

**Financial Policies and Procedures**

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**ALCHEMIST CDC Financial Policies and Procedures Manual**

The policies and procedures contained in this manual are designed to:

* Protect the assets of the organization;
* Ensure the maintenance of accurate records of the organization’s financial activities;
* Provide a framework for the organization’s financial decision making;
* Establish operating standards and behavioral expectations;
* Serve as a training resource for staff; and
* Ensure compliance with federal, state, and local legal and reporting requirements.

Ultimately, the Executive Director has responsibility for administering the policies and ensuring compliance with the procedures approved by the Board of Directors.

Modest adjustments to these policies and procedures may be adopted by the Finance Committee subject to approval by the Executive Committee. If substantive changes are proposed, the Treasurer will present the amendment(s) and the rationale for its adoption for consideration by the full Board, which will vote whether to approve the proposed change(s)

# Accounting Procedures

The accounting procedures used by the organization conform to Generally Accepted Accounting  Principles (GAAP) to ensure accuracy of information and compliance with external standards.

## Basis of Accounting

**Policy:** ALCHEMIST CDC uses the accrual basis of accounting.

### Procedure:

* The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

**Policy:** ALCHEMIST CDC’s fiscal year is the same as the calendar year.

### Procedures:

* Throughout the fiscal year, expenses are accrued into the month in which they are incurred.
* Revenue is always recorded in the month in which it was earned or pledged.
* Excepting the end of the fiscal year, the books for a given month are closed no later than 52 days after month-end. Invoices received after closing the books will be counted as a current- month expense.
	+ At the end of the fiscal year the books may be held open up to 90 days to ensure that all submitted expenses and revenue are properly accrued into the appropriate fiscal year.

## Deposits

**Policy:** Checks and cash received will be deposited or mailed for deposit by mail within 3 business days of receipt. Upon receipt, checks are stamped with a “for deposit only” endorsement stamp within 24 hours, which includes Alchemist CDC’s primary checking account number. Pending deposits are locked securely in the ALCHEMIST CDC office until they are deposited.

### Procedures:

* After review by the Executive Director, checks will be prepared for deposit in the appropriate ALCHEMIST CDC account by the Executive Director or Bookkeeper.
* Checks are deposited in First Citizens Bank, 455 Capitol Mall Ste. 100, Sacramento, CA 95814
* A deposit slip is prepared listing all checks.
* Deposits are matched to invoices issued.
* Each check is entered separately in the accounting software.
* The following documentation is filed by the Executive Director:
	+ Receipt from bank
	+ Copies of each check with its stub and identifying purpose of check
	+ Check stubs
	+ Any additional relevant information that was sent with the checks

## Wire Transfers

* The processing of the request for payment is the same whether writing checks or making wire transfers. However, the method of making the payment differs.
* When making a wire transfer or paying via PayPal, all of the documentation and authorizations necessary for any disbursement should be obtain prior to making the transfer.
* These transfers can be requested in person at the bank, by telephone call or online.

## Revenue Recognition

**Policy:** Contributions, whether by cash, check, credit card or online transaction, are recorded as pledged or received, and are credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the Chart of Accounts.

Generally, contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met. ALCHEMIST CDC distinguishes between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

### Procedures:

* The Executive Director reviews all income received and indicates on the letter or copy of the check how the revenue Alchemist CDC will be recognized (as earned/contributed, conditional/unconditional and restricted/unrestricted). If there is a question or uncertainty about how to recognize a particular contribution, the Executive Director or his/her designee will ensure that the donor is contacted to clarify the intent of the contribution.
* The bookkeeper or Executive Director is responsible for posting revenue to the general ledger in accordance with the determination made by the Executive Director.
* For any funds that are deemed restricted, the terms of these restrictions and monthly value to be released will be decided and communicated by the Executive Director to the bookkeeper in order to apply the income accordingly.

**Policy:** Noncash *“in-kind”* contributions of materials or services that can be classified as inventory or fixed asset, or that can be used for program, fundraising or management purposes are recorded.

