



Fiscal Policies and Procedures Manual

Created January 23, 2017

Revised February 6, 2017

Adopted February 13, 2017

GENERAL PURPOSE

The purpose of the Fiscal Policies and Procedures Manual is to establish guidelines for the Board of Directors and Olympic Community of Health (OCH) staff about standards and procedures to be applied when developing financial goals and objectives, making financial decisions and reporting the financial status of OCH. In addition, these policies will provide guidelines to allow for an effective management of OCH funds. The OCH is a Washington nonprofit organization.

Table of Contents

GENERAL PURPOSE	1
TABLE OF CONTENTS.....	Error! Bookmark not defined.
ROLES & RESPONSIBILITIES	3
BOARD OF DIRECTORS	3
FINANCE COMMITTEE	3
STAFF	3
BUDGETING & REPORTING	3
FINANCIAL STATEMENTS	4
INTERNAL REPORTING.....	4
REVENUE GOALS	4
BUDGETING PROCESS.....	5
CASH MANAGEMENT	6
FUNDS AND BANKING	6
INVESTMENTS.....	6
FUND ACCOUNTING	6
SIGNATURE AUTHORIZATION	6
CASH OPERATIONS	7
REVENUE RECOGNITION.....	7
CASH RECEIPTS	7
CASH DISBURSEMENTS	8
PETTY CASH	8
BANK RECONCILIATIONS	8
OTHER POLICIES & PROCEDURES.....	9
CONFIDENTIALITY AND RECORDS SECURITY	9
DEEDS, CONVEYANCES, LEASES & CONTRACTS.....	9
DONATED MATERIALS AND SERVICES	9
DONOR-IMPOSED CONDITIONS.....	9
GRANT CONTINGENCIES.....	10
INCOME TAXES	10
INDEPENDENT AUDIT	10
INSURANCE AND BONDING	11
PAYROLL-RELATED TRANSACTIONS	11
PROPERTY AND EQUIPMENT	11
TRAVEL.....	11

ROLES & RESPONSIBILITIES

BOARD OF DIRECTORS

It is the responsibility of the Board of Directors to formulate financial policies, delegate administration of such policies to staff, and review operations and activities on a periodic basis. The Board of Directors adopts the annual budget by board vote. The Board of Directors oversees the general financial administration of Olympic Community of Health and delegates responsibility to the Executive Director for the day-to-day operations and financial decisions.

FINANCE COMMITTEE

The Finance Committee, chaired by the Board Treasurer, shall be responsible for the oversight and coordination of the duties outlined in the approved charter, including: Annual budget presentation for Board approval, presentation of monthly financial statements, management of fund investments, selection of the outside auditors, annual financial report, internal controls, and financial policies.

The long-term financial objectives for Olympic Community of Health are reviewed and approved by the Board of Directors following recommendations from the Finance Committee, presented by the Executive Director and/or the Treasurer. Expenditures and revenue objectives are recommended for Olympic Community of Health in accordance with the Board approved long-term plans annually reviewed at an annual Board Strategic Planning Retreat.

The Board Treasurer, with oversight by the Board of Directors, shall have oversight over the accuracy of the accounting records. The Executive Director shall provide the Treasurer with detailed monthly financial information, such as the Chart of Accounts, Reporting Formats, Accounts Payable Processing, Payroll input and Payroll processing, Cash Receipts input, Journal Entries for General Ledger, Form 1099 reporting, and Form 990 reporting as well as Bank Reconciliations and any other accounting as required.

STAFF

Olympic Community of Health's Executive Director implements general and daily financial management and reporting. The Executive Director acts as the primary fiscal agent, implementing all financial policies and procedures. In addition to general and daily management activities, the Executive Director develops and presents staff compensation ranges to the Board of Directors for approval. Such ranges shall be used in the preparation of the annual budget. The Executive Director is also responsible for preparing the annual operational budget for approval by the Board, financial reports analyzing performance to the budget, and periodic cost and productivity analyses.

BUDGETING & REPORTING

Olympic Community of Health regularly prepares both internal and external financial statements. At the outset, the Olympic Community of Health's financial statements are prepared on the cash basis. At the earliest possible phase in the organization's development, the Executive Director, with oversight from the Finance Committee, will transition from a cash basis to an accrual basis. Henceforth the organization will operate on an accrual accounting basis.

FINANCIAL STATEMENTS

Presentation of the Financial Statements shall describe net assets and revenues, expenses, gains, and losses, classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Olympic Community of Health and changes shall be classified as unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include amounts that are not subject to imposed stipulations that are used to account for resources available to carry out the purposes of Olympic Community of Health in accordance with the limitations of its charter and bylaws. The principal sources of unrestricted funds are grants, contributions, and investment income.

