

WFA FINANCIAL POLICIES

The purpose of the WFA Financial Policies is to 1) ensure proper accounting methods are used, including the accurate portrayal of assets, liabilities, income, and expenses, 2) provide timely and accurate information to the Board of Directors and Executive Director for strategic planning purposes, and 3) there are sufficient internal controls to mitigate risk of theft and unexpected liability to individuals or the organization.

I. Financial Reporting

1. The Executive Director shall establish internal procedures and designate appropriate staff to carry out, document, and support all financial transactions of the organization.
2. WFA follows accrual accounting and generally accepted accounting principles.
3. The Bookkeeper shall prepare monthly financial statements by the 2nd Wednesday of each month. These financial statements shall be reviewed and approved by the Executive Director and provided to the Finance Committee at least one day prior to the committee's monthly meeting.
4. The Finance Committee shall review the financial statements and communicate any recommended changes to the Executive Director. Changes shall be made and updated financial statements posted to the internal use site one week prior to the Board meeting where said financial statements will be presented.
5. All Program/Event specific transactions will be categorized accordingly.
6. The Executive Director and Bookkeeper shall oversee an annual audit performed by a Board approved CPA firm. The Treasurer will take part in the exit interview process. The audit report will be presented to the Board upon completion.

II. Spending & Contract Approvals

1. A proposed budget is prepared annually by the Executive Director in coordination with the Finance Committee and presented to the Board. The Executive Director is responsible for carrying out spending accordingly and requesting adjustments prior to exceeding approved spending levels.

For any item that is in the approved annual budget, the Executive Director is authorized to pay that item. If the invoice for a budgeted item is greater than the amount expected, the Executive Director should request authorization from the Treasurer or President before paying the additional amount.

2. Designated gifts shall be separated from general operating funds and may only be used for their stated purpose.
3. All contracts and rental agreements for 1 year or more should be signed by the President or the President's designee with Executive Committee approval. Negotiation of contracts are handled by Executive Director with affirmative authorization of Executive Committee.

4. All spending over \$500, whether by check, cash, electronic transfer, credit card, or on account, shall be authorized by the Treasurer or President prior to commitment for payment. This authorization will be documented via email.
5. Staff reimbursements of any amount and in any form shall not be authorized by that individual. Instead, the Treasurer or Board President will authorize payment.
6. A purchase of more than \$2,500 must be authorized by the Executive Committee.

III. Banking Activity

1. The Executive Director shall establish procedures that safeguard all checks and cash awaiting deposit.
2. Current bank account signatories shall include the Executive Director, Board President, and Treasurer.
3. Bank account establishment, closure, or transfer shall be authorized by the Treasurer and Board President.
4. Paper checks in excess of \$500 require dual signatures from any of the current signatories.
5. Bank statements are to be reconciled monthly in accordance with the financial statement preparation deadlines and are to be provided to the Treasurer upon completion. Currently, drop box is used to share such documents.
6. Deposits shall adequately identify the source of payment so the Bookkeeper may properly record the revenue. All receipts should be properly recorded and categorized in accordance with the Accounts Receivable policies.

IV. Credit Card & Line of Credit Usage

1. Credit card statements shall be reconciled monthly in accordance with the financial statement deadlines and are to be provided to the Treasurer upon completion. Currently, drop box is used to share such documents.
2. Credit card limits and lines of credit are to be authorized by the Board President.
3. As of August 2013, no lines of credit should be in use and only one credit card with a limit of \$_____ is in use.
4. Credit card and line of credit balances must be paid in full each month, unless an exception is authorized by the Treasurer due to cash flow constraints.
5. Credit card and line of credit spending shall follow the same approval and tracking procedures as all other spending methods. As such, all receipts shall be immediately turned into the Bookkeeper for appropriate posting.
6. Credit cards may not be used for personal purchases. Likewise, personal credit cards should not be used for WFA business, unless prior approval is given by the Executive Director.

V. Expense Reimbursements

1. The WFA credit card, bank funds, petty cash, etc. shall be used wherever possible, rather than personal funds.

2. Reimbursements for expenses paid by staff will only be made with the submission of detailed receipts and must be authorized by the Executive Director. If the reimbursement is for the Executive Director, it shall be authorized by the Treasurer.
3. The Executive Director is authorized to pay for job related travel expenses, including air fare, gasoline, ground transportation, and hotels with the corporate credit card. Meals may be charged with the corporate credit card if travel requires an overnight stay. Travel expenses may not exceed federal per diem rates for meals and lodging.
4. Reimbursements for mileage should be submitted on a form showing total mileage and an explanation of the business purpose of the mileage. Mileage reimbursement will be at the current rates allowable by the IRS and will coincide with the pay periods.