### Procedures:

* Donated materials are generally recorded as inventory or expenses in the period received. Such donations are recorded at their fair value on the date of donation.
* Donated services that create or enhance nonfinancial assets are recorded at fair value in the period received, provided that:
	+ The services require specialized skills; and
	+ Are provided by someone who actually possesses those skills; and
	+ Would have to be purchased if not donated.
* Materials donated for a specific use are recorded as restricted contributions. Unconditional promises to give materials are recorded as contributions even if ALCHEMIST CDC does not receive the assets until a future period.
* Property donations received without donor-imposed stipulations about how long the property must be used are recorded as unrestricted contributions.
* Contributions of free or below-market rate use of facilities are recorded at fair value in the period received.
* In-kind contributions are documented by ALCHEMIST CDC staff and reported to the bookkeeper or Executive Director for recording. Documentation includes:
	+ Date of contribution
	+ Identification of the donor
	+ Fair value of the contribution
	+ Donor-imposed restrictions (if any)

**Policy:** ALCHEMIST CDC provides an acknowledgement to the donor for monetary and in-kind contributions.

### Procedures:

* The fair value of non-monetary contributions are determined by the donor
* Grants and contributions with donor-imposed restriction(s) are entered into ALCHEMIST CDC’s Grant Compliance Matrix

## Cost Allocations

**Policy:** The annual ALCHEMIST CDC budget is prepared with expenses categorized by account and functional use.

### Procedures:

* All invoices and expense reimbursements submitted for payment must be coded with the appropriate account and use code. They are coded by type of account and department/program/grant by the person who requests the item/service. This is verified by the Executive Director.
* If a manual check is written, an entry is made into the accounting system by 5pm the next business day.
* ALCHEMIST CDC classifies net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. The amounts for each of three classes of net assets—permanently restricted, temporarily restricted, and unrestricted—are displayed in a statement of financial position and the amounts of change in each of those classes of net assets are displayed in a statement of activities.
* Farmers’ Market vendor checks are generated by the bookkeeper no later than the 10th of each month. The Executive Director confirms that totals match with reported numbers and signs checks. The Program Coordinator distributes these checks, and the vendor signs a log verifying receipt of the check. The log is reviewed and filed by the Executive Director.

## Bank Reconciliations

**Policy:** All bank statements and Petty Cash logs will be reviewed in a timely manner. Bank reconciliation and Petty Cash approval will occur within 30 days of the close of the month.

### Procedures:

* Bank statements may be received in the mail or retrieved online.
* Reconciliations will be conducted by the Executive Director or bookkeeper
* Once completed, bank statements and reconciliation reports will be forwarded to the board Treasurer for review.
* The Board Treasurer will review and approve any variances or discrepancies in the reconciliation reports provided by the Executive Director.
* Petty cash purchases above $50 must be pre-approved by the Executive Director.
* Petty cash logs are maintained and reviewed monthly. All purchases must be recorded and accompanied by receipts and detailed itemization of purchases, which is then submitted to the Executive Director monthly.
* The Executive Director allocates Petty Cash only to select staff that must make regular off-site program purchases. The maximum amount of Petty Cash that may be disbursed to any one employee at one time is $200.
* Under no circumstances is petty cash used to advance monies to employees in the form of loans.

## Monthly Close

**Policy:** ALCHEMIST CDC closes the books monthly within 52 days of month-end or within 90 days at fiscal year-end. Any exception to the monthly close must be approved by the Treasurer and noted in accounting documents.

### Procedures:

* The Executive Director is responsible for ensuring that the following procedures are completed in a timely fashion:
	+ A calendar for the monthly closing of the books is developed prior to the beginning of a new year in coordination with the year-end Board Meeting.
	+ After the last business day of the month, and by the eighth day of the following month, staff provides timesheets, reimbursement requests, transaction receipts, and bank statements to the bookkeeper. The bookkeeper advises the Executive Director if there is any missing, incomplete or inaccurate documentation for completing data entry.
	+ Draft financial reports are produced by the bookkeeper about 4 business days before each board meeting (usually the 3rd Wednesday of the month). The Treasurer, in consultation with the Executive Director, approves finalization of the draft financials to close the fiscal month.
	+ The books are closed no later than 52 days after the end of the month. Invoices received after closing the books will be counted as a current-month expense.

