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**Mountains to Sound Greenway Trust**  
**FINANCIAL POLICIES AND PROCEDURES**  
**FEBRUARY 2020**

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## **INTRODUCTION**

### **FINANCIAL POLICY STATEMENT**

The Mountains to Sound Greenway Trust (the “Greenway Trust”) is committed to responsible financial management. The entire organization including the Board of Directors, Executive Committee, Operations Committee, and staff work together to make certain all financial matters of the Greenway Trust are addressed in its best interests with care and integrity.

The policies and procedural guidelines contained in this handbook are designed to:

- Protect the assets of the Mountains to Sound Greenway Trust;
- Ensure the maintenance of accurate records of Greenway Trust financial activities consistent with Generally Accepted Accounting Principles (GAAP);
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with prior approval of the Operations Committee. Changes or amendments to these policies may be approved by the Executive Committee of the Board of Directors at any time, subject only to the limitations on the Executive Committee’s powers set forth in the bylaws. Every director and every manager with financially related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines.

## **LINE OF AUTHORITY**

### **BOARD OF DIRECTORS**

The Board of Directors has the responsibility to set broad policy and monitor the financial health of the organization. Specific to finances, the Board of Directors is responsible to:

- a) Acquire, finance, and maintain with appropriate assistance from the Greenway staff, sufficient resources for the organization's operations and services; and,
- b) To uphold fiduciary responsibility related to the services of the organization and expenditures of its funds, which includes providing fiscal accountability, approving the annual budget and any, and formulating policies related to contracts from public or private resources.

### **EXECUTIVE COMMITTEE**

The Executive Committee may exercise the powers of the Board of Directors in the fiscal oversight of the organization subject to the limitations set in the bylaws (such as no authority to approve a merger or sell substantially all of the organization's assets). The executive committee also has the approval authority for revisions to the Greenway Trust's personnel policies, finance policy, whistleblower policy and other policies as identified.

### **TREASURER AND OPERATIONS COMMITTEE**

The Treasurer and Operations Committee have authority as designated by the Board of Directors. This includes the authority to choose the auditor; ensure that an audit of the organization's books and records is completed annually; perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; determine the allocation of investment deposits; and oversee the establishment and maintenance of the system of internal controls for the organization. The Treasurer and Operations Committee can appoint a qualified delegate to help the Treasurer perform their duties.

### **BOARD PRESIDENT**

As designated by the Board of Directors, the Board President has the authority to set the salary of the Executive Director.

### **EXECUTIVE DIRECTOR**

As designated by the Board of Directors, the Executive Director has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; and enter into contractual agreements within board-designated parameters.

### **FINANCE DIRECTOR**

As designated by the Executive Director, the Finance Director has the authority to design the organization's accounting system; make decisions regarding the disposition of investments within the parameters of the investment policy; make decisions regarding the allocation of expenses.

### **PROGRAM DIRECTORS AND MANAGERS**

As designated by the Executive Director, program directors and program managers have the authority to make spending decisions within the parameters of the approved program or initiative budget.

## **INDEMNITY POLICY**

### **POLICY**

The Mountains to Sound Greenway Trust shall purchase and maintain insurance on behalf of any person who is or was serving at the request of the organization as a Director, Officer, Employee or Staff Volunteer against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

## **INVESTMENT POLICY**

*Note that this investment policy was previously recommended to the board by the Operations Committee on September 4, 2018 and adopted by the Executive Committee on September 5, 2018.*

### **OVERVIEW**

The Mountains to Sound Greenway Trust (the “Greenway Trust”) has established unrestricted and restricted Funds, and may establish other such Funds, in order to support general and specific purposes of the organization. The Executive Committee shall have the ability to establish such funds from time to time by resolution of the Executive Committee, after consultation with the Operations Committee.

A restricted Fund may be established to manage donations or grants designated by the donor for a specific purpose or program or restricted by the Executive Committee or Board for particular purposes. All other monies are considered unrestricted.

