

Minnesota Music Educators Association Financial and Control Policies

Approved by the Board of Directors, January 11, 2008

Philosophy

The purpose of financial management in the operation of Minnesota Music Educators Association (MMEA) is to fulfill the organization's mission in the most effective and efficient manner, and to remain accountable to members, the music education profession, Minnesota's students and parents, and the community. In order to accomplish this, MMEA commits to provide accurate and complete financial data for internal and external use by the Executive Committee and the Board of Directors.

Authority

- The Board of Directors is ultimately responsible for the financial management of MMEA.
- 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.
- 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 and independent consultants, pay bills, receive funds, and maintain bank accounts.
- The Executive Director is authorized to sign checks up to \$5,000. Checks for amounts of \$5,000 or greater shall require the signature of the Treasurer or Board Chair.
- 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 Executive Committee must authorize any contracts for longer than one year, any contracts with a total commitment greater than \$25,000 regardless of the length of the contract, and any contracts outside of the approved budget.
- The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Executive Committee and the full Board on variances and the reason for those variances.
- The Board of Directors must approve any use of the Board designated cash reserve fund.

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.
- Report the financial results of MMEA operations at each Board meeting, and quarterly to the Executive Committee.
- Pay all obligations and file required reports in a timely manner.

- Make no contractual commitment for bank loans, corporate credit cards, or for real estate lease or purchase without specific approval of the Board.
- Record fixed assets with a purchase price of \$500 and above in accounting records as capital assets. Depreciation of capital assets will not exceed five years for equipment and furniture or three years for computer equipment and other technology investments.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids for items or services in excess of \$10,000, except when the Board has directed a specific vendor due to program requirements. Selection will be based on cost, service and other elements of the contract. MMEA may award the bid to any provider and is not required to accept the lowest cost proposal.
- Ensure that MMEA's Financial Procedures are followed in completing these duties.

The Board of Directors shall:

- Review financial reports at each Board meeting.
- Provide adequate training to members to enable each member to fulfill their financial oversight role.

Financial Transactions with Insiders

Advances of funds to employees, officers and directors are limited to only those Board positions and specific program items identified by the Executive Committee, which generally include travel over an extended period of time. The amount of the advance is based on the expenses in prior years, and the advance must be cleared within 90 days.

Loans to officers and directors are strictly prohibited. Emergency personal-use loans may be provided to employees, but only if specifically approved by the Executive Committee.

In no case shall MMEA borrow funds from any employee, officer, or director of the organization without specific authorization from the Board of Directors.

Budgets

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board-approved programs and priorities, the Executive Director shall:

- Submit operating and capital budgets to the Executive Committee in time for reasonable review and approval by the Executive Committee prior to each fiscal year, with approval by the full Board at the January meeting.
- Use responsible assumptions and projection background, with a general goal of an unrestricted surplus.

Gift Acceptance

MMEA will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Executive Director shall sell any stock given to the organization immediately upon receipt by the organization.

MMEA shall accept contributions of good or services other than cash that are related to the programs and operations of MMEA. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance. Contributions of non-cash items with a fair market value of \$500 and above will be recorded in accounting software.

Donor restricted gifts for the ongoing funds and programs of MMEA are welcome. Donor restricted gifts that do not benefit the ongoing funds or programs of MMEA must be approved by the Executive Committee.

Asset Protection

In order to ensure that the assets of MMEA 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 equipment and leased space.
- Avoid actions that would expose the organization, its Board, or staff to claims of liability.
- Protect information and files (both electronic and physical) from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that maintain segregation of duties to protect bank accounts, income receipts, and payments. It is understood that segregation of duties is maintained to the extent possible within the resources of the organization and limited staff.
- Invest money in accordance with Board-approved investment policies.

Courtesy of Nonprofit Financial Assistance Fund