SEFAA

Financial Policies

Adopted by the Board of Directors: 7/22/2026

1. Purpose & Scope

The purpose of this Financial Policy is to establish a framework of financial oversight, accountability, and risk management to safeguard the assets of the organization and ensure the integrity of its financial operations.

This policy is designed to:

- Promote accurate and timely financial reporting
- Protect organizational assets from loss, misuse, or fraud
- Ensure compliance with applicable laws, regulations, and governing documents
- Establish clear roles, responsibilities, and approval authority for financial activities

This policy applies to all individuals involved in the financial management of the organization, including:

- Board of Directors
- Officers
- Committee members with financial responsibilities
- Executive leadership
- Staff and contracted service providers

All parties are expected to adhere to the controls and procedures outlined herein. The Board of Directors maintains ultimate fiduciary responsibility, while staff are responsible for the day-to-day execution and administration of financial activities in accordance with this policy.

2. Roles & Responsibilities

To ensure appropriate oversight, accountability, and segregation of duties, financial responsibilities are distributed across staff and Board leadership as follows:

Board of Directors

- Holds ultimate fiduciary responsibility for the financial health and integrity of the organization
- Approves the annual budget and any material financial changes
- Establishes and adopts financial policies
- Reviews financial performance through regular reporting

Executive Committee

- Provides ongoing financial oversight on behalf of the Board
- Reviews monthly financial statements, including budget-to-actual performance and cash position

- Ensures alignment between financial performance and organizational strategy
- Includes the President, President-Elect, Past President, Treasurer, Secretary, and Associate Vice President

Treasurer

- Serves as the primary Board liaison for financial oversight
- Works closely with staff to review financial statements and key financial indicators
- Supports presentation of financial reports to the Board and Executive Committee
- Provides guidance on financial strategy and controls

Executive Director (Staff)

- Provides initial authorization for organizational expenditures
- Ensures financial activities align with the approved budget and organizational priorities
- Oversees implementation of financial policies and internal controls
- Partners with the Director of Finance to monitor financial performance and risk

Director of Finance (Staff)

- Manages day-to-day financial operations, including accounts payable, receivable, and financial reporting
- Prepares monthly financial statements and supporting documentation
- Maintains accounting records in accordance with generally accepted accounting procedures (GAAP)
- Administers financial systems, including bill payment platforms (e.g., Bill.com)
- Ensures compliance with internal controls and this policy

3. Segregation of Duties

The organization maintains a system of internal controls that ensures no single individual has sole control over all aspects of any financial transaction. Financial responsibilities are distributed across multiple roles to reduce the risk of error, misappropriation, or fraud.

Accounts Payable

- All bill payment requests entered through specified process for approval by Executive Director
- Invoice entry and bill creation are performed by bookkeeping staff under the supervision of the Director of Finance
- Payment processing is conducted through designated financial systems (e.g., Bill.com), with restricted user access

Bank Reconciliations

- Bank reconciliations are prepared by the accounting team under direction of Director of Finance on a monthly basis

- Reconciliations must be completed in a timely manner following month-end close
- Reconciliations are subject to review by the Executive Director to ensure accuracy and completeness

Financial Statement Preparation & Review

- Financial statements are prepared by the Director of Finance on a monthly basis
- Financial reports are reviewed internally by the Executive Director prior to distribution
- Monthly financial statements are then reviewed by the Executive Committee as part of the organization's financial oversight process

System Access & Controls

- Financial system access is restricted based on role and responsibility
- Users are granted the minimum level of access necessary to perform their duties
- Administrative and approval permissions are limited to authorized personnel
- System workflows are configured to prevent unauthorized transactions

4. Cash Disbursements & Approval

The organization maintains strict controls over all cash disbursements to ensure appropriate oversight, authorization, and protection of financial assets.

