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1) GENERAL POLICIES

The Mountaineers accounting practices are to be consistent with the needs of our funding sources and The Mountaineers management to accurately and efficiently track actual operating needs and the status of the current budget. The Mountaineers accounting practices are in accordance with Generally Accepted Accounting Principles (GAAP) and are reviewed by the Finance and Audit Committee of the Mountaineers Board of Directors, and an outside auditor. Accounting procedures are developed to balance the needs stated above and the need to be efficient and reduce administrative burden.

General Mountaineer's policies are stated below. More specific policies are stated in the appropriate sections in this document.

- The fiscal year is twelve months, from October 1 to September 30th.
- The Mountaineers maintains an accrual method accounting system appropriate for financial reporting and program cost accounting purposes.
- A chart of accounts is maintained and reviewed annually for updating.
- Accounting is maintained through a General Ledger including, but not limited to, an Accounts Payable ledger, a Check Register, an Accounts Receivable ledger, a Payroll Journal, and a General Journal.
- The Mountaineers follows GAAP and implements new accounting guidance as it is promulgated.
- The Mountaineers tracks in the accounting system all In-Kind donations whose value can be objectively substantiated.
- Loans are not made to The Mountaineers board members, employees, or other parties.
- The Program Center Chief Operating Officer, Controller, Accounting Assistant and Publishing CFO, Accounting Manager, and any other full-time employee dealing with financial transactions are required to take at least five (5) consecutive days of vacation in a single workweek each fiscal year.
- Accounting functions are currently carried out by the Controller and the Accounting Assistant and directed by the Chief Operating Officer/CFO the terms "Controller", "Accounting" and "Accounting Assistant" are used to denote any one of the three staff employees. They will divide their duties to ensure adequate internal controls.
- Financial Policy and Procedures Review and Revision Process (Approved FC 1-26-15)
 - The Mountaineers Financial Policies and Procedures Manual will be posted on the website at www.mountaineers.org under Leader Resources and distributed electronically to Branch and Outdoor Center Leadership.
 - The Finance Committee will review the Financial Policies and Procedures annually at the January Finance Committee Meeting.
 - Branch and Outdoor Center Leadership may propose revisions to The Mountaineers financial policies or procedures annually prior to the review, by submitting them to the Finance Committee Chair no later than December 1.
 - The proposal should include the exact text, reason and support for the change.



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- Proposed revisions will be distributed to the Managing Committee at the December meeting for feedback.
- The Finance Committee will review the proposed changes and make final determination during the Annual review in January.
- Any changes to the Board Policy governing Financial Management must be presented to the Finance Committee for review and Board of Directors of Approval.

2) PREPARATION, APPROVAL AND IMPLEMENTATION OF THE ANNUAL BUDGET

Policy

- The Mountaineers organizes its activities around an annual budget approved by the Board of Directors. Variances from the budget are permissible to recognize that management needs sufficient authority and autonomy to efficiently achieve The Mountaineers' objectives. Management will report significant variances to the Finance and Audit Committee on a timely basis or at least monthly.

Procedure

- The Controller, in consultation with the Chief Operating Officer and program heads, prepares a draft annual budget in detail by line item. The draft budget will be reviewed by the Executive Director.
- The Finance and Audit Committee reviews and recommends modifications to the draft annual budget.
- The BOD Treasurer presents the proposed budget to the full Board of Directors.
- The Board of Directors reviews, amends as needed and approves the annual budget prior the beginning of the new fiscal year.
- A budget worksheet is prepared for each account code on an annual basis. Each account code is then broken down by month and entered into the accounting system. Budgets are compared with actuals on a monthly basis.
- The Executive Director conducts The Mountaineers operations within the constraints of the annual budget and is responsible for reporting variances to the Finance and Audit Committee, the Treasurer, and the Board of Directors.
- The Controller presents the budget-to-actual comparison to the Finance and Audit Committee each month. When variances are significant, the committee may recommend corrective action or ask to see a plan to correct or recover from variances.
- The Finance and Audit Committee reviews any proposed budget amendments, and then modifies, approves, disapproves, or refers the proposed amendments to the full Board of Directors for consideration and ratification. Amendments should only occur in the instance of a significant change in The Mountaineers operations or financial performance.

3) COST ALLOCATION PROCESS

The Mountaineers allocates the full direct and indirect administrative expenses of supporting volunteer programs for the purpose of branch and divisional reporting to accurately represent the financial



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performance of the organization's programs, branches and outdoor centers and make sound strategic and operational decisions.

