



Financial Policies and Procedures

Cash Receipts

Cash receipts (check or cash) will be recorded in a deposit ledger and then immediately endorsed with a “For Deposit Only” stamp. Checks will be photocopied. Cash is verified by the documentation which accompanies the cash receipt. Copies of checks and cash documentation will be attached to each deposit record (see below). The person who receives the mail and logs the checks and cash shall be different from the person who makes the deposit. When possible, all mail will be opened and processed at MNA’s office, even if the employee is working remotely.

Accounts Receivable

Accounts receivable (AR) balances will be reviewed quarterly by the executive director with balances over six months written off unless extenuating circumstances related to future collectability apply. Each year MNA will budget for an accounts receivable allowance for doubtful accounts of 3-5% of AR balance (excluding grants receivable).

Deposits and Bank Reconciliations

Receipts should be deposited to an MNA account at least once per week. If the deposit exceeds \$5000, the deposit will be made the same day as received. A copy of the deposit record and a copy of the corresponding check or cash documentation for each item should be retained. At the end of each bank statement cycle, a designee will reconcile and the Executive Director will approve the bank reconciliation. Additionally, bank statements will be sent to the Treasurer for review. Receipt of checks and cash shall be kept in a secure location in the office until the deposit is made.

Cash Disbursements / Accounts Payable

The Executive Director, Associate Director, Treasurer, Board Chair, and other Board members proximate to the MNA office as deemed appropriate shall be designated as signatories on MNA accounts. All invoices are subject to budget authority. Expenditures on all invoices must have two approvals, and, if by check and above \$10,000, two signatures. Only one approval, which may be that of the Executive Director, is required on the regular monthly rent per lease agreement and the regular payroll checks of any amount documented by time sheets. This would apply to payroll for all staff, including the Executive Director.

Capitalization

A capital asset is a piece of property that meets all of the following requirements:

1. The asset is tangible and complete.
2. The asset is used in the operation of MNA’s activities.
3. The asset has a useful life of more than one year.
4. The cost of the asset is \$2,500 or more.

Other Considerations:

1. The cost of a repair, which does not add value or prolong the life of an asset, will be charged as an expense.
2. The cost of an improvement, which prolongs the life of the asset or materially increases its value, will be capitalized.

Depreciation

The “straight line” method of depreciation should be utilized to depreciate assets, over the estimated useful lives of the assets.

Disposition of Assets

When assets are sold or otherwise disposed of, the assets and related accumulated depreciation will be removed, on an annual basis. The appropriate depreciation will be taken for the year of disposal. The asset can be sold at fair market value for used goods or donated to another nonprofit.

Grant Receipts, Restriction Releases, and Allocation

The Executive Director has responsibility for seeing that revenue received is allocated in accordance with any restrictions placed on its use by the grantor or contributor. Generally, grant funds are accompanied by a letter or other documentation from the grantor which outlines any stipulations on use of the funding. This documentation, along with the proposal and budget sent as application for the grant, are used to guide the allocation of the grant revenue to various projects. These funds will be booked as temporarily restricted assets until the restricted purpose or timing is met, at which point, the funds will be released to unrestricted assets. Multi-year grants receivable will be booked at present value. The discount used for calculating present value will be based on the current Federal Treasury Rate.

Procurement

Strengthening businesses owned by traditionally underserved persons and Montana-based businesses economically contributes to the overall economic growth, health, and expansion of our communities and aligns with MNA’s values. Therefore, it is MNA’s policy to offer traditionally underserved persons and Montana-based businesses an opportunity to compete on an equal basis with all other bidders for contracts, purchasing, and consulting.

When contracting or purchasing, MNA will conduct outreach and include a statement on preferential hiring on requests for proposals. MNA will continue to adhere to its accounting policies and grant requirements on procurement as they are applicable and will choose vendors based on a competitive bid process. Part of this bid process will include an evaluation of whether a business is Montana-based or owned by traditionally underserved person and if the business adheres to its own internal diversity statement. Other factors that will contribute to successful contracts and purchasing agreements include professional qualifications and producing competitive cost estimates.

