

**Kernersville Museum Foundation Financial Policy  
Adopted by the Board of Directors on July 11, 2017**

**PHILOSOPHY**

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

**AUTHORITY**

- The Board of Directors is ultimately responsible for the financial management of all activities.
- The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff, pay bills, receive funds, and maintain bank accounts.
- The Treasurer 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 (i.e. when the Executive Director is unavailable).
- The Treasurer, Board President, Vice President, and Executive Director shall be authorized on the signature cards for the financial accounts. Signature cards should be updated regularly to reflect staff and/or board changes.
- The Executive Director is authorized to sign checks up to \$1,000. Checks for amounts greater than \$1,000 shall require a second signature, from an authorized signer (Treasurer, Board President, or Vice President).
- The Executive Director 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 the budget.
  - The Executive Director shall obtain competitive bids for items or services. Selection will be based on cost, service, and other elements of the contract. The Kernersville Museum Foundation may award the bid to any provider and is not required to accept the lowest cost proposal.
- The Executive Director 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. Board of Directors approval shall be required for any expenditure in excess of the Annual Budget as adopted by the Board of Directors.
- The Executive Director and the Board of Directors are charged with ensuring that, as soon as possible after the formation of the Museum Foundation, and continuing thereafter, Funds shall be maintained by the Museum Foundation of not less than Fifty (50%) percent of the expenditures set forth in the Annual Budget as adopted (for example, if the operating budget is \$80k, funds shall not be less than \$40k).

## RESPONSIBILITIES

The Executive Director shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds. “Restricted Funds” shall solely be used for the intended use as directed by either Donors or Grantors.
- Pay all obligations and file required reports in a timely manner (i.e. state and federal taxes, annual solicitation license, etc.)
- Make no contractual commitments without specific approval of the Board (i.e. bank loans, corporate credit cards, or for real estate leases or purchases, etc.)
- Record fixed assets with purchase prices greater than \$500 as capital assets in accounting records. Depreciation of capital assets will not exceed five years for furniture and equipment or three years for computer and other technology equipment.
- Limit vendor credit accounts to prudent and necessary levels.

The Board of Directors shall:

- Review and approve a budget annually.
- Review the 990 annually during a board meeting.
- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.
- Review the financial policies annually.

## 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 the Kernersville Museum Foundation borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.

## 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 five-year objectives, the Executive Director shall:

- Submit operating and capital budgets to the Finance Committee in time for reasonable approval by the Board prior to each fiscal year. Recommended timetable: budget is drafted each October, presented to the Board in November, and finalized by December.
- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

## ASSET PROTECTION

In order to ensure that the assets of the Kernersville Museum Foundation are adequately protected and maintained, the Executive Director 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 its 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.

## GIFT ACCEPTANCE

The Kernersville Museum Foundation follows best practices for nonprofit organizations when considering the acceptance of gifts of cash and non-cash items. Please refer to the attached *Gift Acceptance Policy*, adopted on July 11, 2017 by the Board of Directors.

## CONFLICT OF INTEREST

The Kernersville Museum Foundation works to minimize conflicts of interest. Please refer to the attached *Conflict of Interest Policy*, adopted on August 12, 2014 by the Board of Directors.

## WHISTLE BLOWER PROTECTION

The Kernersville Museum Foundation follows the federal guidelines for whistle blower protection for nonprofit organizations. Please refer to the attached *Whistle Blower Protection Policy*, adopted on July 11, 2017 by the Board of Directors.

## DOCUMENT RETENTION AND DESTRUCTION

The Kernersville Museum Foundation adheres to the Sarbanes-Oxley Act for document retention and destruction. Please refer to the attached *Document Retention and Destruction Policy*, adopted on July 11, 2017 by the Board of Directors.

*Adapted from the Nonprofits Assistance Fund Example Financial Policy and Guidelines  
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