- Roles and Responsibilities:
 - The Finance Committee is responsible for annually determining the methodology of what and how the expenses are allocated.
 - The Controller is responsible for preparing and distributing allocation based on the methodology determined by the Finance Committee.
- Timeline
 - The Finance Committee will review principles and procedures annually in advance of the budget process. Generally the budget process runs from March – August. Annual timeline with specific dates will be distributed in advance of the process. The Controller will prepare the annual allocation and distribute with an explanation of the methodology to branch and outdoor center leadership along with budget guidance.
 - Branch and Outdoor Center leadership has the opportunity to ask questions, propose changes, or provide feedback for Finance Committee review.
 - The proposal should include the proposed change in methodology, reason and support for the change.
 - The Finance Committee will review the proposed changes and make final determination during the draft budget review. Any change to the allocation will be submitted in the draft financial statement to the Board of Directors.
- Communication
 - The allocated expense methodology will be distributed to branch and outdoor center leadership along with annual budget guidance and posted electronically on the web site www.mountaineers.org under Leader Resources.
- Questions or Disputes
 - Questions, disputes or discussions about the allocation calculation or process will be considered annually during the timeline outlined above.
 - The Finance Committee has responsibility for final decision making.
- *See Appendix A for the current Shared Services Allocation Methodology.*

4) MONTHLY FINANCIAL STATEMENTS

Policy

- Financial statements are prepared on a monthly basis. The statements include a Statement of Financial Position (Balance Sheet), Statement of Activities (Income Statement) and Statement of Cash Flows with variances footnoted.

Procedure

- The COO reviews monthly journal entries and cost allocation entries in the accounting software as prepared and entered by the Controller.
- Financial statements are reviewed by the Executive Director monthly and sent to the Finance and Audit Committee for review.
- Copies of the approved final financial statements are retained in the business office.



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5) CONTRACTS

- Ability to Engage: The Mountaineers staff and volunteers are not authorized to enter into any oral or written contracts of greater than 30 days or \$5,000 with any vendor or service provider without prior approval by the Chief Operating Officer, Executive Director, or authorized Board member. Contracts less than 30 days and \$5,000 and below may be authorized by staff. The Finance and Audit Committee may authorize exceptions.
- Independent Contractors: It is the policy of the Mountaineers to evaluate criteria established by the IRS and the State of Washington six-part test when assigning employee or independent contractor status prior to commitment of payment and work being performed.
- Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued IRS Form 1099 if compensation is \$600 or more in a calendar year.
- Independent contractors must provide proof of active UBI account information as required by Washington State and a valid Certificate of Insurance in the amounts below naming The Mountaineers as additional insured:
 - Low Risk Contractors - Tenants, third Party providers, and renters where alcohol is served at the event - \$1M per occurrence/\$2M aggregate
 - High risk Contractors - \$2M per occurrence/\$4M aggregate
 - Low/high risk classification to be determined at the discretion of Executive Director/COO. The Facility/Events Manager, Rental committee or equivalent may waive requesting the certificate for renters in select cases at their discretion.

6) PROCUREMENT/CHECK REQUESTS

Policy

- All financial commitments are to be consistent with the current year Board-approved budget and made with the authorization of the Executive Director or authorized Board member. Authority may be delegated to other staff, branch leadership and committee leadership in accordance with this policy.
- Proper approval must be obtained prior to placing a firm order or contract to purchase. Departmental authorization guidelines include vendor selection and dollar limits based on budgeted expense categories. All purchases and reimbursements require dual authorization by the purchaser and approver in writing or by email with the exception of utility and contractual invoices which should be supported by a copy of the contract and reviewed by the accounting department prior to processing.
- All goods or services bought or ordered for the agency shall be purchased by designated staff or branch/committee leadership following the procurement guidelines and authorization limits outlined below.
- No employee, officer or agent of The Mountaineers shall participate in the purchase of a good or service or the award of a contract if a conflict of interest, real or perceived, would be involved.
- Authorization limits for staff are as follows:
 - Executive Director: Authorization limit – Unlimited, within the Board approved annual budget (has check signing authority).



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- Chief Operating Officer: Authorization limit - Unlimited, within the Board approved annual budget (has check signing authority)
- Staff, Branch, Committee, and Outdoor Center Chairpersons: Purchases within her/his approved departmental budget. The Branch Treasurer will provide a list authorized approvers to the Accounting Department and a suggested authorization limit material to the size of the committee. Request for payment (invoice, reimbursement, check request) must be indicate goods/services purchased, purpose of purchase, amount, account and subaccount code and be show evidence of approval by both the purchaser and approver. Either a signature or email is acceptable evidence of approval.
- Unbudgeted or material purchases as defined by the Financial Management policy require additional review or approval by Finance committee or Board of Directors.
- Prepaid Expenses: It is the policy of the Mountaineers to treat payments of expenses that have a time sensitive future benefit as prepaid expenses on the financial records and to expense them in the proper period.
 - Prepaid expense must exceed \$100 per month and have a benefit period of longer than three months.
 - The prepayments are maintained in an asset register including the general ledger account number, title, description of asset, type of service or coverage and any other relevant information. The asset register will be reconciled monthly to ensure the accuracy of the detailed records and general ledger.
 - Amortization of the prepayments is made each month according to the terms in the contract/invoice.
- Accounts Payable Accruals: It is the policy of the organization to accrue unpaid expenses on its financial records if such expenses are in excess of \$250 individually. Purchasers are responsible for notifying the accounting department of any unpaid expenses no later than the end of the month.