Temporarily restricted net assets are those resources available for use only for purposes specified by the donor or grantor and may or will be met by the actions of Olympic Community of Health and/or the passage of time, or as specified by the restriction. Such resources originate from grants and contributions restricted for specific purposes or a specific future time frame. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those resources that are required to be maintained permanently, but which Olympic Community of Health is allowed to use up or to expend all or part of the income that is derived from the donated assets.

INTERNAL REPORTING

Financial Statements shall be prepared monthly. The Financial Statements include information about all Organization's Funds and cash position as of the end of each month and are reviewed by the Treasurer and the Executive Director prior to submission to the Finance Committee. The Financial Statements are submitted to the Board of Directors by the Treasurer for final review and approval, at least every quarter.

FRAUD AND EMBEZZLEMENT

The Executive Director will notify the Board Chair and all major funding sources not later than one working day after the date any alleged fraud activity comes to her/his attention. Organizational personnel will develop the case and notify the proper authorities. If any fraud or embezzlement is identified as part of the annual financial audit and if the Executive Director is implicated, the auditor shall inform the Board chair immediately. After the investigation and resolution of the issue, the organization will make internal control changes to satisfy management and the Board of Directors.

REVENUE GOALS

The responsibility for reaching Olympic Community of Health's budgeted revenue goals on a yearly basis is shared by the Executive Director and the Board of Directors. The Executive Director in conjunction with the Board of Directors and the Treasurer develops and proposes revenue goals and objectives and submits them to the Board prior to discussion and approval at annual Board Strategic Planning Retreat each year.

The Executive Director prepares regular reports on the status of revenue generating activities and presents it to the Board and Executive Committee at regularly scheduled meetings. The Executive/Finance Committee reviews regular reports of revenues and expenditures and if necessary makes recommendations to the Board and to the Executive Director of Olympic Community of Health related to managing expenditures relative to the results of fund development activities.

COST ALLOCATION

Costs not directly attributable to one program and one funding source are initially posted to a common cost center, which are then distributed proportionately to the variety of Olympic Community of Health cost centers. These include, but are not limited to costs shared by all programs in the organization, e.g. telecommunications, maintenance, utilities fees and licenses, janitorial.

Allocation of costs are based on labor. Labor percentages are derived from the relative number of hours worked and documented on staff monthly timesheets for each Olympic Community of Health program or initiative. Most common costs, e.g. printing and postage, office supplies, telecommunications, bookkeeping, fiscal audits, are distributed to programs based on the hours worked in each program or initiative as a percentage of the total staff hours working in a month. Allocation criteria are evaluated on a regular basis e.g. annually unless significant program/initiative changes occur more frequently.

Pure administrative costs are tracked separately and include expenses that are not directly attributable to the programs/initiatives of the organization. They may include Board meeting and related Board expenses, administrative staff costs and other expenses related to maintaining the organization. Administration is allocated to programs/initiatives on the basis of FTE. Since some funding sources restrict the level of reimbursable administrative overhead, the “excess” administration will be charged to other sources of funding or to “no source” if no other funding sources are available, leaving the program or initiative in a deficit which may be supported by other unrestricted revenues or the investment income/corpus.

BUDGETING PROCESS

The Finance Committee and Olympic Community of Health’s Executive Director shall continuously plan for the long-term financial stability the organization in accordance with Olympic Community of Health’s long-term plans that are reviewed annually, and adjusted as necessary.

Olympic Community of Health’s Executive Director and the Treasurer shall be responsible for preparing and presenting to the Finance Committee an annual operating budget draft for Board approval prior to the beginning of each fiscal year (January). Prior to submission to the Board, the Executive Director shall review the specific revenue goals tied to the fundraising activities of Olympic Community of Health, and make recommendations to the Treasurer and Finance Committee. In addition, all relevant staff shall actively participate in the planning of upcoming program expenditures and formulate recommendations to the Executive Director as the annual operating budget is being finalized for presentation to the Board.

CASH MANAGEMENT

Cash and cash equivalents include all cash balances and highly liquid investments with maturity of six months or less. Olympic Community of Health investments shall be reviewed quarterly by the Finance Committee, led by the Board Treasurer. Investment policy is reviewed and updated as needed by the Board. The Finance Committee shall use due diligence in overseeing the investments of Olympic Community of Health funds, by establishing and monitoring an investment strategy that gives proper recognition to risk and return. The Board reviews the investment strategy and objectives every year and modifies by vote of the Board.