Approval Structure

All cash disbursements, including checks, electronic payments, and ACH transactions, are subject to the following approval process:

- Individuals responsible for entering invoices are not authorized to independently approve or release payments
- All disbursements are processed through approved financial systems (e.g., Bill.com and/or banking platforms), which enforce approval workflows and prevent unauthorized payments
- All disbursements must still be supported by appropriate documentation
- All disbursements must be budgeted items
- Financial systems must continue to enforce approval workflows
- System controls prevent the release of funds until all required approvals are completed
- Monthly financial reporting provides oversight of all disbursement activity
- No funds may be released without completion of all required approvals as follows:
  - **Up to $5,000 threshold**: Two (2) approvals required by Executive Director + Treasurer (or President if Treasurer is unable)
  - **Above $5,001 threshold**: Three (3) approvals required by Executive Director + Treasurer and President (Past President or President Elect if Treasurer or President is unable)

The Board retains the authority to adjust thresholds and approval requirements based on the organization's size, risk tolerance, and operational needs.

Emergency Disbursements
In the event of an urgent or time-sensitive financial obligation where standard approval processes cannot be completed in advance:

- The Executive Director may authorize the disbursement in coordination with at least one (1) Board officer (preferably the President or Treasurer)
- Documentation of the emergency and approval must be retained
- The disbursement must be reported to the Executive Committee at the next scheduled meeting for review and ratification

5. Cash Receipts & Deposits
The organization maintains controls over all incoming funds to ensure that all revenue is properly received, recorded, and deposited in a timely and secure manner.

Revenue Sources
Revenue is received through multiple channels, including:

- Online payments (e.g., membership dues, event registrations, sponsorships)
- Credit card transactions (manual or virtual processing)
- Check payments (received via mail or at events)

Mail Handling & Check Receipt

- All incoming mail is opened by the Office Manager (or designated administrative staff)
- Checks received are:
  - Logged or tracked upon receipt (recommended best practice)
  - Restrictively endorsed (e.g., “For Deposit Only”) upon receipt
- Checks must be forwarded promptly to the appropriate finance personnel for processing

Deposit Procedures

- All funds received must be deposited intact and in a timely manner
- Deposits should be made as soon as practicable, and no less frequently than weekly when volume exists
- Checks and cash (if applicable) must not be held or accumulated unnecessarily

Recording of Revenue

- All revenue is recorded by bookkeeping staff under the supervision of the Director of Finance
- Revenue entries must be supported by appropriate documentation (e.g., invoices, registration reports, deposit records)
- Responsibility for receiving funds and recording revenue is separated to maintain internal control

Online & Electronic Payments

- Online payments are processed through approved platforms (e.g., AMS and event registration systems)
- Payment data is integrated or reconciled with accounting records on a regular basis
- Access to payment platforms is restricted to authorized personnel

Credit Card Processing

- Credit card transactions must be processed through approved and secure systems
- Access to credit card processing systems is limited based on role
- Cardholder data must not be stored locally or in unsecured formats

Reconciliation of Receipts

- Deposits and recorded revenue must be reconciled regularly to ensure completeness and accuracy
- Any discrepancies must be investigated and resolved in a timely manner
- Reconciliation processes are overseen by the Director of Finance

6. Credit Cards

The organization maintains strict controls over the use of credit cards to ensure all expenditures are properly authorized, documented, and aligned with the approved budget.

Credit Card Access

- The organization utilizes a limited number of credit cards issued in the name of the organization
- Credit cards are secured within the accounting office and are not assigned to individual staff members for ongoing possession
- Cards must be checked out for authorized use and returned promptly after the transaction is completed

Spending Limits

- Credit card limits are established by management based on operational needs
- Credit limits are reviewed periodically to ensure alignment with organizational risk tolerance and usage

Pre-Authorization Requirement

- All credit card transactions over $1,000 must be pre-authorized by the Executive Director prior to use
- Pre-authorization requires:
    - Completion of the organization’s standard approval form
    - Submission of supporting documentation (e.g., invoice, quote, or expense description)
    - Identification of the appropriate budget category

- Final approval must be obtained from the Executive Director prior to use of the card

