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## LIVING FOR ZACHARY (L4Z) FINANCIAL AND CONTROL POLICIES

### Philosophy

The purpose of financial management in the operation of all L4Z activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including donors, partners, employees, and the community. In order to accomplish this, L4Z commits to provide accurate and complete financial data for internal and external use by the Board of Directors.

### Authority

- The Board of Directors is ultimately responsible for the financial management of all activities.
- The President is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.
- The President is responsible for the day-to-day financial management of the organization. The Board authorizes the President to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.
- Any officer or staff member of the organization is authorized to sign checks up to \$2,500. The President of the organization is authorized to sign checks up to \$10,000.
- The President is authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$10,000.
- The President is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances.
- The Board of Directors must approve any use of the Board designated cash reserve fund.

### Responsibilities

The President shall:

- Account for donor restricted and Board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of L4Z operations on the schedule established by the Board of Directors, but no less frequently than quarterly.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate lease or purchase without specific approval of the Board.
- Ensure that generally accepted accounting principles ("GAAP") are followed in financial reporting.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids shall be required for items or services costing in excess of \$10,000 per item. Selection will be based on cost, service and other elements of the contract. L4Z may award the bid to any provider and is not required to accept the lowest cost proposal.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.

### Financial Transactions with Insiders

No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed.

In no case shall L4Z borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.



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## **Budget**

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board-approved priorities, long-range organization goals, and specific objectives, the President shall:

- Submit operating and capital budgets to the Board of Directors in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projection background, with a general goal of an unrestricted surplus.

## **Gift Acceptance**

L4Z will accept stock or other negotiable instruments as a tool for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with general accepted accounting principles. The President shall sell any stock given to the organization immediately upon receipt by the organization.

L4Z shall accept contributions of goods or services other than cash that are related to the programs and operations of L4Z. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

## **Asset Protection**

In order to ensure that the assets of L4Z are adequately protected and maintained, the President shall:

- Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its Board, or staff to claims of liability.
- Protect intellectual property, information and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.
- Invest money in accordance with Board-approved investment policies.