## Journal Entries

**Policy:** Journal entries are used to record unique items or recurring items such as depreciation. They are also used to “adjust” the books for transactions that have already been entered for previous period, such as prepaid membership dues or other prepaid expenses.

### Procedures:

* ALCHEMIST CDC’s Executive Director, Accounting Consultant, or contracted CPA make appropriate journal entries on a monthly basis as needed to account for transactions consistent with generally accepted accounting principles.

## Recordkeeping

**Policy:** ALCHEMIST CDC retains paper and/or electronic records for the purpose of substantiating the organization’s 501(c)3 status.

*Background: Federal income tax regulations require ALCHEMIST CDC to keep records as long as the contents may be material to the administration of tax law. The retention periods shown below apply to records needed to substantiate ALCHEMIST CDC’s federal Form 990 filing. They are based on the federal statute of limitations, which is normally three years.*

Record-retention periods are generally the same for electronic records as their hard-copy counterparts. Electronic records include server and workstation hard drives, as well as cloud- based virtual storage.

### Procedures:

* The official hard copy accounting files are kept at 4016 8th Ave., Sacramento, CA. Bookkeeping is done electronically in QuickBooks, and maintained by ALCHEMIST CDC’s Executive Director with assistance from the Administrative and bookkeeping Assistant.
* The Executive Director and Administrative and bookkeeping Assistant are responsible for filing and keeping the ALCHEMIST CDC accounting files in auditable order.
* ALCHEMIST CDC adheres to the following record retention schedule:
	+ Three years (from date of filing)
		- Auto mileage logs
		- Bank deposit slips
		- Cancelled checks
		- Expense reports
		- Paid vendor invoices
		- Written acknowledgement from charity for contributions of $250 or more
		- Depreciation schedules (life of asset plus three years)
	+ Six years
		- Bank statements
		- Contracts (after expiration)
	+ Permanent
		- Annual financial statements
		- General ledger & journals
		- Form 990 filing
		- Copy C of Form W-2
		- Board Meeting minutes
* Current year and most recently closed fiscal year records are filed at 4016 8th Ave., Sacramento, CA.
* Previous year records are labeled and archived in ALCHEMIST CDC’s storage area at 909 12th St., Sacramento 95814
* ALCHEMIST CDC annually shreds and purges records that have reached their retention limit that are deemed to no longer be necessary, relevant or beneficial to retain.

# Internal Controls

ALCHEMIST CDC employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

ALCHEMIST CDC contracts with an independent CPA firm to complete our annual tax filings. ALCHEMIST CDC also contracts with a separate outside non-profit accounting specialist to review its books at least annually to offer suggested improvements of procedures, correct any errors, and ensure books are in order. ALCHEMIST CDC also contracts with a separate outside payroll service to handle semi-monthly payroll and taxes.

## Financial Authority

**Policy:** Authorized signatories for ALCHEMIST CDC accounts are the Executive Director and Board officers.

### Procedure:

* With any changes to executive leadership, revised signature cards are filed with ALCHEMIST CDC’s financial institutions for appropriate accounts.

**Policy:** All other accounting authority, responsibility and oversight rest with ALCHEMIST CDC’s Board of Directors.

### Procedures:

* The Treasurer is responsible to the Board for detailed monthly oversight and preparing quarterly reports.
* The Finance Committee is responsible for developing Financial Policies and Procedures. Recommended changes are submitted to the Executive Committee for review and to the Board for approval.
* The Executive Director’s expenditure authority and responsibility are defined by the Board and outlined below.
	+ The Executive Director is authorized to incur budgeted expenses in order to implement the organization’s workplan. Expenditures for a given budget line item that result in this line item being more than 10% above its annual budget require approval of the Executive Committee or Board. Unbudgeted expenditures require approval of the Executive Committee or Board.
	+ The Executive Director signs checks up to $5,000. Over $5,000 requires review and approval by the Treasurer.
	+ The Executive Director and current Board Officers are authorized to sign checks.
	+ A check to the Executive Director must be signed by a Board signatory; the Executive Director may not write ALCHEMIST CDC checks to herself/himself.
	+ In the event the Executive Director is on vacation or ill and a serious financial issue crops up, staff should immediately notify both the President and the Treasurer for direction on how to handle the issue.

