Finance Policy Manual

Adopted (date)
Contents

Section 1 – Introduction ................................................................................................................. 4
Section 2 – General Provisions ....................................................................................................... 4
  2.1 Segregation of Duties ............................................................................................................. 4
  2.2 Accounting Period ............................................................................................................... 4
  2.3 Accounting Method ............................................................................................................ 4
  2.4 Accounting System ............................................................................................................ 4
  2.5 Consistent Treatment ......................................................................................................... 4
  2.6 Finance Committee ............................................................................................................ 4
  2.7 Non-Compliance ................................................................................................................. 5
Section 3 – Cash, Banking and Investments .................................................................................... 5
  3.1 Bank Authority ................................................................................................................... 5
  3.2 Banking Relationships ........................................................................................................ 5
  3.3 Federal Deposit Insurance Corporation Coverage (FDIC) ................................................ 5
  3.4 Bank Reconciliations ......................................................................................................... 5
  3.5 Deposits ............................................................................................................................ 5
  3.6 Voided Checks ................................................................................................................... 5
  3.7 Petty Cash ........................................................................................................................ 6
  3.8 Credit/Prepaid Debit Cards ............................................................................................... 6
  3.9 Investments ........................................................................................................................ 7
Section 4 – Accounts Receivable and Revenue Recognition ............................................................ 7
  4.1 Invoicing ........................................................................................................................... 7
  4.2 Revenue Recognition ......................................................................................................... 7
  4.3 Contribution Acknowledgement ....................................................................................... 7
Section 5 – Other Assets .................................................................................................................. 7
  5.1 Fixed Assets ....................................................................................................................... 7
  5.2 Fixed Asset Depreciation ................................................................................................. 7
  5.3 Fixed Asset Disposition ..................................................................................................... 8
  5.4 Prepaid Assets ................................................................................................................... 8
Section 6 – Purchasing and Payables ................................................................................................ 8
  6.1 Open Competition .............................................................................................................. 8
  6.2 Approval Limits ................................................................................................................ 8
  6.3 Contracts and Agreements ............................................................................................... 8
  6.4 Accounts Payable ............................................................................................................. 9
  6.5 Tax Reporting and Compliance ....................................................................................... 9
Section 7 – Payroll and Related Liabilities ..................................................................................... 9
  7.1 Payroll Processing ............................................................................................................. 9
  7.2 Payroll Liabilities .............................................................................................................. 9
  7.3 Payroll Reporting ............................................................................................................. 9
  7.4 Payroll Changes ............................................................................................................... 9
Section 1 – Introduction

Oklahoma’s Equality, hereinafter referred to as “OKEQ” is a tax-exempt organization pursuant to Internal Revenue Code §501(c)(3). The mission of OKEQ is to seek equal rights for Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer/Questioning, Intersex, Ace, and plus (2SLGBTQIA+) individuals and families through intersectional advocacy, education, programs, alliances, and the operation of the Dennis R. Neill Equality Center.

This manual contains the internal controls and financial management standards used by OKEQ to safeguard all assets and ensure that they are used solely for authorized purposes. All Board of Directors, employees and/or contractors have a responsibility to utilize the organization’s assets in the most efficient manner possible and to guard against loss of the organization’s assets whether due to error or fraud. It is important that these internal controls are observed to maintain the highest level of fiscal integrity and accountability.

Management, including but not limited to the Board of Directors (the Board), will have the responsibility for interpretation of these policies. All questions regarding financial policy should be directed to the Finance Committee.

Section 2 – General Provisions

2.1 Segregation of Duties
Proper segregation of duties shall be maintained at all times in order to safeguard the assets of the organization. No single individual shall have the authority to both request and approve the disbursement or obligation of funds. The Board and the Finance Committee are charged with general oversight of the finance function and will be provided periodic financial reports to facilitate this duty.

2.2 Accounting Period
The accounting period of OKEQ is October 1 thru September 30.

2.3 Accounting Method
OKEQ will utilize the accrual method of accounting, in accordance with Generally Accepted Accounting Principles (GAAP).

2.4 Accounting System
OKEQ will use an ERP accounting system that includes the capability to segregate activity by funding source. Within this accounting system, a chart of accounts will be established that ensures proper classification of activity by account type and in alignment with line items included in approved budgets.

2.5 Consistent Treatment
All financial policies and procedures shall be applied consistently across all funding sources and across all funding periods.