This Investment Policy has been adopted by the Executive Committee to provide guidance to the Operations Committee and the Greenway Trust’s investment advisors respecting investment of all funds and, as appropriate, other funds on hand from time to time. This Investment Policy may be amended from time to time by resolution of the Executive Committee, after consultation with the Operations Committee.

### **AUTHORITIES OF THE EXECUTIVE COMMITTEE AND OPERATIONS COMMITTEE**

The Greenway Trust is a 501(c)(3) tax exempt organization. Such status shall be taken into account in all investment decisions. The Executive Committee (subject only to contrary direction from the Board of Directors) has ultimate authority over the investment of the Greenway Trust’s assets. The Executive Committee shall consult closely with the Operations Committee and, directly or indirectly, with the Greenway Trust’s investment advisors in making policy decisions respecting such investments, but the Executive Committee does not anticipate involvement in specific investment decisions. Such individual investment decisions shall be made by the Greenway Trust’s investment advisors subject to the direction and oversight of the Operations Committee, and subject to reporting (and possible contrary direction) of the Executive Committee.

### **ENVIRONMENTALLY AND SOCIALLY CONSCIOUS INVESTING**

The Greenway Trust believes that its investment strategies should reflect the Greenway Trust’s mission and values. Therefore, the Greenway Trust seeks to align its investments with funds that can generate positive environmental and social impact alongside a competitive financial return. In considering socially responsible investment asset classes that are supportive of people, communities and the environment, the Greenway Trust will use appropriate Environmental, Social and Governance (ESG) ratings as guideposts. Of the three categories within ESG ratings, Environmental ratings shall be assigned the highest priority.

The availability of ESG ratings and analyses varies widely among asset classes. At present, such ratings are widespread and reasonably consistent within domestic and global public equity portfolios and investment grade fixed income portfolios. Such ratings are either not as widely available or not as reliable within other asset classes. It is the intent of this Investment Policy that the Greenway Trust continue to monitor such ratings and adapt its analysis and its investments as the markets mature in this area.

## FUND-SPECIFIC INVESTMENT OBJECTIVES

The investment objective for each Fund that the Greenway Trust may establish will depend on the specific or general purposes the fund is intended to support. For Funds that are intended to be spent down over a short-term time horizon, the objectives should be to preserve capital and liquidity. For Funds that are intended to provide ongoing investment revenue and only be spent in the event of an extraordinary need, the objectives should be to invest for real growth after inflation and capital appreciation with less need for liquidity. The specific investment objectives for each Fund will be defined at the time the Fund is established and updated from time to time as appropriate to the purposes of the Fund.

## ASSET ALLOCATIONS

With the foregoing in mind, at least once every fiscal year, the Operations Committee, in consultation with the Greenway Trust's investment advisors, shall by resolution recommend to the Executive Committee a proposed asset allocation for each Fund. The asset allocation will specify target, minimum and maximum weights for each of the following asset classes:

- Cash
- Fixed Income
- Equities
- Alternatives

Such recommendation may also include a proposed asset allocation among some or all of the following permissible sub-asset classes:

<u>Cash</u>	<u>Fixed Income</u>	<u>Equities</u>	<u>Alternatives</u>
Money market	Investment grade bonds, including treasuries and other public bonds	Large cap domestic equity	REITS and real estate funds
	High yield	Medium cap domestic equity	Hedge funds
	Global fixed	Small cap domestic equity	Commodity funds
	TIPs	International equity	Private Equity

The following asset classes are not permitted:

- Options
- Margin at the portfolio level
- Short selling at the portfolio level
- Nonmarketable securities (although such securities may be received by gift or bequest, they shall not be purchased)
- Direct investment in commodities
- Direct investment in real estate

In the absence of action by the Executive Committee, such recommendations of the Operations

Committee shall be the Greenway Trust's investment objectives and allocations for each Fund. These asset allocations will guide management of the Greenway Trust's investment portfolio by its investment advisors.