## Bookkeeping tasks

**Policy:** The following tasks are completed in-house by the Executive Director or the bookkeeper employed by ALCHEMIST CDC.

### Procedures:

* Prepare vendor checks and employee reimbursements
* Record any deposits and any general journal entries
* Transmit timesheet information to the contracted payroll service at least twice monthly
* Reconcile ALCHEMIST CDC’s bank accounts
* Track restricted contributions as received or released
* Track lobbying expenses
* Maintain vendor files
* Compile the following statements:
	+ Statement of Financial Position
	+ Statement of Activities and Changes in Net Assets
	+ Supplementary Information:
1. Schedule of Activities Budget vs. Actual
2. Schedule of Actual and Projected Cash Transactions
3. Schedule of Receivables, Prepaid Expenses, Accounts Payable and Other Information
4. Schedule of Cash Position Quarterly
* Prepare and issue charity pass-through checks as approved by management

Annually

* Prepare the annual B&O tax reports
* Meet with the Finance Committee
* The contracted accounting firm will annually prepare ALCHEMIST CDC’s Return of Organization Exempt from Income Tax, Federal Form 990, for the contracted fiscal year in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

None of the services provided by the contracted Accounting firm can be relied on to disclose errors, fraud or illegal acts. However, they will inform ALCHEMIST CDC of any material errors and of any evidence or information that comes to their attention during the performance of their compilation procedures that fraud may have occurred. In addition, they will inform ALCHEMIST CDC of any evidence or information that comes to their attention during the performance of their compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. They have no responsibility to identify and communicate deficiencies in ALCHEMIST CDC internal control as part of this engagement.

ALCHEMIST CDC is responsible for

* Preparing and sending invoices and delinquent statement notices.
* Diligent review of the tax documents provided by the contracted accounting firm as a fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States
* Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements
* Preventing and detecting fraud
* Identifying and ensuring that ALCHEMIST CDC complies with the laws and regulations applicable to its activities
* Making all financial records and related information available to the contracted accounting firm and for the accuracy and completeness of that information

## Segregation of Duties

**Policy:** The organization’s financial duties are distributed among multiple individuals and outside firms to the extent possible in order to help ensure protection from fraud and error. The distribution of duties among limited staff aims for the most reasonable protection of ALCHEMIST CDC’s assets while also considering efficiency of operations.

### Procedures:

* The bookkeeper and/or Program Coordinator log all invoices and payments received by mail and initial entry. The Executive Director reviews the bills and checks and confirms the accuracy of the log by initialing each entry. The log is filed with accounting records.
* The Executive Director and/or bookkeeper opens the mail for all employees and forwards checks, bank statements and invoices, with appropriate coding, to the Executive Director for review.
* The Executive Director or bookkeeper then prepares and makes bank deposits.
* Reviewed bank statements are delivered to the Treasurer at least quarterly.
* The Executive Director and/or bookkeeper reconcile bank statements, enter transactions into QuickBooks and prepare checks for the Executive Director’s signature.

## Electronic Banking

**Policy:** The organization utilizes advantages of online banking, carefully managing who has online access to ALCHEMIST CDC accounts and the processes they are able to use. The Executive Director is the primary administrator, and s/he determines which other staff or contracted persons, if any, have online access, as well as establishing their appropriate authority level.

