

# Montcalm County Habitat for Humanity

## Fiscal Safeguards Policy

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### **Purpose**

It shall be the policy of Montcalm County Habitat for Humanity to follow Generally Accepted Accounting Principles (GAAP) for all financial dealings. The affiliate's accounting policies shall be in accordance with HFHI's AOM: *Financial Policies and Procedures*.

### **Board Member Responsibilities:**

1. Board members shall keep themselves well informed of the affiliate's finances.
2. The board of directors shall approve a detailed annual budget, using a fiscal year of July 1<sup>st</sup> through June 30<sup>th</sup>.
3. Budget revisions should be made if major changes of income or expenditure occur during the year that would significantly alter the annual plan. The board of directors shall approve the new budget, with the revision(s) being noted in the meeting minutes.
4. Monthly financial statements comparing revenue and expenditures, including a balance sheet, should be provided to the board, with significant variances identified and explained.
5. A Board-approved independent auditor shall perform an annual audit or financial review of financial records. All bank accounts and authorized signers for these accounts will be authorized by the affiliate board of directors, and so noted in the meeting minutes.
6. The board shall secure insurance to adequately protect the affiliate from losses in case of theft or dishonesty by staff or board members.
7. The board, as part of the capital budget, should approve fixed asset purchases prior to actual purchase. Fixed assets are defined as item with a value over \$500 that last more than a year.
8. Sale, retirement or abandonment of fixed assets should be in conformity with board policy and subject to board approval.
9. A board-approved policy and procedure should be in place to ensure that loan funds are properly recorded and repaid when due. Authorization, recording and collection functions should be clearly segregated.
10. A board-approved homeowner delinquency policy and procedure should be established and enforced.
11. A board-approved policy to value in-kind materials for accounting and job cost purposes should be in place and implemented.

This was changed to coincide with State HFH.  
previous  
"bi-monthly"

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### **Cash Handling / Bank Statements**

1. Cash and checks should be deposited in the bank within one week of receipt, or sooner if the amount and volume so dictates.
2. Bank statements will be reconciled on a monthly basis.
3. We will keep a record of all receipts, disbursements and transfers of money, and will never rely solely on bank statements for record keeping.
4. All checks received shall be restrictively endorsed "For deposit only to Montcalm County Habitat for Humanity, immediately upon receipt.
5. Using the accounting software Quick Books Online the affiliate staff will complete the following tasks on a weekly basis: Enter weekly bills for ReStore and Affiliate, enter ReStore sales and deposits, enter ReStore credit card sales and deposits.
6. On a weekly basis the affiliate staff will prepare a list of invoices to be paid for the Affiliate and the ReStore. These lists/invoices will be approved by the treasurer .
7. Upon the receipt of the list of invoices to be paid, the accountants will prepare checks from the ReStore and Affiliate checking accounts and return these to the affiliate by the method agreed upon.
8. Upon receipt of prepared checks from the accountants the affiliate staff will make arrangements to have checks signed by one of the affiliate signers and then mail said checks to the vendors.
9. The accounting firm hired by the affiliate will prepare the following: Bank Statement Reconciliation (3 accounts), prepare payroll for designated number of employees (biweekly), prepare payroll tax returns and payment (monthly & Quarterly), prepare sales tax return and payment (monthly), various reports requested by affiliate for board meetings, etc., record deposits and transfers between accounts (restricted and non-restricted), record mortgage payments received from the Habitat Michigan Fund; annual payroll reporting and W-2's, 1099 reporting, annual sales, Use & W/H Tax Report.

### **Other General Accounting Items**

1. User-friendly, commercially available accounting software should always be utilized.
2. All unused checks shall be kept in a secure, locked location with only limited access to those checks. Checks shall be pre-numbered and accounted for each month.
3. The executive director, treasurer and construction manager should approve detailed budgets for each construction project. Variance reports should be produced and analyzed monthly.
4. Gifts of securities should be sold immediately upon receipt, unless restricted by the donor.

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5. Grants, gifts and bequests should be promptly recorded and monitored and should be in compliance with stated terms.
6. Pledges should be promptly recorded and collection promptly initiated.

### **Contracts**

1. Contracts for amounts up to \$1,000 should require written approval of the treasurer. In the absence of the treasurer, the executive director or president must give approval. A copy of the executed contract should be kept at the affiliate's office.
2. Contracts for amounts between \$1,000 and \$5,000 should require written approval of the treasurer and the executive director or president. A copy of the executed contract should be kept at the affiliate's office.
3. Contracts in excess of \$5,000 should require board of director approval. A copy of the executed contract should be kept at the affiliate's office.

### **Staff Safeguards**

1. An experienced independent payroll service company or accounting company should handle payroll and withholding tax payments. If that is not economically feasible, a user-friendly, commercially available accounting software program with payroll abilities is acceptable.
2. Staff expense reimbursement requests must require supporting documentation and supervisor approval.
3. If a corporate credit card must be utilized, monthly statements should be submitted to an independent person for review with invoices and credit card receipts attached prior to payment by affiliate.

*Approved by Board of Directors – March 17, 2011*