



Nashville Rowing Club **Financial Policy**



Approved on
October 14, 2014

1. **Introduction.** The financial policy of the Nashville Rowing Club (NRC) is to ensure that financial statements conform to generally accepted accounting principles; that assets are safeguarded; that guidelines of grantors and donors are complied with; and that finances are managed with accuracy, efficiency, and transparency. All directors and staff of the NRC are expected to comply with this policy. This policy will be reviewed and revised as needed by the staff and approved by the NRC board of directors.

2. **Division of Responsibilities.** The following is a list of personnel who have fiscal and accounting responsibilities:

2.1 **Board of Directors.** Review and approve the annual budget; review annual and periodic financial statements and information; review and approve all contracts or expenditures in accordance with the financial authority levels set forth below; review and approve staff performance and pay.

2.2 **President.** Prepares staff performance plans or contracts and pay levels for submission to the board; signs contracts on behalf of the board.

2.3 **Treasurer.** Primary responsibility for overall financial health of the club; ensures that all banking and accounting services are cost effective and efficient; ensures that all annual state and federal submissions are made in a timely manner, to include the annual federal tax return; works with Executive Director (ED) in formulating annual budget and presents that budget to the board for review and approval; works with ED to amend that budget for review and approval by the board as needed; prepares financial reports for board meetings; signs checks; performs as backup to ED in making deposits and paying bills when needed; acts as the ultimate repository of club financial records; ensures compliance with club policies and internal controls.

2.4 **Executive Director.** Primary responsibility for daily financial operations of the club, such as paying bills, making deposits, and executing the club's annual budget; monitors and ensures that donated funds are used appropriately; works with accountant on a regular basis to ensure that club financial records are accurate and up to date; works with accountant to manage accounts receivables (primarily from club members); works with Treasurer in preparing annual budget or in amending that budget for review and approval by the board as needed; complies with internal controls and club financial policy; makes recommendations to change club financial policies and controls if needed; ensures similar compliance by staff; prepares annual donor acknowledgement letters for signature by Treasurer and/or President.

2.5 Accountant. Overall responsibility for entry and integrity of club financial records; processes bills for payment and prepares checks for signature; processes deposits for the ED and/or Treasurer to take to bank; processes payroll and pay to employees; assists Treasurer with annual state and federal reporting, to include annual tax return; maintains general ledger; reconciles all bank accounts; works with ED in managing account receivables; makes recommendations to change club financial policies and controls if needed.

3. Chart of Accounts and General Ledger. The NRC has designated a chart of accounts specific to its operational needs and the needs of its financial statements. The chart is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (club vs. program vs. fundraising). The Treasurer is responsible for maintaining the chart, with assistance from the ED and accountant, and revising it as needed. Only the Treasurer will make changes to the chart. The general ledger is automated and maintained using accounting software. All input and balancing is the responsibility of the accountant with final approval by the Treasurer, or ED/Club President if the Treasurer is not available. The Treasurer will review the general ledger on a periodic basis for any unusual transactions. The Treasurer may at times designate the ED to review the general ledger for this purpose.

4. Receipts. The ED will be the primary person collecting dues, fees, and other income from the club membership, with the treasurer as backup. This income will consist of cash, checks, and third-party transfers, such as PayPal. When cash is received, a hand receipt will be issued to the payor, and a carbon copy kept with the club records. When checks are received, a scan will be made of the checks and sent to the accountant to prepare the deposit. After the deposit is made, the deposit slip and bank receipt will be maintained by the treasurer as part of the official club records. If the income is received from PayPal or some other third party system, hard copies of the notifications will be maintained by the treasurer, while electronic copies will be maintained by the ED and/or accountant. The ED will maintain the key to the club post office box for the purpose of checking it for income or bills. If a spare key is available, it will be maintained by the treasurer.

5. Payments. Checks are processed weekly. Invoices will be submitted to the accountant by the ED on Monday to be processed. When ready, the ED will print, sign, and send off the checks for bill payment. Checks can be prepared manually within one day, but this should be limited to emergency situations. The accountant processes all payments and makes general ledger entries as appropriate. All expenditures will comply with the spending authority levels and policy set forth below. No payments will be made with checking debit cards or use of third party accounts, such as PayPal.

6. Credit Cards & Charges. All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations.

The receipts for all credit card charges will be given to the ED within two (2) weeks of the purchase along with proper documentation, if not already available online. The ED will verify all credit card charges with the monthly statements. A record of all charges will be given to the accountant with applicable allocation information for posting. The ED's credit card usage will be reviewed by the Treasurer. Any use of the credit card by the Treasurer will be reviewed by the club president.

7. **Accruals.** To ensure a timely closing of the General Ledger, the NRC may book accrual entries. Some accruals will be made as recurring entries.

8. **Bank Account Reconciliations.** All bank statements are given unopened to be retrieved electronically by the Treasurer or if present, the Executive Director or the club president. The Treasurer or club president reviews the statements for unusual balances and/or transactions. The Treasurer or club president will give the statement to the accountant and a copy to the ED and the accountant for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers. The accountant will verify that voided checks, if returned, are appropriately defaced and filed. The accountant will investigate any checks that are outstanding over six months. The accountant will attach the completed bank reconciliation to the applicable bank statement, along with all documentation. The reconciliation report will be reviewed, approved, dated, and initialed by the Treasurer or if present, the Executive Director.

9. **Property & Equipment.** Property and equipment includes items such as: Office furniture and equipment; Computer hardware; Computer software; Leasehold improvements; boats and related equipment. It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars (\$1,000). Items purchased with a value or cost less than one thousand dollars (\$1,000) will be expensed in the period purchased. The depreciation period for boats and related equipment: 60 - 84 months. All other equipment will be for 60 months.

