



Financial Controls Policies and Procedures

Adopted Feb. 17, 2022

Purpose. The Florida Wildflower Foundation (FWF) is committed to protecting and using its assets for its nonprofit mission. Proper financial practices are very important in doing this, since proper practices help to prevent and detect errors and fraud. Good financial practices also assure donors that their gifts are used for the purposes for which they were intended.

GENERAL PRACTICES

Review of Risks. These policies were drafted after consideration of risks associated with the various aspects of FWF financial operations to enact policies and procedures designed to minimize those risks. The Board will review these policies annually to consider whether risks have changed. Such changes may include receipt of grant monies, with or without restrictions; a change in the laws regulating our nonprofit; the hiring of employees, or a major change in programs. If so, the Board will identify new risks and adopt appropriate procedures to minimize those risks. The Board shall consult with a professional if necessary to ensure risks are properly addressed.

Segregation of Roles. FWF's fiscal roles include custody, authorization, execution and monitoring. For example, the person who has authority to sign checks is acting in the custodial role. The person who approves payment of a bill is authorizing. The Board, as a whole, acts in an authorizing role when it approves the annual budget or decides to purchase a major item like a copier. The person who prepares checks for signature by an authorized check signer is acting in the execution role, executing an action that has been authorized by the board through the annual budget or by the individual responsible for approving payment of a bill. The person who reconciles the bank statement acts in the monitoring role. The Board also acts in a monitoring role when it reviews the monthly financial reports to be sure that the budget is being executed properly.

As much as possible, the Board seeks to separate the responsibilities for fiscal roles so that at least two and preferably more individuals fulfill these roles. It is particularly important that the same person does not authorize, execute and monitor transactions of more than \$500. At each step of handling funds, the organization shall ensure that more than one person verifies that the step is done correctly.

RECEIPT OF FUNDS

RISKS

Our organization faces the risk that funds received may be stolen or lost, or that someone may be falsely accused of stealing funds. We also face the risk that we may fail to record a restriction that a donor has placed on our use of funds.

POLICY

All funds, whether cash or check, that the organization receives will be deposited intact into the bank account, with no monies removed to make payments or for other purposes. All cash receipts should be deposited into the bank as soon as possible. This allows for a complete accounting and independent verification of what happens to our funds. Communications from donors that establish restrictions on the use of their contributions will be noted within our donor database. If we believe a donor has restricted the use of funds in a conversation, we will follow up and get written confirmation of the donor's intent.

PROCEDURES

Receipt of Checks. The Executive Director (ED), Operations and Development Manager (ODM) or Program and Administrative Coordinator (PAC) opens mail addressed to the organization. The ED, ODM or PAC scans all checks received and files in the appropriate fiscal year and month folder in the Financial folder. The Financial folder is shared with the Foundation Accountant and allows the Accountant to verify that all checks received are deposited.

Receiving Cash. Cash is easily stolen and must be handled carefully. If cash is received at an event or by mail, the person accepting the cash must record the date, amount and item purchased with cash. The ED, Treasurer or their designee shall train all office volunteers in these procedures:

- The record should state the date, the amount of the cash, and the purpose of the payment (i.e., donation, registration, purchase). Should a receipt be requested, use a pre-numbered receipt book with an automatic duplicate copy. No other pages may be removed from the receipt book.
- When receiving a cash donation of more than \$5, record the full name, address and email address of the donor so thanks can be sent at a later date and offer the donor a receipt.
- If the funds are received through a collection jar, in which it is not possible to know who gave what amount, the individuals accepting the contributions will note that no receipts were provided to donors.
- It is not necessary to provide a receipt for contributions made by check unless the donor requests a receipt. However, the individuals accepting the contributions should make a list of all checks received at the event, including the name of the donor and the amount of the contribution. They will compare this list to the deposit to be sure all checks have been included.
- The person with access to the cash and receipt book shall keep it in a secure locked location until it can be deposited.
- If possible, when the ED, ODM or PAC opens the location containing the cash, one other person will accompany him or her so that they can count the cash together.
- The ED or Accountant will compare the receipt book and the bank 's list of cash deposits when making the Bank Reconciliation described below.

Depositing Checks and Cash.