Procedure

- Expenditure requests must be initiated by an Invoice or Check Request form with attached supporting documentation and signed by the purchaser. A director, manager or approved branch leadership must review and approve the forms by way of their signature after comparing to the budget and assessing the need. The accounting department prints checks only with approved requests.
- The unsigned check and request form are then presented to an authorized check signer for signature (information on checks is compared to supporting documentation for accuracy).
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation (invoice or check request form).
- All checks are pre-numbered and accounted for monthly.
- Blank checks are stored in a secure drawer.
- All voided checks must be defaced (the signature area should be cut out and destroyed) and retained.
- Blank checks may never be signed in advance.
- Check signers may not sign checks made out to themselves,



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- Accounting must stamp invoices “PAID” once they have been paid to guard against duplicate payments. Payments must not be made from statements of account. The original invoice must be used, although the Accounting Assistant may wait until a statement is received and pay multiple invoices with one check.
- The BOD President or BOD Treasurer must authorize unbudgeted purchases over the Executive Director’s authorization limit.

7) INVOICE PAYMENT AND CHECK PROCESSING

Policy

- Invoices are to be paid in a timely manner to avoid service charges and late fees. Accounts payable invoices are entered into Accounting Software upon receipt in accordance with accounting principles. Payment is initiated by invoices or check requests.

Procedure

- The invoices received in the mail are forwarded to the Accounting Assistant.
- If payment is not required immediately, the invoice is entered as an Account Payable and the invoice is filed in the “To Be Paid” folder. If payment is needed immediately, the Accounting Assistant or Controller may generate a check.
- When a check batch is run, checks are paper-clipped to the original invoice and any other paperwork authorizing the purchase. The batch is given to a check-signer.
- It is the policy of the Mountaineers to give check-signing authority to the following positions: Board President, Board Treasurer, Executive Director, and Chief Operating Officer. Checks issued for payment of debts will require one signature of an individual not associated with incurring the debt. Checks exceeding \$5,000 must be reviewed and approved by the Executive Director, or in the event the Executive Director is unavailable the Board President or Treasurer. Additionally, individuals involved with check preparation and bank reconciliation are prohibited from having check-signing authority.
- The check-signer reviews all documentation, verifies and signs checks within his or her authorization limit and returns the batch to the Accounting Assistant.
- The Accounting Assistant mails or distributes the checks to vendors.
- The Accounting Assistant stamps invoices as “paid”.
- The Accounting Assistant files the check documentation in the vendor files alphabetically by vendor, with newer forms in the front of the folders.

8) CREDIT CARDS

Policy

- Company credit cards may only be used for business purposes (see section 5.) Balances are paid in full monthly.

Procedure

- Credit cards are issued to staff with a legitimate need to make frequent purchases on behalf of the organization. The Executive Director or COO signs the application to add a card holder to



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the business account. The card holder signs an acknowledgement that they received a copy of this policy and will follow it.

- Card holders are responsible for safe custody of the card and number.
- Cards may be used at vendors where The Mountaineers does not have an account, while traveling, for internet purchases, or for urgent purchases.
- When feasible, card holders should obtain prior approval for purchases. Credit cards may not be used to avoid normal approval or check request processes.
- Credit card holders may make budgeted purchases up to their authorization limit as need arises.
- Cash advances may not be made.
- Card limits are set according to the purchasing needs of the staff member utilizing the credit card.
- Purchaser signs receipts noting purpose; account number and subaccount for each purchase and submits to the Controller on receipt of statement. All credit card statements must be approved by purchaser's direct supervisor. COO may approve Executive Director's credit card purchases up to \$500. Statements exceeding \$500 must be approved by Board Treasurer, or President. Failure to return receipts in a timely manner may result in loss of credit card privileges.
- Receipts are required for all purchases over \$25. Failure to produce a receipt or explanation of the purchase may result in loss of credit card privileges.
- If there is any suspicion that a purchase is for non-business use, the Controller will bring it to the attention of the COO (e.g. unusually large amount, unfamiliar vendor, internet transaction, multiple transactions with the same vendor on the same day).
- The Chief Operating Officer may approve payment of the statement even if not all receipts are received.
- All receipts related to the monthly statement are attached to the statement, and filed in a Credit Card vendor file.
- The Chief Operating Officer cancels credit cards of terminating staff on or before the last day of their employment. The departing staff person must return the original card.
- All card holders will follow issuing bank's procedures for reporting lost or stolen cards and notify the Controller immediately if a card is lost or stolen.
- Criminal misuse of cards may result in termination and appropriate legal action.

9) VENDOR DISBURSEMENTS FILES

Policy

- The Accounting Assistant is responsible for ensuring that vendor files are maintained. Files will be alphabetical by vendor, and shall contain original invoices, receipts, check request forms and check stubs.

10) MAIL RECEIPT AND DISTRIBUTION

Policy

- Tasks are spread among several individuals to maintain a system of checks and balances. The same person shall not handle incoming mail and also process the bookkeeping of The Mountaineers funds. All procedures should ensure that all cash, checks and other forms of



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payment intended for the organization are received, promptly deposited, properly recorded, reconciled, and kept under adequate security.

Procedure

- Member Services opens all mail, except bank statements, credit card statements, and letters marked “confidential.” Bank statements are given unopened to the Executive Director. Invoices are given to the Accounting Assistant. Other mail is routed as addressed, or to an appropriate person according to the Member Services Associate’s judgment.
- Member Services completes shall stamp all checks with “Deposit Only” immediately upon opening.
- The Controller or Accounting Assistant may complete bank deposit slips.