In making such recommendations, the Operations Committee may combine all funds into one set of recommendations, with policy weights and allocations reflecting the blended objectives and needs of the various Funds; or the Operations Committee may make separate sets of recommendations for various subsets of the Funds.

#### **USE OF FUNDS AS COLLATERAL**

Given the existence of Greenway Trust's operating cash and general reserves, it is not anticipated there will be a need for the Greenway Trust to borrow moneys for any purpose, or to use any of its Funds as collateral for any such borrowing. Nevertheless, should the Executive Committee determine that the Greenway Trust needs to borrow money for any purpose, and that such borrowing will be facilitated by use of funds as collateral, unrestricted funds may by resolution of the Executive Committee be used as collateral for borrowing for the purposes of the Greenway Trust, after consultation with the Operations Committee and the Greenway Trust's investment advisors.

Restricted endowment Funds may not be used as collateral for any purpose other than borrowing to prefund payments that are consistent with the restrictions applicable to such Funds. Any such use shall be subject to the terms of the applicable gift or bequest and shall be determined by the Executive Committee on a specific, case-by-case basis, after consultation with the donor(s) if available and as appropriate.

#### **DONATION OF MARKETABLE SECURITIES**

Gifts of stocks and other securities are periodically received as donations to the Greenway Trust. Donated marketable securities may be transferred electronically to an account maintained by the Greenway Trust at a brokerage firm or delivered physically with the transferor's endorsement or signed stock power. All marketable securities will be sold promptly upon receipt unless otherwise directed by the Greenway Trust's Operations Committee. In some cases, marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision to accept the restricted securities shall be made by the Executive Committee.

#### **MONITORING THE INVESTMENT PORTFOLIO**

The Operations Committee shall, as appropriate and on at least a quarterly basis, review the status and performance of all of the invested Funds with the Greenway Trust's investment advisors, and shall, as appropriate and on at least an annual basis, report on such status and performance to the Executive Committee.

## **FINANCIAL CONTROLS AND OPERATING PROCEDURES**

### **OPERATING PROCEDURES**

Day-to-day control of the Mountains to Sound Greenway Trust finances is in the hands of:

- The **Finance Director** has primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated. Monthly receipts and disbursement data are sent to the Treasurer for review on a quarterly basis.
- The **Executive Director and Field Programs Director** will work with the Finance Director to review budget versus actual forecasts on at least a quarterly basis.
- The **Operations Committee** will provide at least semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.

### **SEPARATION OF DUTIES**

Check signing, deposits and financial processing duties will be separated as follows:

1. The check signer(s) must NOT be the person who writes checks or who does the bookkeeping.
2. Bank statements are reconciled by someone other than check signers.
3. Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts.
4. The Finance Director will process all expenses of the organization through the accounting system or have that responsibility designated to an additional staff person, although this individual will not possess any signing authority on any of the Trust's bank accounts.

### **FINANCIAL REPORTING**

Standard **Balance Sheet, Income Statement** and **Budget to Actual Performance** reports will be produced at the end of the month following the end of the quarter (October 31, January 31, April 30 and July 31).

Financial statements are prepared by the Finance Director and provided quarterly to the Operations Committee, Treasurer, Executive Director and Field Programs Director. These are used to help monitor actual-to-budget income and expenses, to review bank account balances, and for the Treasurer as Accounts Payable and Accounts Receivable. More detailed program-by-program budget vs. actual reports are produced as requested. Financial reports will be distributed to the Board of Directors on an annual basis.

