must be within budget, unless the budget is revised with Board approval. Any major changes to the budget must be approved by the Board.

All WCC expenses must be incurred on a reimbursement basis (no advances, loans or other debts allowed) unless specifically recommended by the Executive Committee and approved by the Board.

#### **V. Accounts**

WCC will maintain appropriate checking, savings, or other accounts at a reputable bank or financial institution under the organization's legal name, Windom Community Council.

Any Officer (President, Vice President, Secretary, Treasurer) of the WCC or the Executive Director (if applicable) may be authorized by Board resolution to act as signatories on all WCC financial accounts. WCC will at all times have at least two signatories on every bank account or financial account.

All money raised in the WCC name must be deposited in corporate accounts as charitable assets and used for charitable purposes according to State and Federal fundraising laws and rules.

#### **VI. Revenues**

WCC is committed to identifying and obtaining diverse streams of funding to provide financial stability in support of meeting the needs of the Windom Community.

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## **PROCEDURES**

### **A. Financial Information**

Financial reports are required to be submitted for review and approval by the full Board no less than quarterly. At minimum, the Board will regularly review and approve as documented in the minutes the WCC: income statement; balance sheet, and budget to actual reports. At minimum, the Board will review annually the annual financial reports, any audit report, and the IRS 990 information return.

### **B. Bank Accounts**

All WCC funds are on deposit at Wells Fargo Bank N.A. (Minnesota) at 6445 Nicollet Ave, Richfield, MN 55423.

The WCC Board shall identify the Key Executive and provide written Board authorization to Wells Fargo Bank N.A. by means of an official action documented in Board minutes, or a certified statement reflecting Board action, printed on Board letterhead, and signed and dated by the Secretary. The Board action for a change in individuals must provide the following information:

“Effective (date) that (legal name), (title) is being replaced as Key Executive, with the new Key Executive being (legal name), (title), with full banking authority.”

The WCC Board of Directors authorizes the Treasurer, as a Board Officer, to be the WCC “Key Executive” over all Wells Fargo Bank N.A. accounts. The Key Executive, as defined by Wells Fargo Bank N.A., is a Board Officer(s) with direct executive account management authorization over of all WCC Wells Fargo Bank N.A. accounts. Direct executive account management authorization grants the Key Executive individual(s) sole authority and executive power of all WCC Bank N.A. accounts. The Key Executive also serves as a signatory on all of the organization’s bank accounts.

WCC will at all times have one to two Board members approved by the Board to serve as additional signatories on all accounts. The Board action for a change in individuals must provide the following information in a Bank Authorization Motion on Board letterhead and signed and dated by the Secretary:

“Windom Community Council (WCC) Board of Directors authorization for the Key Executive, (legal name), (Treasurer), to remove (legal name) (title) as an additional signer to the Windom Community Council Wells Fargo accounts, and to add (legal name) (title) as a new additional signer.”

The Board’s Administrative Coordinator shall have signatory rights to the checking account labeled “Debit Card” and sole use of the WCC debit card that is issued in the Administrative Coordinator’s name. Additional debit cards may be requested as needed and approved by the Board and authorized at Wells Fargo by the Key Executive.

A contracted bookkeeper shall be granted “read only” access to the Wells Fargo checking and savings account statements for purposes of reconciling payments. Access is provided through the Key Executive.

WCC maintains five checking and savings accounts, as well as a Certificate of Deposit, with Wells Fargo N.A. at 6445 Nicollet Ave, Richfield, MN 55423:

- Primary checking account. This account is used for receipt of most revenue funds, including EFTs from the City and other funders. Most day-to-day expenses are paid by check from this fund, or through “Direct Pay” to registered Wells Fargo vendors (current use limited to payments for the contracted services of the Administrative Coordinator).
- Primary savings account. This account is used for savings that may be used if needed for unexpected expenses, or while waiting for reimbursement from the City or other funders.
- “Debit Card” checking account. This account is maintained at an amount of approximately \$1,500 for expenditures paid using the debit card and replenished as needed. Segregating this account ensures that losses related to any unapproved expenditures using the card are minimized. Expenses must be part of the annual or project specific budget. Any unexpected management expenditures must be approved by the Treasurer and authorized at the next regularly scheduled Board meeting.
- “Pay Pal” checking account. This account is maintained solely for incoming payments made to WCC from the WCC’s Pay Pal account. These payments may be made by residents participating in optional programs such as co-pays/program income for the rain garden/bioswale program, or donations. Funds shall be tracked based on purpose and will then be used for the specified purpose or moved to other accounts (e.g., “Donations”) as appropriate.
- “Donations and Garden Reserve” savings account. This account is maintained for two purposes to be tracked separately:
  - 1) Financial gifts/donations made to WCC
  - 2) Serve as a reserve fund for the Windom Community Garden to subsidize expenses as needed once all grant funding is finished. Participants in the garden pay an annual plot fee for their space. These funds are used for water access, maintenance, and upgrades to the garden, and needed tools and security.