- The ED, ODM, Treasurer or PAC will make deposits at FWF banks or via the bank's mobile app.
- The ED, ODM or PAC will endorse all checks "For Deposit Only" (by an endorsement stamp or hand written).
- The email record of the deposit will be kept for FWF files and provided to the Accountant during monthly reconciliation of accounts. Checks deposited via app will be kept for six weeks beyond their deposit dates, after which they will be shredded.
- If cash is part of the deposit, two people should count the cash to confirm its amount and deposit funds as soon as possible.
- If checks will be deposited with the cash, checks will be scanned with the deposit slip for our records.
- The duplicate receipt book and the list of checks received shall be given to the AA, who will send acknowledgement letters as needed.

Deposit Slips. The ED, ODM or PAC will deposit corporate funds as follows:

- Prepare the deposit slip.
- Scan the checks and deposit slip and save to the FWF financial folder.
- If cash will be included in the deposit, the ED, ODM or PAC will attach a list that includes the sources of the cash with receipt numbers from the receipt book, if applicable. Miscellaneous cash donations from events shall be recorded as Indirect Public Support.
- The documentation will be filed in the FWF folder containing that month's financial transactions.
- The Accountant will review the deposit ticket and attached photocopies when reconciling accounts as described below.

Bank Deposits. If cash is present, a second person (if available) shall verify deposited funds prior to the ED, ODM or PAC making the deposit in person at our bank. The person verifying the cash shall initial the cash on the copy of the deposit slip retained by the organization. If no cash is present, checks may be deposited either in person or via our bank's mobile app. Checks deposited via mobile app will be retained for six weeks then shredded.

Credit Card Contributions and Purchases. Such transactions are completed via the FWF PayPal, Square Register or Stripe accounts.

The Treasurer, ED and ODM shall be trained in these procedures:

- Funds from the PayPal account must be manually transferred to the FWF checking account. Transfers should be made at the end of each month. Once the transfer is complete, download the transaction

report and attribute the transaction type for each payment (e.g. contribution, membership, merchandise, etc.) along with a breakdown of shipping costs, sales tax and fees when applicable. The breakdown should be recorded with the PayPal transfer transaction in Quickbooks. The report shall be filed in the appropriate fiscal year and month folder in the Financial folder.

- Square Register collections are automatically transferred into the FWF checking account each day. Email notifications for each day's transactions should be saved separately as a PDF in the appropriate fiscal year and month folder in the Financial folder. Record the appropriate transaction type with each transfer in Quickbooks. At the end of the month, download the monthly transaction report for comparison against individual day's transactions. The report shall be filed in the appropriate fiscal year and month folder in the Financial folder.
- Stripe collections are automatically transferred into the FWF checking account during the last week of each month. At the end of each month, download the transaction report and record the totals per transaction type (e.g. contribution, membership, etc.) along with a breakdown of fees when applicable. The breakdown should be recorded with the Stripe transfer transaction in Quickbooks. The report shall be filed in the appropriate fiscal year and month folder in the Financial folder.

Acknowledging Donations. While the IRS requires acknowledgement of all donations that are more than \$75, FWF policy is to provide written acknowledgement for every gift greater than \$5. The ODM or PAC shall respond to each such donations with a letter thanking the donor for their generosity:

- If the gift is cash or check, the letter should include the amount of the gift, the date received, and state that the gift was cash or check.
- If the gift was donated property the letter should note a description of the item and the date received.
- If the donor received something of value in return, the letter must contain a description of the donation and a good faith estimate of the value of what FWF gave to the donor.

The letter should include the statement: "Thank you for your contribution of \$ ---, which we received on (Month/Date/Year). [CHOOSE ONE: "No goods or services were provided in exchange for your contribution," or "In exchange for your contribution, we gave you ---, which has a fair market value of \$ ---."]

DISBURSEMENT OF FUNDS/USE OF CORPORATE PROPERTY

PAYMENTS BY CHECK

RISKS

We face the risk that funds will be spent on unauthorized items, that someone will steal funds by taking blank checks or by writing checks to payees who are not FWF vendors, that someone will use corporate property for personal purposes, or that payments we make will be improperly recorded .

POLICY

Make all disbursements from the organization's funds by check or corporate credit card, with the exception of petty cash. This allows us to track how funds are spent, who is spending them, and who is authorizing expenditures.