The Operations Committee of the Board is involved in the drafting of Greenway Trust financial and operations policies and the annual budget. The Executive Committee of the Board is subsequently responsible for reviewing and adopting such policies as well as the budget. The entire Board of Directors shall approve the annual budget. The Operations Committee monitors compliance and financial reports during the year. The Operations Committee meets with the independent auditor, reviews the annual audit, and reviews annual tax forms (IRS 990)]. The Board Treasurer or appointed delegate reviews all monthly statements and compares them to the bank reconciliations and asks questions about financial transactions. The Treasurer or appointed delegate performs an internal review at least once a quarter.



## **OPERATIONS**

### **SAFEGUARDING ASSETS**

In order to safeguard the Greenway Trust's assets:

- The Executive Director shall have primary responsibility for ensuring that proper financial management procedures are maintained and that the policies of the Board are carried out.
- The Operations Committee shall provide fiscal oversight in the safeguarding of the assets of the organization and shall have primary responsibility for oversight of the work of the individuals who prepare all internal and external financial reports, in an effort to ensure all such reports fairly represent the financial condition of the Greenway Trust.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a quarterly basis.
- All non-operational cash will be kept in an interest-bearing account.
- Bank statements are promptly reconciled on a monthly basis.
- Appropriate insurance for all physical assets will be maintained.

### **PAYROLL CONTROLS**

Personnel files are to be maintained at the Greenway Trust's main office site and/or on the Zenefits online platform for all employees. Changes in payroll data (i.e. pay changes) must be approved by the Executive Director for all employees except the Executive Director who is approved by the Board President before files are updated.

Payroll may be completed in the organization's accounting system, or by an outside payroll firm. In either case, before final processing the appropriate manager reviews and approves all timesheets, and the Finance Director prepares the payroll register for proper processing of amounts. Payroll amounts and direct deposits are reviewed and approved by the Field Programs Director (or the Deputy Director in the Field Programs Director's absence), prior to payroll processing, and confirmation of review and approval is emailed to the Finance Director.

### **COMPUTER CONTROLS**

The Finance Director (or delegated representative) is responsible for inputting the financial data into the computer for generating financial reports. Only the Finance Director, or other approved staff, will have access to the password required to log onto the system. Employees will use separate, identifiable accounts when logging onto the accounting software. The Executive Director will have read-only access to the accounting software.

The Finance Director, Executive Director or Field Programs Director shall be the only persons to generate external reports from the bookkeeping program on the financial condition of the organization. This includes reports to funders, the Executive Committee and Board. Other staff that has approved access to the accounting system may generate reports for program or initiative planning purposes only.

Detailed printouts of cash receipts as recorded in the fundraising database and accounting system should be reconciled at least quarterly. Both systems should also include all in-kind donations.

Accounting data is backed up regularly. Specifically:

- Accounting data is backed up on a regular basis to the hard drive. In addition to the regular backup, all Greenway Trust files are backed up to an external disk which is switched daily and taken offsite (usually by the Operations Coordinator).
- Information Technology back-ups, firewalls, and password requirements are managed by a part-time IT consultant, and in consultation with the Operations Coordinator.
- A complete system back-up file is stored outside of the office premises and switched out daily.
- The Greenway Trust has a written disaster recovery plan. All accounting practices shall comply with and be consistent with such disaster recovery plan.

## **ACCOUNTING AND PROCEDURAL PROCESS**

### **DEPOSITS**

Deposits will be handled in the following manner:

#### **Checks**

- Mail is opened and all checks stamped with “Deposit Only” by the Operations Coordinator upon receipt.
- Stamped checks that are not immediately remotely deposited or deposited in-person are stored in a locked filing cabinet until deposited. (Deposits occur at a minimum at least weekly.) If remotely deposited, checks are marked and stored in a locked filing cabinet until shredded (within 45 days).
- Deposit details and copies of all receipts are saved to the server and shared with the Development Coordinator.
- The Development Coordinator enters all deposit information into the Salesforce database and prepares a report to save to the server and shares the report with the Operations Coordinator.
- The Operations Coordinator enters deposit details, which includes amount, date received, account number, etc., into the accounting system.
- The Finance Director reviews cash receipts and all deposit details and reconciles data in the accounting system with the bank account and the Salesforce database ensuring all deposits are recorded properly. If reconciling differences are identified, the Finance Director notifies the Operations Coordinator and the disparity is corrected.