Permitted Use
- Credit cards may only be used for legitimate organizational expenses that:
  - Are within the approved budget
  - Support organizational operations or programs
  - Have received prior authorization
- Personal use of the credit card is strictly prohibited

Documentation Requirements
- Detailed receipts and supporting documentation must be submitted for all credit card transactions
- Documentation must match the approved pre-authorization request
- All documentation must be submitted to the finance team promptly following the transaction

Reconciliation & Review
- Credit card transactions are recorded and reconciled by bookkeeping staff under the supervision of the Director of Finance
- Each transaction must be matched to:
  - Approved authorization documentation
  - Receipt or invoice
  - Appropriate general ledger coding
- Credit card activity is reviewed as part of the monthly financial review process

Control & Oversight
- Individuals using the credit card are not responsible for final reconciliation or approval of their own transactions
- The Director of Finance oversees compliance with this policy and investigates any discrepancies
- Any misuse of the credit card may result in disciplinary action and/or revocation of access

7. Bank Reconciliation & Close

The organization maintains a structured monthly financial close process to ensure the accuracy, completeness, and timeliness of financial reporting.

Bank Reconciliations
- All bank accounts must be reconciled on a monthly basis
- Reconciliations are prepared under direction of the Director of Finance
- Reconciliations must:
  - Compare bank statements to internal accounting records

- Identify and resolve any discrepancies
    - Be completed in a timely manner following month-end
- Completed reconciliations are reviewed by the Executive Director to ensure accuracy and completeness

Monthly Financial Close Process

- The organization completes a monthly financial close to ensure all financial activity is properly recorded
- The close process includes:
    - Recording all revenue and expenses for the period
    - Reviewing accounts payable and accounts receivable
    - Reconciling bank and credit card accounts
    - Posting necessary journal entries
    - Reviewing financial data for accuracy and completeness

Close Timeline

- The organization targets completion of the monthly financial close within 10-15 business days following month-end
- Any significant delays or issues impacting the close timeline must be communicated to the Executive Director

8. Financial Reporting

The organization maintains a structured financial reporting process to ensure transparency, accountability, and informed decision-making by both staff and the Board of Directors.

Monthly Financial Reporting

- Financial statements are prepared on a monthly basis by the Director of Finance
- Reports include, at a minimum:
    - Statement of Financial Position (Balance Sheet)
    - Statement of Activities (Income Statement)
    - Budget-to-Actual comparison
    - Cash position summary
- Financial statements are reviewed internally by the Executive Director prior to distribution

Executive Committee Review

- Monthly financial statements are reviewed in detail with the Executive Committee during a designated finance meeting
- The review includes:
    - Analysis of budget variances
    - Review of financial trends and performance
    - Identification of any material risks or concerns

- The Executive Committee serves as the primary body for detailed financial oversight on behalf of the Board
- Any requested changes are completed by Director of Finance before board distribution

Board Distribution

- Financial statements are distributed to the full Board of Directors each month as part of the official board meeting packet
- Board members are expected to review financial materials in advance of the meeting

Board Review & Acceptance

- The Treasurer provides a financial update during each Board meeting, summarizing:
    - Financial performance
    - Key variances or trends
    - Any notable financial matters
- Following presentation and discussion, the Board formally votes to accept the financial statements as presented
- This acceptance reflects the Board's acknowledgment of its fiduciary responsibility and oversight of the organization's financial position

Responsibility & Accountability

- The Board of Directors retains ultimate fiduciary responsibility for the organization's financial health
- The Executive Committee provides ongoing oversight and acts as a financial review body between full Board meetings
- Staff are responsible for the accuracy, completeness, and timeliness of all financial reporting

9. Fraud Prevention

The organization is committed to maintaining a culture of integrity, accountability, and transparency in all financial activities. Internal controls are designed to reduce the risk of fraud, error, or misuse of organizational assets.