2.6 Finance Committee
An integral part of the internal controls outlined in this document is the existence of a Finance Committee that reports to the Board. The Finance Committee will be chaired by the Treasurer. Other members of the Board and/or community members may be appointed to the committee by the Treasurer.

### 2.7 Non-Compliance
Compliance with this policy is mandatory. No employee has the authority to act contrary to the provisions of this policy or to authorize, direct, or condone violations of it by any other employee or by any representative of OkEq. Any employee who has knowledge of facts or incidents which is to be believed in violation of this policy has an obligation, promptly after learning of such fact or incident, to review the matter with Executive Director or someone from the Executive Committee.

## Section 3 – Cash, Banking and Investments

### 3.1 Bank Authority
Bank Signers should be voted by the board and be limited to three elected members of the Executive Committee. Upon approval of the Board, changes to the authorized signers will be communicated to the banking institution by a member of the Finance Committee.

### 3.2 Banking Relationships
Banking relationships will be reviewed every two years by the Finance Committee to ensure competitive interest rates are being received, determine if alternate banking products have become more suitable, and make sure fees and charges are reasonable. The results of any review of banking relationships will be provided to the Finance Committee along with a recommended course of action. The Finance Committee will review the recommendation and forward their recommendation to the full Board for approval. The Board Treasurer will execute any Board decisions regarding banking relationships.

### 3.3 Federal Deposit Insurance Corporation Coverage (FDIC)
The Accountant will monitor bank balances on a continual basis to ensure FDIC coverage is maintained. If new bank accounts are needed to maintain FDIC coverage, the Finance Committee will research potential institutions and provide recommendations to the Board. The Board Treasurer will take the necessary steps to open new bank accounts and to move funding as directed by the Board.

### 3.4 Bank Reconciliations
Bank reconciliations will be performed by the Accountant each month. Bank statements will be printed from online banking applications, if available, for reconciliation purposes. Completed bank reconciliations will be provided to the Board Treasurer for review.

### 3.5 Deposits
Any checks or cash received will be deposited as soon as practical, but at least weekly, and recorded in the accounting system when deposited. Proof of deposit, check copies and any documentation accompanying the checks/cash will be maintained in the Finance files.

### 3.6 Voided Checks
Every check that has been voided, regardless of reason, shall be recorded in the accounting
system. If voided checks are physically available, they will be marked “VOID”, signature line removed and kept in the Finance files.

3.7 Petty Cash
A petty cash fund may be needed for the store, events, and fundraising activities. Petty cash is used only when it is necessary to pay for small purchases and to provide an adequate amount of change where cash is accepted. A receipt or verifiable documentation must be acquired upon payment. Total petty cash funds do not exceed $500.00, except where more funds are needed for change at events.

The petty cash fund must have a designated custodian responsible for that fund who is independent of the accounting department and the cash disbursement process. When necessary, the bank signers have authority to replenish the account. The custodian and the person approving replenishment of the petty cash fund cannot be the same person. Alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the bank account. Full documentation for this deposit should be retained. The petty cash is counted and verified by two individuals using the Petty Cash Reconciliation form. The reconciliation is sent to the Accountant at the end of each month.

Petty cash cannot be used for the following:
- Purchases from or expenses incurred with a vendor that cannot provide an invoice or receipt.
- Vendors that have an active account in the accounting system.
- Employee expense reports.
- Employee advances (salary, travel, or otherwise).
- Any payroll-related costs or adjustments.
- Inventory materials.
- Anything related to taxes.
- Anything related to government fees
- Fixed Assets.

3.8 Credit/Prepaid Debit Cards
Credit or Prepaid Debit Cards associated with OKEQ may be issued to staff and board members to be used for business-related expenditures. The Finance Committee shall determine who is authorized to have an OKEQ credit/prepaid debit card. All cards shall be under the name and federal identification number of OKEQ. It is strictly prohibited for staff to use their personal social security number to obtain a credit card in OKEQ’s name.

Credit/prepaid cards shall not be used for personal charges at any time. If personal charges are made accidentally, the card holder will inform the Executive Director and immediately reimburse OKEQ. Written documentation will be kept in employee file stored within the locked storage in the office of the Executive Director.

Card holders are required to submit itemized receipts each month to the Accountant for all charges monthly through the Finance Request Form. The Executive Director or Treasurer will review and approve transactions. The Accountant will enter transactions into the accounting system based on the supporting documentation provided. All policies related to purchasing also apply to transactions made by credit/prepaid debit cards, and full compliance is expected. The
card holder can be held responsible for any transactions for which a receipt is not submitted. The card holder may be required to reimburse OKEQ for these unsubstantiated transactions.