FUNDS AND BANKING

Funds of Olympic Community of Health shall be deposited in Olympic Community of Health's bank accounts designated by the Board of Directors. Olympic Community of Health maintains a checking account and savings account. These accounts may be changed as Olympic Community of Health's financial conditions and requirements change. The Treasurer will receive, review, and hand over all bank statements for the organization to the Executive Director who will assure the bank statements are reconciled timely. The Executive Director shall maintain and oversee bank accounts, and ensure Olympic Community of Health's day-to-day financial operations.

All checks, cash, money orders, and credit card deposits, are deposited in the appropriate accounts. The Executive Director may transfer monies from the Savings Account into the Checking account when necessary. Checks are written monthly based on staff completed check request forms and/or regular approved vendor invoices each month to meet monthly Olympic Community of Health financial obligations, or ongoing operational expenditures. Monthly checking accounts statements are reconciled monthly and serve as an internal control to assure all entries have been made to the general ledger system and possibly discover bank errors or theft.

INVESTMENTS

Investments, if applicable, are reported with the financial statements at the market value. The Finance Committee evaluates the general investment strategy for organization's quarterly, to ensure the portfolio's proper diversification, security and return on investments. A summary of the strategy and results to plan are presented to the Board annually for review and possible revision.

FUND ACCOUNTING

In observance of limitations and restrictions placed on the use of resources available to Olympic Community of Health, the accounts of Olympic Community of Health are maintained in accordance with the principles of fund accounting. Under these procedures, resources for various purposes are classified for accounting and maintained for each fund.

SIGNATURE AUTHORIZATION

The Executive Director, the Board Treasurer, President, and Vice President are authorized to sign all checks, drafts, or orders for payment of money issued in the name of Olympic Community of Health and have signed required documents at Olympic Community of Health's bank.

All contracts, commitments for services in the name of Olympic Community of Health, and other legal obligations shall be signed by the Executive Director and at least one of the following: The Treasurer, President, or Vice President of the Board unless otherwise decided by the Board. The Executive Committee will review contracts over \$50,000 and, together with management, recommend approval by the Board of Directors. If, for some reason, this is not possible, then the Board authorizes the Executive Committee to approve these contracts with an immediate notice to the Board of Directors.

CASH OPERATIONS

Olympic Community of Health's bookkeeper and accountant maintain standard accounting records containing all aspects of Olympic Community of Health's financial operations. They include but are not limited to: A general ledger, a check register, and a payroll register.

REVENUE RECOGNITION

All contributions shall be recorded in accordance with GAAP, with specific attention to standards ASC 958-605-25. Contributions are recorded as pledged or received in accordance with ASC 958-605-25, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in Olympic Community of Health's Chart of Accounts.

CASH RECEIPTS

The following procedures for cash/checks received through the mail or given to an Organization Representative shall be in place: Mail is sorted by Olympic Community of Health's Host Organization. Mail is then distributed to the Olympic Community of Health Program Coordinator who will log them and then send checks immediately to the Executive Director for processing. Cash and checks are deposited in Olympic Community of Health bank account. A log of deposits is included in the bank register which is given to the Executive Director on a regular (weekly) basis for review of both deposits and all checks that have been written on the account.

A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited weekly.

Deposit tickets endorsed by the bank are forwarded to the Bookkeeper who records these transactions in the General Ledger. The Bookkeeper shall reconcile all logs of incoming cash/checks with the deposit slips to ensure that all cash has been deposited.

The same procedures followed for cash receipts shall be followed when monies are received by employees as contributions during Special Events.

RECEIPTS TO DONORS

All donors and contributors shall be properly acknowledged of their contributions in accordance with IRS Guidelines. The Executive Director shall ensure proper recognition of contributors and grantors, utilizing the financial reporting systems.

CASH DISBURSEMENTS

APPROVAL PROCESS

All expenditures shall be approved by a project director and then sent to the Executive Director for final approval. The Board shall authorize the Executive Director to make whatever purchases are needed for the day-to-day operation of Olympic Community of Health and in accordance with the approved annual organization budget and bylaws, which authorizes non-budgeted expenditures under \$5,000. All authorized expenditures shall be coded by account number using Olympic Community of Health's Chart of Accounts.

Any non-routine expenditure in excess of Two Thousand Five Hundred Dollars (\$2,500.00) for the purchase of a single item should have bids from three (3) suppliers if possible. For all fixed asset purchases, reasonable diligence should be exercised to comparatively shop for available sources.