11) CASH RECEIPTS

Policy

- Cash receipts mean cash, checks, credit card or other payments received by The Mountaineers. Cash receipts shall be deposited within ten days of receipt. The Mountaineers does not cash checks. All The Mountaineers cash receipts are deposited to an appropriate The Mountaineers bank account. The Controller and Branch Treasurers maintain the deposit slip books.

Procedure

- Member services or Program Center Administrator opens the mail, endorses and logs the checks, and drops checks and original documentation in the safe for the Controller to receive.
- Controller retrieves checks from the safe and verifies receipt against check log.
- Posting:
 - Payments for membership dues are routed to the Membership Associates, who record the funds through the membership database and update member records.
 - Donation log is routed to the Accounting Assistant who records the donations and in-kind donations in donor database and sends acknowledgement.
 - The Controller makes a copy of Accounts Receivable, committee deposits, and other receipts in the safe. The funds are entered through the cash register or posted to accounting software
- The Controller prepares deposits and takes funds to the bank and brings back the deposit receipt for attachment to the deposit slip. For receipts at the branch level an individual independent of receiving and logging the checks prepares and makes the deposit, forwards a copy of the deposit receipt, deposit slip and copies of any checks to the Controller.
- Deposits are verified by the Chief Operating Officer.
- The Controller reconciles the bank statement monthly, and gives a copy of the reconciliation report to the Chief Operating Officer for review. (See section 17).



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12) RESTRICTED FUNDS MANAGEMENT

Policy

- The Mountaineers adheres to GAAP guidelines that include the appropriate maintenance and identification of restricted net assets. Restrictions may be made by a donor or designated by the Board of Directors.

13) MANAGEMENT OF CONTRIBUTIONS

Policy

- Revenue is recorded in the accounting records at the time a gift, security or pledge is received. Grants are recorded as revenue at the time the commitment is made from the funder to provide the grant monies to The Mountaineers and when grant requirements are fulfilled. Restricted or conditional grants are tracked to ensure compliance with the donor's wishes and completion of the conditions. Multi-year pledges are discounted using an appropriate discounted interest rate.

Procedure

- Donated securities are sold as soon as possible, ideally upon receipt. The Mountaineers records donated securities at the time of donation for the full value at the time The Mountaineers received the securities, and takes a gain or loss on the sale of stock at the time of sale. The Controller and the Development Director work together to track restricted or conditional grants. Tracking may include documenting work completed, listing project expenditures, or other methods of recording compliance. When a multi-year pledge is received, it is recognized as revenue in accordance with SFAS 116. The amounts recorded as an asset and revenue are discounted to present value (how much the pledge would be worth if the entire amount were received in the current accounting period), and are recorded in a temporarily restricted fund until due. The discount rate is an average of the prevailing rate for one-year CDs and the rate The Mountaineers would be charged on a line of credit. d

14) PETTY CASH

Policy

- Petty cash is used for making purchases when cash is needed immediately for a valid The Mountaineers purchase. Use of petty cash is preferred over making a payout from the cash register. It is inappropriate to use petty cash for routine expenditures that could be handled through check request or reimbursement. The Controller manages the Petty Cash fund. The Controller will review or reconcile receipts and cash on hand quarterly. Receipts will be obtained for petty cash purchases at all times.

Procedure

- The Controller may give employees or volunteer leader's cash in advance of a purchase or reimburse a receipt from a purchase.



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- The Controller will record the amount of disbursement in the Petty Cash Log. Cash plus receipts or advances should always equal \$1,000.
- Periodic vouchers are submitted with a check request to reimburse the petty cash fund.

15) PAYROLL

Policy

- The Mountaineers payroll is processed on a semi-monthly basis. Pay periods end on the 10th and the 25th of the month. Paychecks are distributed on the 15th and last day of each month, or closest business day.
- Timesheets must be submitted to supervisors within one day of the end of a pay period. It is the policy of the organization to exercise due diligence with regard to new hires to assure the new employee is legitimate.
- When possible, segregation of duties should exist between the individual processing new hires and the individual processing payroll; when segregation of duties is not possible two individuals will be involved in payroll processing. One person will compute the payroll and the other will review and approve both the employee master change report and payroll journal. Both the preparer and approver will sign the payroll journal entry.
- Employee Maintenance: All changes to payroll data should be documented on a Personnel Action Form (PAN) and approved by the hiring manager, Chief Operating Officer, and Executive Director.
- Changes to voluntary payroll deductions and demographic data must be authorized by the employee.
- Timesheets for hourly employees and requests for overtime, vacation, sick leave should be prepared by the employee and signed by their appropriate supervisor.
- All authorized documents should be returned to the payroll administrator.
- The payroll administrator will prepare the changes and print an employee master data change report to be reviewed and approved by the COO following each payroll. Documents should be filed in the employees personnel file.