Repeated non-compliance with these requirements by a card holder will result in the loss of card privileges. Unauthorized charges or lost/stolen cards shall be immediately reported to the Executive Director so appropriate action may be taken.

3.9 Investments
No funds of OKEQ shall be deposited in any name other than OKEQ, and no funds of OKEQ shall be invested without approval of the Board. The Board may approve an investment policy separate from this document. In addition, OKEQ may utilize an investment advisor.

Section 4 – Accounts Receivable and Revenue Recognition

4.1 Invoicing
Invoicing for grants and contracts will be prepared at the frequency and per the terms of the grant or contract. Invoices will be entered and tracked through the accounting system. Supporting documentation for any expenditures charged to a grant or contract will be maintained in the finance files along with a copy of the invoice. The Accountant will record payments on invoices when they are received.

4.2 Revenue Recognition
Revenue will be recognized based on the terms of each grant or restricted funds and the appropriate GAAP revenue recognition principle.

4.3 Contribution Acknowledgement
For all cash or in-kind donations of $250 or more, the contributor will receive an acknowledgement letter. All quid pro quo contributions of $75 or more will be documented as required and an acknowledgement sent to the contributor.

Section 5 – Other Assets

5.1 Fixed Assets
Fixed assets are defined as any piece of furniture or equipment valued at two thousand five hundred ($2,500.00) or more and having an expected useful life of greater than one year. All purchases that are classified as fixed assets will be recorded in a fixed asset records. An inventory of fixed assets will be performed at the end of each fiscal year using the fixed asset record as a guide. Assets are the property of OKEQ.

Assets will be classified in the following categories with the useful life indicated below.
- Furniture and Fixtures – 10 years
- Computer & Electronic Equipment – 5 years
- Software – 3 years

5.2 Fixed Asset Depreciation
Depreciation will be calculated on an annual basis using the straight-line depreciation method and will be classified as an administrative expense.

5.3 Fixed Asset Disposition
Fixed assets may be sold or traded-in on new equipment.

Any asset that is missing or has been stolen will be reported in writing to the Board as soon as possible. The description and other pertinent information about the lost item shall be included in the report. The Board President will determine the proper course of action and will direct the notification of OKEQ’s insurance carrier and any outside authorities, if deemed necessary. If the asset is not recovered, it will be removed from the fixed asset records.

Fixed assets that are deemed as unusable will be reported to the Board, disposed of properly and removed from the fixed asset records.

5.4 Prepaid Assets
Any items over $1,000, such as insurance premiums, that are paid in advance and cover a future period will be classified as Prepaid Assets and amortized over the appropriate period.

Section 6 – Purchasing and Payables

6.1 Open Competition
All purchases must follow the approval requirements and processes outlined in this section. Goods or services costing more than five-thousand ($5,000.00) each require three bids. The supporting documents demonstrating that three bids have been obtained will be maintained in the finance files. A sole source purchase may be authorized when it is impossible or extremely impractical to obtain three bids and subject matter experts. The reason that the purchase was made as a sole source must be thoroughly documented, and the documentation must be kept in the finance files.

6.2 Approval Limits
The following approval limits apply to all purchases. The limits apply to the total cost of a purchase. Purchases shall not be split in order to circumvent these limits. Whenever possible, purchases should be combined to reduce administrative burden, reduce shipping costs and/or obtain volume purchasing discounts.

- Up to $5,000 – Executive Director
- $5,001 to $15,000 – Executive Committee
- Over $15,000 – Board approval

6.3 Contracts and Agreements
Signature authority for contracts and agreements are limited to the Board Chair, Board Treasurer, and Executive Director following appropriate approval limits listed above in section 6.2. Contracts and legal documents should go through review prior to any action on them. A contract must be fully executed before payments can be made to vendors. A copy of the fully executed contract will be maintained in the finance files.
6.4 Accounts Payable
Request for invoice payment will be processed through the Finance Request Form with appropriate coding, invoice (not statements), and other supporting documents for the associated purchase. Upon submission, the Finance Request Form is routed to the Executive Director or Treasurer for approval. Once approved, the completed packet will be submitted to the Accountant to be entered into the accounting system and to be included on the weekly check run. The check run report is reviewed by the President and Treasurer. After review, the payments are disbursed by the Accountant either via paper check or electronic payment. No individual may request, approve and initiate payment. No vendor invoices will be paid from Petty Cash. All supporting documentation is maintained in the finance files.