Fraud Prevention

- The organization maintains a system of internal controls, including:
    - Segregation of duties
    - Multi-level approval processes
    - Restricted system access
    - Regular financial review and oversight
- All individuals involved in financial processes are expected to act in good faith and in the best interest of the organization

Awareness & Responsibility

- Board members, staff, and volunteers share responsibility for safeguarding organizational assets
- Individuals are expected to:
  - Report any suspected irregularities or concerns
  - Follow established financial policies and procedures
  - Maintain confidentiality when handling sensitive financial information

Monitoring & Oversight

- Financial activity is monitored through:
  - Monthly financial reporting and review
  - Executive Committee oversight
  - Internal review of reconciliations and transactions
- Any unusual or unexpected financial activity should be reviewed and, if necessary, investigated

Reporting Concerns

- Concerns related to potential fraud, misuse of funds, or financial irregularities should be reported to:
  - The Executive Director
  - The Treasurer
  - Or another appropriate Board officer
- Reports may be made in good faith without fear of retaliation

10. Budget Adjustments, Reallocations & Unbudgeted Expenses

The organization recognizes that adjustments from the approved annual budget may occur during normal operations. This section establishes guidelines for managing, approving, and reporting budget adjustments while maintaining appropriate financial oversight and accountability.

Budget Adjustments/Budget Overrun

An adjustment occurs when actual revenues or expenses differ from the Board-approved budget. Instances such as this may occur, for example, when attendance at a program is higher than expected and therefore food and beverage consumption must increase to accommodate headcount. This policy is applicable in cases where a budget and expenditure exists, but the expected amount exceeds what was expected.

Budget adjustments are categorized as <u>Minor, Moderate, or Material</u>, and should be handled under one of the three following conditions:

<u>Minor Adjustments</u> - Authorized by the Executive Director

- Adjustment **less than $5,000**
- Minimal change to the overall expected net profit/loss compared to budget

- Actions Needed:
    - Authorization documented in writing required
    - Reported through monthly financials
    - Reported to the Board of Directors during Treasurer's report at next board meeting

Moderate Adjustments - Authorized by the Executive Committee

- Adjustments **between $5,001 and $20,000**
- Minor impacts to the overall expected net profit/loss compared to budget
- Actions Needed:
    - Executive Committee vote and approval required
    - Reported to the Board of Directors during Treasurer's report at next board meeting

Material Adjustments – Authorized by the Board of Directors

- Adjustments **exceeding $20,001**
- Any adjustment that:
    - Results in the organization to substantively exceed the total approved annual budget
    - Requires use of reserve funds
    - Represents a substantial new or unbudgeted initiative, project, or program (refer to the Unbudgeted Expenses section)
    - Significantly alters a program's scope or strategic direction
- Actions Needed: Board of Directors vote and approval required

Budget Reallocation

A reallocation is the shifting of funds between budget line items without increasing the total approved budget.

The Executive Director is authorized to reallocate funds within the approved budget under the following conditions:

- The total approved budget is not exceeded
- The reallocation does not materially impact:
    - Core programs or services
    - Strategic priorities
    - Financial stability
- Individual reallocations do not exceed:
    - **$5,000** per instance
- All reallocations must be:
    - Documented in writing
    - Reported in monthly financial statements

Unbudgeted Expenses

Unbudgeted Expense are considered any expense not included in the Board-approved annual budget.

Unbudgeted Expenses are allowable within the following conditions:

- Executive Committee approval is required for any unbudgeted expense up to but not exceeding:
    - **$20,000** and considered minor in nature
    - Actions Needed:
        - Executive Committee vote and approval required
        - Reported to the Board of Directors during Treasurer's report at next board meeting
- Full Board approval is required for any unbudgeted expense exceeding:
    - **$20,001** or considered material in nature
- All unbudgeted expenses must be approved in accordance with the organization's Cash Disbursement Policy before payments are issued

Reporting & Transparency

- All adjustments, reallocations, and unbudgeted expense approvals are reported through:
    - Monthly financial statements
    - Executive Committee financial reviews
    - Board Reporting by the Treasurer