#### **Funds Received via the Greenway Trust Website**

- Electronic Fund Transfers and credit card payments originating from the Greenway Trust’s website are electronically routed through the merchant provider, automatically processed and deposited into the general operating bank account.
- Transaction information is automatically recorded into the Salesforce database.
- The Development Coordinator prepares a report from the Salesforce database to save to the server and shares the report with the Operations Coordinator.
- The Operations Coordinator enters deposit details, which includes amount, date received, account number, etc., into the accounting system.
- The Finance Director reviews cash receipts and all deposit details and reconciles data in the accounting system with the bank account and the Salesforce database ensuring all deposits are recorded properly. If reconciling differences are identified, the Finance Director notifies the Operations Coordinator and the disparity is corrected.

#### **Manual Credit Card Transactions**

- Manual credit card transactions are received via mail, event donation cards, or phone.
- With the credit card details provided to make the payment, the Operations Coordinator processes the transaction through the merchant services virtual terminal in Salesforce (same system as is integrated with the Greenway Trust website).
  - ✓ An exception occurs with payments applied to education program invoices, which are processed in QuickBooks merchant services by the Operations Coordinator. The Operations Coordinator provides receipt of the transaction to the Development Coordinator, who then enters the details into Salesforce.

- Once the transaction is completed, the credit card details are blacked out, and the remaining receipt information (name, amount, signature) is scanned and saved to the server. Credit card payment details (with blacked out credit card details) are stored in a locked filing cabinet until shredded (within 30 days).
- The Development Coordinator enters all deposit information into the Salesforce database and prepares a report to save to the server and shares the report with the Operations Coordinator.
- The Operations Coordinator enters deposit details, which includes amount, date received, account number, etc., into the accounting system.
- The Finance Director reviews cash receipts and all deposit details and reconciles data in the accounting system with the bank account and the Salesforce database ensuring all deposits are recorded properly. If reconciling differences are identified, the Finance Director notifies the Operations Coordinator and the disparity is corrected.

#### **DipJar Credit Card Payments**

- Credit card donations received at events via Greenway Trust DipJar will be automatically deposited into the general operating bank account in monthly disbursements.
- Individual donation details will be pulled from a report from the Greenway Trust DipJar online account and entered into the Salesforce database by the Development Coordinator.
- The Development Coordinator prepares a Salesforce report to save to the server and shares the report with the Operations Coordinator.
- The Operations Coordinator enters deposit details, which includes amount, date received, account number, etc., into the accounting system.
- The Finance Director reviews cash receipts and all deposit details and reconciles data in the accounting system with the bank account and the Salesforce database ensuring all deposits are recorded properly. If reconciling differences are identified, the Finance Director notifies the Operations Coordinator and the disparity is corrected.

#### **RECEIVABLES**

The Greenway Trust will create invoices for Pledges, Sponsorships, Education Program services, and for services related to Grants or Agreements. Invoices are created in QuickBooks.

- **Pledges & Sponsorships:** When a pledge or sponsorship is made to the Greenway Trust, the details are shared with the Development Coordinator and recorded into Salesforce as expected funds. A request to generate an invoice is made to the Operations Coordinator or Finance Director.
- **Education Program:** The Education Program manager schedules program services with schools (or other organized youth groups, etc.) and records the specific program details and expected funds in Salesforce. These Salesforce records are shared with the Operations Coordinator for creation of invoices.
- **Grants & Agreements:** The primary fundraising steward or project manager is responsible for compiling the necessary details and reporting requirements for specific grants or agreements. Invoices are created in QuickBooks by request to the Operations Coordinator or Finance Director, with the exception of grants or agreements managed by the Stewardship Program Senior Manager. The Stewardship Program Senior Manager generates invoices for all stewardship related projects.