Procedure

- Employees are required to keep an accurate accounting of hours worked and submit to their supervisors for approval. Supervisors turn in all time sheets to the Controller.
- The Controller uses ADP to process payroll based on approved time sheets and authorizations for adjustments.
- The Controller updates the Accounting Software with the current payroll information and distributes paychecks to individual staff.

16) BANKING

Policy

- The Mountaineers maintains bank accounts for checking and savings. Separate accounts for restricted funds may be opened as needed. The ability to receive stock donations and credit



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card payments will be managed through an appropriate bank or investment account. Specific policies related to banking include the following:

- No Mountaineers accounts may be opened without prior approval of the Board of Directors.
- Account signers will be established by a board resolution. An up-to-date list of signers will be maintained in the business office. The Treasurer and the Executive Director should always be signers, as well as one or two other staff people appropriate to ensure availability of a signer and oversight of expenditures.
- Only the Executive Director and the Treasurer may transfer funds to non-The Mountaineers accounts.
- The Executive Director, Chief Operating Officer, and Controller may transfer funds between The Mountaineers accounts.
- Wire transfers, ACH, and electronic payments require independent approval from the individual initiating the wire. Permissions and limits are determined by the Chief Operating Officer.

17) BANK RECONCILIATION

Policy

- Bank statements shall be reconciled monthly within ten business days after receipt of the statement

Procedure

- The Member Services Associate forwards the unopened bank statements to the Executive Director to review for alterations and suspicious behavior. The Executive Director initials and dates the statement to indicate she has reviewed it.
- The Controller reconciles the bank statement with the general ledger.
- The Chief Operating Officer, Treasurer or other Finance and Audit Committee designee Finance reviews the bank reconciliation report.
- The bank reconciliation review process is documented with initials, date of the preparer and date of the review.
- The Controller files bank statements and reconciliation reports in the business office.

18) FIXED ASSET MANAGEMENT

Policy

- A capital asset is defined as an item whose value is greater than \$5,000 and whose useful life is greater than one year. Such items are recorded as capital assets and depreciated over the useful life of the asset per schedule below. Assets are depreciated by the straight line method over the appropriate useful life.
- Lots or groups of equipment or furniture that consist of multiple units of the same or similar product for a specific department or college with a total value equal to or greater than \$5,000 and a useful life of more than one year may be capitalized. For example, the purchase of 3 replacement laptop computers for a department that cost \$1,000 per unit would not be capitalized on an individual basis. However, because the computers are a uniformed product and are purchased on the same order, it may be capitalized as a lot or group. Another example



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would be the purchase of a conference table and chairs. Individually, these items may not exceed the threshold of \$5,000 but taken as a lot, those items, if \$5,000 or more, may be capitalized.

- There is one exception to the capitalization threshold of \$5,000 per individual unit of property. As part of a building acquisition or construction project, costs may be incurred to fit out space with new furnishings and equipment. When such purchases are made as part of an acquisition/construction project, if the aggregate cost of these expenditures equals or exceeds \$5,000 and the items have a useful life of one year or more, the costs may be capitalized even though some of the individual items cost less than \$5,000. However, only allowable capitalizable items (i.e., items having a useful life of one year or more) may be included in the amount capitalized. Incidental items to complete a building for usage such as wastebaskets should not be capitalized.
- Because the useful lives of furniture, fixtures and equipment not affixed to the building differ from the useful life of the building, assets for moveable furnishings and equipment (MFE) are accounted for separately from building assets at the close of the construction project.
- Software: All costs related to the external purchase of software applications of \$5,000 or more with a useful life of one year or more may be capitalized. Fees paid for training, conversion costs and software maintenance may not be capitalized and must be expensed. The external costs of upgrades and enhancements that enable the software to perform tasks that it was previously incapable of performing may be capitalized; otherwise such costs are not capitalizable and must be expensed. Items that are not capitalized include travel and labor related to the implementation. Software site licenses may only be capitalized if they qualify for capitalization as noted below.

In order to be capitalizable, a site license must be for a minimum of one year, cost of \$5,000 or more, and may not include such items as provisions for maintenance, help desk support, or training. If the site license includes maintenance, support, or training, the costs related to these components must be separated and expensed. If these costs cannot be separated on a reasonably cost-effective basis, the license does not qualify for capitalization.

- The Board of Directors must approve purchases and retirement of capital assets with value over \$10,000. Acquisition and retirement may be budgeted for, and approved in this way by the board.
 - Software/computer: 3-5 years
 - Furniture & fixtures: 5 years
 - Office Equipment (e.g. copiers): 5 years
 - Building 40 years
 - Leasehold (Tenant) Improvements: Life of the lease
 - Land: Non-depreciable

- Capitalization Procedure: When a purchased item or in-kind contribution meets the definition of a capital asset, the Controller adds the item to the fixed asset system, and calculates the depreciation of that asset on a monthly basis. Records of acquisition of assets are maintained in the business office.
- Disposition Policy: Assets that are to be retired, abandoned, sold or otherwise disposed of must be removed from the fixed asset system. In these situations, proper authorization from the



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Department Manager or Committee Chairperson must be obtained by the Controller prior to its removal from the system, and provide Asset Disposal Information Form to include relevant asset information, such date of disposal, department location, and salvage value.