Invoices shall be forwarded to the Executive Director for approval. Following the review and approval, the Executive Director will forward to the bookkeeper to log into QuickBooks and prepare checks and then forward them to the Executive Director for check signing. Upon payment of a bill, copy of the check or duplicate of stub shall be stapled onto the bill. The paid invoices and check stubs shall be filed by check number and kept in monthly folders. These folders are for use in preparing the monthly financial reports.

Voided checks shall be marked "VOID" boldly written in ink across the face of the check and the signature portion of the check will be torn off. The voided check shall be filed with other canceled checks upon review of documentation by the Treasurer.

REIMBURSEMENTS

Expenses pre-approved and directly related to Olympic Community of Health business activities (mileage, meals, hotel, supplies, etc.) will be reimbursed to employees upon submission of an Expense Reimbursement Form. The use of the Olympic Community of Health credit card(s) by Olympic Community of Health's Executive Director is authorized upon the discretion of the Executive Director. Monthly credit card expenditure reports and card invoices are reviewed and approved by the Treasurer and appropriate corresponding receipts will be attached for each expenditure.

PETTY CASH

Olympic Community of Health will not maintain any petty cash funds.

BANK RECONCILIATIONS

All Bank Statements will be mailed to and opened by the Treasurer who will review each statement and cancelled check before giving them to Executive Director. Bank reconciliations shall be completed monthly by the Executive Director and the bookkeeper. In addition, all Bank Statements, Credit Card Statements, and other required reporting are reconciled every month by the Bookkeeper, and records will be kept in Olympic Community of Health's office. These

monthly checking accounts statement reconciliations serve as an internal control to assure all entries have been made to the general ledger system and possibly discover bank errors or theft.

A check outstanding for more than six (6) months will be voided with a possible stop payment request to the bank upon approval of the Executive Director. All voided checks will be kept on file whenever possible.

OTHER POLICIES & PROCEDURES

CONFIDENTIALITY AND RECORDS SECURITY

Financial records are restricted materials with limited access. Only the Executive Director, Program Coordinator, and the Treasurer (or others so authorized by the Board) shall have access to financial records (vendor files, checks, journals, payroll, etc.). All payments, transactions and invoices shall be filed with supporting documentation, and files should be kept confidential.

DEEDS, CONVEYANCES, LEASES & CONTRACTS

Olympic Community of Health leases space to conduct its normal business activities.

- ◆ Leases will correspond to the fiscal year whenever possible.
- ◆ Copies of all leases will be maintained in the Olympic Community of Health office.

DONATED MATERIALS AND SERVICES

Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt.

DONOR-IMPOSED CONDITIONS

Transfers of assets and promises to give with donor-imposed conditions should be recognized as contribution revenue when the conditions have been substantially met or when the conditions have been explicitly waived by the donor, i.e. a contribution of cash or a promise to give cash in support of a proposed program should be recognized when the program is undertaken.

Transfers of assets with donor-imposed conditions should be reported as refundable advances until the conditions have been substantially met. Transfers of assets on which resource providers have imposed conditions should be recognized as contributions if the likelihood of not meeting the conditions is remote.

DONOR-IMPOSED RESTRICTIONS

Contributions may be received with donor-imposed restrictions. Some restrictions may permanently limit Olympic Community of Health's use of contributed assets. Other restrictions are temporary in nature, limiting Olympic Community of Health's use of contributed assets to (a) a later period or after a specific date (a time restriction), (b) a specific purpose (a purpose restriction), or (c) both.

Restrictions may (a) be stipulated explicitly by the donor in a written or oral communication accompanying the contribution or (b) result implicitly from the circumstances surrounding receipt of the contributed asset – i.e. making a gift to a capital campaign. Contributions of

unconditional promises to give with payments due in future periods should be reported as temporarily restricted contributions unless the donor expressly stipulated or circumstances surrounding the receipt of the promise make clear that the donor intended it to be used to support activities of the current period.

Unconditional contributions received without donor-imposed restrictions should be reported as unrestricted support that increases unrestricted net assets. Unconditional contributions received with donor-imposed restrictions should be reported as restricted support that increases permanently restricted or temporarily restricted net assets, depending on the nature of the restriction.

GRANT CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the related instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. It is the responsibility of the Executive Director to oversee the fulfillment of grant conditions. All grants shall be properly acknowledged in accordance to IRS regulations and all grantors shall be properly recognized.

INCOME TAXES

Olympic Community of Health intends to be exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code before filing taxes. Accordingly, for income tax purposes, we will operate as a nonprofit and reflect this in our financial statements. Olympic Community of Health tax ID is: 81-4591222.