WCC also maintains a Certificate of Deposit that is currently renewable every six months as reserve funds for future WCC programmatic or administrative needs.

### **C. Pay Pal Account Management**

WCC has established and maintains a PayPal account solely for incoming payments for specified programs and donations. The account is managed by the Treasurer and the Administrative Coordinator, and transactions shall be verified quarterly by the Finance Committee as part of its reconciliation process. Transactions must be identified by purpose (e.g., income to WCC, program income for grant funded programs, donations, or other purposes).

### **D. Public Funding Program Income**

WCC program income may be generated through the Neighborhood and Community Relations NRP contract for low-cost home improvement loans in Windom managed by Center for Energy and the Environment (CEE), for income generated through contracted services from NCR such as the Windom resident co-pays that are part of the NRP funded project for Nature Friendly Windom, or other funding sources. The program income generated from the home loans program must be approved through NCR to be put back into the loan program or used for other NRP allowable activities through a Program Modification process. Program income from the Nature Friendly Windom program (or similar future programs), must be applied to requests for reimbursement from NCR. Program income under other funding sources must be identified and managed in a manner allowable under that program.

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## **E. Segregation of Duties**

Financial management shall be segregated to minimize the potential for or appearance of any wrongdoing by using the following requirements:

- 1) Bank statements and other financial documentation shall be reviewed and reconciled quarterly by the Finance Committee prior to submission of documents to the bookkeeper for the creation of financial reports and development of invoices to the City. The Treasurer or designee shall present all the transactions (deposits and expenditures) that have occurred since the previous meeting. Documentation of reconciliation (see Appendix 1) must be maintained with finance records.
- 2) All deposit totals shall be verified in writing by two separate persons, with documentation maintained in finance records (Appendix 2). All checks or cash received must be deposited as soon as possible after verification, and deposit receipts maintained. The Treasurer shall restrictively endorse all checks immediately by stamping “Windom Community Council, For Deposit Only”, and with the appropriate account number. All checks shall be copied before depositing, and copies maintained as part of the financial records. In the event that checks are refused due to insufficient funds, the person responsible for the check must be notified immediately. The person will be requested to provide other payment for the check amount, plus be assessed the fee charged to WCC by Wells Fargo.
- 3) All funds collected in cash or checks from residents or others as part of a fundraising event must be handled by two separate persons and accounted for in writing by both at the end of the event. Receipt of these funds by the Treasurer must be verified in writing and documentation maintained for reconciliation of bank deposits (Appendix 2). All funds collected through PayPal must be documented by the Treasurer (“account owner”) and the Administrative Coordinator and reconciled by the Finance Committee. Documentation must be maintained as part of the financial records.
- 4) No check shall be made payable to the person who signed it.
- 5) WCC shall not maintain any petty cash funds unless needed and approved by the Board.
- 6) The Board may adopt additional requirements as necessary to retain segregation of duties.

## **F. Invoices and Expense Reimbursements**

WCC may reimburse employees (if applicable), directors and officers or other volunteers for work-related expenses from time to time. Any eligible and approved expenses incurred on behalf of the WCC will be reimbursed in full. Approved expense reimbursements are part of an accountable plan and will not be considered compensation.

- All employee (if applicable) reimbursable expenses must be pre-approved before incurring the work expense. Any allowable mileage is reimbursed using the current Federal IRS mileage rate. Any pre-approved meals are reimbursed for actual cost based on receipt and not to exceed the Federal GSA per diem rates.
- Any allowable contractor expenses must be included in the contract scope of work, or as approved by the Board as a contract amendment.
- All board member service is conducted on a volunteer basis. WCC does not compensate board members for their attendance at meetings or board events, or other board service. Directors should always get pre-approval for reimbursement from the board or Board President before incurring a work expense.