- Vendor Selection Capital Purchases: Any capital purchase in excess of \$10,000 requires two bids and a vendor selection form completed by the person authorized to make the purchase. Documentation will be kept in the accounting office.

19) TRAVEL AND MILEAGE REIMBURSEMENT POLICY

Policy

- It is the policy of The Mountaineers to reimburse staff members for all reasonable expenses incurred while on company business, including attendance at meetings or other business conferences outside of Seattle. Under some circumstances, board member expenses may also be covered. Travel reservations should be reviewed by a supervisor before tickets are purchased. Staff should seek to use the lowest cost alternative when practical. Per Diem rates may be allowed in accordance with Federal Travel Regulations.

Procedure

- A supervisor authorizes the need for travel.
- The cost of public transportation may be pre-paid by The Mountaineers if there is sufficient advance notice.
- In the case of reimbursement, a staff member incurs expenses while on The Mountaineers business. On the first working day back in the office the staff member submits a request for reimbursement for approval by his or her supervisor. The request must be coded by line item and subaccount and contain date, location, vendor name, amount of expenditure and what it was for.
- Receipts *must* be included for expenses over \$25.
- Receipts for meals should include names of attendees, business purpose and approval.

Other Practices

- The Mountaineers may make cash advances to employees who expect to spend more than \$75 in out-of-town travel. Advances should be requested through an authorized Check Request form. Receipts for funds advanced and any change should be turned in to the COO within 3 days of returning to the office.
- All meals during an out of town or overnight trip are reimbursable, or can be paid for with a Mountaineers credit card. Tips may be included for reimbursement. **Alcohol may not be purchased with The Mountaineers funds while traveling for business.**
- Employees are entitled to single room occupancy when traveling overnight on business.
- The Mountaineers encourages employees to use economical and efficient forms of transportation. The Mountaineers will only pay coach or discounted airfares. Public transportation, such as buses or airport shuttles, is encouraged at the destination instead of renting a car. Taxis may be allowed as well.



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- The use of a personal automobile will be reimbursed at or below the current IRS rate. Tolls and parking fees will be reimbursed separately. Speeding tickets, parking tickets and other fines will not be paid by The Mountaineers. All staff using a personal vehicle for company business, even around the City of Seattle, must submit proof of liability insurance to the Controller to keep on file.

The Mountaineers Volunteer Travel Reimbursement Policy

Volunteers are encouraged to donate their time and personal travel expenses whenever they can; however, we recognize situations where frequent and long travel can become a burden.

Guidelines for travel reimbursement

- When providing a service that The Mountaineers might normally hire out or be commercially provided, such as hauling supplies or equipment; mileage may be reimbursed for use of personal vehicles related to performing the service at the established volunteer rate.
- Reimbursement may be obtained for administrative work where the expense is a burden to the volunteer for long drives, such as board meetings and committee meetings. The Mountaineers encourages those that can absorb the cost to take advantage of the IRS deductible costs of operating an automobile for charitable purposes. Where the expense is a continued burden, The Mountaineers will allow mileage reimbursement at the established volunteer rate.
- No reimbursement is allowed for driving to a trailhead, or for driving as a volunteer to lead a field trip,
- The reimbursement rate will be determined annually by the Managing Committee based on financial performance of The Mountaineers and fixed and variable cost of operating an automobile.
- Approval must come from the sponsoring committee and branch, which budgets for and pays out the reimbursement in accordance with standard expense approval practices.
- Recipient must submit appropriate mileage expense report to respective committee or branch.
- Mileage claims should be supported by a daily mileage log showing date, mileage, purpose; or a printed copy of Google (or similar) map from point to point identifying the distance.
- Bridge and highway tolls, parking charges or other out of pocket expenses not related to mileage will be reimbursed if a proof of purchase is provided.
- In the event The Mountaineers rents a vehicle for providing a service, both the rental cost and gas used for the rental vehicle will be reimbursed to the volunteer or paid directly to the vendor.

20) FILES AND RECORDS RETENTION

The Mountaineers retains documents according to the Board Document Retention and Destruction Policy (Rev Nov 2011) per following schedule:

<u>Records Required by Law</u>	<u>Retention Period in Years</u>
Accident reports, Injury claims and settlements	30 after settlement
Balance Sheets	Permanent
Bylaws	Permanent
Cash Receipts Record	7



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Check Registers	Permanent
Checks-other than payroll	3
Checks-payroll	2
Contracts	Permanent
Depreciation Schedules	Permanent
Donors greater than 0.5% of gross receipts	6
Employee Withholding	4
Employee Withholding Allowance Certificate (W-4)	4 after termination
Employee's Form W-2 undeliverable	4
Exempt Determination Letter	Permanent
Expense Receipts	4
Expense Reports	4
General Ledger	Permanent
INS Employment	Later of 3 or 1 after termination
Eligibility Verification (I-9)	To Employee Termination
Income Statements	Permanent
Individuals Benefited from Charitable Activity	Permanent
Inventory Records	Permanent
Job Descriptions	2 or when superseded
Officers, Directors and Trustees list	4 after superseded
Payroll Register	4
Payroll Tax deposits - dates and amounts	4
Personnel Records	5 after termination
Petty Cash Records	4
Postal Records – Registered & Insured Mail logs, Meter records	1