PROCEDURES

Opening Bank Accounts. Bank accounts may be opened only upon authorization by the Board of Directors. All bank accounts must be opened with the organization's employer identification number (EIN).

- The Board shall approve the authorized signers on the organization's bank accounts.
- The ED may prepare and sign checks of \$500 or less when receiving an invoice from a vendor with which we do business. The ED may sign checks of between \$501 and \$5,000 if the Board of Directors has authorized the expense as part of the annual budget or by a vote at a BOD meeting.
- Checks for amounts larger than \$5,000 are to be signed by two of the account's signers, with the expense authorized within the annual budget.

Custody of Checks. Authorized checking account signers are the only people authorized to have access to unused check stock. Checks should be stored in a locked location and information about how to access them should be kept confidential from everyone but the Chair, Vice Chair, Treasurer and ED.

Invoices. The Treasurer or ED will review all invoices for mathematical accuracy, agreement with a written invoice, conformity to budget or Board authorization, and compliance with grant fund requirements. They will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled, including inventorying items received against packing slip counts.

Invoices will be processed and paid as follows:

- If invoice is received by the ED, the ED will review the invoice for accuracy, code appropriately, indicate it is approved for payment, and place in "To Be Paid" folder.
- If invoice is received by ODM or PAC, ODM or PAC will code the invoice appropriately, place it in the "To Be Paid" folder, and notify the ED. ED will then review, and indicate when approved to pay.
- Once approved, the ED, ODM or Accountant may then pay the invoice.

The ED and Treasurer are responsible for timely follow-up on discrepancies and payment.

Expenses Not Invoiced. In some cases, expenses may not be invoiced, such as rent. When such expenses are due, the Treasurer or ED needs to ensure that the expense is in the budget before authorizing payment.

Payment by Checks. Checks may be distributed by electronic service through our bank or by printing them from QuickBooks. The ED is authorized to prepare all checks or to supervise the Accountant or ODM in doing so.

If a check is voided, the check will have "VOID" written in large letters in ink on the face. Voided checks will be kept on file. In the event that it is necessary to issue a duplicate check for checks in an amount over \$50, the Treasurer or ED will order a stop payment at the bank on the original check.

Duties of Check Signers. All checks will be signed by the signers designated by the Board of Directors. Prior to signing a check, a check signer will do the following:

- Compare the check to the original invoice.
- Compare the amount on the check to the amount on the invoice or note.
- Check the date on the invoice against the date of signing the check. If the difference is more than 60 days, get written approval from the Treasurer or ED before signing the check. This is to mitigate the risk that we are paying the same expense twice.
- Check to be sure that the amount of the check is not clearly unreasonable. For example, a \$30,000 monthly payment for bookkeeping services would be unreasonable.

Prohibited Practices. In no event will:

- Invoices be paid unless approved by the Treasurer, ED, or as stated above.
- Blank checks must never be signed in advance. Each check signer will be made aware that signing blank checks exposes FWF to theft since the bank is entitled to charge our account for any check with a valid signature. A signed blank check is an invitation to theft.

Online Payments. Online access to bank accounts should be granted only to the ED, Treasurer and Accountant. In addition to the monthly reconciliation, the Accountant will periodically spot-check the account to compare the bank automatic payments with vendor statements.

PETTY CASH

RISKS

Payments by cash are not as completely documented and are not as easily monitored as payments by check and thus subject the organization to greater likelihood of error and fraud.

POLICY

The Petty Cash Fund should only be used when payment by check or credit card is impracticable.

PROCEDURES

Administration of Petty Cash Fund. The Treasurer or ED is responsible for the administration of the Petty Cash Fund. The fund shall be funded with checks made out to "Petty cash-Name of Treasurer or ED" and initially recorded in the Petty Cash Fund account. The Treasurer will require receipts for all purchases and may ask those

reimbursed to sign for money the Treasurer provides as reimbursement.

The Treasurer or ED will record all cash purchases and save the receipts. When the fund gets low, the Treasurer or ED may reimburse the fund for the total amount expended. The check written to reimburse the Petty Cash Fund will be recorded in the appropriate expense accounts for the items that were purchased with Petty Cash, so that these expenditures made through the Petty Cash fund are properly classified by type — for example, postage, parking fees, etc.