A Fixed Asset Log is maintained by the accountant including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset. The Log will be reviewed by the Treasurer (or if present, the ED).

Annually, a physical inspection and inventory will be taken of all fixed assets by the ED and reconciled to the general ledger balances. The Treasurer shall be informed in writing of any change in status or condition of any property or equipment.

Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

10. **Personnel Records.** All personnel files contain the following documents: an application and/or resume, date of employment, employment contract, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, an emergency contact form, and other forms as deemed appropriate by the Treasurer. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel: club president, treasurer, or ED.

11. **Payroll Processing.** Employees of the club are paid either by direct deposit (if taxes are withheld); physical paycheck (if on a contract/1099 basis); or by a check to a vendor (if working through a third-party contractor).

The ED will advise the accountant of the dates and amounts of employee pay due on a timely basis, subject to confirmation by either the club president or treasurer. The ED, or club president or treasurer if appropriate, will advise the accountant of any changes to the employee rolls or pay in a timely manner, or any other pertinent information, such as change in marital or tax status. The accountant will process payroll in a timely manner. Paychecks will be distributed by the ED on the 15th and last day of each month. If these days fall on a weekend or holiday, the paychecks will be distributed the day before. Employees subject to withholding may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. The employee will receive a verification stub. The Treasurer will review payroll expenditures and allocations monthly. All quarterly federal and state payroll reports will be prepared and filed appropriately. All W-2 statements and 1099 reports are issued to employees prior to January 31st of the following year for the prior calendar year.

12. End of Month & Fiscal Year Close. The Treasurer will review and sign off on all month and year-end journal entries. They will be printed and filed for audit trail purposes. At the end of each month and fiscal year end, the Treasurer will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the Treasurer, no more entries or adjustments will be made into that month or year's ledgers. At the end of the fiscal year, the accountant will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented by the treasurer to the board for review and approval. The Treasurer will then file the return with the Internal Revenue Service by the annual deadline. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed by the accountant and/or treasurer and filed with the appropriate agency, notifying the board if necessary due to unusual circumstances.

13. Financial Reports. Monthly financial reports derived from the official accounting software will be prepared by the treasurer, with coordination and assistance from the ED and accountant, for distribution to the board by the treasurer at monthly meetings, or as required. The reports will include: balance sheet, statement of income and expenses, budget versus actual report for each program which has an established budget, and any other requested reports. Fiscal year end reports will be prepared by the treasurer, with coordination and assistance from the ED and accountant, for distribution to the board and presentation to the general membership at the annual meeting. These reports will be a balance sheet, and a statement of income and expenses for the entire fiscal year.

14. Fiscal Policy Statements.

14.1. Contracts and Commitments. If over one year and/or \$2500 in value, will be approved by the club board, documented by a "signature page", and signed for by the club president or other person designated by the board. The "signature page" is a document reflecting the physical signatures of all board members, signifying their approval. If under a year and/or \$2500, but greater than \$1000, the expenditure may be approved by the president or other designee.

14.2. Capital Budget Items. Will be approved by the board in advance of purchase, in

accordance with the levels above. Board approval for a capital item procurement is good for 60 days.

14.3. Operating Budget. Established and overhead expenses such as USRowing dues, insurance, marina rent, and miscellaneous items (P.O. box, web hosting) will be approved by the board in setting the annual budget, and will be paid by the ED with the retention of appropriate documentation. Should any significant variation arise, the ED will return to the board for approval before paying. Variable expenses such as parts and maintenance, administrative supplies, salary for the ED or assistant, regatta expenses, and program fees and dues will be approved as much as possible by the board in setting the annual budget. After this, the ED or the treasurer will pay these expenses using the credit card(s) or checks as appropriate, maintaining documentation, and complying with the payroll policy. As above, should any significant variation arise, the ED or treasurer will return to the board for approval before paying.

Use of the club checking account debit card is hereby discontinued. The card(s) will be destroyed by the club treasurer, or by the ED should be on an emergency basis only, subject to prior authorization by either the club president or treasurer.

Miscellaneous expenses such as legal fees, accounting or audit fees, or boat or other equipment repair may be significant. These should always be brought to the club president or designee for discussion and guidance before incurring.

14.4. As noted above, the annual tax return and accompanying documents such as W-2/1099s, will be approved by the board before being submitted by the treasurer. Other forms, such as annual filings with the state of Tennessee, may be done without specific board approval if routine in nature. Board approval should be sought in advance if this is not the case.

14.5. The club will operate on a non-profit basis in that dues and fees charged will generally be determined to be the amounts needed to cover expenses and accumulate surplus for reserves or other purposes as determined by the board. Funding for capital items will be raised through donations and/or grant solicitations.

14.6. The club will, over the next three years, accumulate surpluses in order to raise the financial reserve from the current amount of \$1000 to the amount equal to 10% of the expenses of the prior fiscal year. Use of the reserve may only be authorized by a board vote. Typical uses of the reserve would be for legal fees; to cover insurance deductibles in the event of a large loss; or to maintain basic club services and operations in the event of a significant drop in membership revenue. Other purposes may arise and be addressed as determined by the board. Proceeds from the sales of surplus equipment will generally be allocated to this reserve account. The spending of any surplus resulting from operations will be subject to board approval after recommendations by the ED, with the general guidance that it is to be directed to the reserve as much as possible.

14.7. For security, a master list of passwords and accounts will be maintained by the treasurer. The ED, accountant, and/or club president will have a copy of all or portions of the current list as appropriate. Passwords will be changed every six months, in June and December.

14.8. The official accounting records of the NRC will be maintained and derived from the approved accounting system in use by the club treasurer and accountant. No other system of accounting will be officially recognized, or used in reporting financial information to the board.