<u>Other Records</u>	<u>Retention Period in Years</u>
Advertising activity reports	4
Bank deposits	4
Bank statements	4
Budgets	4
Claims & litigations	Permanent
Corporate annual reports	Permanent
Corporate election records	Permanent
Corporate minutes	Permanent
Correspondence - Executive Director	Permanent
Correspondence - General	5
Deeds, mortgages, and bills of sale	Permanent
Directives from officers	Permanent
Donation records	7
Employee activities and presentations	Permanent
Employee Contracts	6
Employment applications	1



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Exempt Application	Permanent
Financial Statements - Certified	Permanent
Financial Statements - Periodic	2
Fixed Asset file with original receipt	Permanent
Garnishment	5
Health & Safety notices	Permanent
Incorporation records	Permanent
Insurance policies, expired	3
Insurance claims, payouts, and related	Permanent
Insurance records – Employees	11 after termination
Licenses – Federal, State and Local	1 after termination
Property Deeds	Permanent
Quid pro quo receipts to donors	Permanent
Receipts provided to donors	7
Retirement plan documents	Permanent
Solicitation materials and related workpapers	Permanent
Studies, presentations, surveys	Permanent
Tax bills & statements	Permanent
Tax returns	Permanent
Time Sheets	3
Training Manuals (most recent version)	Permanent
Travel expense reports	4
Volunteer records	7

21) CONFIDENTIALITY

As a staff member or volunteer for The Mountaineers you may not at any time, in any fashion, form, or manner, either directly or indirectly, divulge, disclose, or communicate to any person, firm or company, any confidential information or trade secrets of any kind, nature, or description concerning any matters affecting or relating to the business of The Mountaineers. This includes, but is not limited to, the names of customers or prospective customers, its manner of operation, plans, vendors, suppliers, advertising, marketing, methods, practices, research, products, software, services, development, inventions, processes, designs, drawings, engineering, or finances, or any other information of any kind, nature, or description, without regard to whether any or all of the foregoing matters would otherwise be deemed confidential, material, or important.

All books, records, files, forms, reports, accounts, papers and documents relating in any manner to our business, vendors, suppliers or customers, whether prepared by The Mountaineers or anyone else, are the exclusive property of The Mountaineers and shall be returned immediately to The Mountaineers upon termination of employment or upon our request at any time.

IF YOU HAVE ANY QUESTIONS REGARDING WHETHER INFORMATION IS “CONFIDENTIAL” OR CONSTITUTES A “TRADE SECRET”, PLEASE CONTACT the COO or Executive Director.



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It is the policy of the Mountaineers to maintain a non-disclosure agreement for all volunteers and outside contractors that have access to financial or membership information. The documentation will be watermarked confidential. The following financial information will be accessible and distributed to the following individuals/positions.

Form 990 Public Versions and the Annual Report at Year-End will be made available to public on request and published on the website.

The Board of Directors, Branch Treasurers, Finance Committee, Managing Committee and Branch Chairs will also receive monthly reports, the annual Form 990 and an organization-wide look at the board-approved budget.

The Board of Directors and Finance Committee also receive a copy of the audit report, audit management letter, detailed Form 990, and full annual budget.

22) IT CONTROLS, BACK-UP, STORAGE AND DISASTER RECOVERY

The Mountaineers network supports the staff and building requirements for the organization and is composed of the following elements:

- File Storage
- Printer Service
- Internet Access via Firewall
- Internally based email system
- Building rental support (including public Wi-Fi system)
- Bookstore Point of Sale system
- Accounting system
- Membership Database
- Backup Services

The physical network is comprised of two file servers (one for file/print/email and one for database support including accounting and membership databases). Additionally there are approximately 20 PC and Macintosh workstations.

Security

- The Mountaineers network security is based on the following:
 - WatchGuard Core X550e Firewall
 - Allows inbound email only to mail server
 - Allows specific rules as needed by organization and IT needs
 - Intrusion Protection
 - Mobile VPN support for remote users
 - Passwords
 - All users are required to have a domain password
 - Passwords complexity is currently NOT required
 - Server passwords are being changed regularly
 - Backup Procedures: The Mountaineers uses a hybrid tape and cloud based backup system
 - Tape: Full Backup/Daily - weekdays



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- Cloud: Critical data including membership and accounting database backups are backed up to the cloud daily.
- SQL Backups are made daily and held on the SQL server for 7 days. The tape backup picks up these sql .bak files daily.
- One tape is removed each month and held off-site for 12 months.
- Tapes are rotated off-site daily

IT Controls

- The IT consultant works with staff to ensure that good communication lines are working including when to ask questions. This includes physical checks on the servers to make sure that nothing looks or sounds wrong.
- Monthly system health checks are performed including bi-monthly (or more) on-site visits by the IT consultant. Remote checks are made on months where no onsite visits are scheduled.
- Both servers are monitored for errors by an automatic system. It checks the error logs and when important/critical errors occur, it sends out an email with an alert.
- Window server software is set up to send notifications in case of disc failure.