EXPENSE REIMBURSEMENT

RISK

FWF does not have the same level of control over expenses incurred on its behalf by those who pay with personal funds and seek reimbursement as it does for expenses paid directly by the organization. FWF is not in as good a position to determine whether the good or service purchased might have been obtained at a lower price elsewhere, whether there is a personal benefit to the person seeking reimbursement, and how the expenditure fits in with the rest of the organization's budget.

POLICY

In proper circumstances, board members, employees, contractors and volunteers are entitled to be reimbursed for expenses related to the organization that they incurred on its behalf. To receive reimbursement, they must meet the following requirements:

- The expense must have been authorized in advance by the Treasurer or ED or approved later by one of them.
- The expense must have been incurred for travel on behalf of the Foundation or for goods or services purchased for the organization.

Details: See Reimbursement Policy, *Adopted 8-24-12*

PROCEDURES

To be reimbursed for expenses:

- Documentation: You must provide reasonable documentation showing the date, amount and type of expense. Credit card receipts and store receipts that do not describe the purchase are not reasonable documentation. The receipt must describe the purchase.
- Other Reimbursement: Your request must reflect reimbursement from sources other than ours.
- Timely Submission: You must submit your documentation with a request for payment within 60 days from the date the expense was incurred.
- Overpayment: Any excess payment must be returned within 30 days.

PURCHASING

RISK

We want to ensure that all purchases made on its behalf are authorized by the Board or by Board policies. Unauthorized purchases deplete the organization's resources and interfere with the Board's ability to govern properly.

POLICY

All purchases made on behalf of the organization must be made pursuant to the Board's approved budget or Board rules.

PROCEDURES

See FWF procurement procedure, adopted 6-15-15.

USE OF CORPORATE PROPERTY

RISKS

FWF faces a risk that individuals will use corporate property without authorization for personal purposes. Usage reduces the life of property and eventually is an expense that we assume. It also betrays the intent of donors, who

expect FWF to use its resources only for purposes that help us achieve our mission.

POLICY

Property and equipment owned by FWF may only be used for FWF-related activities or activities approved by FWF. They may not be used for personal purposes.

PROCEDURES

If a Board member, officer, employee or volunteer wants to use corporate property or equipment for any purpose other than a FWF purpose, that individual must obtain permission from the Board of Directors.

CREATION OF CORPORATE OBLIGATIONS

RISKS

We need to ensure that any obligation undertaken in our name is authorized by FWF's Board or ED and is for corporate, not personal, purpose.

CREDIT AND DEBIT CARDS

RISKS

Corporate credit or debit cards can be misused when people charge personal expenses on them, fail to obtain documentation showing that a purchase was for FWF, or put expenses on the corporate card for purchases that may embarrass FWF.

POLICY

FWF will not authorize the use of debit cards for any purpose. The Board will determine whether there is a compelling need for FWF to obtain one or more credit cards. If the Board determines that credit cards are to be used, it will authorize specific individuals to hold a credit card. A corporate cardholder may use the credit card only for official purposes directly related to the needs of the organization. The cardholder may not use a corporate credit card for personal purposes, even if he or she plans to reimburse the organization.

The following purchases are not allowed on a corporate credit card:

- Personal purchases
- Cash advances or loans
- Payroll advances
- Purchased for other organizations
- Alcohol
- Personal entertainment
- Fuel for personal vehicles
- Purchases from an employee-owned or -operated business, unless pre-approved by the Board
- Any item inconsistent with the mission and values of the organization

An individual purchase shall not exceed \$500 unless included in the adopted fiscal-year budget. Otherwise, the purchase must be approved by the Board Chairman and Vice Chairman. Aggregate monthly purchases shall not exceed \$5,000 unless prior permission is given by the Board Chair or Vice Chair they are part of the approved fiscal year budget.

PROCEDURES

In order to use the card, the cardholder must follow these procedures:

- Advanced Approval: The Board Chair, Vice Chair or ED must give advanced approval to other employees to use the company credit card to make a purchase.
- Original Receipts: The cardholder must keep a receipt that describes the purchase made on the card. The credit card receipt is not sufficient. Original receipts should be scanned and filed in the appropriate fiscal year and month folder in the Financial folder.
- Notification of credit card use: Those authorized to use the credit card will email the ED or print and give to the ED an explanation of the purchase, noting the date, vendor and amount of the charge. This will allow the ED to be aware of the cash required to pay the credit card bill. In the case of meals, the

statement must include the names of all persons at the meal and a brief description of the business purpose, in accordance with IRS regulations.