All invoices and receipts submitted directly to WCC must be reviewed for the following: who incurred the expense; what was purchased; where the expense was incurred; and must be for an approved and allowable business purpose. Expense documentation is coded to the proper account(s) by the Treasurer, or designated person with signatory authorization, prior to approval for payment. All invoices and receipts must be for approved and allowable expenses based on

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funding source and program budget. All payments are made by check or through Wells Fargo Direct Pay within 30 days of submission.

Direct Pay is a Wells Fargo process for electronic payment to vendors approved within the Wells Fargo system. Direct Pay is used for payment of the Administrative Coordinator, and payment of invoices must have prior approval of the Executive Committee authorizing payment. Wells Fargo security restrict the level of payments allowable daily to an individual vendor by WCC to a maximum of \$5,000. The balances of approved invoices above that amount must be paid the next business day.

All expenses incurred using the WCC business Debit Card must be part of a Board approved annual or program budget. Receipts must be submitted to the Treasurer in a timely manner, and in no case later than one week from the time the expense was incurred. Receipt/invoice payments will be documented by date of payment, check number or Direct Pay information written on the receipt/invoice.

City utility billing is for water for the community garden. There is an initial payment of \$150 in the spring, \$50 for a permit for access to water from a fire hydrant and a \$100 credit towards use of water over the summer. The Treasurer and garden coordinator have access to the on-line account. Payment is made monthly for the months water is used by downloading a copy of the bill and then the Treasurer will pay it by check.

No person is authorized to make any expenditure on behalf of the WCC, including without limitation payment of invoices or reimbursements, in an amount greater than \$250 without the prior approval by the Board. In an emergency, the Executive Committee may give interim authorization until the next full Board meeting. The Treasurer or authorized designee shall ensure that all properly submitted invoices and reimbursements are paid in a timely manner (no more than 30 days) by check drawn on a WCC bank account or Direct Pay.

Unanticipated expenses over \$250 not addressed in the approved budget shall be handled in the following manner. Requests should be presented at a Board meeting prior to the date the funds are needed. If it is not possible to submit the request prior to a Board meeting or if the Board is unable to render a decision on the request at a regular Board meeting, the Board may call a special meeting to address the request or request approval electronically.

#### **G. Bookkeeper Responsibilities**

After review and approval of quarterly deposits, payments, and bank reconciliations by the Executive Committee, the Treasurer shall submit to the bookkeeper all approved documents for the creation of the quarterly financials and invoices to the City for reimbursement (the scope of service for the Bookkeeper is included in this document as Attachment 3). Financial documents from the bookkeeper shall be reviewed by the Treasurer before submitting to the Board for review and approval. Invoices to the City are reviewed by the Treasurer and with any corrections needed are submitted for payment. The bookkeeper may periodically be invited to a Board meeting or training as needed for discussion of the financials.

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## **H. Gifts/Donations**

Windom Community Council has historically solicited and appreciated receiving donations from individuals and businesses to support community events or other purposes. Donations, however, may not be solicited from or accepted by an individual or business with whom there could be any real or perceived conflict of interest.

The Treasurer shall record gifts of cash (cash, checks or gift cards) in the Cash Receipts Journal and provide the donor with a receipt documenting the donation for charitable tax-deductions (sample included as Attachment4).

The WCC shall records gifts of gift 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 (sample included as Attachment 5).

WCC participates in Give to the Max Day through GiveMN (givemn.org and maintains an account for donations at any time. The Treasurer is the authorized person on the WCC account, with support from the Administrative Coordinator. Funds are acknowledged both by GiveMN and by WCC for tax purposes and deposited into the donation/reserve account at Wells Fargo.

## **I. Auditing**

Audits or Agreed Upon Procedures Reviews shall be performed as required by the law or per city of Minneapolis, Neighborhood and Community Relations, policy (see the WCC Audit Policy included as Attachment 6).

## **J. Legally Required Reporting**

The Treasurer shall arrange for the timely completion and filing of all legally required reports and tax documents. These include but are not limited to: IRS 1099s for contracted staff; IRS 990 for WCC organization; and the Annual Charitable Report for the MN Attorney General's Office. The Board President and the Administrative Coordinator are responsible for updating the Secretary of State registration at the end of each year and whenever changes are needed.