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Appendix A

Mountaineers Allocation of Overhead Expense

Date Approved by Finance Committee: March 27, 2015

Background

From June 2014 through April 2015 Branch Chairs, Treasurers, Finance Committee and staff worked on reviewing the existing expense allocation process and investigating methods for simplifying the process. The proposed new method was then presented to Finance Committee in 3 rounds, treasurers 2 times, Executive Committee and Managing Committee before being finalized. The entire process involved input from every area of the organization and over 1,500 hours of collective work and input. We are pleased to present the finalized methodology.

Methodology

- Basic Principles - Our allocation method follows the below principles:
 - Allocate all costs so we can understand the real financial performance of our various branches, programs and lodges (BPLs)
 - Keep the allocations simple and transparent
 - Eliminate hidden cross-subsidies to cover losses.
- What is Allocated Directly:
 - Insurance
 - Credit Card*Note outdoor centers use brown paper tickets and pay their own credit card fees directly through brown paper tickets.
- What is allocated indirectly Overhead:
 - Administration Expense– General and Accounting, Board of Directors, and IT Expense. Property and Liability Insurance. Credit card fees.
 - Bookstore - Net Income (Surplus or Deficit)
 - Member Services – Net Income (Surplus or Deficit)
 - Conservation Expense
 - Leadership Development Program Expense
 - Admin/Development Fee 5% to support approved restricted fundraising for volunteer initiated projects identified and approved by board (see Development Policies)
- What is NOT Allocated:
 - Development Surplus/Loss
 - Seattle Program Center – Building Use Cost allocated via separate method to Staff Administrative Space and Programs (Seattle Branch, Youth, Conservation, other branches as used)
 - Depreciation and Amortization – Facilities will be required to maintain a repair and replacement reserve to fund capital purchases to maintain or enhance the asset.
- How is expense calculated?



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- Allocated expense will be calculated using the approved methodology and the Shared Services allocation worksheet.
- Draft Allocation for budget Guidance Current Year End forecast (Actual plus Budget) revenue and expense as of March 31 will be used to prepare draft allocated expense to be sent with budget guidance in May for branch budgeting purposes.
- Final budget Allocation: In June the allocation will be adjusted to include overhead budget, redistributed to the branches and entered into the budgets submitted by the branches
- Actual: Allocation will be recalculated with actual financial data at year end and adjusted.
- How is expense allocated between branches, programs and outdoor centers?
 - Membership Surplus/Deficit – allocated by # of members at January 31. Same membership numbers will be used for budget will be used for year-end adjustment to actual to avoid redistribution from membership increases/decreases. Increases and decreases during the year will be allocated to specific branches.
 - Direct Allocation – credit card expense based on revenue, property insurance based on insurance premium schedule and liability insurance based on premium schedule prorated by revenue.
 - Indirect Overhead Expenses – Allocate indirect expense between Branch and Outdoor Center 60% by number of members as of January 31 and 40% on expenses.
 - Expenses to exclude capitalized costs. New threshold for capitalization will be \$5000.
 - Allocated Expense is distributed equally over 12 months.

Allocation Process

- Controller will calculate estimated FYE16 allocation in April using proposed methodology.
- Draft for Budget Guidance – May 1: Allocated expense will be calculated based on FYE15 forecast expenses (actual to date + budget) plus additional or new forecasted expenses approved by BOD during March retreat.
- Computation Process:
 - Data (Tab FY15DB): Export Current YTD Actual GL Detail + Budget for remainder of year from Accounting Software and enter into Shared Services Allocation Spreadsheet tab FY15DB
 - Pivot (P-Branch, P-HQ): Refresh P-Branch and P-HQ Tab to obtain Revenue and Expense Numbers for allocation. Exclude LDP from Education
 - Allocation (Tab FY15Key):
 - Columns A/B: Use Member Numbers as of January 31
 - Column D/E: enter Revenue and Expense # from Pivot Tables into Column D & E
 - Column G: Column G and H were used in the model to reverse the previous allocation of Shared Benefits and Depreciation & amortization. This will not be necessary starting in FYE16.



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- Column K Row 22: Enter total credit card expense (Acct 6080)
- Column O: Indicates percentage allocation by Members/Expense 60/40
- Column Q: Enter Contributions Restricted for a specific purpose.
- Direct allocation: CC/Insurance expense by revenue on forecasted expense.
- Branch to prepare and submit budget using estimated budget allocation (due end of May)
- Controller to prepare *final* budget allocation using overhead budget costs in June, provide copy to branch treasurers, update the budget submitted by branch treasurer to final budget allocation and consolidate for FC review June.
- In the event the final budget allocation results in a significant change, FC/Controller may request budget revisions from the branch prior to submission to the Board of Directors mid-July.
- At year-end the allocation will adjusted based on actual expenses and the **same** membership numbers used for the budget.
- Direct Allocations will be Expense into natural expense code Credit Card Fee and Insurance. Membership Distribution and indirectly allocated expense will be coded into Allocated Accounts below the “contribution margin” line.
- Branch/Outdoor Center financials will be presented on a CORE basis – excluding depreciation.