### Procedures:

* All users with online access should have their own login and password, with appropriate authority level as assigned by the Executive Director. Accessing the online system with another person’s credentials is prohibited.
* An authorized person downloads a monthly activity report (e-statement) within 5 days of the last day of the month and forwards it to the Executive Director for review and reconciliation to prepare draft monthly financial reports.
* The Executive Director will secure written approval from a second account signatory in advance of any withdrawal or transfer transaction that exceeds $5,000.
* Electronic receipt of contributions or payments are processed through a secure portal

## Physical Security

**Policy:** The organization maintains physical security of its assets to ensure that only people who are authorized have physical or indirect access to money, securities, real estate and other valuable property.

### Procedures:

* Blank checks are stored securely in the Executive Director’s home office
* All unused checks are accessible only by the Executive Director
* ALCHEMIST CDC uses only pre-numbered checks
* ALCHEMIST CDC uses accounting software to print checks if at all possible. (Greater than 98% of checks written shall be generated through its accounting software).
* Distribution of keys for the ALCHEMIST CDC office provided to staff are documented
* Access to the server and computers workstations are virus and password-protected
* Personal home computers and mobile devices are not authorized for online bank access or storage of ALCHEMIST CDC financial information

# Financial Planning & Reporting

ALCHEMIST CDC’s financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

## Annual Budget

**Policy:** ALCHEMIST CDC’s annual budget is prepared by the Executive Director in conjunction with the Finance Committee and is approved or revised by the full Board of Directors. Any activity that would alter the budget by greater than 10% must be approved by the Board of Directors.

### Procedures:

* The Executive Director will work together with the staff and the Finance Committee to ascertain underlying assumptions prior to preparing a draft budget. Examples of revenue items to consider include grants and sponsorships. Examples of expense items to consider include salaries & benefits, professional fees, events, advocacy and support contributions, Strategic Plan Implementation and contributions to reserves.
* The Executive Director will ensure that the budget is developed using the organization’s standard Revenue Recognition (p. 4) and Cost Allocation (p. 5) procedures.
* The Executive Director will present a draft budget to the Finance Committee in November.
* The Finance Committee reviews and recommends a fiscal year budget for preview by the Board of Directors at the December Board meeting.
* At its December meeting, the Board of Directors will adopt a final budget

## Monthly Financial Reports

**Policy:** The Executive Director produces a monthly compilation of financial reports.

### Procedures:

* The Executive Director and/or bookkeeper is responsible for producing financial reports within 30 days of the end of each month.
* Review and approval schedule for monthly financial reports:
	+ Draft financial reports are provided by the bookkeeper and/or Executive Director and Treasurer consistent with the adopted calendar established in the Monthly Close Procedure, usually by the 4th Friday after the end of a calendar month
	+ The Treasurer communicates an OK to finalize the draft reports prior to the next board meeting
	+ The Executive Director and/or Bookkeeper prepares a statement of activities noting the actual revenue and expenses for the month and to-date is provided and compared to the annual budget, which was approved by the board at the beginning of the year.
	+ The Board reviews the report at the Board meeting
	+ On a quarterly basis, the Treasurer prepares a narrative report that summarizes the organization’s current financial position and includes explanations for budget variance.

## Audit

**Policy:** ALCHEMIST CDC’s financial statements are not currently audited by an independent certified public accountant.

## Tax Compliance

### Exempt Organization Returns

**Policy:** ALCHEMIST CDC’s contracted accounting firm will prepare ALCHEMIST CDC’s Form 990 and send it to the IRS following approval by the ALCHEMIST CDC Board. The Executive Director approves payment of any City, County and other local taxes.

### Procedures:

* Due to the time it takes to close the books on the fiscal year, it may be necessary for ALCHEMIST CDC’s contracted accounting firm to apply for and secure an automatic three-month extension of the May 15 filing deadline for the Federal Form 990.
* The Finance Committee reviews and approves the Federal Form 990 before the contracted accounting firm on ALCHEMIST CDC’s behalf files it no later than August 15.

### Quarterly/Annual Payroll Reports

**Policy:** Payroll is managed by an outside service, and reports necessary for compliance with Federal, State and Local reporting requirements, including Labor & Industry reporting and W-2 forms, are prepared and reported by the service.