## **K. Fundraising and Grant Writing**

The Executive Committee or designated subcommittee shall annually develop and present for approval to the WCC Board 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 Committee shall manage or assure the Fundraising Plan, with assistance and participation by the Board of Directors as needed.

The Executive Committee shall review, edit, and submit all grant applications on behalf of WCC. Any person who prepares a grant application for review, edit and submission by the Executive Committee shall consult with the Executive Committee in advance concerning the focus of the grant and/or funding source. The Board of Directors shall approve both the submission of all grant application and the acceptance of all grants awarded, and the President (or Vice President in the absence of the President) shall sign any grant agreements. Copies of all grant applications and grant agreements shall be provided to the Treasurer for financial records.

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## L. Miscellaneous Procedures

- Employees. Procedures shall be developed in the event that WCC anticipates hiring any employees, and prior to initiating the recruitment and hiring process.
- Financial Policy and procedures. The WCC shall annually provide this policy and procedures to all new Board members, and the Executive Committee shall periodically review this policy. In cooperation with the WCC Bookkeeper and the WCC Treasurer, the Executive Committee may create and maintain additional written Financial Procedures as necessary.
- Conflicts of Interest. The WCC Executive Committee shall periodically review the Conflict-of-Interest Policy, as contained in the Bylaws, and recommend changes as needed to the Board of Directors. *All Board members must sign a Conflict-of-Interest document annually at the first meeting following Board elections.*
- Contracts. Contracts may be negotiated by the Executive Committee or designated representative. The Board shall approve each contract with or by WCC 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 must be signed by the President, or Vice President in the absence of the President. All contracts, agreements, and other legal instruments executed by WCC must be issued in the name of WCC, not in the individual name of a Director or Officer, employee, etc. WCC contracts for services that are funded through NCR programs may require prior review and approval from NCR before executing the agreement.
- Neighborhood and Community Relations (NCR) contracts. Scopes of services for NCR funded projects of WCC, and their accompanying budgets, shall be developed by the WCC Board in cooperation with volunteers on the particular Committee, Task Force, or working group planning the project. Scopes of service shall be presented to the WCC Board of Directors for approval. In considering all Scopes of Service, the WCC Board of Directors should acknowledge and respect community participation in the development of the project and its budget. Upon approval, the Executive Committee shall deliver the Scope of Service to the City for review, oversee the contracting process, and bring the final Scope of Service to the President for execution.
- Fixed Assets. WCC will maintain a fixed asset document in the event that it purchases items with a useful life of greater than one year and cost is above the threshold of \$500 per asset.
- Records Retention. WCC, through its Treasurer, shall maintain quarterly and end of year financial statements, audit reports, bank statements, budgets, submissions to the city of Minneapolis, and contracts for at least seven years, per the WCC Records Retention Policy.

The Finance Committee charter is attached as Appendix 7.

Initial Windom Community Council Financial Policies, September 13, 2012  
Most recent update September 11, 2021.

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## **FINANCIAL POLICIES AND PROCEDURES APPENDICES**

Appendix 1: Form for documenting quarterly financial review by the Finance Committee

Appendix 2: Cash receipt verification documentation

Appendix 3: Scope of services for the WCC Bookkeeper Contract

Appendix 4: IRS letter for Cash Charitable Donations to WCC

Appendix 5: IRS letter for Merchandise or In-Kind services

Appendix 6: WCC Audit Policy

Appendix 7: Finance Committee Charter

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## **Appendix 1**

### **Quarterly WCC Financial Reconciliation form for Finance Committee**

Date of meeting: \_\_\_\_\_

Attendees (quorum 2): \_\_\_\_\_

Bank statements reviewed and all expenses, including debit card, reconciled? Yes

Bank deposits and cash receipt documentation reconciled? Yes

Program income, if any, reconciled? Yes N/A

PayPal account transactions reviewed and reconciled? Yes N/A

Donations reviewed and reconciled, if any? Yes N/A

Any questions or concerns that need follow-up, or changes in procedures needed (detail below)

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Becky McIntosh, Treasurer

Form created September 2021

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## Appendix 2

### Cash Receipt Verification Documentation (All cash receipts must be verified by two individuals)

Date of receipt: \_\_\_\_\_

Reason for payments (e.g., garden plots, fee for event, donation): \_\_\_\_\_

Amount in cash \_\_\_\_\_

Number of checks \_\_\_\_\_

Number of checks \_\_\_\_\_

Other? \_\_\_\_\_

Cash received/validated by:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Above information verified by the Treasurer:

Date \_\_\_\_\_ Signature \_\_\_\_\_

All checks copied before deposit. Yes \_\_\_\_\_

Date deposited in Wells Fargo: \_\_\_\_\_

Form created September 2021

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## **Appendix 3**

### **Scope of services for the WCC Bookkeeper Contract**

Work and services to include the following: Provide bookkeeping services for Windom Community Council as detailed below.