VI. Accounts Receivable & Pledges

1. WFA uses Donor Perfect to track gifts and pledges. Quickbooks is used to track reimbursements due from others. The Executive Director shall designate a staff member to be responsible for the timely and accurate reporting and entry into each application.
2. Donor Perfect shall be reconciled monthly to QuickBooks in accordance with the financial statement preparation deadlines and are to be provided to the Treasurer upon completion. Currently, drop box is used to share such documents. Given our dependence on gifts and pledges, the organization should have a clear picture of who owes us and when we should expect those funds at all times.
3. Verbal pledges are counted as any other pledge and tracked in accordance with the internal procedures established by the Executive Director.

VII. Tax and Filing Compliance

1. WFA shall follow all local, state, and federal guidelines related to payroll and non-profit reporting.
2. Payroll
 - a) Amounts withheld from employee checks are not WFA property. The Treasurer may authorize a delayed payment of no more than one week, in the case of an emergency. However, the Executive Director and Bookkeeper shall ensure the organization has sufficient funds to cover payroll and payroll taxes before all other expenditures for the month.
 - b) Within 3 days from the pay check date, Federal employment taxes should be processed through EFTPS.
 - c) State withholding should be sent to Dept. of Finance and Administration with a coupon for that month by the 15th of each month.
 - d) Form 941 (for Federal withholding – income tax and social security taxes) is due by the end of the month following the end of the calendar quarter.
 - e) State Unemployment (Arkansas Employment Security Division) is due by the end of the month following the end of the calendar quarter. This tax is only on the first \$10,000 paid to each employee.
 - f) There are no Federal Unemployment taxes due because this is a non-profit.

- g) When completing W-2s, a reconciliation of the taxes withheld and taxes paid should be made before filing the tax returns or sending W-2s. If there is a discrepancy in the amounts paid, the 4th quarter 941 should be adjusted. The AR 941 should be attached to the copy of the W-2s sent to the state. The W-2 copies are due by 1/31 of the following year. Copies are sent to the State of Arkansas Income tax division, and the Social Security Administration.
3. Any individual (or partnership – but not corporation) who is not an employee and is paid more than \$600 for the year should be issued a form 1099. These must be sent out by 1/31 of the following year. Copies should be sent to the State of Arkansas Income Tax Division, and to the IRS.
 4. As a non-profit, WFA does not pay income taxes. However, the “Annual Report for Nonprofit Corporation” is due to the Secretary of State by August 1st of each year and should be submitted on line. The registered agent shall be listed as _____. The list of Board members shall include the current President, Treasurer, and Secretary.
 5. Form 990 is due May 15 of each year for the previous year. This report is prepared by the CPA firm of record, signed by the President or Treasure, mailed by the Executive Director, and is presented to the Board.
 6. WFA is not required to file an assessment for business personal property. An exemption has been filed with the Pulaski County Assessor’s office, so if we ever have a car that needs to be licensed, refer to that exemption.
 7. Once every five years, the IRS will send a form that requires a look back over the previous five years to see where your funding has come from and if you still are compliant for your 501(c) 3 status. The form was last done in 2006. Therefore it will due again in 2011 **(IS THIS STILL A REQUIREMENT??)**

VIII. Asset & Equipment Inventory

Purchases of assets and equipment follow the spending policies stated above. A list of all assets and equipment, whether owned, rented, or leased, shall be maintained. The list should include the following information: Date of purchase/receipt, Item name, Cost (or donation value if donated), Disposal date. This list should, at a minimum, be updated annually prior to the audit.

IX. Liability Insurance

1. WFA shall maintain adequate liability coverage to reasonably protect assets, staff, and Board Members.
2. The insurance renewal shall be reviewed and signed by the Treasurer. Any changes to coverage levels shall have the Executive Committee’s prior approval.
3. The Executive Director shall ensure all premiums are paid timely to avoid policy cancellations.

X. File Maintenance and Retention

WFA's basic file retention guideline is to maintain all accounting records for seven years plus the current year. Tax returns (Form 990, payroll, etc) should be retained forever. However, detail backup for the returns can be shredded seven years after the return is filed.

XI. Disaster Recovery and Protection of Records

All electronic files should be a backed up weekly and stored off site at a minimum of every three months.