### Procedure:

* The contracted bookkeeping firm verifies through payroll service reports that appropriate reports are filed and taxes paid, making the respective entries in ALCHEMIST CDC’s books. The Executive Director has online reports available from the payroll service for documentation as needed.

# Accounts Receivable

## Invoice Preparation

**Policy:** Many contracts and grants are paid on a reimbursement basis, necessitating invoicing for services and materials. Invoices are submitted on the schedule basis required by the payer. Where invoice scheduling is not set by the payer, Customers will be billed at least quarterly and no more than monthly.

**Procedure:**

Invoices are compiled based on timesheet and expense reports submitted by staff. Invoices are drafted by the Executive Director and/or Bookkeeper. All invoices are reviewed by the Executive Director. Invoices created by the Executive Director will be reviewed by the bookkeeper.

# Accounts Payable

## Payroll

**Policy:** Payroll is managed by an outside service selected by the Executive Director and approved by the Executive Committee.

### Procedure:

* The Executive Director reviews the performance of the payroll service annually in consultation with the Non-profit accounting specialist and input from ALCHEMIST CDC staff as appropriate to determine whether the contract with the payroll service should be renewed.

### Recording Time Worked and Absences

**Policy:** All employees, exempt and non-exempt, are required to record time worked and leave taken for payroll, benefits tracking, and cost allocation purposes.

### Procedures:

* Non-exempt employees complete time sheets and submit them to the Executive Director for approval.
* Exempt employees record absences due to illness, injury, vacation or holidays
* Time sheets for non-exempt employees and a report of exempt employee leave taken are reviewed and approved by the Executive Director, who is responsible for tracking this information and transmitting it in a timely manner to the outside payroll service.
* The payroll service provides updated tracking of vacation and sick leave hours to each employee and the Executive Director on semi-monthly basis.
* Supporting documentation of Payroll is submitted to the Executive Director (Executive Director timesheets are reviewed by the Bookkeeper) twice monthly in the form of timesheets which indicate hours of the day worked, total # of hours worked, and summary descriptions of tasks completed, allocation of time to various cost centers/grants rounded to the nearest 15 minute increments. All time records are retained per the document retention policy.

### Payroll Additions, Deletions, and Changes

### Policy: The Executive Director is responsible for approving all payroll additions, deletions and changes, and communicating this information to the payroll service. Changes to the Executive Director’s compensation are verified by a member of the Executive Committee.

### Procedure:

* The Executive Director transmits relevant information to the outside payroll service.
* Raises received by non-executive employees is documented in writing and signed by the executive director. Executive raises are documented in writing and signed by the board president.

### Pay Upon Termination

**Policy:** Upon termination, employees are eligible to receive a lump sum payment for earned, unused vacation time. Unused sick leave will not be paid. Payment of severance pay is solely at the discretion of the Executive Committee or Board of Directors.

### Procedures:

* Upon termination of any employee, the Executive Director confirms any and all authorized payments.
* Upon termination of the Executive Director, a member of the Executive Committee confirms the submission of any and all authorized payments.

## Purchases & Procurement

**Policy:** Any expenditure in excess of $5,000 for the purchase of a single item should have bids from more than one supplier if possible and will be reviewed by the Executive Director.

### Procedure:

* The bids and purchase of any item that falls under this policy will be documented and a file retained for three years from date of purchase.

## Invoice Approval & Processing

**Policy:** All invoices must be approved by the Executive Director prior to payment. Approved invoices will be paid within 30 days of receipt.

### Procedures:

* Invoices and bills will be opened by the bookkeeper for review and authorization to pay.
* Invoices are then reviewed by the Executive Director for authorization prior to payment being issued. If the expense is greater than $5,000 and was not included in the approved annual budget, the Treasurer must also approve the expenditure.
* After payment, the original invoices will be marked as paid and will be attached to the check stub and filed in the ALCHEMIST CDC vendor files.

## Employee Expense Reimbursements

**Policy:** Employee requests for reimbursement of business expenses are submitted to the Executive Director for approval. Executive Director requests for reimbursement of business expenses are submitted to a member of the Executive Committee for approval.