Compensation Structure: \$40.00 per hour

1. Record donations to Windom and checks written by Windom, including debit transactions
2. Collect and file W-9 forms for contractors with Windom
3. Reconcile Windom's records to those of the bank approximately quarterly whenever documentation is received from the board treasurer related to expenses and deposits needed for financial reports and reimbursement requests.
4. Will have "view only" access to Windom's bank records on-line, but will not be a check signer or hold a debit card
5. Any inexplicable discrepancies found with the bank records, or unusual activity in the bank account, will require immediate notification of the treasurer and/or president of the board
6. At least quarterly, present a financial report to the treasurer of the board, noting any areas of concern or significant variations from what was anticipated
7. At least quarterly, prepare draws on the reimbursable contracts Windom holds with the City of Minneapolis, for review and submission by the board treasurer
8. As the Neighborhood 2020 process unfolds, adapt bookkeeping practices to meet the city's evolving requirements for reporting and submission of requests for reimbursement of expenses
9. When Windom receives grants, keep track of expenses taken out of those grants in such a way that reports can be prepared for the granting agencies, if requested
10. If requested, assist the board treasurer and administrative coordinator to prepare budgets (including any needed for grant applications)
11. Complete the annual workers' compensation insurance audit, if/when the organization carries workers' compensation insurance
12. At the end of the calendar year, prepare Form 1099s for all contractors engaged by Windom during the year, and submit those to the contractors and to the IRS, with copies to the board treasurer.
13. Prepare the Form 990 and Charitable Annual Report to the State of Minnesota. Submit the Form 990 with a copy to the board treasurer and send the Report to the treasurer for submission.
14. While not anticipated at this time that the bookkeeper will do payroll for Windom, if that changed it would require an amendment to this contract
15. Participate in periodic meetings/zoom calls with the treasurer and administrative coordinator as needed and requested.
16. Attend WCC Board meetings as requested to meet members and explain financial reports.

Scope created August 2021

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## Appendix 4

### IRS letter template for Cash Charitable Donations to WCC

Date \_\_\_\_\_

Mr./Ms. \_\_\_\_\_

Address \_\_\_\_\_

Minneapolis, MN 55419

Dear Mr./Ms. \_\_\_\_\_:

Thank you for your commitment to our neighborhood with your generous donation to the Windom Community Council, a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code (insert EIN # here). Your contribution helps support programs that benefit Windom residents (or if designated specify here, such as community garden).

On (date) you made a contribution of \$\_\_\_\_\_ in support of our mission. This gift was processed as (a credit card transaction/check/cash).

No goods or services were rendered in exchange for your contribution. Your contribution is tax deductible to the full extent permitted by law. Please retain this letter for your tax records.

With gratitude,

Elizabeth McIntosh, Treasurer

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## Appendix 5

### IRS letter template for Non-Cash Merchandise or In-Kind services

Date \_\_\_\_\_

Mr./Ms. \_\_\_\_\_

Address \_\_\_\_\_

Minneapolis, MN 55419

Dear Mr./Ms. \_\_\_\_\_:

Thank you for your commitment to our neighborhood with your generous donation to the Windom Community Council, a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code (insert EIN # here). Your donation helps support programs that benefit Windom residents (or if designated specify here, such as community garden).

On (date) you donated [description – without monetary value]. This gift is greatly appreciated and will be used to support our mission.

In exchange for this contribution, you received [goods or services – with estimate of fair market value]. Your contribution is tax deductible to the extent that it exceeds the value of the goods and service our organization provides in return. Please retain this letter for your tax records

OR

No goods or services were rendered in exchange for your contribution. Your contribution is tax deductible to the full extent permitted by law. Please retain this letter for your tax records.

With gratitude,

Elizabeth McIntosh, Treasurer

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## **Appendix 6**

### **Windom Community Council Audit Policy**

#### **I. Purpose**

This policy provides an overview of the Organization's requirements for internal and external periodic review of the fiscal health of the organization.

