

Groundswell Conservancy Policy

Name: **Finances**

Approval: Approved by Executive Committee January 10, 2013
 Amended by Executive Committee December 13, 2017
 Amended by Executive Committee April 10, 2019

This policy (in addition to our Recordkeeping Policy) replaces the Accounting Manual adopted by the Executive Committee on May 20, 2004.

Land Trust Alliance Standards and Practices 6A. Fiscal Health. 1. Develop an annual budget that reflects the land trust’s annual programs and activities.

Land Trust Alliance Standards and Practices 6B. Financial Records. 1. Keep financial records in accordance with Generally Accepted Accounting Principles (GAAP) or Other Comprehensive Basis of Accounting (OCBOA).

Land Trust Alliance Standards and Practices 6C. External Financial Evaluation. 1. Obtain an annual financial audit, review or compilation by an independent certified public accountant or a qualified accounting professional, in a manner appropriate for the scale of the land trust.

Land Trust Alliance Standards and Practices 6D. Written Internal Controls. 1. Establish written internal controls and accounting procedures, including segregation of duties, in a form appropriate for the scale of the land trust, to prevent the misuse or loss of funds.

Purpose of Groundswell Conservancy Financial Policies

To ensure the security of Groundswell Conservancy’s financial assets by establishing reasonable and prudent internal controls over cash and other assets.

Generally Accepted Accounting Principles

The accounting principles of Groundswell Conservancy are consistent with all applicable laws and generally accepted accounting principles in the United States.

Personnel with Financial Responsibilities:

Treasurer
Executive Director
Accountant
Office Manager (or the staff person assigned the responsibilities of the Office Manager)

If any of these positions are vacant, the Executive Committee may appoint someone to fill the position on a temporary basis.

Cash Disbursements

All cash disbursements, including electronic fund transfers, are supported by vendor invoices or in the case of employee reimbursements by a detailed expense report). Each vendor invoice is reviewed and approved for payment by the Executive Director. Approval is documented by signing or initialing the invoice and including a brief description (if not evident) of what the expense was for.

Employee expense reports detail all claims for reimbursement, are supported by receipts for purchased items, and are signed by the employee. The Executive Director approves (and initials) all expense reports. Expense reports submitted by the Executive Director are approved by the Treasurer.

The Executive Director is authorized to use a corporate credit card and may delegate such authority to staff. Credit card users submit receipts, indicating the business purpose of the charge, to the Office Manager, who matches charges on the credit card invoice with receipts. The Treasurer reviews and approves payment of the credit card invoice each month and communicates written approval, normally by email, to the Office Manager.

The Office Manager enters invoices and expense reports into Quickbooks. This includes designating expenditures for restricted purposes as part of the class code. Using Quickbooks, the Office Manager prepares checks on a bi-weekly basis and presents them to an authorized check signer, along with supporting documentation, for signature.

Authorized check signers are:

- The Executive Director for disbursements that do not exceed \$10,000, unless supported by written authorization from the President or Treasurer. A copy of such authorization is attached to the invoice.
- The President
- The Treasurer

Upon payment, the Office Manager files paid invoices, with check copy attached, in the paid invoices file. The Office Manager mails signed checks.

Check stock is maintained by the Office Manager and stored in the office's locked administrative filing cabinet.

Cash Receipts

Two staff members open the mail on a daily basis. All checks are posted to a daily income log. When a contribution is made for a restricted purpose, the restriction is noted on the income log. Deposits are made when the deposit amount exceeds \$1,000. Undeposited checks are stored in a locked, fireproof cabinet. The Executive Director prepares the bank deposit using an electronic remote deposit system that scans and restrictively endorses each check. The Executive Director prints a hard copy of the deposit and places it in the appropriate statement binder. Deposited checks are kept in a locked, fireproof cabinet for 60 days and then shredded. The Executive Director records the deposit in Quickbooks,

using appropriate account and class codes. Restricted income is designated as part of the class code.

The Accountant reviews deposit logs when reconciling the bank statements to make sure the deposit agrees with the deposit recorded on the bank statement, and investigates any discrepancies.

Development staff enters contributions into the donor database, with restricted contributions recorded as such. Periodically, the head of the Development program reconciles contributions recorded in the database with contributions recorded (for the same period) to the accounting records, and investigates any material discrepancies.