- Approval by Treasurer or ED: The card user must give the expense detail receipt to the ED for approval. The ED shall review each purchase to ensure that it was reasonable, necessary and the best value for the organization. The ODM and Accountant will reconcile the expense detail to the credit card billing statement, authorize payment and work with the ED to follow up on any inconsistencies.
- Notification of Loss/Theft: The cardholder must notify the bank and the organization immediately in the event that the card is lost or stolen.

BANK RECONCILIATION AND ONLINE MONITORING

RISKS

Even the most honest and attentive individual makes mistakes. Monitoring allows us to uncover errors. If our records and the bank records do not agree, it is likely that our records are wrong.

Monitoring also assists us in identifying discrepancies between our accounting records and our banking records that suggest theft or fraud, checks signed by unauthorized signers, and identity theft.

POLICY

The Treasurer, ED and Accountant will monitor the corporation's accounts regularly and will, with the assistance of the Accountant, prepare a written reconciliation of all bank or investment accounts which proves that the balances presented on our financial reports agree with the records of our financial institutions.

PROCEDURES

Records to Accountant. The ED shall provide monthly to the Accountant a copy of all records of deposits, disbursements (checks written), and other bank transactions and of our accounting records for review.

Bank Statement. The ED will download bank statements via our financial institution's online portals. All statements will be kept on file with corresponding receipts and invoices for at least five years past the date of the statement in compliance with the Foundation's document retention policy.

Reconciliation. The Accountant will reconcile the bank statements monthly. The reconciliation should be done within 14 days of receiving the statement, as follows:

- Check all checks for correct signatures and number of signatures and protest to the bank any incorrect signatures.
- Review the checks in the bank records to ensure that:
 - The name of the payee, the amount of the check and the date of the check agree with FWF accounting records
 - Each check bears a valid signature.
- Compare bank deposit records with accounting records to determine whether each deposit recorded in the accounting records agrees with the bank record.
- Check cash entries in the receipt book against the bank record of deposits to ensure that all cash was deposited.
- Check whether the ending balance in the general ledger cash account agrees with the bank statement, after making the adjustments on the bank reconciliation form.
- List all outstanding checks. On all checks outstanding more than 90 days, take appropriate action.
- List all deposits in accounting records not yet recorded by the bank.
- When the reconciliation is complete for all accounts, the Accountant should prepare an end-of-month balance sheet and profit and loss statement for the next Board of Directors meeting.

Online Banking. Both the Treasurer and ED should have online access to the bank account. The Treasurer should use the online access to monitor accounts and debits. The Treasurer and ED should review accounts on a weekly basis to check for fraud. The Accountant can reconcile the bank statements and spot-check the online payments as described above.

Return of Canceled Checks by the Bank. If available, electronic images of canceled checks are to be filed in the appropriate fiscal year and month folder in the Financial folder with corresponding statements.

ANNUAL AUDIT

RISKS

FWF stewards public donations and recognizes that it is bound by law to use them as donors intend. Without an independent annual audit, fraud, theft or misuse of funds has a greater chance of going undetected. Audits also are an excellent way to demonstrate FWF's ability to steward contributions.

POLICY

To mitigate risks described above, an annual audit by an independent auditor will be performed.

PROCEDURES

Based on criteria determined by the FWF Audit Committee, the committee shall invite proposals, which may include preparation of FWF's Form 990, from Florida CPA firms. After reviewing responses, the committee should recommend a firm to the Board. Once a firm has been confirmed, a timetable for preparing and transferring FWF files should be set by the Treasurer, ED and CPA.

During the audit, the ED, Accountant and Treasurer will be at the CPA's disposal to answer questions and provide copies of procedures, policies, contracts and other information. Upon completion of the audit (and Form 990, if applicable), copies will be sent to the Board Chair and Vice Chair for examination. When complete, the audit and Form 990 will be presented at the next Board meeting for approval. Upon approval, the audit and 990 will become official FWF documents, and the Form 990 will be submitted for the Chair's signature and filed with the IRS.

Original policy adopted Aug. 15, 2019

Revision history:

July 17, 2021

Feb. 17, 2022