The Board of Directors must execute the fiduciary duties (duty of care; the duty of loyalty; and the duty of obedience) to the nonprofit corporation in all aspects of its governance. The Board has all the powers given by state law which are necessary and appropriate for governing the Corporation. This includes an affirmative duty to ensure the fiscal health of the Organization and compliance with state and federal laws that apply to nonprofits.

#### **II. Audits**

An audit reviews an organization's financial transactions and management decisions made within a specific period of time, usually the organization's fiscal year, to determine:

- If an organization's financial statements fairly represent the financial position of the organization.
- If the organization is complying with applicable legal requirements and, in some instances, restrictions imposed by funders (for example, the City of Minneapolis).
- Whether the organization is operating according to sound financial management principles.

In the event state or federal law requires it, the Organization will procure an independent audit.

This is an examination of the financial records, accounts, business transactions, accounting practices, and internal controls of the Organization an "independent" third party auditor hired for this purpose.

#### **III. Internal Reviews**

Regardless of the legal requirement to conduct an independent external audit, the Board will ensure that periodic internal reviews are conducted to ensure the Organization:

- Conducts its operations in a manner consistent with its charitable purposes.
- That it files all required paperwork; and,
- That it does not engage in activities that could jeopardize its tax-exempt status.

The periodic reviews will, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits and vendor payments are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction.
3. Whether the Corporation is properly filing annual paperwork with the IRS (including the Form 990) and certain state agencies for charitable solicitation registration; corporate entity registration; and, as applicable, unemployment insurance; sales tax revenue reporting; income tax reporting; or social security administration, etc.

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- 4.** Whether the Corporation is compliant with state and federal fundraising regulations and industry best practices.

#### **IV. Books & Records**

In order to facilitate the above, the Organization will keep its books and records of accounting in a form that is auditable.

Specifically, the Organization will:

- 1.** Adopt financial policies and procedures and internal controls.
- 2.** Maintain supporting financial documentation for individual transactions in a manner that lends itself to audit testing and record preservation.
- 3.** Utilize commercially recognized accounting software (i.e., QuickBooks Online).
- 4.** Adopt nonprofit specific Financial Accounting Standards Board (FASB) and Generally Accepted Accounting Practices (GAAP) accounting methodology to ensure presentation of financial information in a transparent way that adheres to nonprofit-specific rules.
- 5.** Utilize the services of a qualified professional for maintenance of books and accounts, production of regular financial statements (balance sheets, income statements, budget reconciliations, etc.).
- 6.** Utilize the services of a qualified CPA for production of tax filings as applicable.

Approved and adopted:

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Secretary

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Date

*Revision History:*

Adopted \_\_\_\_\_, 2021

## Appendix 7

### FINANCE COMMITTEE CHARTER

Name of Committee	Finance Committee
Date of last revision	9/8/2021
Purpose (Summary)	The finance committee is a standing committee that provides ongoing review of the financial status of the WCC for the purpose of ensuring continued economic stability in accordance with the bylaws, articles of incorporation, and generally accepted accounting practices.
Specific responsibilities	A-Meet quarterly after the close of that reporting period. Review all expenditure and deposit documents provided by the Treasurer. Reconcile all with bank statements and complete the <b>Quarterly WCC Financial Reconciliation form for Finance Committee</b> . Review quarterly financial documents and compare quarterly figures to projected budget. After review, the Treasurer will send all necessary documentation to the bookkeeper to create reimbursement invoices and quarterly financial report. B-Upon receipt from the bookkeeper, review quarterly financial reports and reimbursement invoices and resolve any questions. Present the quarterly financials to the Board and recommend approval. C-Initiate a regular financial audit or review, and recommend an auditor, when required. D-Assist the Treasurer in creating the annual budget and recommend acceptance to the Board. E-Review proposed budget amendments and recommend acceptance to the Board. F-Review insurance coverage on an ongoing basis to ensure adequate coverage.
Any specific decisions delegated to the Committee by the board	Recommend approval to the Board of quarterly financials and annual and any programmatic budgets.
Meeting schedule (regular date, time, place):	Meeting schedule TBD quarterly based on availability. Meet twice per quarter, and as needed for annual budget.
Composition (number and type – e.g., only board members, or others?)	Treasurer and two Officers who are also additional signers on the Wells Fargo accounts. Other members or non-members may be added as needed.
Other important details:	None

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