6.5 Tax Reporting and Compliance
All vendors will be required to provide Form W-9 Request for Taxpayer Identification Number and Certification prior to payments being issued to the vendor. Backup withholding requirements, as specified by the Internal Revenue Service, will be applied, if necessary. The completed Form W-9 will be maintained in the finance files.

Form 1099 will be prepared and provided to vendors annually based on the Internal Revenue Service requirements in effect at the time.

Section 7 – Payroll and Related Liabilities

7.1 Payroll Processing
Payroll is processed on a bi-weekly basis, with payment dates on Friday. Payroll is paid via direct deposit only. Employees are responsible for tracking their time and recording actual hours worked in the designated timekeeping system. Hours entered in the timekeeping system should be approved by Supervisors.

The Accountant is responsible for entering and processing payroll payments through the payroll system. Withholdings will be made from employee paychecks based on employee authorizations, Form W-4, and applicable law.

7.2 Payroll Liabilities
All payroll liabilities, including federal and state taxes, will be paid as soon as practical following the end of each pay period. The Accountant is responsible for ensuring timely payment of payroll liabilities.

7.3 Payroll Reporting
The Accountant is responsible for ensuring all required payroll tax returns are prepared and timely filed. W-2 Wage and Tax Statements and W-3 Transmittal of Wage and Tax Statements will be prepared and distributed on an annual basis within applicable timelines established by the Internal Revenue Service. Deadlines and filing requirements will be monitored by the Accountant, and filing frequency and content will be modified, as needed.

7.4 Payroll Changes
If changes need to be made in the payroll system, an Employee Change Form will be completed and signed by the employee and Executive Director. Changes in the payroll system will not be applied until all approvals are complete. The Employee Change Form will be filed in the finance
Section 8 – Other Liabilities

8.1 Accruals
Accruals are necessary from time to time to record costs or revenue to the appropriate accounting period. At a minimum, accruals will be prepared at fiscal year-end to ensure the accuracy of annual financial statements and/or in preparation for the annual financial audit.

8.2 Loans
OKEQ prohibits loans to staff, Directors, Officers, or committee members.

8.3 Assumption of Debt
The Board of Directors of OkEq shall not have the power or authority to obligate OkEq to any single capital debt exceeding $50,000 unless approved by a majority vote of the full Board of Directors and unanimous vote of all of the Trustees. The Finance Committee must review all debt agreements prior to the presentation of such agreements to the Board. The Board’s authorization to incur debt shall be documented in the minutes of the Board meetings.

8.4 Long-Term Debt
Current portions of long-term debt will be included with current liabilities on the financial statements. Only the noncurrent portion of the long-term debt will be included in the long-term debt section of the financial statements. The current portion of debt is considered to be the amount of principal due to be paid over the ensuing twelve (12) month period, or any debt expected to be refinanced within the same twelve (12) month period.

8.5 Deferred Revenue
Cash receipts in excess of costs incurred on conditional grants are to be reflected as Deferred Revenue and temporarily restricted net assets until they are expended for the purpose of the grant, at which time they will be considered earned and recognized as unrestricted support.

Section 9 – Travel and Expense Reimbursement

9.1 Travel Expenses
From time to time, staff or Board members may be approved for travel related to the business of OKEQ. All travel-related expenses must be appropriately documented and submitted through the Finance Request Form. All requests for reimbursement require approval from the Executive Director and Treasurer.

9.2 Employee Expense Reimbursement
Reimbursement for other pre-approved expenses such as cell phone, business meals, supplies, and services (not an inclusive list) may be made for business purposes only. To request reimbursement a Finance Request Form is submitted along with relevant invoices, receipts, and other verifiable documentation.
9.3 Unallowable Expenses
Reimbursement will not be made for items of a personal nature or for entertainment unrelated to business purposes. The cost of entertainment may be reimbursed if such entertainment is for business purposes, with prior approval of the Executive Director or Treasurer.
Section 10 – Financial Reporting

10.1 Review
The internal control procedures built into the accounting system are designed to help safeguard the assets of the organization from loss due to error or fraud during daily operations. Finance Committee review of financial reports is an important part of these internal controls. Finance Committee review serves to test the accuracy of the recorded data and to ensure compliance with internal control procedures, as well as other established policies and procedures.

