



## **FINANCIAL AND CONTROL POLICY**

### **Philosophy**

The purpose of financial management in the operation of all Children's Performing Art's (CPA) activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including clients, partners, funders, employees, and the community. In order to accomplish this, CPA commits to providing accurate and complete financial data for internal and external use.

### **Authority**

- The Board of Directors is responsible for the financial management of all activities.
- 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. Matters exceeding \$2,500 require Executive Committee approval.
- The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.
- The Executive Director is authorized to sign checks up to \$2,500. Checks for amounts greater than \$2,500 shall require additional approval by the Treasurer or President.
- The Executive Director is authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or planned spending. The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$15,000.
- The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on the reasons for variances.
- The Board of Directors must approve any use of the board designated cash reserve fund.

### **Responsibilities**

The Executive Director shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to those funds.
- Report the financial results of CPA operations at least quarterly.



- Ensure compliance with federal, state and local reporting requirements.
- Pay all obligations and file required reports in a timely manner.
  - All bank statements will be opened and reviewed in a timely manner. Bank reconciliations will occur within 30 days of the close of the month.
- Make no contractual commitment for bank loans, corporate credit cards, leases or purchases without specific Board approval.
- Any fixed asset with a purchase price less than \$2,000 is to be expensed in the period acquired. Bulk purchases made for similar items are to be capitalized if the total cost exceeds \$5,000. The estimated useful life should not exceed 5 years for furniture and fixtures and 3 years for computers and technology equipment. Both intangible and tangible fixed assets are to be depreciated or amortized in a straight line method. Any exceptions require board approval.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids for items or services costing in excess of \$5,000. Selection will be based on cost, service, and other elements of the contract. CPA may award the bid to any provider and is not required to accept the lowest cost proposal.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.

### **Financial Transactions with Insiders**

No advances of funds to employees, officers, directors or volunteers are authorized. Direct and necessary expenses including travel (according to the Travel and Reimbursement Policy) and other activities related to carrying out responsibilities shall be reimbursed.

In no case shall CPA borrow funds from any employee, officer, director or volunteer of the organization without specific authorization from the Board of Directors.

### **Budget**

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board approved priorities, long-range organization goals and the strategic plan, the Executive Director shall:

- Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to the start of each fiscal year.



- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

### **Gift Acceptance**

CPA will accept gifts per our Gift Policy and Disclosure Statement Policy.

### **Record Retention**

CPA will handle financial documents in accordance with our Document Retention Policy.

### **Asset Protection**

In order to ensure that the assets of CPA are adequately protected and maintained, the Executive Director shall:

- Insure CPA against theft and casualty losses at levels indicated in consultation with suitable professional resources.
- Insure CPA against liability losses to Board members, staff, volunteers, or the organization itself at levels indicated in consultation with suitable professional resources.
- Maintain physical security of CPA's assets to ensure that only people who are authorized have physical or indirect access to money, real estate and other valuable property.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its board, its staff, or its volunteers to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.

### **Accounting**

- CPA uses the cash basis of accounting. The cash basis is a method of accounting whereby transactions for revenue and expenses are recorded only when the corresponding cash is received or payments are made.
- Journal entries should be booked for all transactions in a timely manner and stored in a uniform and consistent manner for easy accessibility.