### Procedures:

* Employee requests for reimbursement of business expenses are submitted on an ALCHEMIST CDC Employee Expense Report form with proper GL Codes and Class to the Executive Director along with receipts or other appropriate form of documentation.
* Executive Director requests for reimbursement of business expenses are submitted on an ALCHEMIST CDC Employee Expense Report form to a member of the Executive Committee along with receipts or other appropriate form of documentation.

## Business Debit/Credit Card

**Policy:** ALCHEMIST CDC utilizes a debit card and a credit card issued to the Executive Director for convenience in transacting business.

### Procedures:

* Credit card line of credit Alchemist CDC shall be limited to $20,000. Any increase in the line of credit Alchemist CDC carries shall be requested by the Executive Director and reviewed by the Executive Committee.
* Credit card may be used for any expense eligible for reimbursement by ALCHEMIST CDC—for example,
	+ Travel for business purposes
	+ Purchase of needed office supplies and other office-related expenses.
* Debit/Credit card may not be used to charge personal expenses.
* The Executive Director must approve all use of the debit/credit card by other employees.
* The Executive Director is authorized to use it to make purchases up to $5,000 and needs a second approval by an Executive Committee member for larger purchases.
* The bank account connected to the debit card, shall maintain a balance no greater than $10,000. If the debit card account exceeds $10,000, the Executive Director shall transfer excess balance into the primary bank account, which is not tied to a debit card.

# Asset Management

## Cash Management and Investments

**Policy:** ALCHEMIST CDC maintains sufficient operating cash in the checking account to cover budgeted expenses without dipping into reserves. Reserve funds are maintained in interest-bearing accounts that are FDIC-insured and have adequate liquidity so that they can be accessed without undue penalty.

### Procedures:

* The Executive Director and Finance Committee monitor the level of cash quarterly, and report any unexpected or significant fluctuations to the Executive Committee.
* The Executive Committee determines whether to place this on the Board agenda with a recommendation for action.

## Capital Equipment

**Policy:** ALCHEMIST CDC depreciates equipment valued over $1,000

### Procedures:

* Computers and software: over 3 years
* Other: over 5 years
* Annual review of the fixed assets is made to verify the list matches the actual items owned and used.

## Board Designated Reserves

**Policy:** The purpose of this reserve is to ensure that ALCHEMIST CDC at all times has funds to cover basic interim expenses should the organization undergo a serious crisis or have to close down. This is factored as up to 3 months of budgeted salary, benefits, rent and other obligated expenses.

It is not intended that this reserve be used as an excess cash fund for new projects during the year. The reserve is established for the entire year and does not change unless there are significant changes requiring adoption of a new budget during the year. The reserve amount is listed separately in the monthly financial reports.

### Procedures:

* As part of the budgeting process, a proposed amount for the Board Designated reserve will be calculated each year consistent with the policy noted above.
* The Board Designated reserve will be funded with available unrestricted operating funds.
* The Board of Directors may from time to time direct that a specific source of revenue be set aside for operating reserves. Examples may include one-time gifts or bequests, special grants, or special appeals.
* To use funds from the Board Designated reserve, the Executive Director will submit a request to the Executive Committee. The request will include an explanation of need, identification of the use of funds, and plans for replenishment. The organization’s goal is to replenish any funds used within twelve (12) months to restore the reserve fund to the budgeted amount. Proposals to draw down from the reserves without replenishment within this time frame require approval of the Board of Directors.
* Priority will be given to paying down credit accounts before placing funds in reserve if the credit accounts carry an interest rate that is higher than what can be earned through an interest bearing account. Any variance from this policy must be approved by the Board of Directors.

## Risk Management

**Policy:** ALCHEMIST CDC takes prudent measures to protect its assets with appropriate insurance coverage.

### Procedures:

* ALCHEMIST CDC maintains general liability insurance coverage
* ALCHEMIST CDC maintains a Directors & Officers (D&O) insurance policy
* ALCHEMIST CDC maintains Workers Compensation and Unemployment insurance
* ALCHEMIST CDC maintains supplemental volunteer liability insurance