#### **CASH DISBURSEMENTS AND ACCOUNTS PAYABLE**

Cash disbursements and accounts payable are managed in the following manner:

- The Executive Director, or a board member with signing authority in the absence of the Executive Director, shall review and sign all checks and bank drafts prepared by the Finance Director and shall review invoices, account statements, employee expense reports or other expense requests prior to applying their signature of approval.
- Requests for payment are initiated in writing and authorized by the person in charge of that program. All payments are reviewed and approved by either the Executive Director or a supervisor. This includes timesheets and payroll expenses.
- Credit card charges, such as organizational VISA charges, are reconciled monthly with the VISA statement. These are also reviewed and approved by the Executive Director or a supervisor.
- The Executive Director has expenditure approval up to the parameters set by the annual operating budget as approved by the Board, with single signature authority for checks under \$25,000. Checks over \$15,000 require two signatures. The Executive Director's personal expense reimbursement items must be approved by a Board member having check-signing authority.
- Most disbursements are made by check and are accompanied by substantiating documentation.
- The remaining disbursements are Electronic Funds Transfers. These include payments for payroll, flexible spending accounts, credit card, taxes, phones and staff expense reimbursements. Approvals for these payments follow the processes outlined in the various sections above.
- Receipts for all purchases should be requested. Receipts are required for purchases over \$50.
- All voided checks are appropriately defaced and kept in a separate Void check file.
- No checks may be written to "cash" or "bearer."
- Blank checks are kept in a locked drawer or file.
- Blank checks may never be signed in advance.

## **SIGNATORIES**

The Executive Director shall sign all contracts for the organization.

Unless otherwise indicated by the Board of Directors, only the following Officers may have the authority to withdraw funds from any of the Company's banking accounts:

- President
- Treasurer
- Secretary
- Executive Director

## **PETTY CASH FUND**

A petty cash account is used for field staff needs. The amount of the petty cash account is typically \$1,000 and should not exceed \$1,200. The petty cash account is reconciled by the Operations Coordinator or the Finance Director on a quarterly basis. If funds exceed \$1,200, then cash will be deposited following the procedures outlined above.

Vouchers or receipts are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.

**BANK RECONCILIATIONS**

Bank statements are opened and reviewed by the Executive Director. Bank statements are reconciled in the accounting system by the Finance Director. They are then reviewed by the Treasurer or appointed delegate quarterly.

**PAYROLL RECONCILIATION**

Payroll liabilities are reconciled to the payroll records and payroll tax returns quarterly by the finance director and reviewed once filed and reviewed by the field programs director.

**JOURNAL ENTRIES**

Some regular transactions require significant journal entries. Those involving the Stewardship program are reviewed by the Stewardship Program Senior Manager. Other regular entries (such as depreciation and benefits allocation to programs) and adjusting entries are completed by the Finance Director and reviewed by the Executive Director. Documentation for journal entries is kept in a paper file.

## **ADDITIONAL POLICIES**

### **HOLDING INSTITUTIONS**

Unless and until otherwise approved by the Finance and Executive Committees, the Trust's money will be held in a business banking account. The Operations Committee shall have the authority to place certificates of deposits at additional financial institutions in federally insured accounts.

### **ASSET DEPRECIATION**

Currently, all assets valued at \$5,000 or more are (if appropriate under tax laws) depreciated rather than being completely expensed when purchased. All assets are depreciated using the straight-line method for an appropriate life of the item; in general, over a period of three years for computers or eight years for vehicles. Journal entries are made on a quarterly basis to enter depreciation expenses into the accounting system. A schedule of depreciating assets is maintained in an Excel file.

### **CREDIT CARD CHARGES**

Staff members who are issued credit cards are authorized to charge individual transactions that do not exceed \$1,000. All transactions of larger amounts shall require the approval of the staff member's immediate supervisor.