Payroll

Employees are paid semi-monthly. Groundswell Conservancy contracts with a service organization to prepare payroll and remit payroll taxes. The Executive Director provides information to the service organization needed to maintain employee files and prepare payrolls. The Executive Director reviews payroll registers to verify hours paid to hourly employees and wage rates, withholdings, etc. of salaried employees. The Executive Director documents his/her approval by initialing the payroll register. The Accountant posts payroll to the accounting records on a quarterly basis or more often.

Bank Accounts and Reconciliations

The Treasurer receives bank statements directly from the bank and reviews the statements and copies of canceled checks for unusual or suspicious transactions, and investigates such transactions. The Treasurer signs or initials the bank statement upon completion of review and forwards it to the Executive Director.

The Accountant reconciles bank accounts on a quarterly basis, or more frequently. The Accountant records in the accounting records items on the bank statement that are not already in the accounting records, such as interest, service charges, direct deposits, and electronic transfers. Documentation for such transactions is obtained and filed appropriately.

Groundswell Conservancy's policy is to limit deposits in any one financial institution to the maximum amount insured by the Federal Deposit Insurance Corporation. Exceptions to this policy may be made at the discretion of the Executive Committee.

Financial Reporting

The Accountant prepares financial reports for management and the Board of Directors on a quarterly basis and submits these reports to the Executive Director for review. The Treasurer summarizes the reports and presents the summary to the full Board.

Quarterly financial reports include:

- Statement of Financial Position

- Statement of Revenue and Expenses for Operations – Summarized
- Statement of Assets and Net Assets – Summarized
- Statement of Easement and Fee Acquisitions
- Statement of Budget Variance

The Executive Director prepares a monthly budget variance statement for review by the Executive Committee. This statement details year-to-date operating revenue and expense items, compared to budget.

The Executive Director prepares and the Board approves Groundswell Conservancy's annual budget prior to inception of each fiscal year. The budget is reviewed and revised, if necessary, after the first six months of operations.

External Financial Reporting

Groundswell Conservancy contracts with a CPA firm to audit or review annual financial statements. The Audit Committee selects and approves hiring of the CPA firm. The Audit Committee, Executive Committee, or Board meets with a representative of the CPA firm upon completion of the audit or review. Audited or reviewed financial statements are submitted by the Executive Director to regulatory agencies, funding sources and other parties requiring them.

Groundswell Conservancy contracts with a CPA firm to prepare required federal (IRS Form 990) and State of Wisconsin (Department of Safety and Professional Services Form 1952) financial reports on an annual basis.

Investments and Special Purpose Funds

Funds not needed for near-term operations are invested. Investments are governed by an Investment Policy Statement and are overseen by Groundswell Conservancy's Investment Committee.

Cost Allocation

Periodically the Executive Director estimates the percentage of each staff member's time allocated to various functions (e.g., program, fundraising, and administration). These percentages are used by the Accountant to allocate personnel expenses to each function.

Procurement

All land acquisitions, and contracts and purchases in excess of \$5,000, must be authorized by the Board or Executive Committee. Purchases of long-lived furniture and equipment in excess of \$1,500 are capitalized and depreciated over the asset's useful life.

Debt

Assets of Groundswell Conservancy may not be encumbered without authorization by the Board of Directors.

Security

Groundswell Conservancy's accounting records are password protected.

Essential electronic records are maintained on Groundswell Conservancy's server. The server is automatically backed up nightly onto an external hard-drive maintained in the office and continuously to a cloud-based site. Once per month the Executive Director switches the external hard-drive and stores it in a secure, off-site location.

Essential paper records (bank statements, legal documents, annual financial records, etc.) are stored in a file cabinet in the office.

Oversight of security is the responsibility of the Executive Director.

Review and Approval of Financial Policies

The Executive Committee reviews and approves financial policies periodically on behalf of the Board of Directors. Exceptions to the policy are reviewed and approved as needed by the Executive Committee or Board of Directors.

Record Retention Policy

Groundswell Conservancy has a separate record retention policy.

<p>Groundswell Conservancy is accredited by the Land Trust Accreditation Commission. Policies may be updated to reflect changing accreditation standards and practices, as well as changing local organizational needs.</p>

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