INDEPENDENT AUDIT

Olympic Community of Health will have an audit of its financial statements annually, beginning in 2017.

The Treasurer shall recommend to the Board of Directors for approval, the selection of a firm to conduct the annual Olympic Community of Health audit. In addition, the Finance Committee shall assist when necessary in the audit preparation, and report the final results to the Board of Directors. A representative of the audit firm will be invited to attend a Board Meeting to make a presentation to the Board if the audit report is other than unqualified, or if the auditors report material weaknesses in internal controls or reportable conditions.

All reports which result from reviews of audits of the accounting and other financial systems will be routed immediately to the Executive Director, who will then share this information with the Board of Directors. The Executive Director will be responsible for preparing any needed written response to the review or audit recommendations. She/he will be responsible for providing any necessary corrective action. The auditor or other reviewing agency will be notified within three months of the issuance of the recommendations of the actions that will be taken by the agency and the projected timetable for these actions.

INSURANCE AND BONDING

Reasonable and adequate coverage is maintained to protect Olympic Community of Health's interests as well as the Board of Directors. The following insurance policies shall be kept on a yearly basis: General Liability Insurance, Directors and Officers Liability Insurance, Workers Compensation Insurance, and Employees Health Insurance and Dental Insurance.

Insurance policies shall be maintained with the insurance files on a yearly basis. Insurance policies shall correspond to the fiscal year whenever possible. Insurance Policies shall be reviewed by Olympic Community of Health's Executive Director before renewal each year.

PAYROLL-RELATED TRANSACTIONS

Payroll is executed monthly (on the fifth day of the following month of work) using a payroll service. Time is entered into a timekeeping system, approved by the Executive Director weekly, then reported to the payroll service for payment to individual staff. Direct deposit of payroll to individual staff bank accounts will be the preferred method of payment, once available. Our payroll service provides on line payroll reports that are in turn reconciled with checking account reports by Olympic Community of Health Executive Director.

It shall be the responsibility of the Executive Director to ensure that existing employees who resign, are terminated or who are retiring pay any amounts due to Olympic Community of Health, and return all Olympic Community of Health property before a final paycheck is issued.

Each Olympic Community of Health staff person completes a timesheet using our online timekeeping system documenting daily hours worked on each assigned project and these on-line timesheets are used in preparing the monthly financial statements and grant reporting requirements.

PROPERTY AND EQUIPMENT

Property and equipment shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. A Depreciation schedule shall be prepared and implemented by Olympic Community of Health's accountant on an annual basis, taking into consideration the annual equipment inventory.

TRAVEL

Travel expense reports for authorized local and out of state travel are completed by each employee, as appropriate and then submitted to the Executive Director for payment on a monthly basis. Mileage to and from the employee's residence to the place of work is not be paid by Olympic Community of Health. Parking expenses are reimbursable if a staff person is required to use their personal automobile for a work related reason. Mileage reimbursements will be based on the travel rate established annually by the IRS. Travel to out of state trainings, conferences and meetings must have prior approval by the Executive Director. The annual budgeting process includes funding for projected necessary staff travel and training and is approved by the Board of Directors. At the conclusion of approved travel, staff must attach expenditure receipts to the reimbursement request as a condition of payment. All

reimbursement requests are reviewed and approved by the Executive Director. Expense reports for the Executive Director will be approved by the Board President.

A Board Member traveling to represent Olympic Community of Health as authorized by the Board of Directors to assist in Organization business will be reimbursed for travel and expenses in the same manner that staff members are reimbursed. These expenditures will be approved by the Board President, unless the travel is for the Board President, in which case the Vice President or Treasurer are also authorized to approve these expenditures.

RECORDS RETENTION

The following fiscal and personnel records shall be retained in Olympic Community of Health office files for a minimum of seven years following the end of a fiscal year (December 31st):

- Check registers, warrants or vouchers accounting for payments/expenses. Supporting documentation including original invoices and receipts
- Cash reconciliations for bank accounts from the bank statement to general ledger
- Any Investment reports
- Personnel files including required proof of citizenship or resident status, IRS withholding forms, emergency contact information
- Travel and other authorized expenses
- Payroll records
- Monthly and YTD budget, expense and revenue reports
- Copies of Bank deposit slips with copies of checks
- Monthly expense reports and copies of invoices submitted to funders
- Accounts payable and accounts receivable, including aging reports
- Capital Equipment inventory and depreciation schedules
- Contracts specifying services, duration and rate of compensation