10.2 Reporting Frequency
Monthly
Budget versus Actual reports will be prepared monthly and provided to the Finance Committee. The reports will be based on the approved budgets in effect at the time. The Finance Committee will review the reports before they are submitted to the Board as a whole.

Annual
IRS Form 990 Return of Organization Exempt from Income Tax will be prepared annually based on finalized information for the reporting period. The completed form will be provided to Management for review prior to filing.

Periodic
Additional financial reporting as required by funding sources will be prepared and submitted in a timely manner to ensure compliance with the funder conditions.

10.3 Journal Entries
Journal entries will be prepared on an as needed basis to ensure the accuracy of financial records. Journal entries will be prepared by Finance and appropriate supporting documentation will be maintained.

10.4 Balance Sheet Reconciliations
At a minimum, all items on the balance sheet will be reconciled on a monthly basis.

10.5 Financial Audit
When required, the organization will contract with an appropriate independent accounting firm to perform a financial audit. The audit will be scheduled as soon as possible after the fiscal year ends. The independent accounting firm will be re-evaluated after being contracted for three consecutive audits.

Section 11 – Budgeting

11.1 Organization Budget
An annual budget will be drafted by the Executive Director with assistance from the Accountant and Finance Committee. The budget will be presented to Board for review and approval prior to the beginning of the fiscal year. The Executive Director is authorized to reallocate funds among budget line items to the extent that the total budget approved by the Board is not exceeded. The Executive Director shall report any such reallocations to the Board.
11.2 Programmatic/Grant Budgets
Programmatic and grant budgets will be prepared for each funded program. Expenditures for programmatic activities will be restricted to the budget approved by the funding sponsor. Expenses charged to programmatic budgets will be made in accordance with the applicable guidance provided by the funding sponsor.

11.3 Event Budgets
Fundraising and Event budgets will be prepared by the Event Chairperson with assistance from the Executive Director and Accountant. Fundraising and Event budgets will be presented to the Finance Committee for approval before spending may occur.

Section 12 – Document Retention and Destruction
The following document retention standards have been adopted from the American Institute of Certified Public Accountants. The schedule reflects retention periods for specific types of documents. Notwithstanding the following, Oklahomans for Equality will adhere to any legal requirements that would supersede the retention periods outlines below. Additionally, all grant documents and related supporting documentation will be maintained for the audit look back period specified in each grant.

<table>
<thead>
<tr>
<th>Area</th>
<th>Document Type</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Records</td>
<td>Accounts Payable</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Accounts Receivable</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Audit Reports</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Chart of Accounts</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Depreciation Schedules</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Expense Records</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Financial Statements (Annual)</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Fixed Asset purchases</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>General Ledger</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Inventory Records</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Loan Payment Schedules</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Purchase Orders (1 copy)</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Sales Records</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Tax Return</td>
<td>Permanent</td>
</tr>
<tr>
<td>Bank Records</td>
<td>Bank reconciliations</td>
<td>2 years</td>
</tr>
<tr>
<td></td>
<td>Bank statements</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Canceled checks</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Electronic payment records</td>
<td>7 years</td>
</tr>
<tr>
<td>Corporate Records</td>
<td>Board Minutes</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Bylaws</td>
<td>Permanent</td>
</tr>
<tr>
<td></td>
<td>Business Licenses</td>
<td>Permanent</td>
</tr>
<tr>
<td>Category</td>
<td>Retention Period</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------</td>
<td></td>
</tr>
<tr>
<td>Contracts-major</td>
<td>Life +4 years</td>
<td></td>
</tr>
<tr>
<td>Contracts-minor</td>
<td>Life +3 years</td>
<td></td>
</tr>
<tr>
<td>Insurance policies</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td>Leases/mortgages</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Records</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit Plans</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td>Employee files (ex-employees)</td>
<td>7 years</td>
<td></td>
</tr>
<tr>
<td>Employment applications</td>
<td>1 year</td>
<td></td>
</tr>
<tr>
<td>Employment taxes</td>
<td>7 years</td>
<td></td>
</tr>
<tr>
<td>Payroll records</td>
<td>7 years</td>
<td></td>
</tr>
<tr>
<td>Pension/profit sharing plans</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td><strong>Real Property Records</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction records</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td>Lease payment records</td>
<td>Life +4 years</td>
<td></td>
</tr>
<tr>
<td>Real estate purchases</td>
<td>Permanent</td>
<td></td>
</tr>
</tbody>
</table>

Documents will be destroyed by a secured destruction methodology once the specified retention period has expired.