All MNA requests for proposals and purchasing agreements will include the following language:
Montana Nonprofit Association is an equal opportunity employer and we consider diversity to be vital to our organization’s success. We strongly encourage and welcome businesses owned by traditionally underserved people to apply and place a special emphasis on vendors that are traditionally underserved and/or based in Montana.

For the purposes of MNA policy, a business owned by a traditionally underserved person is defined as a company that is at least 51 percent owned, managed and controlled by one or more traditionally underserved people. A traditionally underserved person is defined as a person who identifies as a racial or ethnic minority, female, non-gender conforming, or LGBTQ+. The business will self-certify that it belongs in this category.

Financial Statements

The MNA Staff and Treasurer will work together to prepare financial statements on a monthly basis. These statements will summarize all expenditures and receipts for the period covered and compare them to the approved budget. The monthly statements will be circulated to the Finance Committee as completed and presented quarterly at each Finance Committee meeting. The full Board will review a financial summary at each Board Meeting.

Line of Credit

Montana Nonprofit Association will maintain an appropriate, board-approved line of credit (LOC) to ensure regular cash flow. This line of credit should be utilized secondarily to MNA's board restricted operating reserve, which is created and managed according to the Board Reserve Policy. The line of credit will be used solely for cash flow for operations expenses, not to handle a deficit and not for capital expenses, and will have a clear payback plan based on a current cash flow projection. LOC withdrawals up to \$10,000 may be approved by the Executive Director. A single withdrawal over that amount or cumulative withdrawals that push the LOC balance over that amount must be authorized by the Treasurer. All LOC activity shall be reported to the Finance Committee. If and when there is an outstanding balance on the LOC, staff will update the Finance Committee on a monthly basis as to progress on the payback plan.

Budget

The Board of Directors is responsible for approving an annual budget at the regularly scheduled Fall Board meeting.

Bank Accounts

MNA should limit the funds in its checking account to approximately two months of average operating needs or less. Any amount above that should be transferred to an interest-bearing account or other investment vehicle approved by the Board. Transfer of funds from MNA savings accounts back into the checking account will be reported to the Finance Committee. Creation of any new bank accounts requires approval of both the Executive Director and the Board Treasurer. All accounts should maintain balances below the FDIC-insured limit, currently at \$250,000.

Accounting Software

Setting up the MNA chart of accounts and computerized accounting system should be the responsibility of the Finance Committee or its designee. The Executive Director and other staff will be given appropriate levels of security and authority for use of the computerized accounting system, while reserving design and oversight authority for the Finance Committee or its designee.

Credit Cards

The Executive Director is authorized to issue an organizational credit card to an employee under the employee's name on an as needed basis. For each authorized employee, the credit card limit will be the reasonable minimum determined by the Executive Director based on anticipated credit card expenditures for that employee, as determined by Board-approved budget and not to exceed \$2,000 for

any employee other than the Executive Director, who shall maintain a \$5,000 credit limit. The credit card may be used only for expenses on behalf of the Organization. In no circumstances may the credit card be used for personal purposes.

Credit card users shall submit receipts monthly for each transaction on the credit card in accordance with MNA's expense management procedures. All credit card transactions will be reviewed regularly by the Executive Director. The Executive Director's credit card transactions will be reviewed regularly by the Associate Director.

In every case of credit card usage, the individual user will be held personally responsible in the event that a transaction is deemed personal or unauthorized. It is the policy of the Organization that any unauthorized or personal charges on the Organization's credit card will be recovered through payroll withholding in the event the employee, officer, or director has not reimbursed the Organization within 10 days of being notified the charge was deemed personal or unauthorized. Misuse of the credit card may result in loss of credit card privilege and/or disciplinary action.

All authorized credit card users shall sign a credit card agreement prior to issuance of the credit card. This agreement will remain in force during their employment at MNA, and the signed agreement shall be kept in their personnel records.

Amended May 19, 2011 by the MNA Board of Directors
Amended November 7, 2011 by the MNA Board of Directors
Amended January 22, 2013 by the MNA Board of Directors
Amended May 13, 2013 by the MNA Board of Directors
Amended February 19, 2014 by the MNA Board of Directors
Amended November 16, 2017 by the MNA Board of Directors
Amended November 25, 2019 by the MNA Board of Directors
Amended February 9, 2022 by the MNA Board of Directors