

Old Mission Peninsula Historical Society (OMPHS)

Internal Financial Controls Policy

Adopted by the Board of Directors on August 20, 2020

Adopted by vote of the membership on (Date)

Overview

The general principles of internal control basics for a small not-for-profit organization focuses on three basics.

1. Create a paper trail
2. Involve multiple people
3. Have stakeholders review financial reporting regularly

1. Paper Trail:

- a) All expenses paid by check must be accompanied by an invoice or receipt with an account number and/or purpose written directly on the invoice. Copies of any voided checks must be maintained and filed. No check shall be written payable to 'cash.' No check shall be signed in advance.
- b) An annual budget for the fiscal year (June 1 – May 31) will be created by the Treasurer, in consultation with the committee chairpersons. This draft budget will be reviewed, revised, and approved by the Executive Committee for presentation to the membership at its May membership meeting. A vote of the membership (in person or electronic) shall be required in order to adopt the budget for the coming fiscal year.
- c) Any expenditure in the adopted budget requires no further oversight. All expenditures not anticipated in the adopted budget over \$250 must be recommended by the Executive Committee and then approved by a vote (in person or electronic) of the Executive Committee or the membership of OMPHS. (per By-laws article V paragraph D)
- d) Any expenditures above and beyond the adopted annual budget must be approved by the executive committee and reported to the membership at the next called meeting of the membership.
- e) All cash donations received must be accompanied by an official signed receipt for the donations received and/or a gift acknowledgement letter. The original receipt is offered to the donor and a copy is kept to accompany the deposit documentation. Whenever possible, all cash must be counted by two people who verify the receipts and the totals.
- f) All checks received for membership dues or other donations shall be immediately endorsed "for deposit only" with a bank stamp that includes the OMPHS account number. The Treasurer is responsible for the timely acknowledgement of all membership dues and donations. Copies of the gift acknowledgements and checks are retained in deposits file. All dues and gifts are entered in the bookkeeping software under the donor's individual record. Restricted and unrestricted donations are clearly identified and recorded by the Treasurer.
- g) The Treasurer shall maintain a list of all bank deposits with a line by line detail to be transferred to the electronic bookkeeping software or the General Ledger.

h) The Treasurer and the President shall have access to the OMPHS bank accounts with unrestricted access. The Secretary shall have view only access to the bank account statements. The President and the Secretary will review the bank statements monthly. The Treasurer shall be responsible for monthly reconciliation of the bank statements by the 15th of each month and forward a record of this reconciliation to the President and the Secretary for their review.

2. Involve Multiple People

a) The Executive Committee shall review financial reports from the Treasurer on a month basis. Any member of the Executive Committee may request additional documentation from the Treasurer and she/he will provide this documentation in a timely manner.

b) The names of new members and renewing members will be forwarded to the chair of the Membership Committee by the Treasurer in a timely manner.

c) The Treasurer and the President shall both have keys to the OMPHS Post Office Box and the Hessler Cabin donation boxes.

d) The President shall create an Audit Committee that shall meet no later than July 1 with the Treasurer and annually review/audit all monthly bank statements, monthly financial reports, annual financial reports and assure that the annual IRS Form 990 has been completed and returned to the IRS in order to maintain the 501 (c) (3) tax exempt status of the OMPHS (Due April 15). The committee shall assure that the State of Michigan Nonprofit Corporation Annual Report has been filed annual with the Department of Licensing and Regulatory Affairs (Due October 1). The committee shall also assure that a Form 1099 is filed with the IRS for any individual paid by OMPHS for services rendered (not an employee).

3. Regular Financial Reporting

a) All regular meetings of the Executive Committee shall include a review of the most recent monthly financial report on its agenda.

b) Quarterly financial reports shall be provided to the entire membership of the OMPHS. The Treasurer maintains an open dialogue and will entertain inquiries from members as questions arise.

c) Financial reports shall be consistent with the annual IRS Form 990 Return of Organization Exempt from Income Tax.

d) When feasible, the Treasurer and Executive Committee shall strive to maintain accounting records and reports consistent with the Financial Accounting Standards Board (FASB) recommendations for Not-For-Profit Organizations.